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# Macroeconomic policy regimes and the dynamics of demand-led growth regimes in advanced and emerging economies

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# Introduction

- The **concept of post-Keynesian (PK) demand and growth regimes (DGRs)** has become widely adopted in empirical analyses of **comparative and international political economy (CPE, IPE)**
- Its rediscovery by Baccaro and Pontusson (2016) and the growth models literature has generated a **rich interdisciplinary research programme** with PK economics (Akçay et al., 2023, 2024; Baccaro et al., 2022)
- The following complementary levels of analysis are proposed by Hein (2023) and Akçay and Hein (2026):
  1. **National income and financial accounting (NIFA)** decomposition: sources of demand growth and financing, based on accounting conventions
  2. **Sraffian supermultiplier (SSM)** growth decomposition: distinguishing between autonomous and induced components of demand growth
  3. **Growth drivers:** determinants of the dynamics of the different demand components (distribution, financial boom-bust cycles, house prices, commodity prices, MNEs and FDI, government policies, macroeconomic policy regimes...)
  4. **Political economy:** socio-institutional forces behind growth drivers (growth strategies, growth coalitions, dominant social blocs...)

# Introduction

- **Campana and Hein (2026)** applied the NIFA and SSM demand-led growth decompositions (first two levels of analysis) to **seven countries in a comparative framework**, included an analysis of the structure of international trade and provided a typology of export-led regimes
  - Periods 2000-2007 and 2011-2019
  - Advanced capitalist economies: Germany and Spain
  - Emerging capitalist economies: Argentina, Brazil, India, South Africa, and Turkey
- **This contribution examines growth drivers for the same set of countries** (third level of analysis)
- **Focus on macroeconomic policy regimes (MPRs):** a set of macroeconomic policies, their coordination and interaction
  - To what extent MPRs have shaped the DGRs and the dominant sources of demand and growth as well as the respective changes between periods
  - Example of the complementarity of the different levels of analysis in examining structurally diverse advanced and emerging economies
  - Direct link with the political economy dimension (fourth level of analysis) on future work

# Outline

1. **Introduction**
2. **Demand-led growth decomposition and growth models – results from Campana and Hein (2026)**
3. **Growth drivers and the concept of macroeconomic policy regimes**
4. **Macroeconomic policy regimes in seven selected countries, 2000-2007 and 2011-2019**
5. **Conclusions**

## **2. Demand-led growth decomposition and growth models - results from Campana and Hein (2026)**

# National income and financial accounting (NIFA) decomposition

- **1<sup>st</sup> level of analysis: growth contributions** of demand aggregates (private consumption, public consumption, investment, and net exports) and **financial balances** of different sectors of the economy (private, public and external). Insights on demand dynamics and imbalances. Based on accounting conventions
- **Four regimes** are identified: Export-led mercantilist (ELM); Weakly export-led (WEL); Domestic demand-led (DDL); Debt-led private demand boom (DLPD)

Table 2. NIFA demand and growth regime changes from the period 2000-07 to the period 2011-19

		2011-2019			
		Debt-led private demand (DLPD)	Domestic demand-led (DDL)	Weakly export-led (WEL)	Export-led mercantilist (ELM)
2000-2007	DLPD		South Africa		Spain
	DDL		India	Brazil; Turkey	
	WEL				
	ELM		Argentina		Germany

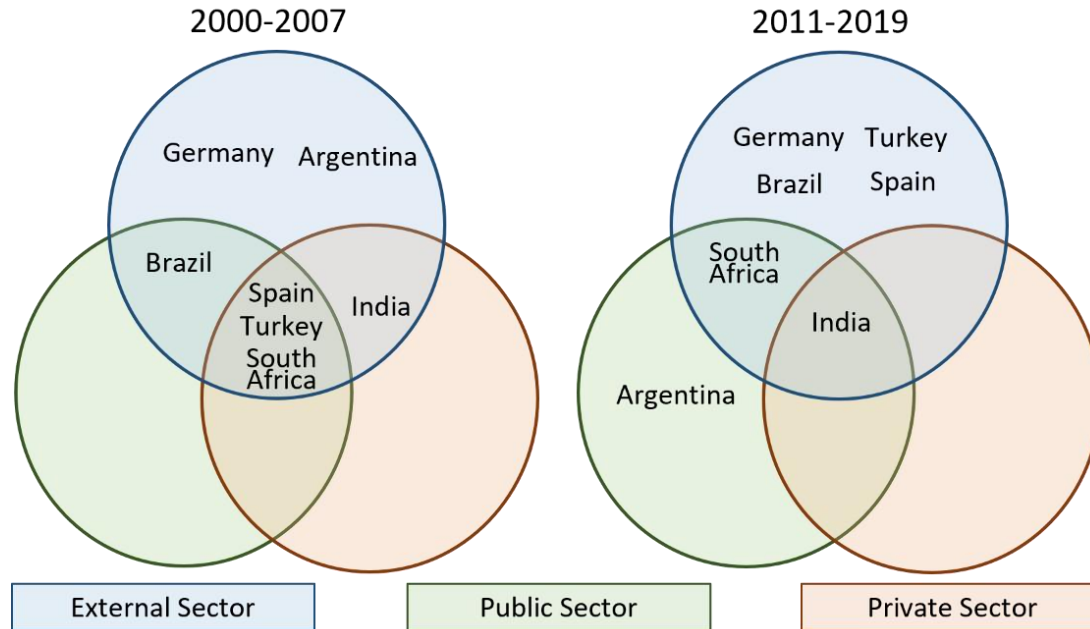
Source: Campana and Hein (2026, p. 12)

