

Growth models and comparative political economy in Latin America

Nikolas Passos¹Guilherme Spinato Morlin²

Abstract

The political economy of growth models fostered important debates among Latin American scholars. ECLAC provided detailed explanation for divergent growth trajectories across countries. On the other hand, approaches relying on Varieties of Capitalism have been largely criticized for its a-historicism and uniformization of countries (Ebenau, 2012). We argue that new growth models perspective, adopted by Baccaro and Pontusson's (2016) is complementary to ongoing discussions on patterns of development in Latin America. Therefore, this paper evaluates the evolution of growth models in Argentina, Bolivia, Brazil, Chile and Mexico since the beginning of the XXI century. We depart from the typology proposed by Bizberg (2019) and apply a growth decomposition based on the Sraffian supermultiplier (Serrano & Freitas, 2015). The analytical framework considers the peripheral condition of these economies, regarding balance of payments constraints and dependence of international financial flows, as discussed by Latin American structuralism. We find that the commodities boom oriented the countries towards export-led growth models, especially in Bolivia, Chile and Mexico. Brazil and Argentina presented a hybrid growth model, with a strong role of export, but with higher household consumption and government expenditure. After the commodities boom, the export-led model was no longer feasible for the commodity exporters. Mexico sustained the existing model, basing on manufacturing exports. Brazil and Argentina reduced public expenditures generating economic stagnation. Chile and Bolivia increased public expenditure, sustaining growth in a slower pace. Finally, on theoretical level we introduce the supermultiplier explanation of growth in the Comparative Political Economy debate.

Resumo

A economia política dos modelos de crescimento estimulou importantes debates entre pesquisadores latino americanos. A tradição cepalina buscou explicar a divergência de crescimento entre países. Por outro lado, as abordagens baseadas em Variedades do Capitalismo são criticadas por seu a-historicismo e pela uniformização de países (Ebenau, 2012). O presente artigo defende que a perspectiva adotada por Baccaro e Pontusson (2016) complementa a discussão sobre os padrões de desenvolvimento na América Latina. Portanto, examina-se a evolução recente dos modelos de crescimento de Argentina, Bolívia, Brasil, Chile e México, a partir da tipologia proposta por Bizberg (2019). Para isso, aplica-se uma decomposição do crescimento baseada no supermultiplicador sraffiano (Serrano & Freitas 2015). A análise contempla a condição periférica das economias estudadas, quanto à restrição de Balanço de Pagamentos e à dependência financeira internacional, discutidas pelo estruturalismo latino americano. Obteve-se que o *boom* de *commodities* direcionou os países a seguir um modelo de crescimento orientado a exportação, especialmente para Bolívia, Chile e México. Brasil e Argentina apresentaram um modelo híbrido, com forte papel das exportações, mas com elevada participação do consumo e do governo. A partir de 2014, o modelo liderado por exportações revelou-se inviável para os exportadores de *commodities*. Apenas o México sustentou o modelo existente, baseado na exportação de manufaturas. Brasil e Argentina reduziram os gastos públicos, conduzindo à estagnação. Chile e Bolívia expandiram gastos públicos, sustentando o crescimento em um ritmo mais lento. Finalmente, o artigo contribui teoricamente ao introduzir a decomposição do crescimento pelo supermultiplicador à literatura de Economia Política Comparada.

¹ PhD Candidate in Transnational Governance at Scuola Normale Superiore, Firenze, Italy. Email: nikolas.vieira@sns.it

² PhD Candidate in Economics at University of Siena, Italy. Email: guilherme.morlin@gmail.com

Introduction

Since its inception, the work of the Economic Commission for Latin America and Caribbean (ECLAC) has been framed around the concepts of patterns, styles or models of development (Bielschowsky, 2013). In the first edition of ECLAC's Journal, Anibal Pinto (1976) defines *styles of development* as “the way human resources and materials are organized in order to answer what, for whom and how to produce goods and services”. The *styles of development* should be evaluated regarding two interrelated characteristics: (a) the productive structure and its relationship with the international insertion and (b) the composition of the demand and income distribution.

Anibal Pinto have already noticed the lack of a unified nomenclature for comparing development across Latin American countries. As Pinto points out, different authors addressed “styles, models, systems, structures, patterns, profiles” of development. Some decades later, the literature on Latin America still lacks a common language a reasons in terms of “development strategies” (Schneider, 2013), “patterns of development” (Gaitán and Boschi, 2015) and, in a broader sense, “diversities of capitalism” (Bizberg, 2019).

The present paper departs from Baccaro and Pontusson (2016)'s proposal of analyzing the political economy of *growth models* and reflects on how this proposal can help to understand contemporary growth and distribution challenges in Latin American. We assume that specificities of Latin American economies long pointed by ECLAC's economists remain relevant today. First, the peripheral insertion on the world economy still constrains the possibilities of growth strategies. Latin American countries are more exposed to trade volatility, procyclical international finance, and procyclical fiscal policy (Frankel, 2016, p, 1498). Besides, North American government and companies still play a central role in the region's development, but now is sided with Chinese search for commodities.

This paper is divided in four sections besides this introduction. The first section summarizes the Varieties of Capitalism literature and some of the contributions applied to the Latin American region. The second section presents the growth models perspective, highlighting aspects of the Sraffian supermultiplier growth theory. The fourth section presents the methodology for a demand-led growth account that brings to the forefront the autonomous components of aggregate demand. We then apply this methodology to the five selected Latin American countries – Argentina, Bolivia, Brazil, Chile and Mexico – for the period between 1996 and 2018. We show that all of these countries have adopted an export-led growth model since the middle 1990's. Nevertheless, after the end of the commodity boom in 2014, this growth model

was not available anymore for commodity exporting countries. The exception is Mexico, which despite the large oil exports, could still export assembled products to the United States.

From Varieties of Capitalism to Latin American political economy

Varieties of capitalism became the dominant approach in comparative political economy after the release of Hall and Soskice (2001) book. The approach posed that increased international competition and liberalization would not necessarily lead to convergence of national economic systems. National divergences could be actually deepened once specialization would require different productive capacities and techniques that would be better achieved by specific national economic institutions.

Among developed countries, a main distinction could be drawn between liberal and coordinated market economies. Liberal Market economies, such as the USA and United Kingdom organize its firm relations via hierarchies and market arrangements. On the other hand, in coordinated economies, such as Germany, Scandinavian countries and Japan, firm relations take place in strategic interactions and collaborative firm networks. The distinction between coordinated and liberal market economies is evidenced by deeply differing industrial relations, education and training systems, corporate governance, inter-firm relations and worker-management relations.

Writing during the “Great Moderation”, Hall and Soskice argued that both capitalist types were capable of sustaining growth, but each following its own institutional path. Among liberal economies, the complementarity among institutions would lead to mastering radical innovations, while among coordinated economy would master incremental innovation and quality production. This argument disputed Marxist and market-fundamentalist notions that only one type of capitalism was feasible and provided a theoretical support for social democracy in opposition of the supremacy of free markets (Coates, 2015).

Relying on a rationalist-functionalist approach, Varieties of Capitalism assumes that current institutions are built for the purpose of enabling successful economic performance (Streeck, 2010). Economic policy making would be effective when it induced better forms of coordination among private-sector actors. The overall policy goal is improving the institutional framework, to avoid opportunism, eliminate uncertainty and generally minimize transaction costs. Thus, the role of the state in leading economic activity is limited because “outcomes are too complex to be dictated by regulation” and because “states generally lack the information needed to specify appropriate strategies” (Hall and Soskice, 2001, p.46).

The limits of the proposed dual typology led to the creation of a great number of alternative typologies (Coates 2015; Boyer, 2001; Amable 2003). As Streeck (2010) notes, the unending number of typologies reinforce skepticism about the validity of general typologies of capitalism³. Noteworthy, the translation of VoC concepts to Latin American countries has been a challenge, since the original approach did not provide tools for dealing with specificities of underdeveloped economies.

In an approach closely related to the original VoC, Ben Schneider (2009; 2013) proposed to analyze Latin America as composed by “hierarchical market economies”. Schneider’s firm-centered approach was criticized for being incapable of understanding how states shape divergent development outcomes in Latin America (Sanchez-Ancochea, 2009)⁴. In fact, once Schneider focus on similarities among Latin American countries, the contrast among development strategies is not a central issue of his hierarchical capitalism category. In contrast with Schneider’s firm centered approach, Boschi (2011) argued that state-led capitalism prevails in Latin American countries. In this view, state action is the fundamental promoter of development projects, affecting how infrastructure, science and technology and financing are organized. Channels of contact between the state and entrepreneurial elites grant facilities to national capital and help consolidating the largest business groups.

