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Political Economy of Policy  
Space Dynamics in Argentina  
and Uruguay



# Motivation & Scope

- Motivation:
  - Financial and trade liberalization forced upon Latin America
  - Different modern country identities
  - Impact of neoliberal vs. progressive administrations on the countries
- Argentina & Uruguay in the periods 2000-2002 and 2003-2007
- Comparative study to identify elements that contributed to divergences
- How can policy space be expanded in dependent countries?

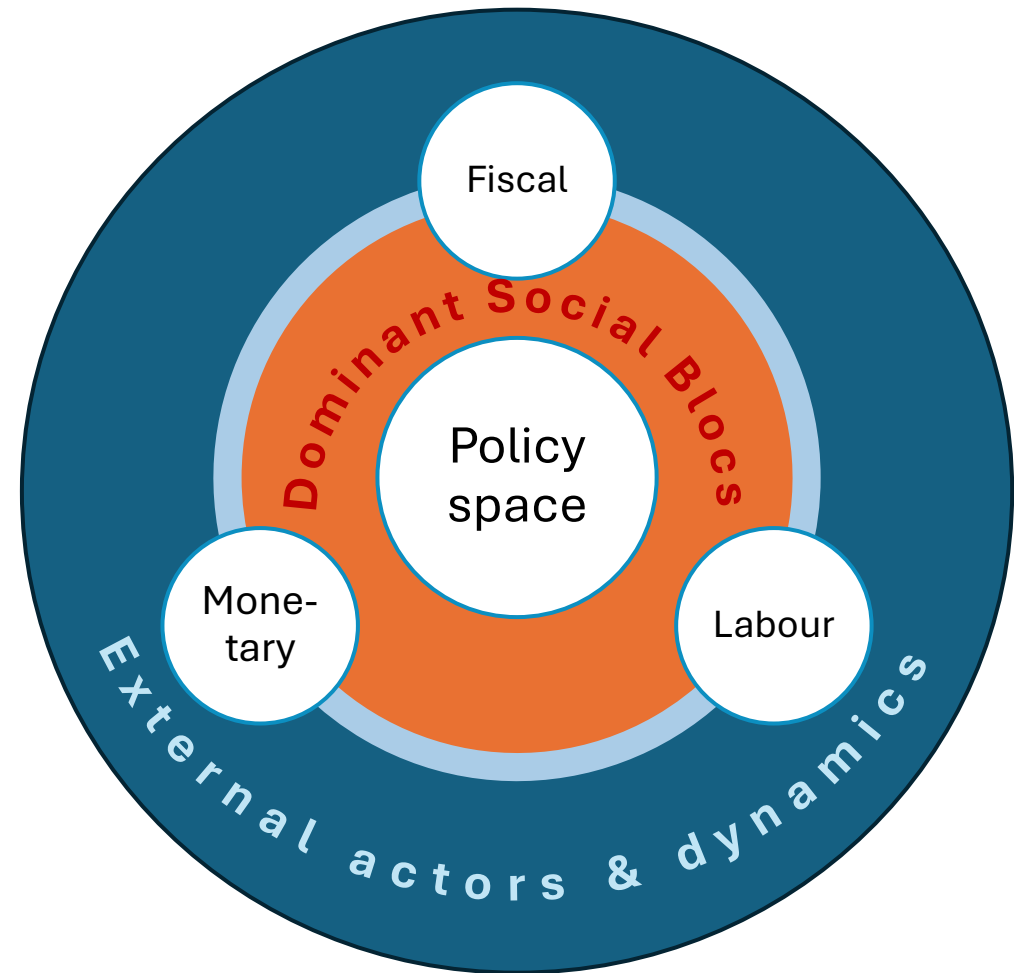
# Methodology

- Political economy of Argentina and Uruguay through a topological analysis of their respective policy space
- Composite index that quantifies the autonomy of a country at a current moment in time
  - Normalization of raw data through the min-max method with theoretical and institutional goalposts
  - Geometrically aggregated
- Analysis of political power blocs through literature and data
  - Development over time and in connection to political changes

# Policy Space

Policy space as

- Wider concept beyond state's economic capacity
- Autonomy, scope and mechanisms to choose, design and implement policies
- Evolves into relational field contested between external and internal actors
- Domestically contested between social blocs



# Theoretical Framework



## External elements

- Monetary sovereignty
  - Effective mobilization of resources through financial system, including credit creation.
- Currency hierarchies
  - Different liquidity premia between currencies.
  - Dollarization.