# Sraffian supermultiplier (SSM) growth decomposition

- **2<sup>nd</sup> level of analysis:** additional information on the dynamics of growth sources, better understanding of the drivers behind regimes evolution
- **Clear theoretical basis:** Sraffian supermultiplier (SSM) framework. Long-run economic growth driven by non-capacity creating autonomous demand, not financed or induced by current income and that does not add to the productive capacity of the economy (Serrano, 1995)
- Fundamental **distinction** between:
  - **autonomous demand components** (autonomous private consumption, residential investment, government consumption and investment expenditures, and exports) and
  - **income-induced demand components** (income-financed private consumption, private investment, and imports)

# Sraffian supermultiplier (SSM) growth decomposition

Figure 1. SSM demand-led growth de-composition: dominant autonomous demand components



Source: Campana and Hein (2026, p.16)

### **3. Growth drivers and the concept of macroeconomic policy regimes**

# Growth drivers

- The **analysis of growth drivers** focusses on the **main determinants of the dynamics of the different demand components** and thus on the **regime changes** identified by the NIFA and SSM demand-led growth decompositions
- Several authors have already considered **different growth drivers** (Kohler and Stockhammer, 2021; Jungmann, 2023; Kohler et al., 2023, Stockhammer and Novas Otero 2023, Feliciano et al. 2025a, 2025b), including income distribution, housing and financial asset prices, private households' debt-income ratios, international competitiveness and macroeconomic policy indicators, or welfare state models
- Hein and Martschin (2021) argued that the **focus on fiscal policies** in some of these contributions might be **too narrow**, and they focused instead on the **complete macroeconomic policy mix**, trying to understand the role of macroeconomic policies for regime shifts of the big four Eurozone countries, Germany, France, Italy and Spain.
- **Macroeconomic policies** and aggregate demand have a **long term impact** on output, income, employment, inflation, distribution, and growth through various channels (Arestis 2013, Hein 2023a, Chapter 6, Hein and Stockhammer 2010)

# Macroeconomic policy regimes (MPRs)

- MPR: set of **monetary, fiscal, and wage policies**, along with their **coordination and interaction**, within the institutional framework of an economy, including the **degree of openness and the exchange rate regime** (Hein and Truger, 2005, 2009; Herr and Kazandziska, 2011)
- **Monetary policy**: relationship between long-term interest rates and GDP growth. To support employment and growth, central bank should target a slightly positive real interest rate below the real GDP growth rate
- **Wage policy**: nominal unit labour costs stabilising inflation, growing at the inflation target rate? Changes in functional income distribution (labour income share), as well as the nature of the distribution-led growth regime for the effects on demand and employment are considered, too.
- **Fiscal policy**: Changes in the cyclically adjusted budget balance-potential GDP ratio (CBR) in relationship to changes in the output gap (OG). When OGs and CBRs move in the same direction, fiscal policies are deemed counter-cyclical. Long-term growth effects are assessed via public investment-GDP ratio.
- **Open economy conditions**: degree of openness (export and import shares of GDP), evolution of price competitiveness (real effective exchange rates) and of non-price competitiveness (Economic Complexity Index).

## **4. Macroeconomic policy regimes in seven selected countries, 2000-2007 and 2011-2019**

# MPR indicators, annual averages for periods 2000-07 and 2011-19

	Germany		Spain		Argentina		Brazil		India		South Africa		Turkey	
	2000-2007	2011-2019	2000-2007	2011-2019	2000-2007	2011-2019	2000-2007	2011-2019	2000-2007	2011-2019	2000-2007	2011-2019	2000-2007	2011-2019
<b>Monetary policy</b>														
Short-term (ST) real interest rate, %	2.3	-1.5	-0.7	-0.4	0.7	-8.1	8.6	3.1	1.8	2.2	1.1	0.6	10.0	2.3
Long-term (LT) real interest rate, %	3.4	-0.8	0.5	2.3	0.6	14.1	11.2	5.2	2.8	1.7	3.2	3.0	11.0	0.9
LT real interest rate minus real GDP growth, pp.	1.8	-2.5	-3.2	1.1	-3.1	13.7	7.7	4.4	-3.7	-4.9	-1.1	1.4	5.5	-4.7
<b>Wage policy</b>														
Nominal unit labor cost (NULC), annual growth, %	0.0	2.2	3.1	-0.0	10.9	33.0	9.0	7.2	4.9	5.4	5.9	6.1	18.8	10.1
Inflation rate (HCPI), %	1.7	1.4	3.2	1.2	9.8	32.4	7.3	5.9	4.7	6.1	5.3	5.3	27.3	10.0
Adjusted wage share, current prices, %	57.1	57.5	56.5	54.2	40.8	57.6	57.0	60.0	56.6	56.8	50.7	55.1	47.7	44.4
Change in adjusted wage share vs. previous decade, pp.	-2.0	0.2	-4.0	-2.9	-	16.8	-	2.9	-	0.3	-	4.3	-19.7	-5.9
<b>Fiscal policy</b>														
Cyclically adjusted budget balance (% of potential GDP), annual change, pp.	0.2	0.5	0.2	0.2	0.5	-0.2	0.0	0.0	0.5	0.2	0.3	-0.2	1.0	-0.3
Output gap (% of potential GDP), annual change, pp.	0.2	0.3	0.3	0.9	0.1	-0.5	0.2	-0.4	-0.1	0.3	0.7	0.2	1.9	-0.2
Number of years with procyclical fiscal policy (c: contractionary, e: expansionary)	5 (3c, 2e)	7 (4c, 3e)	5 (4c, 1e)	7 (2c, 5e)	5 (2c, 3e)	9 (5c, 4e)	1 (0c, 1e)	4 (2c, 2e)	3 (2 c, 1 e)	7 (3 c, 4 e)	1 (1c, 0e)	6 (2c, 4e)	3 (1c, 2e)	4 (2c, 2e)
Public investment, % of GDP	2.4	2.5	3.6	2.4	2.1	3.3	2.2	2.4	3.2	3.8	2.6	3.2	2.9	3.5
<b>Open economy</b>														
Change in real effective exchange rate (REER), %	-1.2	0.7	1.8	-1.4	-7.5	-5.8	11.0	-2.0	1.6	0.2	0.3	-2.5	-2.3	-0.3
Economic Complexity Index (ECI) Trade	1.9	1.9	1.0	0.9	0.4	0.3	0.6	0.6	0.1	0.4	0.4	0.3	0.0	0.5
Ranking ECI Trade	1.9	3.2	21.6	28.3	37.3	49.6	30.8	38.1	47.3	46.0	36.0	51.1	51.1	43.3
Real exports of goods and services, % of GDP	31.2	41.9	26.3	33.0	23.3	20.9	10.6	11.6	15.9	22.2	30.0	27.1	22.7	24.9
Real imports of goods and services, % of GDP	27.3	35.2	30.2	30.1	17.0	26.4	7.7	11.7	17.4	25.4	23.2	28.2	25.9	27.1

