

# ECONOMIC STABILITY AND SUSTAINABLE DEVELOPMENT IN ARGENTINA\*

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- The Elusive Quest for Growth in Argentina.** By Daniel Chudnovsky and Andrés López. New York: Palgrave Macmillan, 2007. Pp. 217. \$69.95 cloth.
- Economía política de la Argentina en el siglo XX.** By Roberto Cortés Conde. Buenos Aires: Edhasa, 2005. Pp. 353. \$16.24 paper.
- ¿Porqué la Argentina no fue Australia? Una hipótesis sobre un cambio de rumbo.** By Pablo Gerchunoff and Pablo Fajgelbaum. Buenos Aires: Siglo XXI Editores, 2006. Pp. 117. \$6 paper.
- Entre la equidad y el crecimiento: Ascenso y caída de la economía argentina.** By Lucas Llach and Pablo Gerchunoff. Buenos Aires: Siglo XXI Editores, 2004. Pp. 128. \$6 paper.
- Empresarios, instituciones y desarrollo económico: El caso argentino.** By Andrés López. Buenos Aires: Comisión Económica para América Latina y el Caribe, 2006. Pp. 301.
- Argentina: What Went Wrong.** By Colin M. MacLachlan. Westport, CT: Praeger, 2006. Pp. 221. \$49.95 cloth.
- The Institutional Foundations of Public Policy in Argentina.** By Pablo Spiller and Mariano Tommasi. New York: Cambridge University Press, 2007. Pp. 237. \$91.00 cloth.

## INTRODUCTION

The downturn of the Argentine economy in the late 1990s, which culminated in the collapse of the constitutional government and of monetary convertibility in December 2001, triggered an intense debate in local and international media, as well as in multilateral financial institutions and academic, professional, and financial circles.<sup>1</sup> The main topics of discus-

\* I would like to acknowledge the material support provided by the Universidad de Buenos Aires and the Instituto Di Tella in the preparation of this essay.

1. Sebastián Campanario, "Economistas perplejos por el caso argentino," *Clarín*, August 11, 2002, Economic Supplement, 4–7; "Economistas: Las culpas propias y las ajenas," *Clarín*, August 25, 2002, Economic Supplement, 5–6; Beatriz Nofal, "Las causas de la crisis argen-

sion were the strengths and weaknesses of the recently deceased regime, the causes of what was publicly recognized as the deepest crisis in Argentine history, and who was responsible for the worst worldwide default in international payments.<sup>2</sup> However, other major issues more relevant for this review essay were also considered: (1) the prospect that the economic recovery experienced by Argentina since the second quarter of 2002 might end in another crisis; (2) whether Argentine economic development should have avoided past mistakes and followed the Australian model; (3) the impact of the quality of political institutions on public policies and hence on economic development; and (4) the nature and caliber of national entrepreneurship vis-à-vis Argentina's past experience and current need to turn a new page.

To what extent have recent scholarly monographs about Argentina's economic development addressed these concerns? Who has participated in these discussions? Which theoretical and methodological approaches have been used and why? What are the strengths and weaknesses of these works? Have they left unanswered any issues of the public policy agenda mentioned previously? If this has happened, how can these omissions be explained? In light of these questions, this review will use an issue-oriented approach to discuss some of the results of renewed scholarly interest in Argentine economic stabilization and development.

#### THE PATTERN OF LONG-TERM OSCILLATIONS OF THE ECONOMY

Many scholars and analysts have long followed two standard tracks to examine Argentina's thwarted efforts to become a developed nation. First, they have argued that Argentina is the most cultured and advanced Latin American country, which used to have a thriving middle class and a highly educated population. Second, they have stated that, partly because of its rich resources and human capital, Argentina had one of the highest rates of gross domestic product per capita in the world by 1930, and its economic performance compared quite well with that of other recent settlement nations such as the United States, Australia, and Canada.<sup>3</sup>

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tina," *Boletín Informativo Techint* 310 (May–August 2002): 81–119. These assessments were published as the Argentine economy was beginning to recover from the crisis.

2. The depth of the crisis was measured by economic indicators in comparison with the crises of Thailand (1997), Russia (1998), and Brazil (1999). See Luciana Díaz Frers, "La Argentina con un triste récord mundial," *La Nación*, June 23, 2002, *Economía y Negocios*, 2; and *El Cronista Comercial*, March 9, 2005, 25.

