

## **PALAS 310: Argentine Economy**

**Universidad de Belgrano**

**60 contact hours / 4 semester credits. This class meets twice a week for 90 minutes each session.**

**This course is taught in English. No pre-requisites.**

### **Course Description and Objectives**

Analyze and understand the process experienced by the Argentine economy from independence until the present days. Argentina, once one of the richest and fastest countries in the world is now entrenched in the rankings of less developed countries. Several interpretations have been given to this phenomenon, but the main focus of the course will be placed in explaining this evolution using the theory of economic growth and capital accumulation linked with the political and institutional changes that characterized the different periods of economic evolution.

### **Content**

1. Fundamentals of development economics. Capital accumulation and growth. Structural transformation. Virtuous cycle of development. Diversity of capital Social capital.
2. The growth of the Argentine economy 1870-1914. Sources of economic growth. Changes in the factor of production. Land. Labor supply. Capital accumulation. Global integration and growth. International flow of goods and services and factors of production.
3. The early interwar period. The downturn in the terms of trade. Changes in the international scenario. Causes of the decrease in the rate of capital accumulation. Political changes in Argentina. The Great Depression.
4. Argentina from 1930 to 1946. Changes in economic policy from an open economy to an import substitution industrialized economy. Decline of liberalism and raise of nationalism. Political changes in 1930. Birth of economics institutions in the 30's. Central Bank. Juntas or Boards of different commodities. Exchange controls. Evaluation of the shift from an outward orientation to an inward orientation.
5. Argentina from 1946 to 1955. The peronist decade. Different approaches to economic policy: 1946-1952, 1952-1955. Government intervention in the economy. The use of foreign reserves. Increase of government expenditures. Income transfer policies. Patterns of economic growth. Success and failure of peronist economic policy.
6. Argentina from Peron to the 80's. Lack of a sustained growth. Oil shocks and debt crisis. The external bottleneck in the Argentine economy. Supply shocks and

- inflation. Domestic fiscal and monetary policies. The anatomy of economic crisis. The failure of peronist government 1973-1976. The failure of military government 1976-1983. The road to hyperinflation. Economic and social costs of the Argentine development strategies. Stabilization programs. Reduction of the public sector deficit. Elimination of price distortions. Financial sector reform. Currency reform.
7. Argentina in the 90's. Menem's economic policy. Convertibility Plan. Fiscal policy. Privatization of public firms. The dependence of foreign capital flows. The impact of Mexican crisis. The impact of Brazilian devaluation. Economic performance and external shocks. Evaluation of structural reforms.
  8. Argentine crisis and the role of IMF. Alternative explanations of the recent crisis. Menem's debt. De la Rúa tax increases. Cavallo meddling with the peso. Duhalde's destruction of property rights. Increase of external debt. Destruction of the financial system. Government finances. Federal-Provinces relations. Strategies for Argentine recovery. Alternative paths.

## **Texts**

Della Paolera Gerardo and Taylor Alan: "The new economic history of Argentina" Cambridge University Press. 2003.

Taylor , Alan. Three phases of Argentine Economic growth. National Bureau of Economic Research. 1194.

Cortés Conde , Roberto. "The growth of the Argentine economy 1870-1914" in Bethell, Leslie "Argentina since independence "Cambridge University Press. 1998.

Rock , David " Argentina from the First World War to 1946 " in Bethell Leslie " Argentina since independence "Cambridge University Press. 1998.

Fischer Bernhard. Trapp Peter "Argentina: the economic crisis in the 80's " Kiel University. Tübingen 1985.

Watkins Thayer. "Argentine Political Economic History "Economic Department Working Papers. San José State University." 2002.

Schuler, Kurt. "Fixing Argentina" Cato Institute Working Paper. 2002.

Pineda-Garcia Sergio "The Argentinean crisis" Universidad de los Andes. Bogotá 2002.

## **Grading**

There will be two papers each one worth 20 points and the students will have to give a short presentation of the papers (worth 10 points) and a final examination worth 30 points.

Class participation is very important and will count 10 points. There will be several discussions in class, which will rely heavily on student participation.