# MPR indicators summarized in 4 policy areas

	Germany		Spain		Argentina		Brazil		India		South Africa		Turkey	
	2000	2011	2000	2011	2000	2011	2000	2011	2000	2011	2000	2011	2000	2011
	2007	2019	2007	2019	2007	2019	2007	2019	2007	2019	2007	2019	2007	2019
Monetary policy	-	+	+	-	+	-	-	-	+	+	+	-	-	+
Wage policy	-	+	-	-	+	+	+	+	-	0	-	+	-	0
Fiscal policy	-	-	-/+	+/-	0/+	0/+	+/0	0	-/0	0/+	0/-	+	0/+	0/+
Open economy	+	0/+	-	+/-	+/-	+/-	-/0	0/-	-/+	0/+	0/-	+/-	+/0	0/+
Demand and growth regime (NIFA)	ELM	ELM	DLPD	ELM	ELM	DDL	DDL	WEL	DDL	DDL	DLPD	DDL	DDL	WEL
Dominant component of autonomous demand (SSM)	Ex	Ex	G, HH, Ex	Ex	Ex	G	G, Ex	Ex	HH, Ex	G, HH, Ex	HH, Ex	Ex	G, HH, Ex	Ex

Note: expansionary stance (+), contractionary stance (-), neutral stance (0). Export-led mercantilist (ELM), weakly export-led (WEL), domestic demand-led (DDL), debt-led private demand (DLPD). Exports (Ex), government consumption and investment (G), private households' credit-financed consumption and residential investment (HH).

# Germany: ELM / Ex → ELM / Ex

- **2000-2007: suppression of domestic demand, reliance on external demand, CA surplus, low growth**
    - Restrictive monetary policy stance, positive differential between real LT interest rate and GDP growth
    - Suppressed nominal wage and NULC growth, inflation below ECB target, declining labour income share in a wage-led economy
    - Pro-cyclical fiscal policy in five years (3 contractionary), and restrained public investment
    - Improved international price competitiveness (Internal devaluation), high non-price competitiveness (ECI)
  - **2011-2019: gradual shift to expansionary stance of monetary and wage policies**
    - Positive effect of ECB monetary policies on growth, negative LT real interest rate-GDP growth differential
    - NULC growth close to target, but lower inflation rate. Slight increase in labour income share
    - Introduction of 'debt brake' and low public investment-GDP ratio in international comparison
    - Open economy conditions remained favourable: slight increase in REER and high ECI
- **MPR's changes moderated exports' dominance and ELM DGR, without fundamentally changing it**

# Spain: DLPD / G, HH, Ex → ELM / Ex

- **2000-2007: debt-led expansionary effects on household consumption and residential investment**
  - Strongly expansionary monetary policy stance, LT real interest rates considerably below real GDP growth
  - NULC growth well above ECB inflation target, but higher inflation, which led to negative short-term interest rates. Fall in labour share, but easy access to credit stimulated consumption and real estate investment
  - Pro-cyclically contractive fiscal policies in four years, but high public investment-GDP ratio
  - Increase in REER and loss of international price competitiveness, with low ECI and non-price competitiveness
- **2011-2019: deleveraging of households and corporations, nominal moderation and competitiveness**
  - Restrictive monetary policy, with LT real rates exceeding GDP growth. Conditions only eased in 2015
  - Deflationary wage policies under pressure of unemployment and structural labour market reforms
  - Pro-cyclical fiscal policies in seven years, with five being expansionary. The public investment-GDP ratio heavily suffered and was reduced
  - Wage moderation and lower inflation contributed to an improvement of price competitiveness
- **Shift in the MPR put pressure on domestic demand and improved external, but with fall of GDP growth**

# Argentina: ELM / Ex → DDL / G

- **2000-2007: systemic crisis, new developmentalist model and favourable international conditions**
    - Expansionary monetary policy with low or even negative real interest rates
    - Revitalization of labour market institutions, NULC growth above inflation, and increase of wage share
    - Pro-cyclical fiscal policy in five years, expansionary in last three. Low public investment, but recovering
    - Strong and persistent REER devaluation. Improved terms of trade, but decline of ECI. Boost to exports
  - **2011-2019: acceleration of inflation, deterioration of open economy conditions, rising fiscal policy**
    - Negative ST interest rates, but very high LT ones. Average contractionary monetary policy stance
    - High NULC growth, but almost equally high inflation. Improvement of wage share until peak in 2016
    - Pro-cyclical fiscal policy with alternating stance. Average expansionary change in CBR and negative government financial balance. Higher ratio of public investment to GDP
    - Deteriorating non-price competitiveness. Dynamic imports and stagnant exports, end of commodity boom
- **MPR's changes contributed to greater autonomous government spending, but could not prevent stagnation**