## Internal elements

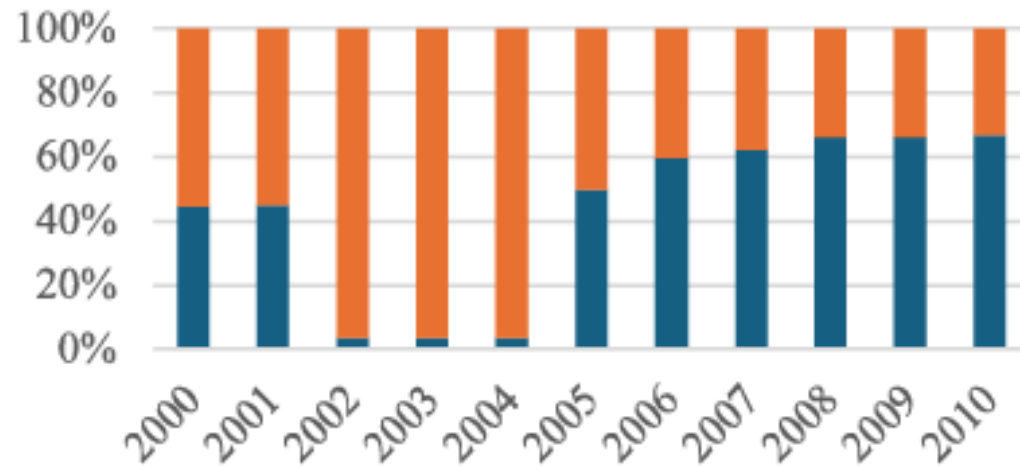
- Dominant social blocs to examine class dynamics
  - Socio-political groups that influence political actors through their support (Amable and Palombarini, 2023).
  - Groups collaborate based on expectations and form blocs.
- Power resources approach to rationalize the labour dimension
  - Elements that enable the mobilization of potential power (structural, associational, institutional and societal powers).

# Indicators

Dimension	Indicator	Effect on Policy Space
Monetary	Balance of Payments	-/+
	External Debt to GDP Ratio	-
	Central Bank Reserves	+
Fiscal	Public Debt to GDP Ratio	-
	Primary Surplus	+
	Social Transfers	+
Labour	Union Density	+
	Collective Bargaining Coverage	+
	Real Wage Rate	+
	Number of Strikes	-

