

(PALAS 310) Argentine Economy

Luis Ignacio Argüero, PhD.

Program in Argentine and Latin American Studies

Universidad de Belgrano

Course Syllabus 2020 1

Course Information

M W 4:00-5:30 PM

Instruction in English

Contact Information

liarguero@gmail.com

Course Description

Once one of the richest and fastest growing economies in the world, Argentina is now entrenched in the rankings of the less developed countries. Nevertheless, in the last decade it has grown at a fast pace, one that was hard to predict in the days of the 2001-2002 crisis. That a country that was viewed as a pariah, effectively shut out of the international financial markets, could recover from its worst crisis, is the topic of academic and political discussions. In the last decade, the Argentine economy has had many ups and downs, with high inflation and unstable economic and institutional settings, that have created a very particular business environment. The course will provide a truly comprehensive perspective that will enable the students to analyze and understand the process experienced by the Argentine economy from the late 19th Century until the present days, focusing on the last decade of it. It will also present the current weaknesses and strengths of the Argentine economy for future economic growth, its participation in the global economy and the structure of its productive system. Due to its many particularities, Argentina can serve as a case study of sorts.

Course Requirements

Class attendance is required of all students at UB. A 75% attendance to classes is mandatory to keep the regular student status. An electronic system keeps track of attendance. Students have to slide an electronic card every class to comply with the attendance policy. Class participation is very important; there will be several class discussions, which will rely heavily on student participation. Students are expected to conduct research for the final paper and consult the digital library (EBSCO) for that purpose. UB holds to the view that plagiarism constitutes intellectual theft and is a serious breach of acceptable conduct. Any student caught plagiarizing will immediately be given a "no credit" for all courses taken in the semester. There will be no make ups for classes falling on public holidays.

*For a better understanding of the comparable table for grading check online <http://www.ub.edu.ar/studies-abroad/palas.php>

Grading Policy

Participation	10 %
Paper presentation (oral & written)	30 %
Midterm	25 %
Final Exam	35 %

Passing the final exam is mandatory in order to promote the course.

Required Textbooks and Materials

Luis Argüero, ed. *Course Reader*

Academic Calendar

Week 1

Introduction. Presentation of the course. Objectives. Regions of Argentina. History, autonomy and the federal system. Income and employment disparities.

Week 2

Brief description of Argentine economic performance in the long run, trends, cycles and current situation. Its socioeconomic performance compared to other Latin American countries.

Brief explanation of development economics' fundamentals. Capital accumulation, growth and structural transformation.

Economic growth vs. Economic development. The savings – investment balance . Social capital. Institutions.

Week 3

The economy before independence. The sources of growth of the Argentine economy 1870-1914. Changes in Land, Labor & Capital accumulation. Agriculture in Argentina. Production and land ownership.

Week 4

The early interwar period. The downturn in the terms of trade. Causes of the decrease in the rate of capital accumulation.

Week 5

Argentina from 1930 to 1946. Changes in economic policy: import substitution industrialization. Democracy, coup d'état and internal migration.

The new world's economic scenario and its impact on Argentina. Neutrality and trade surplus during WWII.

Argentina from 1946 to 1955. The Peronist decade. Populism and government intervention. Different approaches to economic policy: 1946-1952 , 1952-1955. Shift from an outward orientation to an inward orientation. Success and failure of the Peronist economic policy.

Week 6

Political instability and economic failures. The armed forces and Marxism in Latin America: The spread of the Cuban revolution. The School of the Americas and involvement of the USA in Latin American politics.

Argentina from Peron to the early 80's. Lack of a sustained growth. Oil shocks and debt crisis. Financial speculation, destruction of the local industry and surge of poverty and unemployment. 80's: political tensions. Peronismo without Perón. Union strikes and de-industrialization. Hyperinflation. Economic and social costs of the Argentine development strategies. LatAm cooperation: the road to Mercosur.

Week 7

Argentina in the 90's. Menem's economic policy. The Convertibility Plan. Fiscal policies. Privatization of public firms. The dependence of foreign capital flows. The Washington Consensus.

Economic performance 1992-1995 . The impact of the Mexican crisis. The impact of the Brazilian devaluation. Economic performance and external shocks. Evaluation of structural reforms. Employment behavior in the 90's. Review for the midterm exam. The path to Argentine crisis (1999 to 2001). New government and social unrest. The Vice President's resignation.