## Brazil: DDL / G, Ex → WEL / Ex

- **2000-2007: transition to developmentalist model, domestic demand support + commodity cycle**
  - Clear contractionary monetary policy with high positive LT real interest rates. Consolidation of IT scheme
  - NULC growth above inflation, inflation above target. Increase of wage share, support for domestic demand
  - Counter-cyclical fiscal policies in most of the period, low average public investment-GDP ratio
  - Wage policies, as well as high interest rates that attracted foreign capital, led to a growing REER and loss of price competitiveness. Stable relatively low ECI ranking
- **2011-2019: fiscal policy shift and worsening of external conditions, decline of economic growth**
  - Maintenance of contractionary monetary stance, but lower interest rates and differential with GDP growth
  - Wage policy continued to show both NULC growth and inflation above the central bank's target. Still growing wage share until 2015, but rising inequality and fall of credit negatively affected consumption
  - Real government expenditure freeze in 2016 and more contractionary stance. Downward investment trend
  - Opposite paths in price (+) and non-price (-) competitiveness. Slower export growth, commodity boom end
- **The MPR contributed to domestic demand stagnation (MP and FP), exports sustaining lower growth**

# India: DDL / HH, Ex → DDL / G, HH, Ex

- **2000-2007: expansionary monetary policy, high public investment and trade integration**
    - Expansionary monetary policy: positive but declining rates; negative real LT rate-GDP growth differential
    - NULCs grew slightly below inflation at the end of the period and the wage share was falling
    - Fiscal policies were procyclical in three years, one expansionary. Relatively high public investment ratio
    - REER increased. Non-competitiveness (ECI index) improved, indicating some technological upgrading. Real exports and imports grew considerably and increased their share in GDP
  - **2011-2019: overall stable MPR, more expansionary fiscal policies and competitiveness gains**
    - Expansionary monetary stance. Increasing rates and declining negative interest rate-GDP growth gap
    - NULC growth at the upper end of the target corridor, inflation slightly above. Stable average wage share
    - Seven years of pro-cyclical fiscal policy, four expansionary. Increase on investment-GDP ratio
    - Only slight REER increase. Both the ECI index and ranking improved. Increasing trade and CA deficit
- **The MPR contributed to a stable DDL regime with increasing relevance of government spending**

# South Africa: DLPD / G, HH, Ex → DDL / G, Ex

- **2000-2007: short-term capital inflows, domestic demand fueled by rising private credit**
    - Expansionary monetary policy, long-term real interest rates falling short of real GDP growth
    - Falling wage share, contractionary impact on domestic demand. NULC growth and inflation within target
    - Counter-cyclical fiscal policy in most years. Public investment-GDP ratio rising but low on average
    - Slight REER appreciation. Low ECI and deteriorating ranking. More dynamic imports, trade and CA deficit
  - **2011-2019: end of commodity cycle, contraction of exports, expansionary wage and fiscal policies**
    - Slightly lower interest rates, but contractionary stance. LT real interest rates exceeded real GDP growth
    - Expansionary wage policies. NULC growth slightly above upper bound of target inflation corridor, inflation within it. Significant increase in the wage share
    - Pro-cyclical expansionary policies in four years. Considerable rise of public investment-GDP ratio
    - Improvement of international price competitiveness, loss of non-price competitiveness. Higher CA deficit
- **The MPR's shift supported domestic demand, but did not prevent a fall in average GDP growth**

# Turkey: DDL / G, HH, Ex → WEL / Ex

- **2000-2007: economic collapse, new neoliberal programme, foreign capital inflows and recovery**
    - Heavily contractionary monetary policy. High real interest rates attracted short-term foreign capital
    - Restrictive wage policy. NULC growth well below inflation and sharp fall in wage share in a wage-led economy. However, growth in household debt mitigated demand effects
    - Positive average annual change of the CBR (i.e. contractionary stance) but upward public investment trend
    - Fall of REER and ECI ranking. Exports and imports' shares of GDP increased (more the latter), CA deficit
  - **2011-2019: high economic growth but increased volatility, interruption of foreign capital stimulus**
    - Lower but positive real interest rates. Negative interest rate-GDP growth differential, expansionary stance
    - NULC growth in line with inflation, but both above target. Lower average wage share, but stable
    - Four years of pro-cyclical fiscal policy, two contractionary. Increase of public investment-GDP ratio
    - Average stable REER (increased until 2016, sharp depreciation then). ECI ranking consistently improved. Negative net exports and CA deficit maintained, but exports more dynamic than imports
- **The MPR led to a greater role for exports, with less contractionary monetary and wage policies**

## **5. Conclusions**

# Conclusions

- **Analysis of growth drivers**, focusing on **macroeconomic policy regimes (MPRs)**, as a key dimension of demand and growth regime (DGR) and growth model (GM) analysis
- **Based on results of Campana and Hein (2026)** on NIFA and the SSM growth decomposition approaches to classify DGRs and identify the dominant components of autonomous demand

## Main contributions

- Systematic link of the **MPR concept** and the **NIFA and SSM growth decomposition approach**
- Extension to a set of countries with **different regimes, structural underpinnings and macroeconomic policies** (both advanced and emerging)
- The configuration and coordination of **monetary, wage, fiscal, and external policies** (MPRs) play a central role in **shaping DGRs and dominant sources of autonomous demand**, and also **explaining regime shifts over time**. This highlights the **explanatory power of MPR analysis** in understanding growth trajectories
- **Direct link to the political economy dimension** and the socio-institutional forces underlying the macroeconomic policies that shape DGRs and GMs