3. Carlos Díaz Alejandro, *Ensayos sobre la historia económica argentina* (Buenos Aires: Amorrortu, 1970); Gerardo Dellapaolera and Alan Taylor, *Straining at the Anchor: The Argentine Currency Board and the Search for Macroeconomic Stability, 1880–1935* (Chicago: University of Chicago Press, 2001); and *A New Economic History of Argentina* (Cambridge: Cambridge University Press, 2003).

In *Argentina: What Went Wrong*, MacLachlan takes up and interrelates these arguments to examine the Argentine paradox in world economic development. The timing and contents of this book, published in 2006, suggest that it was triggered by the Argentine economic collapse of December 2001. MacLachlan's starting arguments are very straightforward: Argentina's decline during the past fifty years and its collapse in 2001 call for thorough analysis to avoid the same outcome in the United States. Second, Argentina's problems are deeply grounded in its history and their solution lies in the hands and determination of its politicians and citizens (xiii–xiv). To this end, MacLachlan traces the history of Argentina since the early nineteenth century through a series of chronologically organized chapters that broach social, cultural, political, and economic issues. A final chapter sketches the socioeconomic impact of the collapse of 2001 and the subsequent economic recovery as of mid-2005. The discussion of economic problems relies on minimal statistical information. It stresses that Argentina dissipated initial advantages, fell short of overtaking Australia and the United States, and later lost the opportunity to become an industrial economy like Mexico and Brazil (187). These are well-known arguments that have already been raised by many scholars who, under various intellectual influences and particularly from the 1960s to 1980s, have debated Argentina's economic development problems since 1914.<sup>4</sup>

MacLachlan's conclusions are more original and provocative. Assuming the importance "for those directly involved" and "for those nations anxious to avoid whatever traps can be identified," he seeks "the right explanation" of Argentina's failure before it "slides to the bottom" (181). MacLachlan develops the argument that Argentina never had a fully democratic regime and, contrary to widespread popular belief, that it is not "a naturally wealthy country" (185, 197). Yet ultimately he expresses hope that Argentina will achieve spiritual and emotional harmony to solve its problems by the time of its second centennial in 2010 (200).

As a result of the course taken in the 1930s, Argentina's economy was plagued from the late 1940s to the mid-1970s by extreme volatility and the inability to sustain long-term economic stability and development. This brought serious, unavoidable political conflicts and problems in income distribution, thus making it impossible to design and implement long-term public policies. Following a theoretical model developed by Oscar Braun and Leonard Joy in the late 1960s, this economic trend came to be known as stop-and-go cycles. Carlos Díaz Alejandro, a leading Cuban American economist, made an almost-identical formulation of this para-

4. For a summary of these debates, see Juan José Llach, *La Argentina que no fué: Las fragilidades de la Argentina agroexportadora, 1918–1930* (Buenos Aires: Editorial del IDES, 1985), 28–35; and *Reconstrucción y estancamiento* (Buenos Aires: Editorial Tesis, 1987), 36–41.

digm in 1970, which the Argentine economist Marcelo Diamand in turn refined in the early 1980s.<sup>5</sup>

This stop-and-go model went into oblivion until Argentina's latest economic crisis. In October 2003, a leading spokesman in the local press for orthodox economic liberalism called for an end to economic volatility and maintained that, though the current situation differed from that of prior decades, the economy retained its past unsteady course.<sup>6</sup> This commentary recalled Diamand's more sophisticated work on Argentina's stop-and-go cycles. On the other hand, with the benefit of hindsight and a less sanguine view, the former Central Bank president González Fraga asserted in 2006 that Argentine growth rates since early 2002 were surpassed only in the belle époque and ventured that perhaps the country was about to leave behind "the high volatility syndrome that characterized [it] since the mid-1960s."<sup>7</sup>

To some extent, these issues and those mentioned by MacLachlan are present throughout the studies of Cortés Conde and Llach and Gerchunoff. Expanding on publications from the 1990s,<sup>8</sup> Cortés Conde analyzes the evolution of Argentina's economy and economic policies from 1880 to 1990 with a neoclassical outlook, using statistical data mainly from governmental sources. At the start of a rather brief introduction, Cortés Conde raises the point that Argentina's "frustrated" growth and overall economic performance have been "bewildering." On the one hand, he compares the long-term growth of Argentina and major Western European countries using data published by Angus Maddison in 2003.<sup>9</sup> On the other hand, he follows Díaz Alejandro in contrasting Argentina's economic performance before and after 1930, and its differences vis-à-vis more successful settlement countries, such as Australia, Canada, and the United States.

