

## **Latin America's route to development: A vertically integrated analysis of the Chilean case**

Topic: (2.3) Structural Change and Dynamics (1)

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The aim of the paper is to assess the sectoral evolution of employment and productivity in Chile between 1996 and 2008. The paper discusses some of the recent contributions that took place in Latin America with respect to development strategy and sectoral specialisation. In particular, referring to recent debates that took place in the region, it asks whether resource based sectors have performed better than other sectors in terms of employment creation and productivity growth and discusses the potentialities of a development strategy dependent on natural resource based sectors.

The analysis is realised by employing vertically integrated sectors on the wave developed by Luigi Pasinetti (1973), employing Input-Output tables obtained from Make and Use tables provided by the Chilean Institute of Statistics.

The approach used can provide useful elements to address some issues of economic development that are usually underestimated from conventional approaches. By considering the economy as a circular flow, inter-sectoral relations are placed at the centre of the stage. Sectoral performance is assessed not only on the basis of its direct contribution to the economy, but also considering indirect relations, i.e. the spill-overs that the production of a net unit of final good has on the rest of the productive sectors.

The results of the vertically integrated analysis show that these productive sectors do not record a better performance in terms of employment creation and productivity growth compared to other sectors.