

Shedding light on Argentina's macroeconomic trap: Macroeconomic Policy Regimes and Demand and Growth Regimes

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Theoretical Perspectives and Country Cases*

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Structure of the presentation

1) Introduction.

2) Theoretical framework: DGR and MPR.

3) Argentina's macroeconomy.

i. Long term view.

ii. Zooming in.

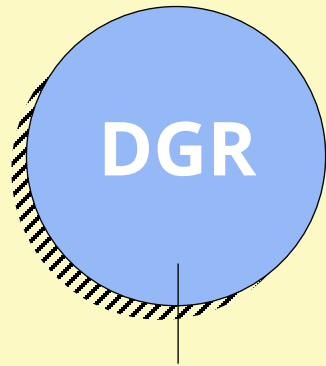
4) Conclusion.

1.Introduction

- ✓ Demand and Growth Regimes (DGR) and Macroeconomic Policy Regimes (MPR) have taken prominence within the PK literature.
- ✓ After the 2000s, Argentina had an erratic economic performance. Fierce discussion to come up with a way out of Argentina's "macroeconomic trap".
- **Shed light on this phenomenon through DGR and MPR.**
 - ❑ Few studies analysing Argentina's growth regimes, none studying its macroeconomic policy regimes.
 - ❑ Several scholars have studied Argentina's recent macroeconomic policies, but none using the PK-framework.



2. Theoretical Framework



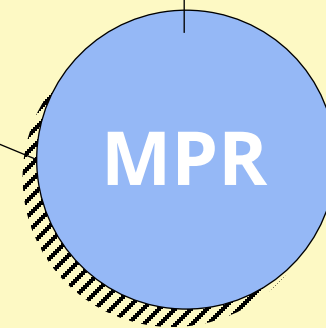
Demand and Growth Regimes

- ❑ Demand and growth sources.
- ❑ How demand is financed.

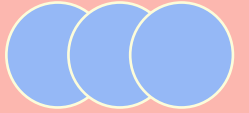
- *Export-led mercantilist.*
- *Weakly export-led.*
- *Domestic demand-led.*
- *Debt-led private demand boom.*