Cortés Conde explains why Argentina's economy stagnated after 1930, declining to such an extent that, by the end of the century, it had been overtaken not only by advanced countries but also by Mexico and Brazil. Cortés Conde concentrates, however, on the post-1945 years for two rea-

5. Oscar Braun and Leonard Joy, "A Model of Economic Stagnation: A Case Study of the Argentine Economy," *The Economic Journal* 78, no. 312 (1968): 868–887; Díaz Alejandro 1970, 351–390; Marcelo Diamand, "La estructura productiva desequilibrada argentina y el tipo de cambio," *Desarrollo Económico* 12, no. 45 (1972): 25–47, and *El péndulo argentino: ¿Hasta cuando?* (Buenos Aires: CERES, 1984). Diamand argues that Argentina's economic instability is due to an "unbalanced productive structure."

6. "Hay que terminar con el péndulo argentino," *El Cronista Comercial*, October 10, 2003, 10.

7. Javier González Fraga, "¿Adiós a la montaña rusa?" *Perfil*, April 23, 2006, 23.

8. Roberto Cortés Conde, *Progreso y declinación de la economía argentina* (Buenos Aires: Fondo de Cultura Económica, 1998).

9. Angus Maddison, *The World Economy: Historical Statistics* (Paris: Organisation for Economic Co-operation and Development Development Centre, 2003).

sons. First, because analysts have not linked monetary and fiscal issues to equally important problems in economic stabilization, development, and international finance; second and more important, because state intervention in the economy climaxed with the mistaken and discretionary policies of the Peronist governments of 1945 to 1955. In Cortés Conde's view, these policies left a deep and unavoidable imprint on the many administrations that followed (329), discouraging investment and entrepreneurship, as well as contributing to economic decline in the second half of the twentieth century (339).

Llach and Gerchunoff (15, 23–24) examine the evolution of Argentina's economy from 1880 to 2002, accounting for how a "kingdom of equity" turned into a conflictive society torn between growth and income distribution as national priorities. Llach and Gerchunoff see two schools of thought about Argentina's mediocre economic performance. In Peronist nostalgia, there are those who ascribe it to the peripheral character of a national economy that state intervention tried to overcome. In contrast, liberal nostalgia values political and economic liberalism, which prevailed in the country until 1930, promoting close relations with the world and respect for property rights, a policy that coincided with the continuity of standing institutions and high rates of economic growth (29–30). Llach and Gerchunoff attempt a less straightforward and dogmatic explanation of "a more complex economic course" (31–32), building on their previous work and lessons drawn from Argentina's most recent economic crisis.<sup>10</sup> Using three indicators—economic growth in comparative perspective, functional income distribution, and national share of world trade and international finance—to chart the evolution of Argentina's economy, they end with relative optimism prospects and ask whether Argentina will ever grow as it did between 1880 and 1930, and if it can avoid past mistakes and the clash between sustained growth and income distribution (106–107).

Supported by original and illustrative graphs and statistical tables, Llach and Gerchunoff provide a fairly sophisticated picture of the winding course of Argentine economic growth. As does Cortés Conde, they acknowledge that the country fell back after 1930 in comparison with other nations, and that the period from the late 1970s to the economic reforms of the 1990s was a real debacle. But they do not share the sanguine view of the benefits of pre-1930 institutional stability held by Cortés Conde and other advocates of institutional analysis. They argue, in summary, that there is less room today to close the economy and apply illusory economic policies.

10. Pablo Gerchunoff and Lucas Llach, *El ciclo de la ilusión y el desencanto* (Buenos Aires: Ariel, 1998).

## UNDER THE SHADOW OF A FRUSTRATED ALTERNATIVE COURSE

In December 2003, a high-ranking official from Minister of Economy Roberto Lavagna's team remarked to a local reporter that Argentina should imitate the successful economic development experiences of Canada and Australia.<sup>11</sup> This statement was remarkable on two counts, above all because, though made after the collapse of the liberalization policies of the 1990s, the countries taken as references for Argentina's future suggested that the government did not wish to return to the radical state intervention and economic deadlock of previous decades. As well, this statement called to mind three facts raised in earlier debates: (1) that Argentina, Canada, and Australia were recent settlement regions endowed with identical productive resources; (2) that each had an open economy until the 1920s, and Argentina had the best economic performance of the three; and (3) that Australia and Canada had thereafter taken the lead because of different decisions that led them to higher, more equitable, and sustained rates of economic growth.<sup>12</sup>