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**Thank you!**

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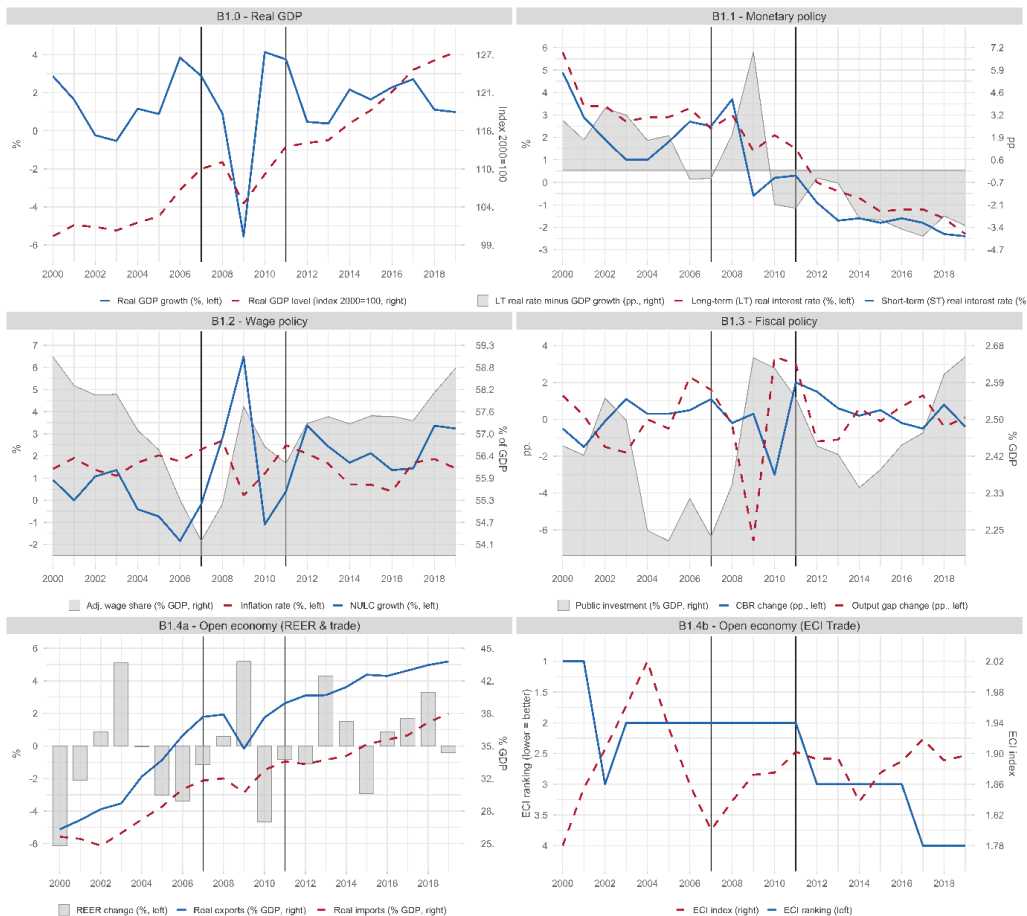
**Table 1.** Classification of demand-led growth regimes according to sources and financing of demand components

<p><b>Export-led mercantilist (ELM)</b></p>	<ul style="list-style-type: none"> <li>• positive financial balances of the private sector, and the private household sector,</li> <li>• negative financial balances of the external sector,</li> <li>• positive balance of goods and services,</li> <li>• positive growth contributions of net exports.</li> </ul>
<p><b>Weakly export-led (WEL)</b></p>	<p>Either</p> <ul style="list-style-type: none"> <li>• positive financial balances of the private sector,</li> <li>• negative financial balances of the external sector,</li> <li>• positive balance of goods and services,</li> <li>• negative growth contributions of net exports.</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>• negative but improving financial balances of domestic sectors,</li> <li>• positive but declining financial balances of external sector,</li> <li>• negative but improving net exports,</li> <li>• positive growth contributions of net exports.</li> </ul>
<p><b>Domestic demand-led (DDL)</b></p>	<ul style="list-style-type: none"> <li>• Positive financial balances of the private household sector and positive or balanced financial balances of the private sector as a whole,</li> <li>• balanced or positive financial balances of the external sector,</li> <li>• domestic demand is the almost exclusive source of growth,</li> <li>• around zero growth contribution of net exports.</li> </ul>
<p><b>Debt-led private demand boom (DLPD)</b></p>	<ul style="list-style-type: none"> <li>• negative or close to balance financial balances of the private sector,</li> <li>• positive financial balances of the external sector,</li> <li>• significant growth contributions of domestic demand, and private consumption demand in particular,</li> <li>• negative growth contributions of net exports.</li> </ul>

Source: Based on Dünhaupt and Hein (2019, p. 458).