Macroeconomic Policy Regimes

Fiscal, monetary, external
and wage/income policies



2. Theoretical Framework



Macroeconomic Policy Regimes

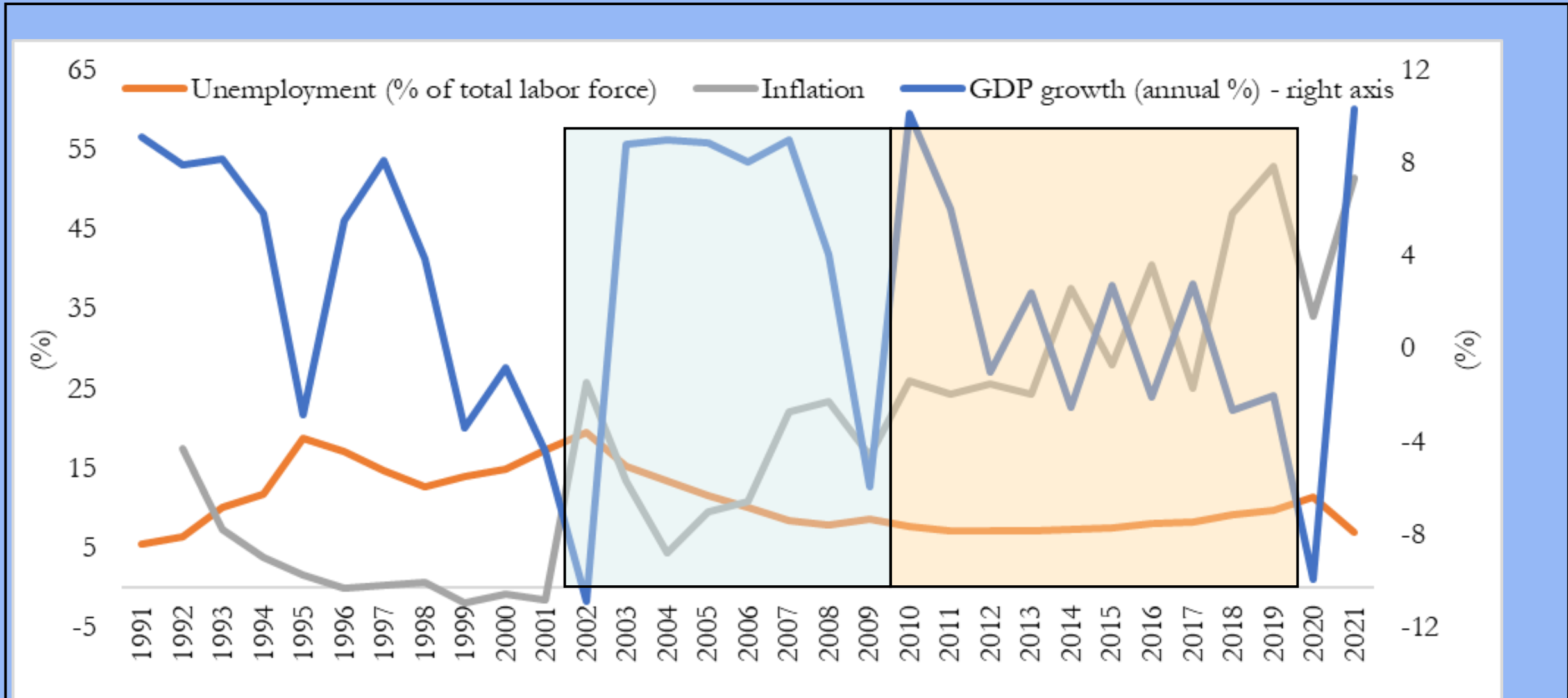
Core elements

- Fiscal policy:
Stabilization of economic activity.
- Monetary policy:
Park the interest rate.
Financial stability.
- Wage policies:
Nominal stability.
- International dimension:
Stabilise the exchange rate.
Increase non-price competitiveness.