The comparison between Australia and Argentina began in the nineteenth century, gained currency in the 1970s, and was then enriched with the addition of Canada. At the time, debate on comparative economic development aroused mainly scholarly interest. Only Díaz Alejandro, in an implicit call for policy change, contended that Argentina had fallen behind Australia and other recent settlement nations when the open-economy paradigm was abandoned after 1945. Later, in the mid-1980s, the Australian historians Tim Duncan and John Fogarty would treat the lessons that their country should learn from Argentina's experience, a line of analysis taken more recently by MacLachlan (xiii).<sup>13</sup>

Gerchunoff and Fajgelbaum reexamine and compare Argentine and Australian economic growth between 1884 and 2004. In this, they assume that there is no universal theory in this field and that, though difficult, comparative history is feasible if it does not rely on the dominant and trendy use of cross-section analysis and econometric regressions. Their explicit aim is to explain why Argentina's pre-1930 prospects of matching Australia's economic performance and status never materialized, and

11. Juan Cerruti, "Porqué la geografía no es siempre destino," *El Cronista Comercial*, December 11, 2003, 4.

12. *Ibid.*, 4.

13. Díaz Alejandro 1970, 67–140; John Fogarty, Ezequiel Gallo, and Héctor Diéguez, *Argentina y Australia* (Buenos Aires: Instituto Torcuato Di Tella, 1979); Tim Duncan and John Fogarty, *Australia and Argentina: On Parallel Paths* (Melbourne, Australia: Melbourne University Press, 1984), especially 160–172; D. C. M. Platt and Guido Di Tella, *Argentina, Australia and Canada: Studies in Comparative International Development, 1870–1965* (New York: St. Martin's Press, 1985).

whether things have recently improved in Argentina. Data on per capita gross domestic product and on social, cultural, institutional, geographic, and political issues are used as a yardstick for this purpose.

Armed with new long-term data, Gerchunoff and Fajgelbaum reevaluate work produced in the late 1970s at Australian universities and the Di Tella Institute of Buenos Aires. With some qualifications, they agree that at some point Argentina began to lag behind Australia, but, rather than attribute this to the rise of Peronism in the 1940s, they trace it to the Great Depression of the 1930s (19–20). As well, they identify certain geographic, economic, and institutional features that inevitably made Australia's prospects much better than those of Argentina. In the end, they ask why and to what extent Argentina now has the chance to match Australia's economic performance. They note that, on balance, the annual growth of Argentina's gross domestic product almost matched Australia's between 1990 and 2005; that Chinese demand for primary products such as soybeans is not impairing Argentine popular consumption needs; that the remarkable growth of recent Argentine exports is comparable to that of the belle époque; and that, in view of Peronism's more pragmatic policies, future income distribution conflicts will probably be less dramatic than in the past. Hence, Gerchunoff and Fajgelbaum (101) conclude that the prospects of a replay of the old dynamics of stop-and-go cycles are slim. Ultimately, however, they maintain that all of this will hold true only if a new institutional framework, which is not even laid out, solves outstanding difficulties and reinforces the current economic trends in Argentina.

#### THE IMPRINT OF INSTITUTIONAL ANALYSIS

Drawing on the lessons of world history, in early 2002 the MIT economists Ricardo Caballero and Rudiger Dornbusch made a very controversial proposal to steer Argentina out of its political and economic crisis. For the country to regain international credibility, they argued, it is necessary to launch international intervention comparable to that of the League of Nations in reconstructing Austria after World War I. This so-called Austrian solution suggested external technocratic auditing and support for five years on the assumption that Argentina was a failed state that could not solve its crisis alone.<sup>14</sup> This plan was never implemented because of its scope and rather bizarre and conflictive features, but it brought to the fore the importance of a solid and credible institutional environment. Although Argentina's crisis is now over, these concerns have been raised

14. Ricardo Caballero and Rudiger Dornbusch, "Argentina: A Rescue Plan That Works," February 27, 2002, <http://web.mit.edu/rudi/www/>; and *Clarín*, April 28, 2002, Economic Supplement, 2.

again and give timely relevance to the application of institutional analysis to the Argentine case.<sup>15</sup>