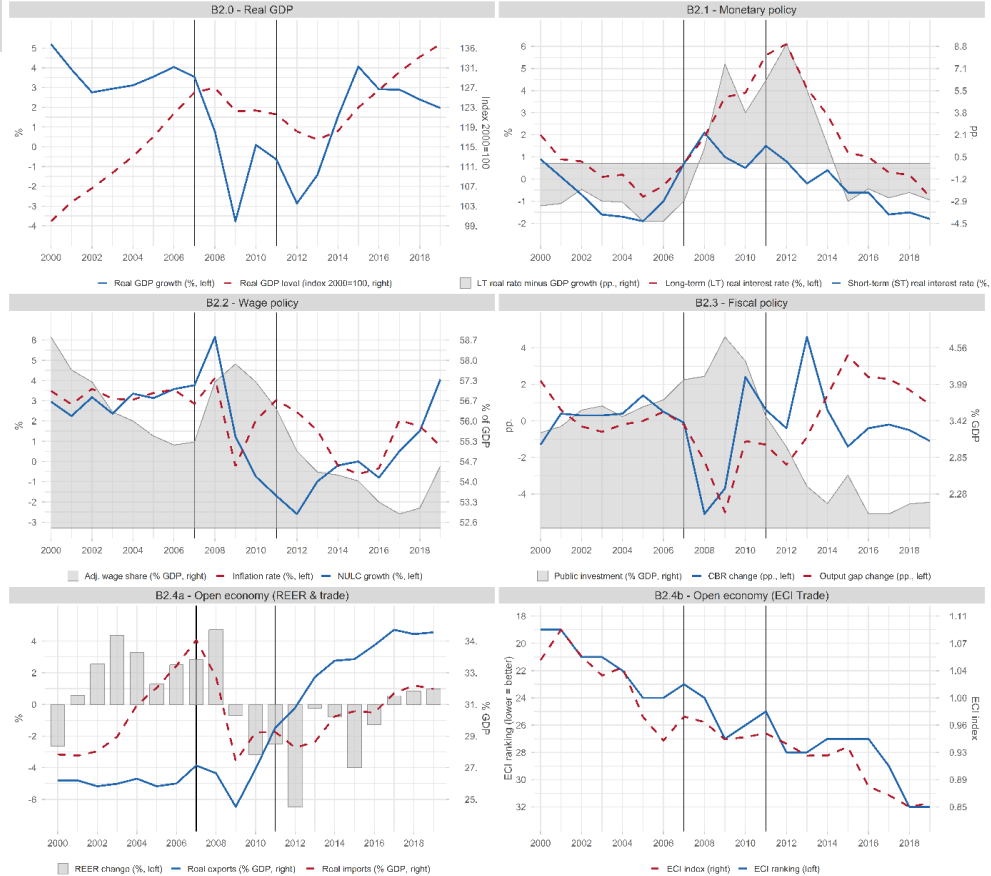
# Appendix B. Macroeconomic policy regime indicators: figures

B1 — Germany



Note: 'pp' indicates percentage points. See Appendix A for definitions, sources and specific notes for each variable regarding construction and availability.

## B2 — Spain

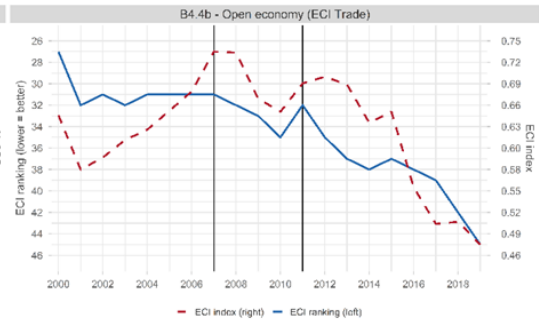
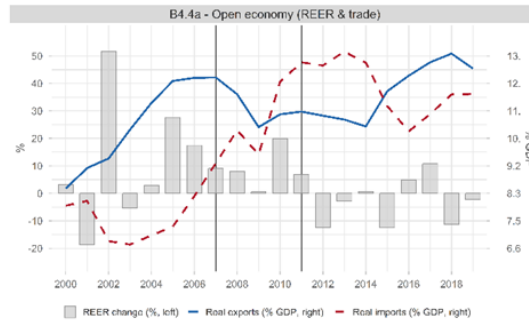
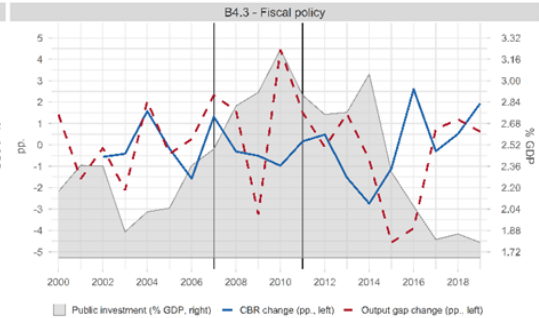
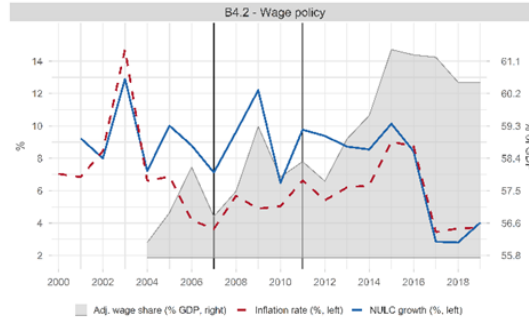
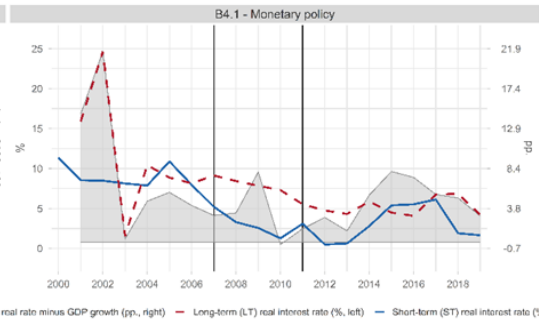
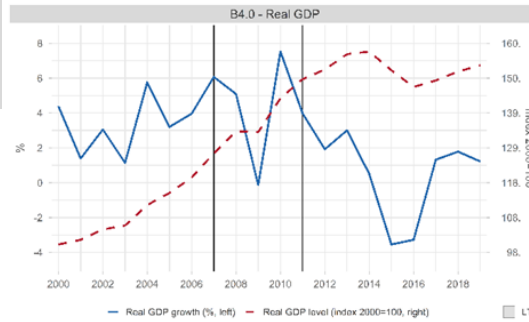


Note: 'pp' indicates percentage points. See Appendix A for definitions, sources and specific notes for each variable regarding construction and availability.

