Volatility and Economic Growth in the Twentieth Century

Marco Dueñas*†1 and Mercedes Campi‡2

[1]Department of Economics and Trade - Universidad de Bogota Jorge Tadeo Lozano – Colombia
[2]Instituto Interdisciplinario de Economia Politica - Universidad de Buenos Aires -CONICET (IIEP-Baires, UBA-CONICET) – Argentina

Abstract

The twentieth century was a period of outstanding world development together with an unequal income distribution. Countries in different regions of the world followed different patterns of economic growth: a few countries became industrialized and converged, others were able to catch-up with rich economies, several followed unstable and unsustainable paths, and others were disappointing in the long run with low performances. This paper analyses the international distribution of growth rates and its dynamics. Our main contribution is to show that the growth performances of world countries present a remarkable structural break around the mid-century (1946). We observe that the stylized fact that low-income economies have higher volatility is only significant after this structural break year. Additionally, we study possible economic determinants of the volatility differentiation with respect to the countries' size. Our results contribute with more empirical facts that call the attention to traditional macroeconomic theories to explain better the underlying complexity of the growth process.

*Speaker
†Corresponding author: maduenase@gmail.com
‡Corresponding author: mmcampi@gmail.com