# Findings (Index)

Total Policy Space in Argentina, 2000-2010



Total Policy Space in Uruguay, 2000-2010

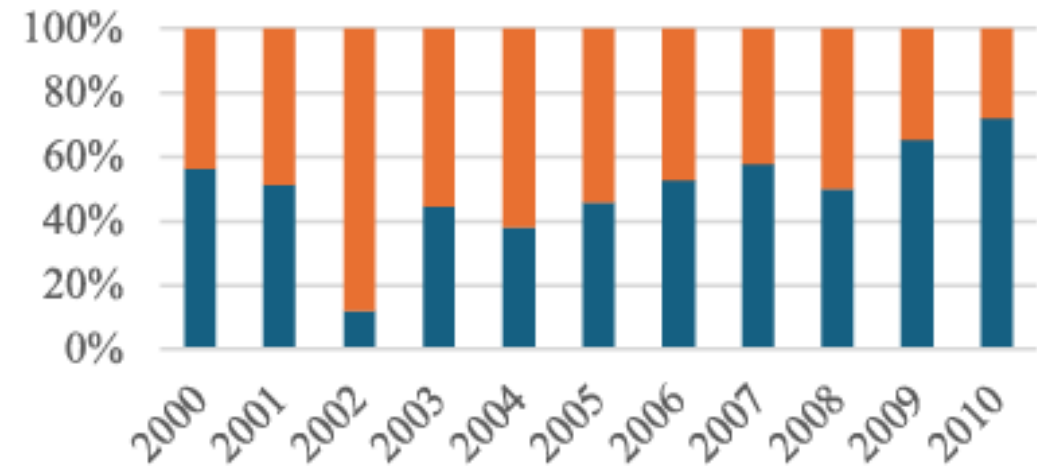
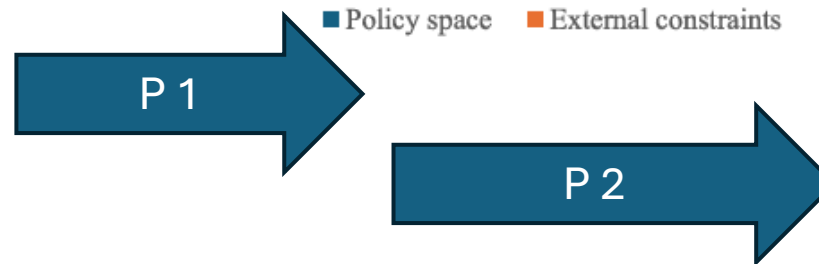
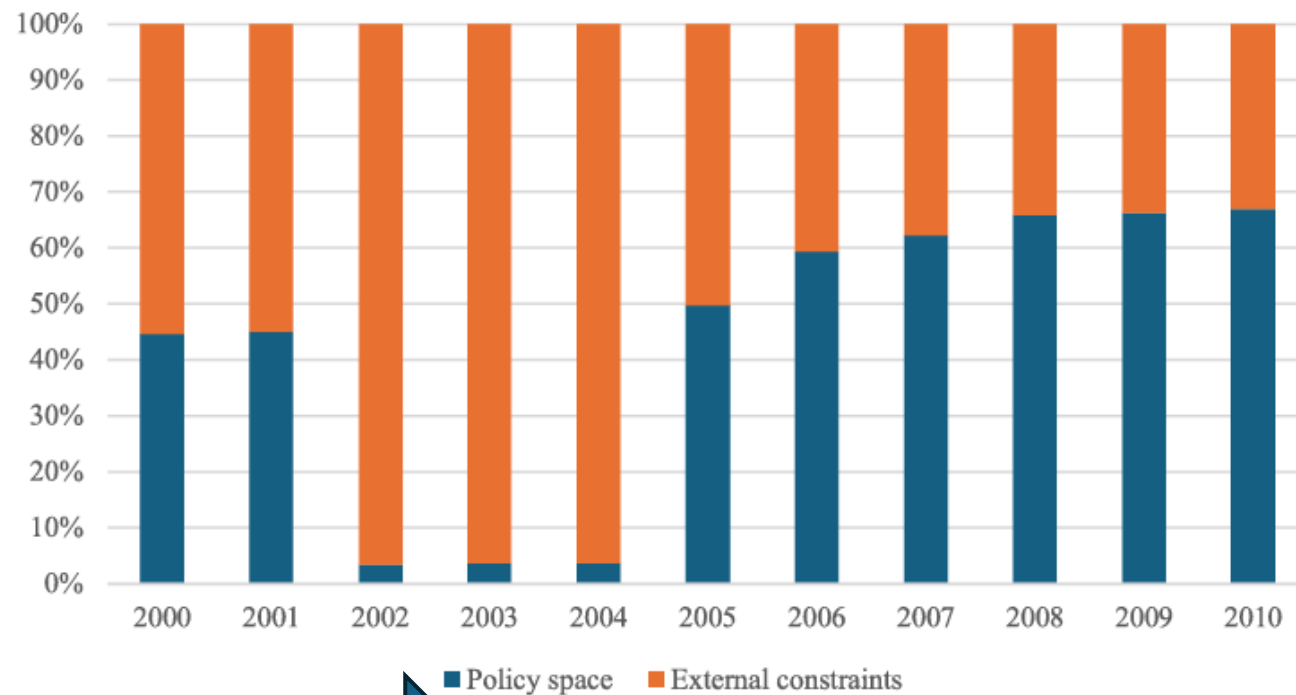