Building on Douglass North's seminal work, this approach has long been used to account for Argentina's economic growth and performance. In calling for Argentine reconstruction in the late 1980s, Llach maintained that the main reason for economic stagnation was the loss of credible institutions and social contracts.<sup>16</sup> In the 1990s, Kathryn Sikkink combined institutional and comparative historical analyses of the state to contrast the failure of Argentine development with Brazil's success in the mid-1960s.<sup>17</sup> The most substantial and still-undebated effort along these lines by neoclassic economic historians is Dellapaolera and Taylor's study of monetary, exchange, and banking policies in Argentina during the gold-standard regime (*Straining at the Anchor*), which prevailed from the late nineteenth century to the early 1930s.

Spiller and Tommasi expand this initiative by developing a general theoretical model that combines institutional analysis, positive political theory, Oliver Williamson's transaction costs theory, and the theory of repeated games to explain how and why public policies can impair political stability and sustained development. They apply this model to Argentina, making it an empirical case study with which to examine other countries (8–9). Beginning with the failure of technocratic policy and institutional reforms in the 1990s, as well as the collapse of December 2001, they examine international trade negotiations, the reform of the pension system, and the privatization and regulation of public utility services to argue that weak political foundations led to inconsistent and low-quality public policies, which are the basic cause of permanent economic problems. Spiller and Tommasi's concluding remarks are less compelling. Only their sober reminder about the dangers of technocratic approaches to policy making and institutional reform, and their doubts about the changes that would provide a way out for Argentina deserve mention (209–210).

The Argentine economists Chudnovsky and López examine Argentina's growth over the past forty years from the point of view of development economics and a more empirical thrust. Their main focus is the growth spurts of 1964 to 1974 and 1991 to 1998, which ended in severe political and economic crises that dissipated their gains. Chudnovsky and López (xv) consider the "strategies and performances under different macroeconomic and policy settings" of firms by combining a historical approach

15. Luis Secco, "Instituciones para el crecimiento," *La Nación*, November 14, 2004, *Economía y Negocios*, 9; Aldo Abram, "Por instituciones más precisas," *La Nación*, December 30, 2007, *Economía y Negocios*, 6; and Diego Gauna, "El crecimiento y las instituciones," *Clarín*, April 20, 2008, *Economic Supplement*, 6.

16. Llach, *Reconstrucción y estancamiento*, 15.

17. Kathryn Sikkink, "Las capacidades y la autonomía del estado en Brasil y la Argentina: Un enfoque neoinstitucionalista," *Desarrollo Económico* 32, no. 128 (1993): 543–574.

with economic and institutional analyses. They begin, however, with a somewhat-stale argument that MacLachlan openly dismisses: Argentina's performance over the past four decades has been poor despite rich natural resources and human capital, and hence is "an intriguing puzzle" for specialists in development economics (xv). This remark is tempered with more elaborate ones on institutional analysis, the analytical narrative approach, and microeconomic research based on systematic data about manufacturing firms compiled by Argentina's National Census Bureau (INDEC), other government agencies, and the Economic Commission for Latin America and the Caribbean (13–16).

After siting the Argentine case within the debate between the Keynesian school, which prevailed until the 1970s, and the subsequent revival of neoclassic orthodoxy, which crystallized in the Washington Consensus of the 1990s, Chudnovsky and López trace the economic, political, and institutional evolution of Argentina since the late nineteenth century, paying special attention to political instability, institutional fragility, and economic volatility. Chudnovsky and López's (19) main argument is that "a clear and steady falling behind trajectory was observed," with fluctuations, after 1930. As the main battleground between advocates of import substitution industrialization (ISI) and those of neoclassical revival, the economic volatility and income distribution conflicts of 1962–1974 are examined in particular detail. Like Cortés Conde, Chudnovsky and López view the period from the collapse of the ISI model in the late 1970s to the structural reforms and liberalization of the 1990s as a long depression. Regrettably, this needs fuller discussion because it is controversial and wedged between two eras that form the main focus of the book. The discussion of structural reforms in the 1990s and their complex consequences is more elaborate, giving a nuanced overview of entrepreneurial strategies and the performance of manufacturing firms based on the statistical data. The last chapter is a stylized account of the economic downturn of 1998–2002 and the subsequent recovery until 2006. More bluntly than Gerchunoff and Fajgelbaum, Chudnovsky and López argue that "a more sustainable growth and development process" requires solutions to socioeconomic issues and, above all, a systematic institutional buildup to improve the quality of local policy making and reduce corruption (159).