A long-standing academic tradition analyzes how elites’ volition affected development trajectories in Latin America. This literature avoids relying only on economic factors for explaining the success or failures of specific growth models. For instance, Albert Hirschman (1968) argues that automatic economic mechanisms are not sufficient to explain the exhaustion of the import-substituting industrialization. The deep cause of the import-substitution crisis were inadequate social structures, especially the lack of elites committed with industrialization. It would be necessary “a cohesive, vocal, and highly influential national bourgeoisie [...] to carry industrialization beyond relatively safe import-substitution to the risky export-oriented stage.” (Hirschman, 1968). James Mahoney (2013) seems to endorse this view when arguing that the existence of “liberal” elites and institutions that promoted entrepreneurship during colonial time were a necessary condition for higher economic development after the independence.

³ Streeck (2010) also criticized the methodological nationalism, the economicism, the functionalism and the static comparativism of the approach. Importantly, VoC reliance on firm-centered analysis and rational-choice institutionalism has hidden power and distributive relations. Fundamental relations as the conflict between profit-seeking and social counter-movements are absent from the analysis (Streeck, 2010).

⁴ Schneider (2013, p 21) argues that a firm centered approach would be more helpful in explaining different kinds of development, jobs, innovation and comparative advantages than state-centered approaches. Development strategies would be mainly constrained by the described hierarchical economic institutions (multinationals, business groups, segmented labor markets, and an undeveloped skill system), by technological frontiers in production and by trading patterns.

In fact, the theorization on the domestic political economy was central to Dependency theorists. A dependent country is one whose economic development is “conditioned by the development and expansion of another country” (dos Santos, 1970, p. 236). The reasons for dependence would not be found only on the international structures, but also on internal configurations of political alliances. As Cardoso (1977, p.12) explains: “Dependency analyses in the years 1965-68 were preoccupied much less with the external conditioning of the Latin American economies, which was taken for granted, than with the development of a type of analysis that could grasp the political alliances, the ideologies, and the movement of structures within the dependent countries.” Therefore, a central question for dependency theory was how political alliances maintained economic structures and at the same time opened possibilities of transformation.

In a recent review of the Dependency Theory, Mahoney and Rodríguez-Franco (2018, p 22) show that, even though some testable propositions of the theory have been proved wrong, some of its concepts are now built into the mainstream theories of development. Dependency theory as a frame of analysis could even be included in the larger tradition of comparative-historical analysis, associated with Barrington Moore, Theda Sckopol and Charles Tilly (Mahoney and Rodríguez-Franco, 2018, p. 28).

The dismissal of Dependency Theory was propelled by the fast growth of Asian countries during the 1970's. The theory seemed unable to explain the development of previous peripheral countries. The Asian success prompted a large economic literature on the benefits of liberalization to growth, which at the same time questioned dependency theories and the desirability of import substitution industrialization (Bhagwati and Srinivasan, 1978). Neoclassical models showed that market conforming policies enabled the export-led models responsible for high growth rates.

Questioning Neoclassical interpretations of Asian growth, the Developmental State literature evidenced that liberalization policies were not adopted in the extension claimed but were combined with institutional strengthening and building of social coalitions supportive to export-led growth model (Amsden, Haggard, 2015)⁵. Besides, a rationally oriented bureaucracy promoted private enterprise through the right sectoral incentives (Evans et al, 1985).

In Latin America, decades of import substitution entrenched this model in business interests, and the shift policy in a more outward-oriented direction would have required a particularly powerful and independent state (Haggard, 2015, p. 55). In fact, liberalization processes since the 1970's aimed at leading Latin

⁵Haggard (2015, p.55) adds that “labor weakness and even outright repression appeared integral features of an [Asian] export-oriented model that rested on low-wage labor, labor market flexibility, and managerial autonomy on the shop floor”.

American countries towards outward-oriented directions. Liberalization followed different paths depending on the political regime and on the power of prior import substitution actors (Etchemendy, 2011).

Overall, Latin American countries adopted an integrationist stance, embracing Washington Consensus' liberalization measures. Three basic patterns of international insertion were adopted: a vertical integration with the United States; the supply of commodities and integration based on service exports (Medeiros, 2013). The integration with the United States was the path followed since the 1990's by México, Dominican Republic and some of the Central American Countries. Bizberg (2019) labels those economies as *international outsourcers*, since they specialize in assembling imported spare parts coming from parent companies in the USA. This outsourcing capitalism depend on low labor costs and flexible labor markets. The state is weak and has no intent of inducing developmentalist policies. Dominant coalitions are formed by large companies and financial sector, with weak participation of popular social actors.⁶

The supply of commodities was the path followed by most of the other Latin American countries (Caldentey & Vernengo, 2010; Svampa, 2015). Among those, Argentina and Brazil followed a more balanced model of growth, which was also included a strong participation of the public sector and credit financed domestic consumption. In the so-called socio-developmental model, commodity exports are expected to ease external financial constraints, and allow the manufacture industries that produces mainly for the domestic market. State also arbitrates between the international and national capitals, financial interests, and the popular classes, which are all included in the dominant social coalition. In Argentina, During Nestor and Cristina Kirchner governments there was a deepening of economic concentration and national commodity exporters were increasingly more influent in national policy in contrast with a smaller influence of foreign companies (Gaggero and Schorr, 2017). Despite the reintroduction of substitution of import policies, in the end of Cristina's presidency, macroeconomic imbalances had already moved industrialists' support away from the government (Couto, 2017). The coronation of the support lost was Mauricio Macri election in 2016, which symbolized the return of the pendulum back to free marketeers.

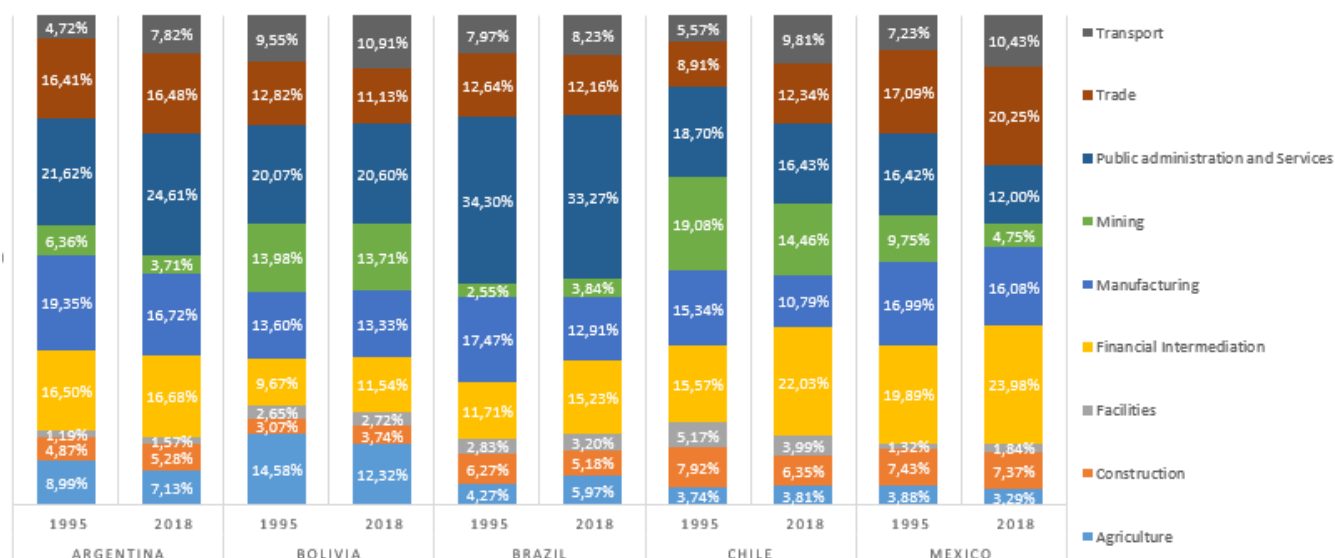
The cases of Chile and Bolivia are noteworthy because even though they both specialized only in commodity exports, they followed different institutional and political paths. Bolivia adopts a

⁶ Recent accounts of *development strategies* in Latin America usually describe three groups of countries: liberal states (Mexico, Chile, Costa Rica); statist (Venezuela and Bolivia) and interventionist (Brazil and Argentina) (Gaitan & Boschi (2015); Schneider (2013)).

redistributive stance, where the more interventionist state taxes the extractive companies in order to redistribute part of the created wealth. Strong social actors exert pressure in the state, which becomes more sensitive to social demands. Although always associated with Venezuelan bolivarianism, the government of Evo Morales promoted a great approximation with business, for instance, when it avoided a radical agrarian reform (Cunha-Filho, 2017). On the other hand, Chile is the textbook stylization of a rentier liberal capitalism. As in the Mexican case, the state intervenes very little in the economy, but the only long-term source of growth are the commodity exports. It is important to highlight that even in Chile, the state has been active in promoting upgrade, but mainly vertical upgrading departing from resource-based industries (Boschi, 2015).