Figure 1: Total Policy Spaces for Argentina and Uruguay. Authors' own elaboration. Sources: Astorga, 2017; ECLAC, 2025c, 2025a, 2025b; ILO, 2025b, 2025a; IMF, 2024b, 2024a; Institute of Labour Relations, 2025; Instituto Nacional de Estadística, 2025; Mazzuchi, 2009; Ministerio de Trabajo, Empleo y Seguridad Social, 2006; Morris, 2015; Payo Esper, 2013; Senen Gonzalez et al., 2010; World Bank, 2024a.

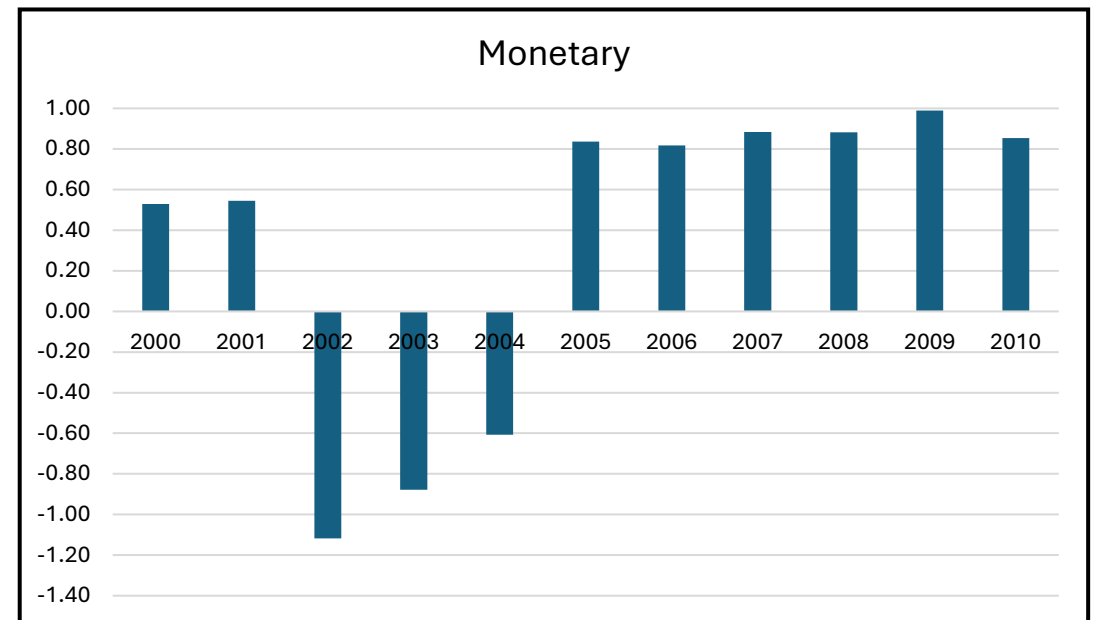
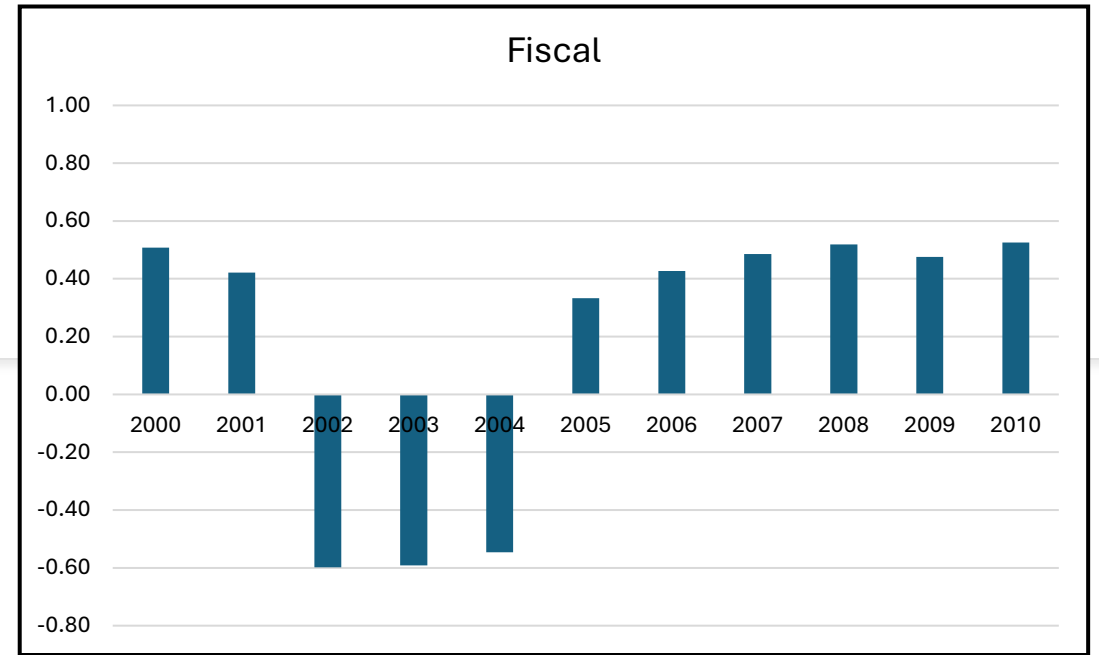
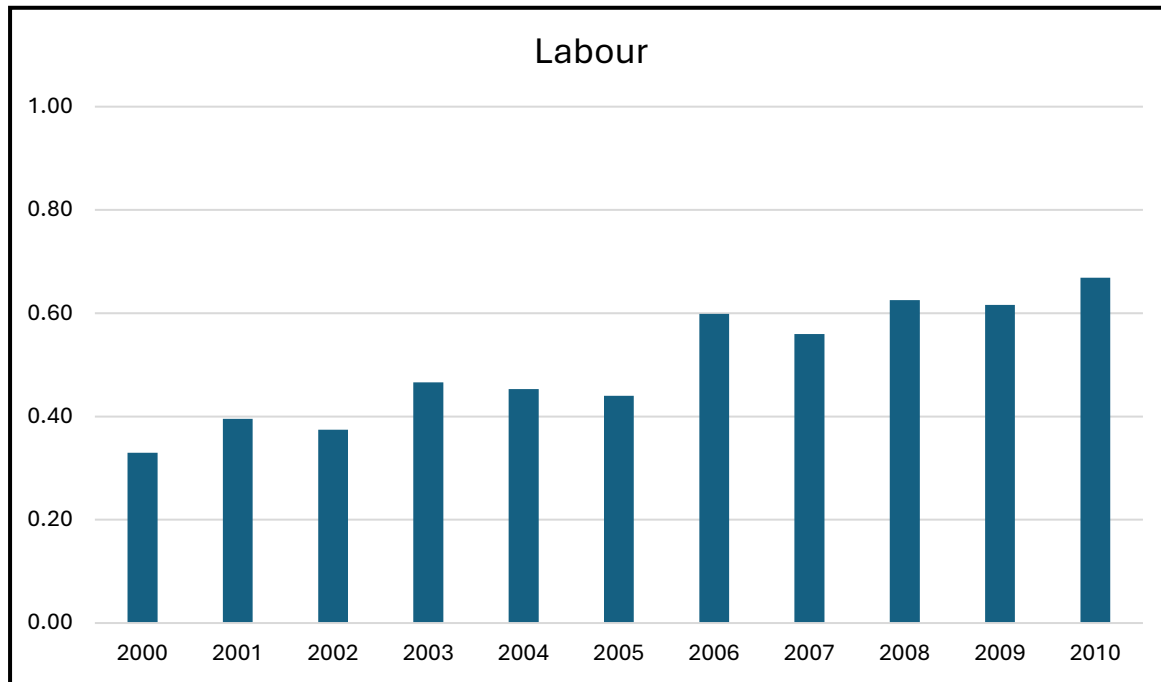
# Argentina (1)