Despite the promise to challenge "easy explanations" (xv), Chudnovsky and López insist on the importance of "institutional fragility" for Argentina's "poor long-run economic and social performance" (161). They endorse the belief that, together with enhanced state capabilities, only institutional and macroeconomic stability will allow sound public policies and policy making (176–177). Although a wider range of areas that the state must address with the cooperation of the private sector are mentioned (169–175), the latter's role is not discussed, presumably because, in the authors' view, it exceeds the scope of their book.

## WHAT ABOUT TRUE NATIONAL ENTREPRENEURSHIP?

Shortly after assuming office, in October 2003 President Néstor Kirchner stressed the need to recreate a “national bourgeoisie” to support the new government’s economic policy and alternative growth model, proposed after the collapse of economic liberalization and structural reforms of the 1990s.<sup>18</sup> This summons voiced expectations that a new national business class, together with a moderately populist and autonomous development project, would benefit from economic recovery. It was based on a strong antiliberal bias, which vindicated the national bourgeoisie on two additional counts. First, most of these businesspeople had identified with Peronism since the 1940s and had controlled key sectors of the economy until the collapse of ISI and the state-interventionist economic policies of the 1970s. Second, it raised doubts by academics and the media regarding the timeliness and prospects of turning back the course of history, of fighting against allegedly noncommittal business-class attitudes vis-à-vis favorable economic policies, and of reenacting controversial political alliances that still call for fuller scholarly analysis.<sup>19</sup>

Building on previous work by Argentine and foreign social scientists, López examines the entrepreneurial behavior of Argentine businesspeople, their relationships with local institutions, and their apparent responsibility in the country’s thwarted development. He unites a long-standing interest in development economics with the institutional analysis prism and more recent concerns about business history and public policy. Three closely related motivations prompted López to undertake this study: a well-founded perception that prevalent academic interpretations need re-examination; the impact of these viewpoints on public opinion; and debate about the true nature of local businesspeople and their relationships with the state triggered by the last economic crisis in Argentina. López’s (1–15) explicit purpose is to offer a more sophisticated interpretation of these issues; a basic theoretical framework to understand the links among business behavior, institutions, and economic development; and new ideas for current thinking and public policies.

According to López, relevant historiography falls into two highly influential categories broadly labeled “orthodox” and “heterodox.” These remind us of the clashes between populism and economic liberalism during the winding course of economic policy making since the 1940s. To break this stalemate, he compares empirical data about Argentine businesspeople to international evidence (65–92). This offers valuable

18. Marcelo Bonelli, “Para recrear la burguesía nacional faltan medidas,” *Clarín*, October 17, 2003, 6.

19. See, e.g., Alfredo Zaiat, “La burguesía nacional,” *Página 12*, April 3, 2005, Economic Supplement: “Cash,” 12; and the interview with Argentine economist Eric Calcagno Jr., in *Hoy*, February 1, 2004, 7.

insights into Argentine intellectual history in the twentieth century but is followed by a rather sketchy account of businesspeople's behavior, an acknowledgment of the hypothetical nature of some conclusions, and another call for empirical research and more sophisticated and far-reaching theoretical frameworks (124–125, 179). Although the conclusions combine academic and public policy considerations, they also argue that, given Argentina's long-term macroeconomic and institutional performance, it would have been strange to find a large number of businesspeople with innovative and dynamic behavior (269–270). This is a quite lenient and indulgent view of business behavior and ethics. Hopefully, academics will choose to pursue three of López's remaining arguments: businesspeople throughout the world are complex and often contradictory figures, prone to earn the highest profits at any cost; their performance must be assessed in the light of available theoretical frameworks and international experiences; and generalizations about economic groups and the "national bourgeoisie" must be tested against the findings of specific case studies that are still in short supply (267–269, 276). In addition, the broad characterization of Argentine businesspeople throughout history is noteworthy, particularly because of its attempted sophistication and sharp contrast with the orthodox and heterodox viewpoints mentioned previously (270–276).

López's (277–78, 281) study hinges on two questions: What should be done to make businessmen in Argentina more enterprising and less rent seeking? and, Is sustained development feasible without the commitment of businesspeople? Citing the importance of business, López calls for a more positive appraisal of business spirit by Argentine society at large (277). In accord with Spiller and Tommasi, he also argues that the state must increase its competence and efficiency; guarantee political and economic stability and continuity; and adopt sound measures to link its main institutions, academia, and the educational and financial systems to the needs of national development and the private sector (281). Ultimately, though all this is true, many readers and citizens are likely to find that this analysis amounts to relieving businesspeople of their apparent responsibility in Argentina's political and economic ordeal of the past decades.