After financial and commercial liberalization, Latin American countries had to cope with increased international competition, especially for its manufactured exports. Argentinian industrial sector was heavily damaged by international competition and by exchange rate overvaluation. Heavy industry has shrunk in Mexico, while the *maquiladoras* expanded in the north of the country. Chile and Bolivia made a strong return to basic commodity exports. Brazil, which have reached higher levels of industrialization in the 1980's, presented the slower deindustrialization (Bielschovsky, 2013).

Figure 1 – Value added by activity for sample Latin American countries



Source: Own elaboration. Data from Cepal Stat.

Divergent international insertion was related to divergent productive structures. As we can note from figure 1, productive structures had few, but notable changes since 1995. Manufacturing has decreased its share in every country. On the other hand, there was a general increase in financial intermediation, that reached almost a quarter of the GDP in Mexico and Chile. These two countries

present the smallest and decreasing public services, in contrast with high and increasing shares of trade and transport. Brazil's increased participation of mining and agriculture evidences the reprimarization of national production.

Political Economy of Supply and Demand

Baccaro and Pontusson (2016) advocates a demand-led theory of growth for comparing national capitalisms. Supply-side growth theories led the VoC literature to focus mainly on corporate finance systems, industrial relations regimes and vocational training systems, almost ignoring the role of demand. Bringing a demand-led growth theory would move the focus to how the different demand aggregates are mobilized within a country's growth strategy. Besides arguments that demand-led growth theories are a more accurate representation of reality (Freitas and Dweck, 2013), the main advantage of this approach would be to treat distributive struggles as a key factor in the evolution of growth models. The focus on demand aggregates and income brings to the forefront the question of who benefits from a given growth model. In the next two sections, we first analyze some pitfalls of supply-side growth theories and then we summarize the political economy theory behind the growth models perspective.

Given its supply-sided growth theory, within VoC, policies that expand aggregate demand would only affect output in the short run. In the long run, accelerating inflation would lead Central Banks to increase interest rate and bring demand back to its supply determined path⁷. Political action by Central Banks would be capable of bringing output to its technology determined potential level, involuntary unemployment to zero, equalizing wages to productivity. Since in the long run wages are determined by labor productivity, functional income distribution cannot be analyzed from a policy perspective.

Comparative Political Economy through the lenses of the Sraffian Supermultiplier

The Sraffian Supermultiplier is a theoretical contribution to demand-led growth theory originally proposed by Serrano (1995a, 1996b) that has been extended lately (in Freitas and Serrano (2015) and Serrano and Freitas (2017))⁸. By particularly highlighting the role of components of aggregate demand that do not generate productive capacity, the Sraffian Supermultiplier provides interesting conclusions to heterodox macroeconomics solving long-lasting shortcomings of demand-led models of growth. Perhaps

⁷ From a supply side perspective, a growth model dependent on geopolitical alignments may only be explained if this geopolitical alignment improves innovation.

⁸ See also Serrano, Freitas and Behring (2019). Extensions of this model to a neo-Kaleckian approach can be found in Lavoie (2016) and Allain (2014).

the most outstanding result is the introduction of an investment function that follows the capacity adjustment principle without generating Harrodian Instability (Lavoie 2016, p. 174-176; Girardi; Pariboni 2016, p. 2-5). Another important feature is the compatibility of the long-term convergence towards normal capacity utilization with the Keynesian Hypothesis – that is “the idea that investment is, in both the long run and the short run, independent of the savings that would be forthcoming from the normal utilization of productive capacity (Garegnani 1992, 47)” (Cesaratto, 2015, p. 154). Finally, in the long run the rate of growth of output, productive capacity and demand are determined by the rate of growth of non-capacity generating autonomous expenditures (Serrano 1995a).

The Sraffian Supermultiplier has been object of debate among heterodox macroeconomist in the past few years (Allain 2014, Lavoie 2016, Cesaratto 2015), leading to greater acceptance of the model as a relevant contribution to growth theory. More recently, the framework proposed in the Sraffian Supermultiplier has inspired further developments in macroeconomic theory. In this regard, Cesaratto (2017) analyses the connection between components of autonomous demand and endogenous money theory, putting special attention to the issue of how autonomous expenditure is financed. Palley (2019) integrates labor market and unemployment rate to the growth model. Pariboni (2016) explicitly introduces consumer credit as a source of autonomous expenditure in a Supermultiplier model, obtaining that household debt can drive output growth. By its turn, Fiebiger and Lavoie (2019) treat consumption financed out of credit as a semi-autonomous expenditure, showing how consumer credit can have long term impact on output as well as generate cycles and crisis. Nah and Lavoie (2017) extend the analysis of growth within the framework of the Sraffian Supermultiplier to the case of the open economy.

The distinction between autonomous and induced expenditures is important for understanding the implications of the Sraffian Supermultiplier for growth theory. Autonomous components of aggregate demand are those not directly determined by the current level of income. Governmental expenditure, exports, public investment and consumption financed out of credit; all consist in autonomous components of aggregate demand. Those expenditures turn out to be the fundamental cause of economic growth. On the other hand, induced expenditures are directly determined by the level of income, as for instance household consumption and imports. Private investment follows the principle of adjustment of productive capacity, so that permanent increases in demand at normal prices induce the expansion of productive capacity, allowing production to fulfill the increased demand.

According to this principle, inter-capitalist competition influences the process of investment leading to the tendency towards the adjustment of productive capacity to meet demand at a price that cover the production expenses and allows, at least, the obtainment of a minimum required profitability. Thus, the capital stock adjustment principle

conceives the demand for capital goods as a derived demand with the objective of generating capacity to meet the profitable (or effective) demand. (Serrano; Freitas, 2017)

Once we have made the distinction between autonomous and induced components of demand, we are able to justify the growth accounting methodology employed in the current paper. In the procedure developed here the impact of each component of aggregate demand over total income is measured accordingly to its complete impact. In case of autonomous expenditures, the final complete impact of an increase in autonomous expenditure on final income must consider also the Supermultiplier effect. Consider, as an example, that government expenditure is increased by a certain amount. This increase generates a flow of income of the same amount, which, by its turn, implies a subsequent process of increase in consumption and private investment that will cause a greater increase in aggregate income. This reveals the true contribution of each expenditure to economic growth, which would not be caught by a simple analysis of the rate of growth of each component of aggregate demand. Besides, variations in the value of the Supermultiplier (caused by variations in the marginal propensities to consume and to invest) also have a separately measured impact on growth.

Another relevant feature of the Supermultiplier growth model is the relation between growth and distribution. In this approach, changes in income distribution have temporary effects on the rate of growth, but no permanent impact (Freitas; Serrano 2015). A permanent increase in the wage-share implies an increase in the marginal propensity to consume, which means an increase in the value of the Supermultiplier. This would lead to a temporarily larger rate of growth, generated from the faster growth of consumption and aggregate demand. However, as the Supermultiplier stabilizes, the economy would converge towards the rate of growth of autonomous expenditures (Freitas, Serrano 2015). This feature contrasts with neo-Kaleckian approach to growth, in which income distribution has a permanent impact the trend of economic growth, once in this approach investment depends explicitly on the profit rate. This seems not to be an appropriate treatment of investment if we consider that changes in the profit rate not necessarily reflect changes in the expected demand but can be due to changes in distributive variables (such as changes in the rate of wages). As Pariboni (2016, p.24) clarifies, “an increase in the accumulation rate, stimulated by a rise in the profit share and not justified by an expected increase in aggregate demand, leads to over-accumulation”. Naturally, we can expect that firms would not expand capacity when facing an increase in profits not associated with higher utilization of productive capacity (in more clear terms, with a larger quantity of sells)⁹. Thus, in the absence of changes in capacity utilization, a variation in the

⁹ If demand is expected to remain at the same level, an increase in productive capacity would imply a lower degree of capacity utilization, leading to a reduction in the profit rate (once the same quantity of sells would now be associated with a larger stock of capital).

profit rate would not impact the level of investment since it would not indicate an increase in the level of demand expected by firms.