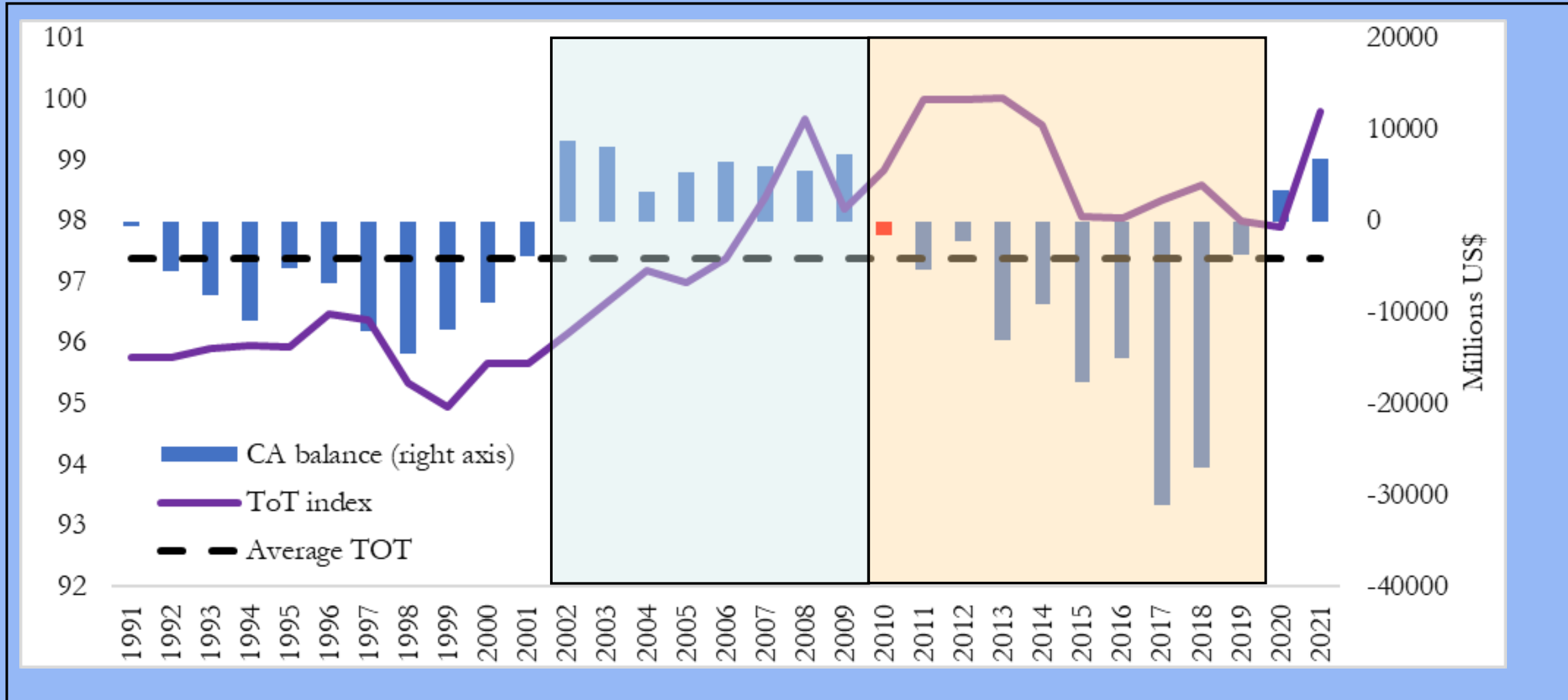
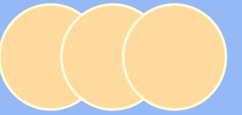
“Peripheral” elements

- “Competitive ER”:
Overall contractionary.
- Trade partners’ growth.
- Low currency premium:
capital flows and interest rate.

3.i) Argentina's macroeconomy: long term view



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Time periods	2002 2009	2010 2020
Monetary policy stance	-/+	+
External policy stance	-	+/-
Wage policy stance	-/+	+
Fiscal policy stance	0/+	-
Demand and growth regime	ELM	DDL

3.i) Argentina's macroeconomy: long term view

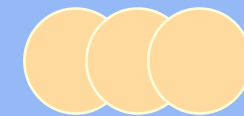
The analysis of the DGR and the MPR in both periods in Argentina does not consider changes **within** the periods:

- ✓ Diversity of macroeconomic configurations in the 2002-2009 period (Damill et al., 2015; Kulfas, 2019).
- ✓ The 2010-2019 period combines two governments with radically different political intentions and applied economic policies (Amico 2020, Chena et al, 2018; Panigo et al., 2019).

A broad periodization can be helpful, but it might hide more than it shows.



3.ii) Argentina's macroeconomy: zooming in



Time periods	2002-2005	2006-2009	2010-2015	2016-2019
Monetary policy stance	-/+	+	+	+/-
External policy stance	-	+	+	-
Wage policy stance	N.A. / -	-/+	-/+	-
Fiscal policy stance	neutral/+	-/+	-/+	-
Demand and growth regime	ELM	(w)EL	DDL	(w)EL

4. Conclusions (i)

- ✓ DGR and MPR show a clear relationship during the period studied.
- ✓ But it does not consider changes within the periods: alternative periodization is possible.

This sheds light on:

- ❑ the MPR and DGR transition between 2002 and 2015.
- ❑ Their abrupt change after 2016.

4. Conclusions (ii)

Further research is needed:

- “adapted” MPR framework for peripheral economies: mere theoretical starting point.
- Address subordinated financialization (importance of capital flows).
- Connect more strongly PK and RT frameworks.

THANK YOU!