
The purpose of neoliberal reforms was to stimulate private investment and exports, and, therefore, generate higher growth and employment. However, these changes have generated a significant drop in the share of wages in income in both developed and developing countries since the late 70s. This study was undertaken using post-Keynesian theory; however, it made changes to investment and exportation functions so that the functional distribution has a greater weight in the estimations. We found that the wage moderation policies have adversely influenced the inner components of demand; while Spain is wage-led, Mexico is profit-led.

**Keywords:** Functional income distribution, demand growth, consumption, investment, net exports.

**JEL:** E12, E20, E22, E25, E61.