Week 8

Review for the midterm exam

Wednesday Midterm exam

Week 9

Exam results

Debt, tax increases and the IMF. Peso's rigidity and lack of a "competitive currency". "Corralón" and "corralito". Five presidents in ten days.

Week 10

Local currencies and bartering system. Destruction of the financial system. Government finances. Central government-Provinces relationships. Debt default and devaluation. **Consultations about written paper.**

Nominal and real salary reduction. Social unrest, subsidies and "Plan trabajar". The Kirchner era (2003-). The foundations of the Argentine recovery.

Week 11

Agroindustrial exports as the key of Argentina turnaround. Brazil, emerging markets and Foreign Direct Investment (FDI).

Renegotiation of the external debt. What does a country own? Free Trade Agreements in Argentina and South America. Relations with IMF, World Bank, Interamerican Development Bank and the Paris Club.

Week 12

Oral presentations (25' each)

Week 13

Oral presentations (25' each)

Week 14

Change of government and continuity. The economic crisis of 2008 and its impact on Argentina. The external and fiscal situation in Cristina Kirchner government. Evolution of the twin surpluses.

The Macri administration (2015 -)

Vaca Muerta and Argentina's shale oil and gas sector. Open discussion:

Argentine economy in the 21st Century: Opportunities, threats and projections.

Review for Final Exam

Week 15

Monday Final Exam

Wednesday

Final Grade Sheet and signature of "Hoja de situación" (attendance is mandatory).

Bibliography

- Argüero, L.I. (2016) "Argentina 2003-2015: A review of the Kirchner era", UB.
- Argüero, L.I. (2018) "The first two years of the Macri administration", UB.
- Bethell, L. *Argentina since independence*, Cambridge University Press.
- Cavallo, D.F. and Cottani, J. (2001), "Argentina's convertibility plan and the IMF", IMF journal, Vol. 87, No.2, pp. 17-22.
- Della Paolera, G. and Taylor, A. (2003), *The new economic history of Argentina*, Cambridge University Press.
- Della Paolera G. and Taylor A. (2000) "Economic recovery from the Argentine Great Depression: Institutions, expectations and the change of macroeconomic regime." NBER Working paper 6767.
- Frenkel, R. (2002), "Argentina: A decade of the convertibility regime", *Challenge*, Vol. 45, No.4, pp.41-59.
- Hornbeck, J.F. (2013), "Argentina's Defaulted Sovereign Debt: Dealing with the "Holdouts", CRS R41029.
- Kiguel, M. (2002) "Structural reforms in Argentina: Success or failure?", *Comparative Economic Studies*, Vol. 44, No. 2, pp.83-102.
- Levitsky, S. and Murillo, M.V.. "Argentina: From Kirchner to Kirchner. *Journal of Democracy* Vol. 19, No. 2, pp.16-30.
- Lopez Murphy, R., Artana, D. and Navajas, F. (2003), "The Argentine economic crisis", *Cato Journal*, Vol. 23, No. 1, pp. 23-28.
- Neto, A. y Vernengo M. (2002), "Globalization a dangerous obsession. Latin America in the Post Washington Consensus era", *International Journal of Political Economy*, Vol. 32, No. 4, pp. 4-21.
- O'Connell, A. (2005) "The recent crisis and recovery of the Argentine Economy: some elements and background", in Epstein, G. (ed.) *Financialization and the World Economy*, Political Economy Research Institute.
- Richardson, N. P. (2009), "Export-oriented populism: commodities and coalitions in Argentina", *Studies in Comparative International Development* 44 (3), pp. 228-55.
- Schuler, K. (2002), "Fixing Argentina", Cato Institute Working Paper. <http://cdi.mecon.gov.ar/biblio/docelec/mu1901.pdf>
- Taylor, A. (1994) "Three phases of Argentine Economic growth", *National Bureau of Economic Research*, NBER Historical Paper #60.
- Taylor A. (1999), "Latin America and Foreign Capital in the twentieth Century: Economics, politics and Institutional change", NBER Working Paper 7394.
- Weisbrot, M. and Cibils, A. (2002), "Argentina's crisis: The costs and consequences of default to the international financial institutions", Center for Economic and Policy Research Research Brief, Nov. 19, 2002.
- Wylde, C. (2011), "State, Society and markets in Argentina: The political economy of neo-desarrollismo under Néstor Kirchner, 2003-2007", *Bulletin of Latin American Research*, Vol. 30, No. 4, pp. 436-452.