## B3 — Argentina

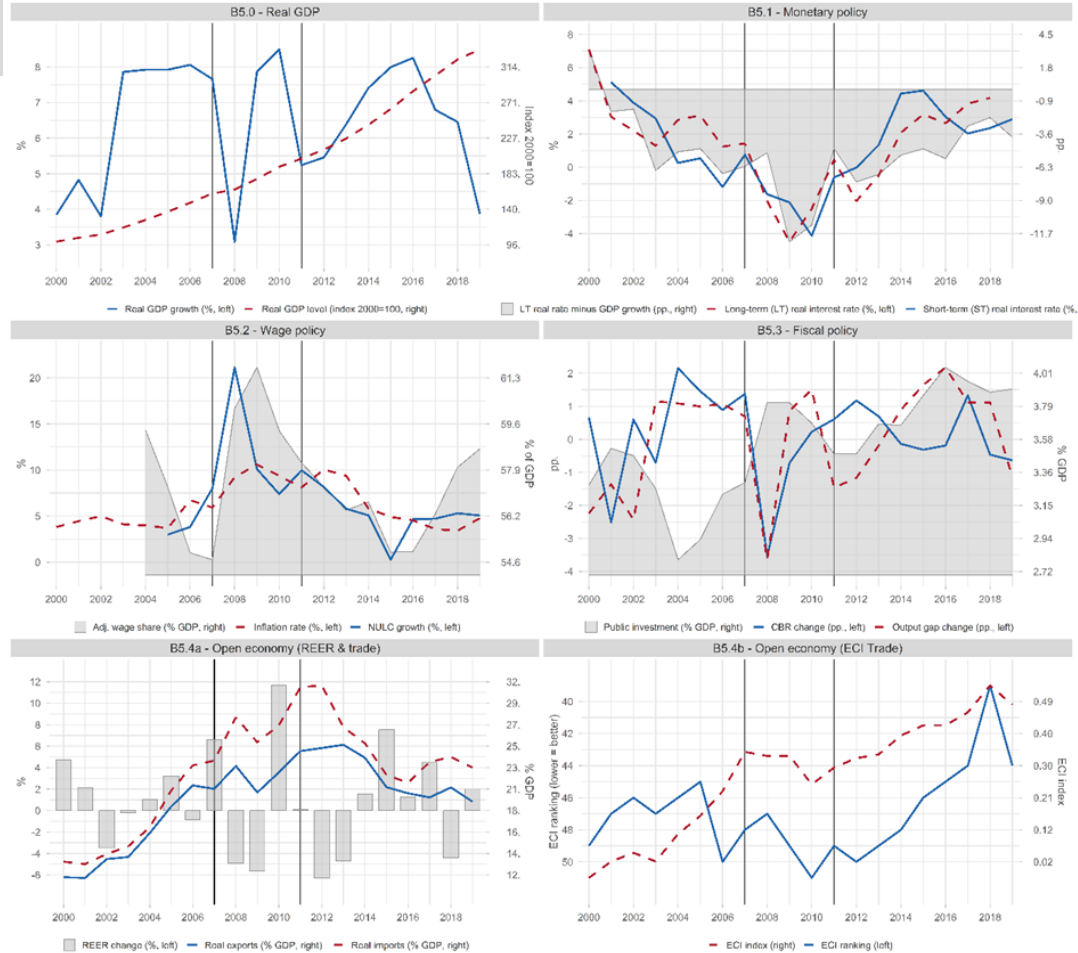


Note: 'pp' indicates percentage points. See Appendix A for definitions, sources and specific notes for each variable regarding construction and availability.



