This article presents evidence of correlation between public spending measured by general government consumption (CFGG for its initial in Spanish) as central government primary spending (GPGC for its initials in Spanish) and output per capita in the last two decades. We use a panel data (1989 - 2009 from 17 countries in Latin America) under nonlinear pooled OLS regression models and GLS with fixed and variable effects. It is concluded that, for the study period, increased GPGC, has had a positive but limited impact on growth, with a significant margin of increase before it becomes negative.

Keywords: country size, public spending, economic growth, Latin America.

JEL: C33, E62, H30, O11, O40, O54.