Nevertheless, we can still point out important connections between growth and distribution that have been recognized in economic theory (outside of the neoclassical mainstream) for a long time. Classical political economy understood that during periods of fast rhythm of capital accumulation the “scarcity of hands” would improve the bargaining position of workers allowing for an increase in the wage rate (Stirati 1994)¹⁰. Usually, a prolonged period of low unemployment diminishes the competition among workers for vacancies, reduces the risk associated with losing the job – once it would be much easier to find another job – and improves the perception of workers about its own power in wage bargaining. Thus, during periods of persistently low unemployment, real wages tend to rise faster. If real wages rise persistently above the rate of productivity growth, we will observe also an increase in the wage-share. On the other hand, persistently high unemployment creates a less favorable environment for the working class, diminishing its bargaining power in wage negotiations¹¹.

Therefore, it is possible to establish a formal connection between the rate of growth, the rate of unemployment and wage inflation, defining what Serrano (2018) calls a conflict augmented Phillips curve¹². An acceleration of growth of aggregate demand leads to lower rates of unemployment, enhancing workers bargaining power and increasing the average rate of growth of money wages (which, by its turn, will be associated to a higher rate of inflation). Thus, in this view, “there is a longer run tradeoff between cost push inflation and the rate of unemployment and also the rate of growth of output and of the capital stock and productive capacity” (Serrano 2018, p. 31). Since the pace of growth is determined by autonomous expenditures, they acquire a significant political character since they have an impact on wages and income distribution. The conflict augmented Phillips curve is supported by recent empirical findings (Summa; Braga 2019; Stirati, Meloni 2018).

Naturally, this causality relations in the economic and distributive sphere are circumscribed by political and institutional factors¹³. The distributive conflict among classes over the distribution of the economic surplus is shaped by the conflict over the orientation of the economic policy as well as the several institutions that interact with the distribution such as labor laws, social and labor rights, existence

¹⁰ This position is shared by Post-Keynesian economists in general. Setterfield (2006) adopts this framework for analyzing contemporary North American macroeconomy. This framework is also implicitly present in Marglin and Schor account of the golden age, and more explicitly presented in conflicting-claims inflation models (such as Lavoie 2014, p. 541-573).

¹¹ Bargaining power should be understood as the ability of workers to influence the outcome of wage negotiations according to its own interest. Thus, we need to emphasize that “workers may feel that the real wage is much too low compared to what they consider to be the just rate, but they may have few means to implement their beliefs” (Lavoie, p. 550, 2014).

¹² See also Palley (2018), Fazzari, Ferri and Variato (2018) and Summa and Braga (2019).

¹³ As Kalecki (1943) reminds us, full employment would not become a risk in terms of labor discipline under fascist regimes.

and strength of class organizations (labor unions, entrepreneur confederations) and its representation in formal institutions. Expansion of social policy also present a positive impact on the bargaining power of workers as it reduces its immediate dependency on employers (Esping-Andersen, 1990)¹⁴. Finally, we must consider the impact of economic conditions over those institutions, once that persistently low unemployment may favor the increase in strike activity, unionization and political organization of workers, opening the possibility for a gradual reshape in the above-mentioned institutions.

The distinct role of autonomous expenditures brings the necessity of discussing the political economy of credit-financed consumption, government expenditures and exports. Baccaro and Pontusson (2018) highlight the influence of policy over consumption financed out of credit. According to the authors, “government policies are clearly of critical importance for the political economy of housing and household debt and that the analytical categories of the mainstream CPE tradition shed remarkably little light on this important topic” (Baccaro, Pontusson 2018, p. 8).

The most evident relation between politics and demand is the government expenditure. In general, government is able to influence the pace of growth through direct public expenditure and also by the coordinating the pace of investment of public companies. Indeed, a classical work of Kalecki (1943) justifies the political opposition of business to the use of fiscal policy in order to pursue full employment. Kalecki identifies three reasons for this opposition. First, the government intervention reduces the power of capitalists as a class in determining the level of employment in the economy. In this case, capitalists would no longer be able to claim that other policies against their interest would damage employment by harming the “degree of confidence”. In our interpretation, once that government is perceived to be able to lead the economy towards full employment, capitalists loose (at least in a large degree) the possibility to use employment creation as a political resource when defending their own class interests (e.g. to reduce capital taxation). The generation of job vacancies by the private enterprise allows capitalists to translate their own interests in terms of the interests of the working class (as well as the nation). The second reason pointed by Kalecki is that capitalists usually dislike the direction of public spending. This tends to be concentrated in public investments or consumption subsidies. The first kind of expenditure might imply a competition of public companies in markets previously restricted to the private sector. By its turn, consumption subsidies would contradict the “moral of capitalism”, according to Kalecki. In this regard, it is interesting to consider also that social policy in general reduces the dependency of workers on employers, strengthening its bargaining power in wage negotiations (as

¹⁴ “[T]he balance of class power is fundamentally altered when workers enjoy social rights, for the social wage lessens the worker's dependence on the market and employers, and thus turns into a potential power resource” (Esping-Andersen 1990, p. 11).

described above). Finally, capitalists dislike the social and political changes resulting from prolonged maintenance of full employment, particularly the weakening of labor discipline, the increase in the frequency of strikes, and the tension on labor relations due to the general enhancement of the power of labor (Kalecki, 1943).

When discussing the end of Golden Age, Steindl (1979) extends Kalecki's conclusions regarding the "political business cycle" to the discussion of the long-term trend of the economy. The focus of policy on controlling budget deficits and inflation affirmed an "stagnation policy" which reduced the pace of economic growth.

In fact, the business opposition to full employment policies, which Kalecki had so vividly described in his analysis of the 'political business cycle' (1972), gathered more and more strength towards the end of the growth period. It seems to have now, however, a more persistent and lasting character than in Kalecki's political cycle, so that we might rather speak of a 'political trend'. This policy of stagnation is likely to continue, since governments are preoccupied with inflation and the public debt. Budget deficits can only disappear if private investment soars again. This is unlikely in view of excess capacity, which would only disappear if there were fiscal expansion. (Steindl, 1979, p. 119)

This interpretation has been discussed recently in the discussion concerning the Secular Stagnation, allowing for the exploration about its political determinants (as in Hein 2016).

International trade cannot be conceived without considering the importance of international agreements, geopolitical relations and trade coalitions. Historically, privileged access to international markets (conceived in accordance to geopolitical interests) played determinant role on the ability of countries to export. This was the case of some Asian countries who obtained a political priority in the context of US international relations, adopting the so-called development by invitation (Wallerstein 1974, Medeiros 2013). During the golden age, US pulled aggregate demand internationally contributing to the fast growth of trade between advanced capitalist countries, what certainly contributed to the prosperity of the period (Marglin 1990; Gynn *et alli* 1990).

In the context of international contributions to growth and development, the financial side cannot be neglected either. As ruler of the international payments system, in which stood out the role of the dollar as international currency, US capital flows (as Marshall Plan and direct investment of multinationals) contributed to the stability of balance of payments of advanced capitalist countries. This made the growth performance of those countries feasible for a long period, what can be understood as a central issue in American strategy to win the Cold War (Serrano 2004; Korpi 2006). The current paper reclaims the fundamental distinction between core and peripheral economies, as developed by Latin American Structuralist tradition (Prebisch 1949; Rodríguez 2006). Historically, economic system in the

periphery was shaped by the connection with core economies. Thus, the source of economic dynamism of peripheral economies was usually concentrated in (and often restraint to) the commodity exporting sector (Furtado 1976). Nowadays, although foreign trade is still extremely relevant for those economies, the dependency on core economies is considered to be mainly a financial dependency (Tavares 1972; Vernengo 2006).