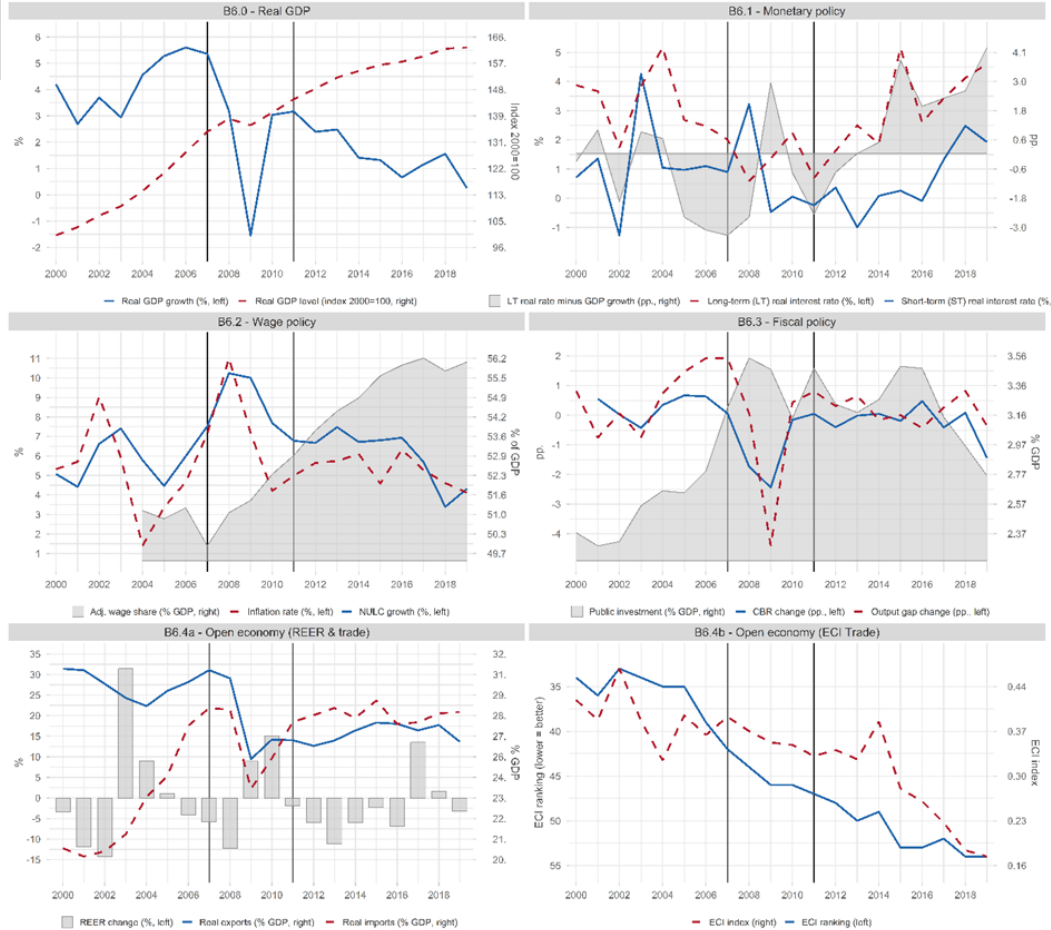
Note: 'pp' indicates percentage points. See Appendix A for definitions, sources and specific notes for each variable regarding construction and availability.

## B5 — India



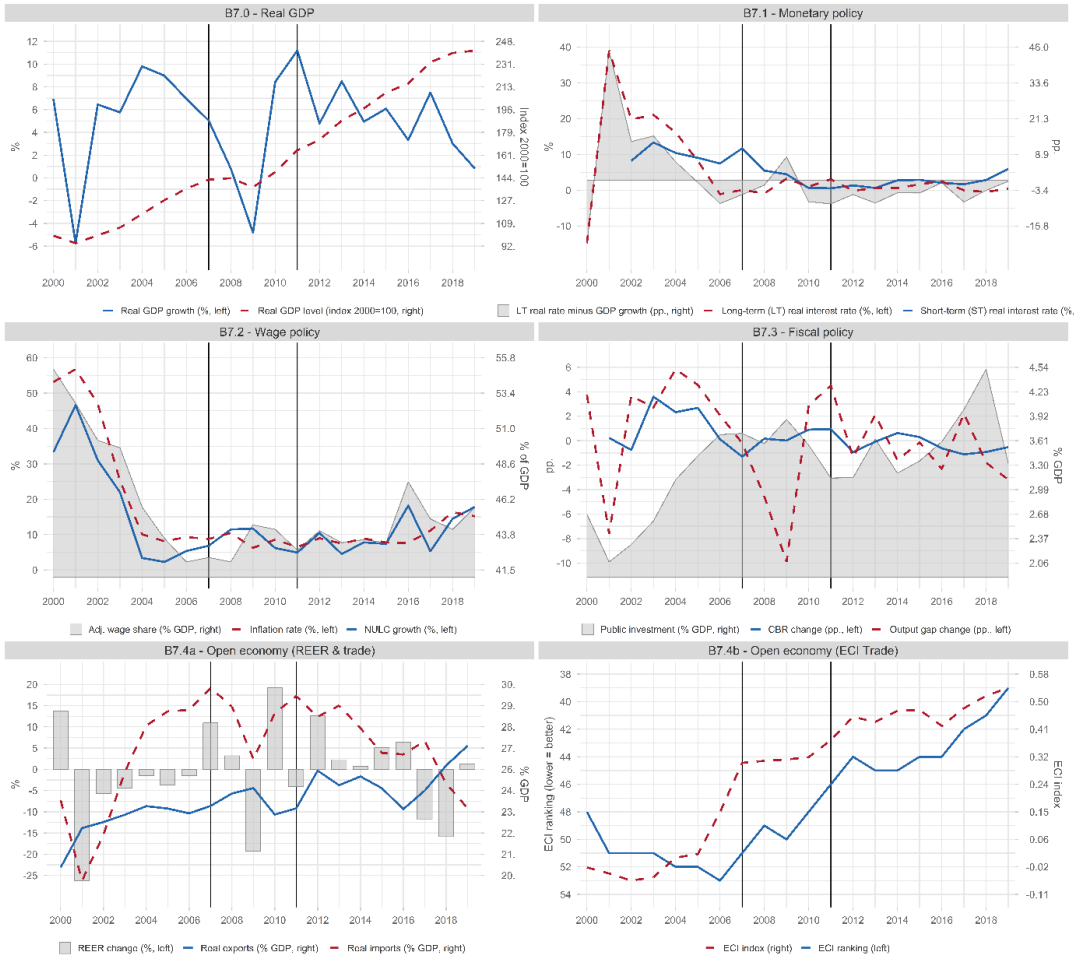
Note: 'pp' indicates percentage points. See Appendix A for definitions, sources and specific notes for each variable regarding construction and availability.

## B6 — South Africa



Note: 'pp' indicates percentage points. See Appendix A for definitions, sources and specific notes for each variable regarding construction and availability.

## B7 — Turkey



Note: 'pp' indicates percentage points. See Appendix A for definitions, sources and specific notes for each variable regarding construction and availability.