- Neoliberal reforms in the 1990s
- Convertibility crisis
  - External shock → recession
  - IMF assistance
- Kirchner administration
  - Stability as the main focus
  - SCRER
  - Commodity boom

Total Policy Space of Argentina, 2000-2010



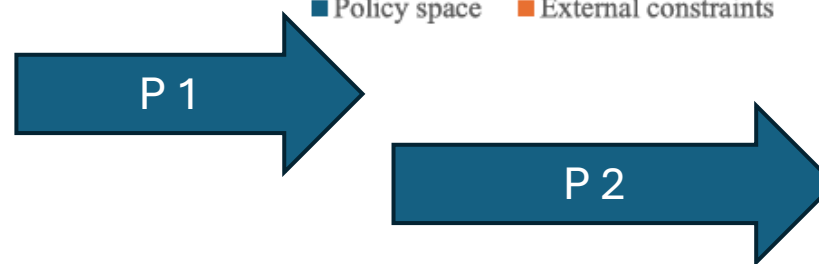
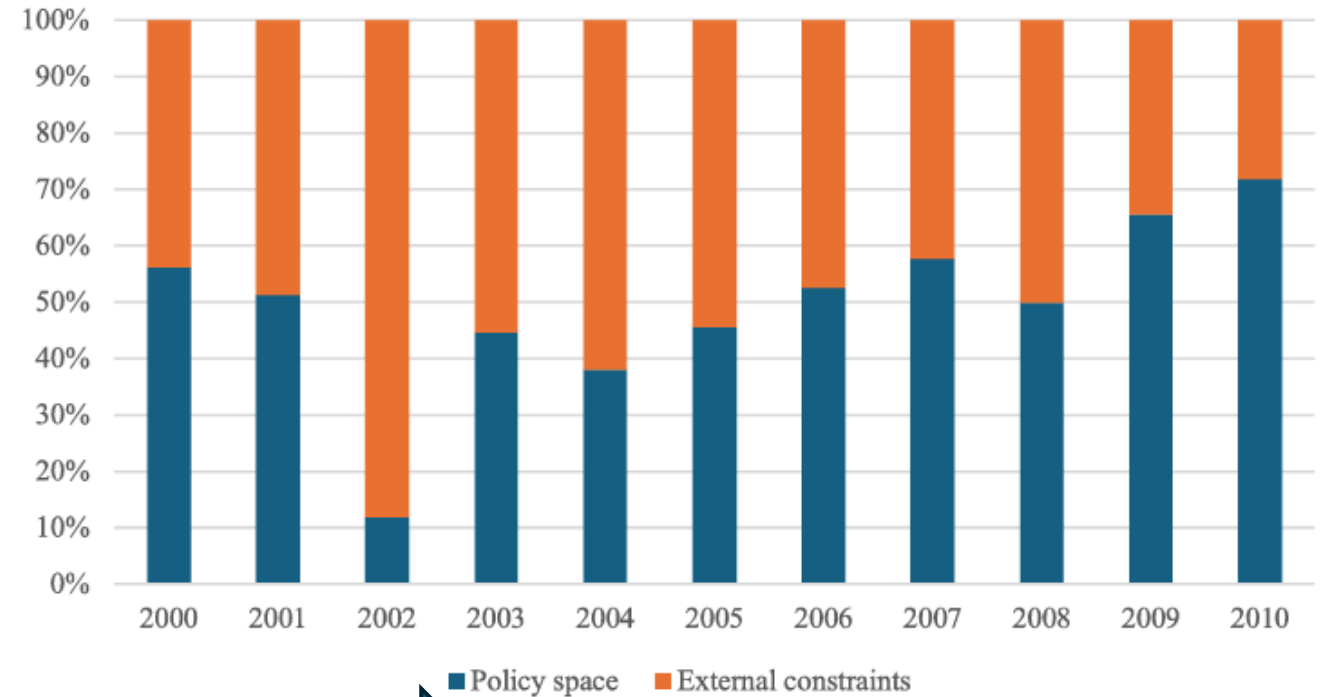
# Argentina (2)