From a demand-led growth viewpoint, balance of payments constraint is the main obstacle to growth, consisting in a financial constraint associated with the availability of international currency (dollars) (Freitas; Dweck 2013). Foreign trade supplies inputs for domestic production, capital goods employed in the investment projects, and consumption goods. Smaller economies tend to rely in a greater extent on foreign markets in order to maintain its regular economic activities. Peripheral countries are usually subject to vulnerabilities coming from the volatility of capital flows and from sudden changes in terms of trade (especially because of the high share of primary commodities in the total exports). Naturally, a country can sustain a lasting deficit position in trade account as long as it is able to attract a sufficient amount of international currency by other means – such as capital flows and direct foreign investment. A lasting surplus in balance of payments allows for the accumulation of foreign reserves and is not expected to be corrected by any automatic mechanism. On the other hand, a deficit position cannot be maintained permanently (unless the country issues the internationally accepted currency as the US), leading to unsustainable loss of foreign reserves or pressure over the exchange rate. Sooner or later, authorities will reduce the pace of economic growth by imposing a contraction in aggregate demand in order to cope with instability coming from the balance of payments position (Freitas; Dweck 2013). From this, we can define two distinct growth regimes: “a balance of payments constrained demand-led growth process, and a policy constrained (or pure) demand-led growth process” (Freitas; Dweck 2013, p. 168). Besides, it is possible to acknowledge the dual role of exports for economic growth, once exports represent at the same time an autonomous expenditure and a source of international currency which puts away the external constraint (Medeiros, Serrano 2001).

Growth Decomposition for selected Latin America countries (1996-2018)

Methodology

In the next section we present an analytical exercise of “growth accountancy” for five Latin American economies (Argentina, Brazil, Bolivia, Chile and Mexico) for the period 1996-2018. The methodology employed on this analysis follows the work of Freitas and Dweck (2013)¹⁵, who analyzed

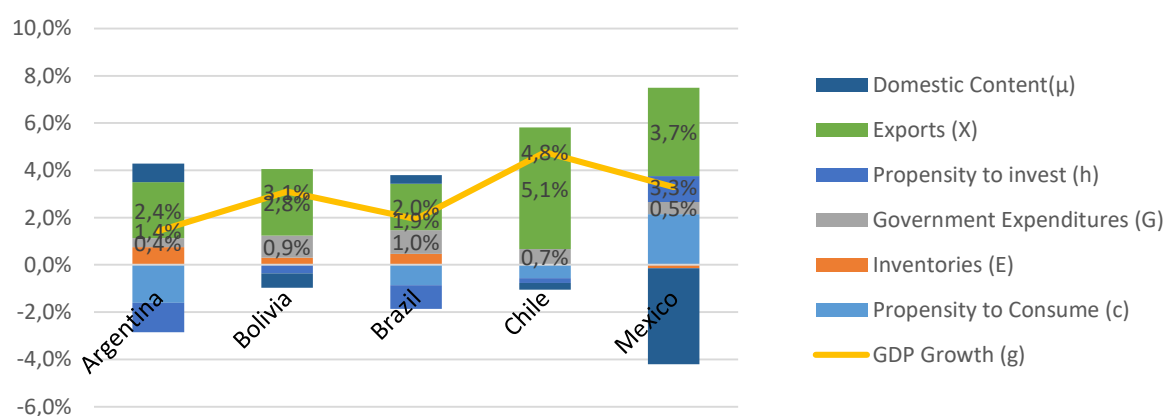
¹⁵ A detailed discussion on the methodology can be found in (Freitas and Dweck, 2013, p. 168-174).

the case of Brazil. The novelty of the current paper is to introduce this framework into a compared analysis. The growth accountancy exercise is grounded on demand-led growth theory in accordance with the Sraffian supermultiplier. As Freitas and Dweck argue, this exercise does not provide an empirical validation of the supermultiplier. Rather, it consists in a theoretically based interpretation of the growth path observed. We adjusted the methodology to the availability of disaggregated data about the demand components of the GDP. We aimed to obtain a homogeneous methodology that allowed for the comparability of the five countries. This means we had to give up on the information provided by a specific disaggregation (of components of aggregate demand) that was available for a country but not for all five countries. Data came from Cepalstat (the database of the Economic Commission for Latin American and the Caribbean), being originally generated in each country's system of national accounts.

The compared analysis required a segmentation of the analysis into five periods, chosen in accordance with the pattern of composition of growth. The periods are 1996-2003, 2004-2008, 2009, 2010-2013, 2014-2018. Since growth in Latin America was strongly affected by the international crisis in 2009, this year was analyzed separately. We move on to the next section, where the detailed description of growth during each period is presented.

Evolution of aggregates

Growth model consolidation: 1996-2003

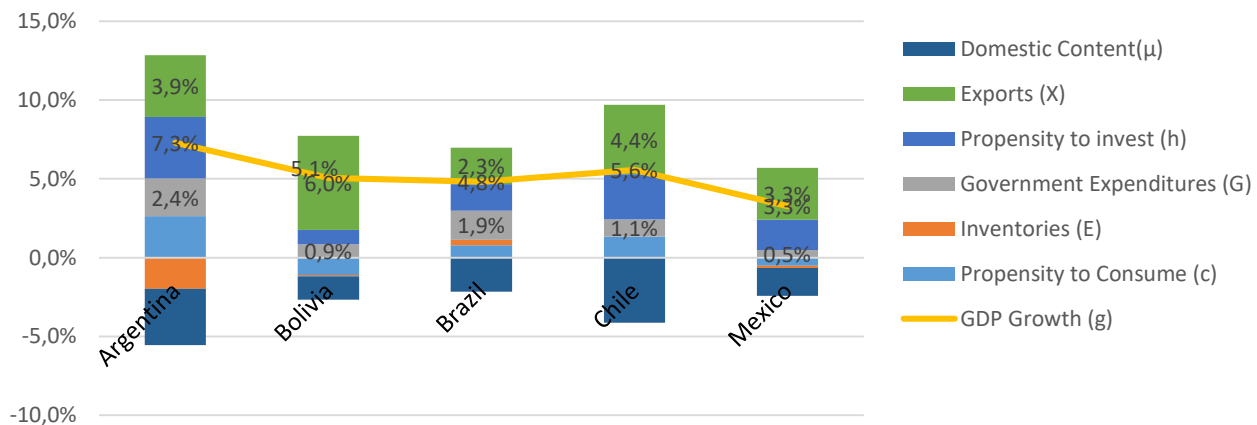


The first period comprises the consolidation of the neoliberal practices, through various rounds of liberalization and regional integration. In this period exports have contributed positively in every country, consisting in the main long-term source of growth. Public expenditures also contribute positively, but less expressively than exports. Chile was the fastest growing country with a mean of 4,8%, with a growth mainly caused by exports (5,1% contribution).

Argentina and Brazil presented a fall in the supermultiplier, moreover, the propensity to consume contributed negatively for growth, which is related to the fall in the wage share. Throughout the whole period of analysis, Bolivia and Chile present the smallest supermultiplier, thus, a reduced impact of the autonomous expenditures in growth. This is expected since in small open economies a larger share of supply is acquired from abroad.

Propensity to invest has fallen in every country, but not in Mexico. On the other hand, the domestic content of production (μ) contributed very negatively for Mexican growth (-0,04 p.p). The boom in exports of manufactured goods following the NAFTA agreement resulted in an increasing reliance on imported intermediate goods and raw materials (Moreno Brid et al, 2005). This rupture on backward linkages reduces the effects of exports on the output growth, through its reduction in the supermultiplier.