#### CONCLUDING REMARKS

Healthy pragmatism and an effort to offer more sophisticated arguments seem to have informed the outlook of supporters of the Washington Consensus during the debates that followed the deep promarket reforms implemented in Argentina during the 1990s. Spiller and Tommasi coincide with Chudnovsky and López in their sobering remarks about the power ascribed to economic liberalization reforms per se. In addition, these authors also wonder whether "good" institutions can actually be imported.

Some empirical and methodological strengths and weaknesses of the books reviewed in this essay also warrant consideration. Institutional analysis offers a possible prism to understand at least part of the stalemate and failures of public policies that undercut Argentina's stability and development during the past decades. Yet the results of research based on this paradigm must be weighed. Spiller and Tommasi as well as Chudnovsky and López face the insurmountable problem of gaps in information, which are common in the study of Argentina and qualify both the scope and the conclusiveness of their conclusions. Surprisingly, neither pair cites the analysis of Guillermo O'Donnell, who linked Argentina's permanent institutional crisis with recurrent stop-and-go cycles.<sup>20</sup> Some works discussed in this essay argue or suggest that Argentina's economy lost its drive when the institutional buildup declined. However, Berenztein and Spector recently demonstrated that, in fact, during the heyday of *laissez-faire* that preceded World War I, Argentina failed to design adequate institutions to secure sustainable growth and transparent public policies.<sup>21</sup> These caveats suggest that case studies on key institutions are a fruitful and necessary prelude to better general conclusions.<sup>22</sup> In the meantime, if the need for institutional reform is assumed, two key questions for academics and public policy makers await more conclusive answers: How can the institutional analysis paradigm be strengthened to offer new insights? Can recipes based on this paradigm actually influence public policies in Argentina?

With due care, rigor, and some qualifications, the evolution of Argentina's economy and institutions can continue to be examined fruitfully in comparative perspective. It remains to be seen whether the pilot case that Spiller and Tommasi describe will be compared to other countries, and whether the results will, for example, match those of the collaborative project on worldwide economic stabilization and structural adjustment experiences of the 1980s that Stephan Haggard and Robert Kaufman coordinated as of the early 1990s.<sup>23</sup> The canonical comparison between Argentina and Australia that Gerchunoff and Fajgelbaum update with a macroeconomic perspective is still a valid and worthwhile option. But so long as it focuses on more specific issues and periods, new findings can be transferred to Argentina's public policy agenda and therefore help test and dispel long-standing speculations about the benefits and results

20. Guillermo O'Donnell, "State and Alliances in Argentina, 1956–1976," *Journal of Development Studies* 15, no. 1 (1978): 3–33.

21. See the chapter by Berenztein and Spector in Dellapaolera and Taylor, *A New Economic History of Argentina* (New York: Cambridge University Press, 2003), 324–368, 372, 374.

22. Marcelo Rougier, *Industria, finanzas e instituciones en la Argentina: La experiencia del Banco Nacional de Desarrollo* (Bernal, Argentina: Universidad Nacional de Quilmes, 2004).

23. Stephan Haggard and Robert Kaufman, *The Politics of Economic Adjustment* (Princeton, NJ: Princeton University Press, 1992).

of a reportedly frustrated alternative course after 1930. Argentina also emerged and evolved under the shadow of Brazil, the other giant of the Southern Cone. The long-term economic performance of this neighbor is a closer and equally relevant yardstick that is still largely unused.<sup>24</sup>

The behavior and business strategies of major Argentine companies and their impact on national economic development remain mostly unexplored. López provides a sound theoretical framework and reviews the most relevant empirical literature. But his work is largely exploratory and he has become notorious for at times seeming carried away by the powerful influence of institutional analysis, which, together with other frameworks, is also applied in his joint work with Chudnovsky. Hence, the potential contributions of business history studies to an understanding of the Argentine economic stalemate are still pending. As with the bibliographic omissions previously mentioned, their addition to the current state of knowledge in the field of this essay will entail a remarkable breakthrough, as well as deeper and more frequent long-term exchanges between the social sciences, which are long overdue.