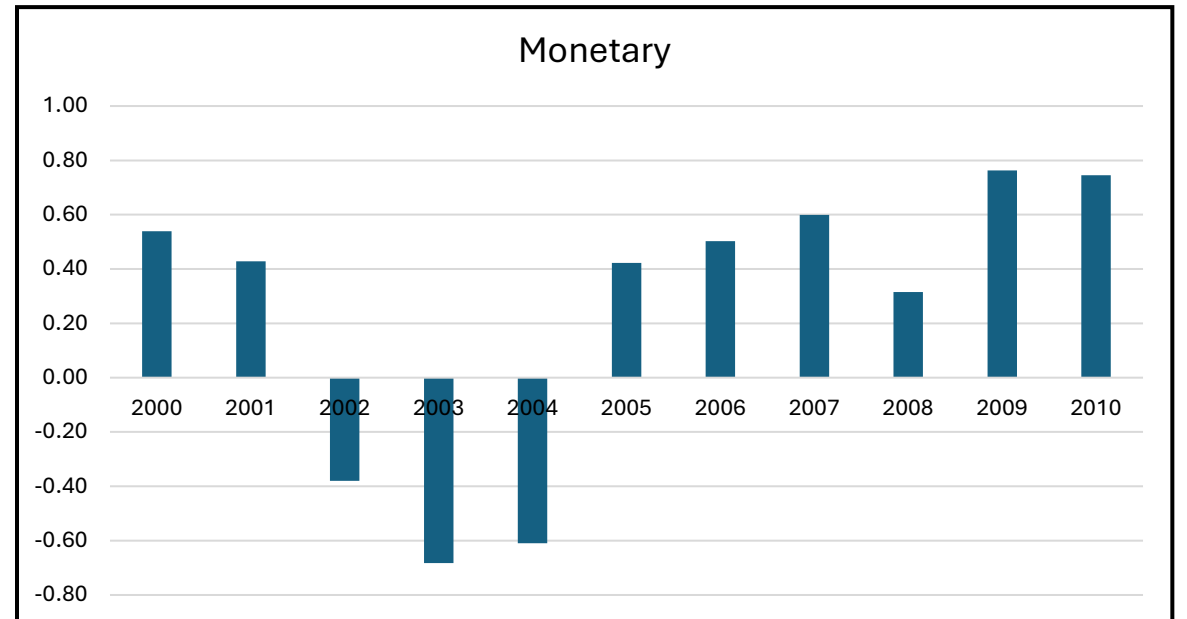
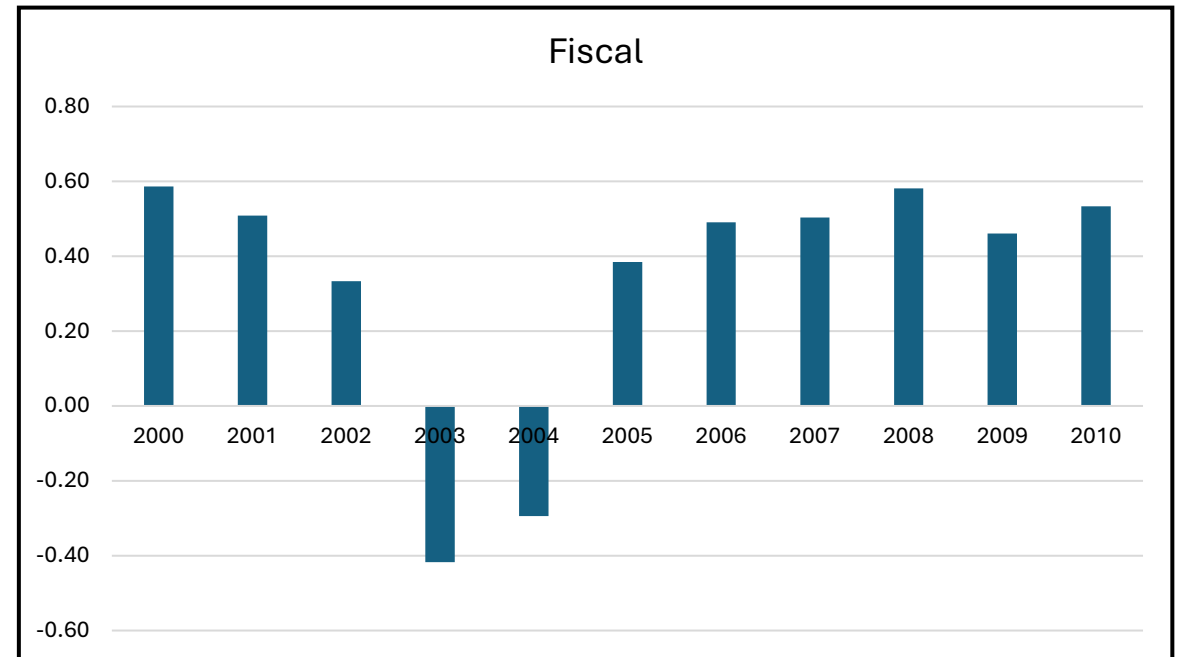
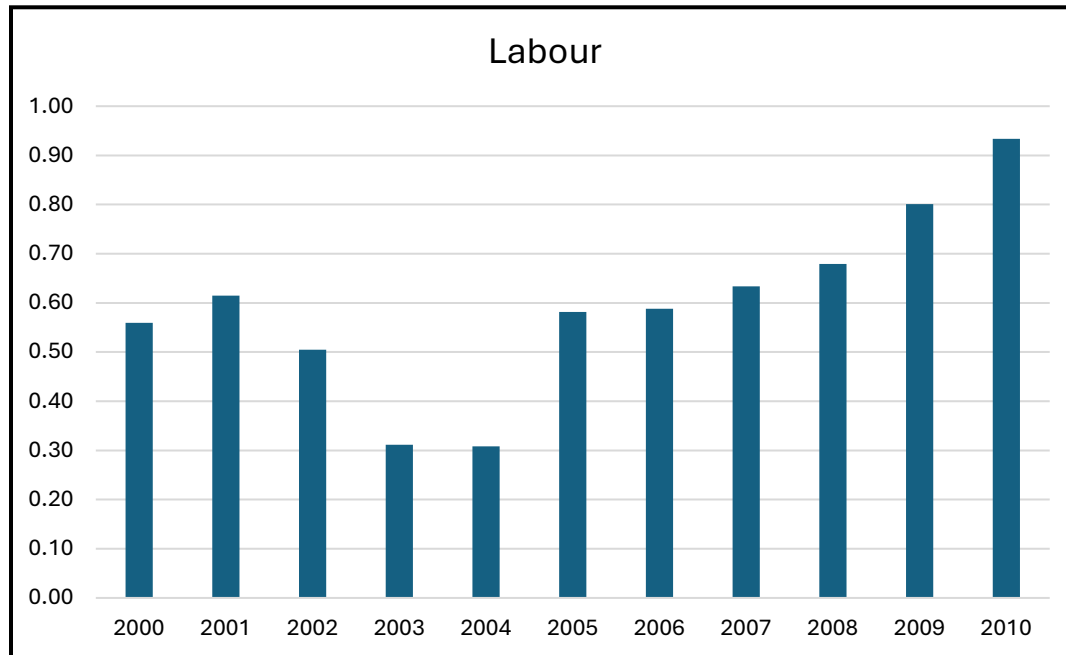
# Uruguay (1)

- Banking crisis
  - Vulnerability to external shocks
  - Government intervention
- Frente Amplio
  - Attraction of FDI
  - Wage councils

Total Policy Space of Uruguay, 2000-2010



# Uruguay (2)





# Findings

- Through the policy space lens, dependent financialisation in developing economies turns into an external constraint
- Monetary and labour dimension of policy space relate to different actors within and outside the dominant social bloc
- Fiscal dimension of policy space turns into the reward to the dominant social bloc
- Quantifying policy space acts as barometer for the dominant social bloc

**Thank you**