Commodities boom: 2004-2008



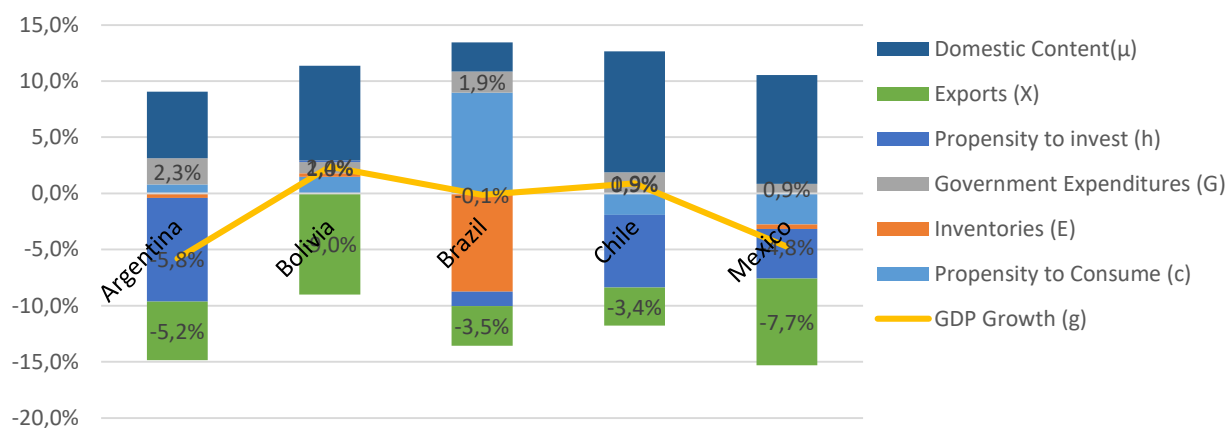
The second period comprises the commodity boom, led by the commodity intensive phase of Chinese growth (Medeiros and Cintra, 2015). The mean growth has accelerated in Latin America, every country in our sample has grown more than 4,5% in average, except Mexico, that has grown on average 3,3%. Exports remained as the main positive impact on growth. Public expenditure had positive impact in every country, with a higher contribution in the cases of Brazil and Argentina.

Propensity to invest was positive in every country, reflecting the acceleration in growth. A faster growth of the autonomous components leads to a higher utilization of capacity, which implies an increase in the propensity to invest. The procyclicality of the propensity to invest is a fundamental stylized fact of the supermultiplier theory (Girardi and Pariboni, 2016).

Propensity to consume had mixed impacts to growth: positive for Argentina, Chile and Brazil and negative to Mexico and Bolivia. Following the intuition that higher wage shares leads to higher propensity to consume, in Brazil and Argentina, the growth in propensity to consume happened together with an increase in wage share. On the other hand, Mexico and Bolivia presents smaller wage share and negative contribution of propensity to consume on growth. Chile is an exception to the rule, presenting a decrease in the wage share and a positive effect of the propensity to consume for growth.

In contrast with the previous period, where the domestic content of production had a small effect on growth in all of the countries but Mexico, in the first phase of the commodity boom, the domestic component of production has contributed negatively to growth in all five countries. The growth in exports has contributed to smaller balance of payments constraints, what allowed countries to import final goods and inputs.

International Crisis: 2009

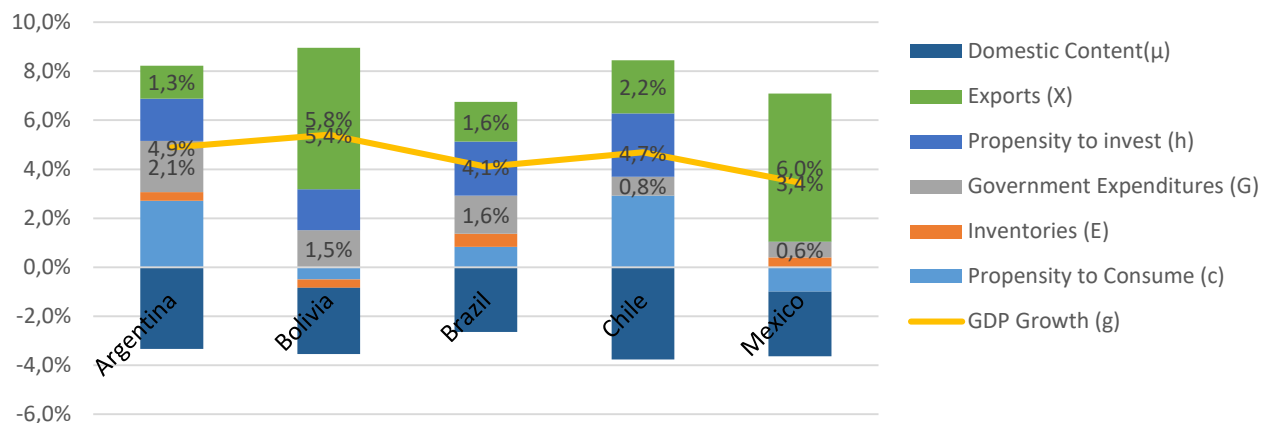


Since the world crisis has hit Latin American Countries in 2009, it is a highly atypical year, and should be analyzed separately. During the crisis, the exports could not lead growth, but domestic component contributed positively to growth. The losses in exports are more relevant for Bolivia and Mexico, but present in every country.

The variation in domestic component more than compensated the decrease in exports in Mexico, Chile and Argentina, and partially compensated in Brazil and Bolivia. During the crisis, it is expected that peripheral countries face higher international financial constraints, thus internal demand is supplied by domestic producers. For instance, a great negative contribution in inventories in Brazil reflects the sale of inventories by companies. In Brazil there was also a huge response of consumption to the crisis, what reflects the government strategy of fighting the crisis through subsidies, direct income transfers and

reduction of indirect taxes. Government expenditures has maintained its level of contribution to growth of previous periods. Nevertheless, the relative importance of this component is higher in crisis period, since it acts as a countercyclical buffer. As expected, the fall in exports goes along the fall of the propensity to invest, which has contributed negatively to growth in almost every country, but with a small positive contribution in Bolivia (0,2%). Bolivia was the country with smaller impact of the crisis on growth, presenting a growth of 2.4%.

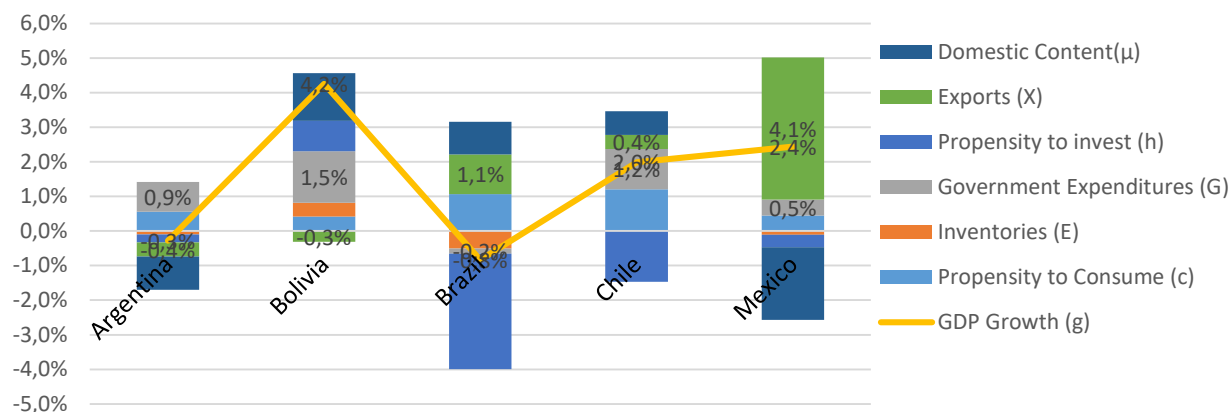
Boom Resumes? 2010-2013



The period following the international crisis presents a similar pattern to the period before the crisis (2004-2008). This period is marked by a return of growth in commodity prices and a decrease in international interest rates, associated with the quantitative easing in the central countries. The favorable external environment enables high rates of growth while Mexico presented an average growth of 3,4%, every other country presented average growth higher than 4,0%. Countries maintain the former pattern of positive contribution of exports and negative contribution of domestic component. The exports contribution to growth is positive, but smaller than before the crisis for all the countries (except in Mexico). Chile, Brazil and Argentina present lower growth rates than the period before the crisis, reflecting the lower contribution of exports. Bolivia maintains the 5% average growth through an expansion on public expenditures. Growth in exports is followed everywhere by the positive contribution of the propensity to invest. The propensity to consume presents large positive contributions in Chile and Argentina, and smaller variations in the other countries. The contribution of government expenditure is

relatively stable, except in Bolivia, where we note an increased government expenditure contribution to growth.

Fortune Reversal: 2014-2018



The fall in commodity prices presents a huge challenge to Latin American Growth models. In the years following 2014 fall, Brazil and Argentina presented negative average growth, while Mexico, Chile and Bolivia presented a deceleration on growth.

