Abstract
This paper presents a data-oriented analysis of the effects of different kinds of economic shocks on Chilean output growth and inflation over the last 40 years. Two important results highlight the role of trade openness and counter cyclical monetary policies to explain structural changes in the Chilean economy: (1) foreign shocks only explain 17% of the variability of output growth in the 1984-2006 period, whereas it used to account for 47.2% in 1966-1983; and (2) The relative importance of foreign shocks inexplaining inflation volatility has become more important in the last twenty years.

Keywords
Trade openness, volatility, inflation, output growth, structural VAR.