In this period, the composition of the determinants of growth have generally changed. The contribution of exports has reduced in every country. The more drastic effects were felt in Argentina and Bolivia, where exports contributed negatively to growth. In Chile and Brazil, it has significantly reduced size. For Mexico, there was also a relevant reduction, but exports kept its role as the only relevant growth engine.

Since, the export-led growth model was no longer viable for the commodity exporters, countries had to rely on domestic demand in order to sustain growth. For the commodity exporters two paths can be identified: Brazil and Argentina reduced the pace of growth of public expenditures and presented negative GDP growth; Bolivia and Chile sustained high growth rates of public expenditure and could maintain positive GDP growth at a slower pace. In the case of Brazil, the public expenditures presented for the first time a negative impact on growth, while in Argentina it had a small positive impact. Bolivia and Mexico maintained the positive impact of government expenditures on GDP growth, but while for Bolivia it represented a relevant impact (1,5 p.p) in Mexico it remained in a low (0.5 p. p). In Chile we can notice an increased contribution of public expenditures for growth from 0.8 p. p to 1.2 p.p.

Domestic component contributed positively in Brazil, Bolivia and Chile, but negatively in Mexico and Argentina. Propensity to invest reflected the deceleration and contributed negatively to growth to every

country, with the exception of Bolivia where it had a small positive effect. In Brazil, the propensity to invest presented the most negative contribution to GDP growth. In fact, Brazil has today the smaller rate of investment in its history.

Conclusion

The original proponents of Varieties of Capitalism have welcomed the growth model perspective but argued that it only confirms the original ideal types. Hope and Soskice (2016) pointed that coordinated market economies tend to be export-led and liberal market economies consumption led (see also Hall, 2018). Regarding Latin American, Schneider's concept of hierarchical market economies, can be useful to understand some aspects of the lack of productive upgrade. Nevertheless, the reliance on methodological nationalism leads to a neglect of transnational structures that constrains growth models (Ebenau, 2012). In fact, is inevitable to analyze how sustainable a growth model is not only as an autonomous element but as a member of a set of growth models (Jessop, 2015).

As we argued, from a demand led perspective, the politics of the foreign demand is a central aspect for explaining both the international insertion and the productive structures of a country. Latin American countries presented a high GDP growth rates in the first years of the XXI century due to the increased demand in commodities. Chinese demand enabled Latin American countries to adopt export-led growth models, with high GDP growth rates and loose financial constraints (Medeiros e Cintra, 2015). The structural complementarity in the commodities market was accompanied by an increased competition in the manufacturing markets, what hampered industrial upgrade.

Export-led growth is limited by the growth of world markets, which is ultimately highly dependent on the expansion of central countries (Vernengo, 2006). The five countries analyzed could sustain an export-led growth model until 2014, when the commodity boom ends. Obviously, Latin American countries did not rely only on exports to sustain GDP growth. In fact, with its larger domestic market, Argentina and Brazil presented more balanced growth models, relying also on government expenditures and domestic consumption. By its turn, Bolivia, Chile and Mexico relied almost exclusively on export-led growth during the commodity boom¹⁶.

While in Mexico the proportion of trade to GDP did not reduce until 2018, in the other countries the end of the commodity booms handicapped export-led growth models. After the commodity boom, the only effective growth model for commodity exporters was a combination between state-led growth and

¹⁶ The proportion of trade to GDP reached 87% in Bolivia in 2014, peaked at 72% in Chile in 2011 and 76% in Mexico in 2018.

increased household propensity to consume, presented in Chile and Bolivia. While in Chile and Bolivia the public expenditures either grew or maintained in high levels, in Brazil and Argentina it grew at a slower pace, or at negative rates. This resulted in the maintenance of growth levels in Chile and Bolivia and negative growth rates for Brazil and Argentina. In the Mexican case, the reliance on North American imports may also present challenges. The trade war promoted by the USA has already reflected in slower GDP growth in Mexico for the year of 2019. As noted by Wallerstein (1974, p. 14), development by invitation is readily sacrificed by core countries when they experience any economic difficulties themselves.

The slowdown in both autonomous components of demand in Brazil and Argentina has resulted in a complete lack of GDP growth. The reason behind the slowdown of exports can be clearly traced to the decreased Chinese demand, but the reason of the slowdown in government expenditures is less clear. Specially in countries with a sovereign currency, the politics of fiscal policy are not determined only by fiscal constraints but involve political mechanisms such as those highlighted by Kalecki (1943). The political determinants of the different paths in growth expenditures is the relevant enterprise to be pursued in future work.

References

- Allain, O. (2014). Tackling the instability of growth: a Kaleckian-Harrodian model with an autonomous expenditure component. *Cambridge Journal of Economics*, 39(5), 1351-1371.
- Amable, B. (2003). *The diversity of modern capitalism*. Oxford University Press on Demand.
- Amsden, A. (1985). The state and Taiwan's economic development. *Bringing the state back in*, 78.
- Baccaro, L., & Pontusson, J. (2016). Rethinking comparative political economy: the growth model perspective. *Politics & Society*, 44(2), 175-207.
- Baccaro, L., & Pontusson, J. (2018). Comparative political economy and varieties of macroeconomics.
- Bhagwati, J., & Srinivasan, T. (1979). Trade policy and development. *International economic policy: Theory and evidence*, 1, 1-35.
- Bielschowsky, R., SILVA, C., & Vernengo, M. (2013). Visão de conjunto. *Padrões de Desenvolvimento Econômico (1950-2008). América Latina, Ásia e Rússia. Brasília, DF: CGEE*.
- Bizberg, I. (2019). *Diversity of Capitalisms in Latin America*. Springer.
- Borio, C. (2019). On money, debt, trust and central banking.
- Boschi, R. (2011). *Variedades de capitalismo, política e desenvolvimento na América Latina*. Editora UFMG.
- Boyer, R. (2005). How and why capitalisms differ. *Economy and society*, 34(4), 509-557.
- Caldentey, E., & Vernengo, M. (2010). Back to the future: Latin America's current development strategy. *Journal of Post Keynesian Economics*, 32(4), 623-644.

- Cardoso, F. (1977). The consumption of dependency theory in the United States. *Latin American Research Review*, 12(3), 7-24.
- Cesaratto, S. (2015). Neo-Kaleckian and Sraffian controversies on the theory of accumulation. *Review of Political Economy*, 27(2), 154-182.
- Cesaratto, S. (2017). Initial and final finance in the monetary circuit and the theory of effective demand. *Metroeconomica*, 68(2), 228-258.
- Coates, D. (2015). Varieties of capitalism and 'the great moderation'. Em D. Coates, *New Directions in Comparative Capitalisms Research* (pp. 11-27). Springer.
- Couto, B. (s.d.). A trama política da política comercial na Argentina 2003-2015. A relação Estado-empresários e os desafios do modelo kirchnerista. *Elites empresariais, estado e mercado na América Latina*, 97.
- Cunha Filho, C. (s.d.). Do confronto à cooptação? As tensas relações entre empresariado e governo Evo Morales, na Bolívia. *Elites empresariais, estado e mercado na América Latina*, 132.
- de Freitas, F., & Dweck, E. (2013). The pattern of economic growth of the Brazilian economy 1970–2005: a demand-led growth perspective. Em F. de Freitas, & E. Dweck, *Sraffa and the Reconstruction of Economic Theory: Volume Two* (pp. 158-191). Springer.
- Ebenau, M. (2012). Varieties of capitalism or dependency? A critique of the VoC approach for Latin America. *Competition & Change*, 16(3), 206-223.
- Esping-Andersen, G. (1990). *The three worlds of welfare capitalism*. Princeton University Press.
- Fazzari, S., Ferri, P., & Variato, A. (2018). Demand-led growth and accommodating supply. Available at SSRN 3108711.
- Fiebigler, B., & Lavoie, M. (2019). Trend and business cycles with external markets: Non-capacity generating semi-autonomous expenditures and effective demand. *Metroeconomica*, 70(2), 247-262.
- Freitas, F., & Serrano, F. (2015). Growth rate and level effects, the stability of the adjustment of capacity to demand and the Sraffian supermultiplier. *Review of Political Economy*, 27(3), 258-281.
- Furtado, C. (1976). *La economía latinoamericana: formación histórica y problemas contemporáneos*. Siglo Veintiuno.
- Gaggero, A., & Schorr, M. (2017). Las grandes empresas nacionales de la Argentina bajo los gobiernos del kirchnerismo. *H-industria: Revista de historia de la industria, los servicios y las empresas en América Latina*(21), 54-75.
- Gaitán, F., & Boschi, R. (2015). State-business-labour relations and patterns of development in Latin America. Em F. Gaitán, & R. Boschi, *New Directions in Comparative Capitalisms Research* (pp. 172-188). Springer.
- Garegnani, P. (1992). Some notes for an analysis of accumulation. Em P. Garegnani, *Beyond the steady state* (pp. 47-71). Springer.
- Girardi, D., & Pariboni, R. (2016). Long-run effective demand in the US economy: An empirical test of the sraffian supermultiplier model. *Review of Political Economy*, 28(4), 523-544.
- Glyn, A., Hughes, A., & Lipietz, A. (1990). A. Singh (1990), 'The rise and fall of the golden age'. Marglin and Schor: "The golden age of capitalism", Clarendon Press, Oxford.
- Haggard, S. (2015). The developmental state is dead: long live the developmental state. *Advances in comparative-historical analysis*, 39-66.

- Hall, P. (2018). Varieties of capitalism in light of the euro crisis. *Journal of European Public Policy*, 25(1), 7-30.
- Hein, E. (2016). Secular stagnation or stagnation policy? A post-Steindlian view. *European Journal of Economics and Economic Policies: Intervention*, 13(2), 160-171.
- Hirschman, A. (1968). The political economy of import-substituting industrialization in Latin America. *The Quarterly Journal of Economics*, 82(1), 1-32.
- Hope, D., & Soskice, D. (2016). Growth models, varieties of capitalism, and macroeconomics. *Politics & Society*, 44(2), 209-226.
- Jessop, B. (2015). Comparative capitalisms and/or variegated capitalism. Em B. Jessop, *New Directions in Comparative Capitalisms Research* (pp. 65-82). Springer.
- Korpi, W. (2006). Power resources and employer-centered approaches in explanations of welfare states and varieties of capitalism: Protagonists, consenters, and antagonists. *World politics*, 58(2), 167-206.
- Lavoie, M. (2014). *Post-Keynesian economics: new foundations*. Edward Elgar Publishing.
- Lavoie, M. (2016). Convergence Towards the Normal Rate of Capacity Utilization in Neo-Kaleckian Models: The Role of Non-Capacity Creating Autonomous Expenditures. *Metroeconomica*, 67(1), 172-201.
- Magacho, G., Marconi, N., & Rocha, I. (2019). Leading sectors and structural dynamics: an input-output analysis contrasting the BRICs growth paths. *Brazilian Keynesian Review*, 4(2), 195-223.
- Mahoney, J. (2010). *Colonialism and postcolonial development: Spanish America in comparative perspective*. Cambridge University Press.
- Mahoney, J., & Rodriguez-Franco, D. (2016). Dependency Theory. Em J. Mahoney, & D. Rodriguez-Franco, *The Oxford Handbook of the Politics of Development*.
- Marglin, S. (1990). Lessons of the golden age: an overview. *The golden age of capitalism: Reinterpreting the postwar experience*, 1-38.
- Medeiros, C. (2013). Estratégias nacionais de desenvolvimento. *Padrões de desenvolvimento econômico (1950-2008): América Latina, Ásia e Rússia. Brasília: Centro de Gestão e Estudos Estratégicos (CGEE)*, 79-112.
- Medeiros, C., & Cintra, M. (2015). Impacto da ascensão chinesa sobre os países latino-americanos. *Brazilian Journal of Political Economy*, 35(1), 28-42.
- Medeiros, C., & Serrano, F. (2001). Inserção externa, exportações e crescimento no Brasil. *Polarização mundial e crescimento. Rio de Janeiro: Vozes*, 39-75.
- Nah, W., & Lavoie, M. (2017). Long-run convergence in a neo-Kaleckian open-economy model with autonomous export growth. *Journal of Post Keynesian Economics*, 40(2), 223-238.
- Ocampo, J. (2001). Raúl Prebisch y la agenda del desarrollo en los albores del siglo XXI.
- Palley, T. (2019). The economics of the super-multiplier: A comprehensive treatment with labor markets. *Metroeconomica*, 70(2), 325-340.
- Pariboni, R. (2016). Household consumer debt, endogenous money and growth: A supermultiplier-based analysis. *PSL Quarterly Review*, 69(278).
- Pinto Santa Cruz, A. (1976). Notas sobre los estilos de desarrollo en América Latina. *Revista de la CEPAL*.
- Prebisch, R., & Cabañas, G. (1949). El desarrollo económico de la América Latina y algunos de sus principales problemas. *El trimestre económico*, 16(63 (3), 347-431.
- Rodriguez, O. (2006). *El estructuralismo latinoamericano*. Siglo XXI.

- Sánchez-Ancochea, D. (2009). State, firms and the process of industrial upgrading: Latin America's variety of capitalism and the Costa Rican experience. *Economy and Society*, 38(1), 62-86.
- Santos, T. (1970). The structure of dependence. *The american economic review*, 60(2), 231-236.
- Schneider, B. (2009). Hierarchical market economies and varieties of capitalism in Latin America. *Journal of Latin American Studies*, 41(3), 553-575.
- Schneider, B. (2013). *Hierarchical Capitalism in Latin America*. Cambridge University Press.
- Serrano, F. (1995). Long period effective demand and the Sraffian supermultiplier. *Contributions to Political Economy*, 14(1), 67-90.
- Serrano, F. (1996). The Sraffian supermultiplier, unpublished ph. d. *D thesis*, University of Cambridge.
- Serrano, F. (2004). Relações de poder e a política macroeconômica americana, de Bretton Woods ao padrão dólar flexível. *O poder americano. Petrópolis: Vozes*, 179-222.
- Serrano, F., & Freitas, F. (2017). The Sraffian supermultiplier as an alternative closure for heterodox growth theory. *European Journal of Economics and Economic Policies: Intervention*, 14(1), 70-91.
- Serrano, F., Freitas, F., & Bhering, G. (2019). The Trouble with Harrod: the fundamental instability of the warranted rate in the light of the Sraffian Supermultiplier. *Metroeconomica*, 70(2), 263-287.
- Skocpol, T., Evans, P., Rueschemeyer, D., & others. (1999). Bringing the state back in. *Cambridge*.
- Soskice, P. (2001). *Varieties of capitalism: The institutional foundations of comparative advantage*. Oxford University Press.
- Steindl, J. (1979). Stagnation theory and stagnation policy. *Cambridge Journal of Economics*, 3(1), 1-14.
- Stirati, A. (1994). *The theory of wages in classical economics: a study of Adam Smith, David Ricardo, and their contemporaries*. Edward Elgar Publishing.
- Stirati, A., & Meloni, W. (2018). A short story of the Phillips curve: from Phillips to Friedman... and back? *Review of Keynesian Economics*, 6(4), 493-516.
- Streeck, W. (2011). E pluribus unum? Varieties and commonalities of capitalism. *The sociology of economic life*, 3, 419-455.
- Summa, R. (2016). An alternative model to the open-economy “new consensus” for the analysis of inflation targeting. *EconomiA*, 17(3), 310-323.
- Summa, R., & Braga, J. (2019). The (conflict augmented) Phillips curve is ‘alive and well’. *TD IE-UFRJ*(3).
- Summa, R., & Serrano, F. (2018). Distribution and conflict inflation in Brazil under inflation targeting, 1999–2014. *Review of Radical Political Economics*, 50(2), 349-369.
- Svampa, M. (2015). Commodities consensus: Neoextractivism and enclosure of the commons in Latin America. *South Atlantic Quarterly*, 114(1), 65-82.
- Tavares, M. (2006). *Da substituição de importações ao capitalismo financeiro: ensaios sobre economia brasileira*. Zahar Editores.
- Tenreyro, S., & Thwaites, G. (2016). Pushing on a string: US monetary policy is less powerful in recessions. *American Economic Journal: Macroeconomics*, 8(4), 43-74.
- Vernengo, M. (2006). Technology, finance, and dependency: Latin American radical political economy in retrospect. *Review of Radical Political Economics*, 38(4), 551-568.

Wallerstein, I. (1974). Dependence in an interdependent world: the limited possibilities of transformation within the capitalist world economy. *African Studies Review*, 17(1), 1-26.