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leaves the free trade option with Brazil as one of the few cards policymakers have left to play. A major fiscal reform, widening the tax base and achieving public sector efficiency, restructuring of the external debt service, and a new initiative in trade policies form a program that can reconstruct Argentina. Such a program now requires urgent attention.

In concluding we draw on Carlos Díaz Alejandro's (1988) words to balance the widespread skepticism about Argentina's economic future:

Paradoxically, the troubles of the 1970s in Argentina may have set the bases for political conditions allowing steadier and more efficient economic policies. . . . Perhaps swords and furnaces will be put away, and quieter hours may come. Under conditions of reasonable political stability, the unsinkable Argentine economy could recover from the catastrophes of the late 1970s and the early 1980s, including a high external debt for which so little growth can be shown. Abundant food stuffs and energy resources, plus an industry which, whatever its past costs, has shown itself capable of exporting, provide solid foundations for a growth which may or may not keep up with those of Australia and Brazil, but which assure a good life to all Argentines.

## Appendixes

### Appendix A

#### *Price Dynamics Under a Tablita Regime*

In this appendix, we sketch a model of inflation dynamics under a Martinez de Hoz-style program. The essential linkages are purchasing power parity for traded goods and integration of the capital market. The former implies that prices of traded goods are determined by the exchange rate:

$$(A.1) \quad P_T = e$$

and that interest rates are set by the world market with an adjustment for the rate of depreciation:

$$(A.2) \quad i = i^* + \lambda$$

where  $i^*$  is the international interest rate and  $\lambda$  is the rate of depreciation.

The real exchange rate is defined as  $R = P_N/e$ , which is the ratio of home goods to traded goods prices. Let  $\pi$  denote the rate of inflation of home goods prices and  $\lambda$  the rate of traded goods price inflation. From the

definition of the real exchange rate (remembering that traded goods price inflation equals the rate of depreciation), it follows that the real exchange rate appreciates at a rate equal to the difference between the inflation rates of home goods and traded goods:

$$(A.3) \quad \dot{R}/R = \pi - \lambda$$

The model is completed by the dynamics of home goods price inflation. We assume that the rate of inflation of nontraded goods rises whenever the real exchange rate depreciates or when there is high demand relative to output. Excess demand depends on the real exchange rate,  $R$ , and on the real interest rate in terms of home goods. A high real exchange rate or a high real interest rate slows down demand.

$$(A.4) \quad \dot{\pi} = J(\lambda - \pi, R, i^* + \lambda - \pi), \quad J_1 > 0; J_2, J_3 < 0$$

We assume that  $J_1 + J_3 > 0$  so that expectation effects dominate the real interest rate effect due to a more rapid rate of depreciation.

The dynamics of the real exchange rate and the rate of inflation are shown in figure A.1 for a given rate of depreciation,  $\lambda_0$ . When the rate of inflation exceeds the rate of depreciation, the real exchange rate appreciates to the right of  $\dot{R} = 0$ , and depreciates to the left of the vertical line. Along  $\dot{\pi} = 0$ , the inflation rate is constant. To the right, the real exchange rate and/or the inflation rate are too high and hence inflation is falling. To the left and above  $\dot{\pi} = 0$ , the real exchange rate is too low and depreciation exceeds inflation by too much; hence, inflation is rising.

From an initial position to the northeast of  $A$  the dynamics are indicated by the path to the steady state at point  $A$ . Note that in the steady state, the Chicago model fully holds: inflation and depreciation proceed at the same rate.

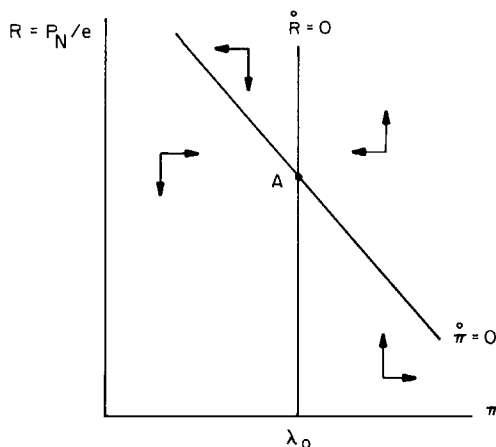


Fig. A.1 The dynamics of inflation adjustment with inertia

## Appendix B

### *The Budget and Inflation*

In this appendix we briefly show the derivation of the key equation representing the interaction of inflation and financial structure. We start with the central equation which shows that the deficit is financed by money creation:

$$(B.1) \quad \dot{M}/P = gY$$

or, using the definition of money growth,  $\delta = \dot{M}/M$ :

$$(B.2) \quad \delta(M/P) = gY$$

Next we impose the assumption of a linear velocity equation and of monetary equilibrium. This implies equality of actual and planned velocity:

$$(B.3) \quad PY/M = \alpha + \beta\pi$$

The parameter  $\beta$  thus represents the responsiveness of velocity to the cost of holding money. We do not make any allowance for lags in the adjustment of velocity to the cost of holding money.

Substituting from (B.3) into (B.2) we have:

$$(B.4) \quad \delta = g(\alpha + \beta\pi)$$

Next we use the steady-state relation between money growth and inflation, having implicitly assumed a unit income elasticity of money demand:

$$(B.5) \quad \pi = \delta - y$$

This equation states that the inflation rate is equal to the growth rate of money less the growth rate of real output. Combining (B.5) and (B.4) yields the key equation used in the text:

$$(B.6) \quad \pi = (\alpha g - y)/(1 - \beta g); \quad \beta g < 1$$

To study the impact of external shocks on the budget deficit, we now decompose the actual deficit ratio  $g$  into the interest and noninterest budget. The noninterest budget, which is a function of the rate of inflation via the Olivera-Tanzi effect, is denoted by  $\sigma$ .

$$(B.7) \quad g = \sigma(\pi) + ib + i^*b^*,$$

where  $ib$  and  $i^*b^*$  denote domestic and external debt service,  $b = B/PY$  and  $b^* = eB^*/PY$ . The last term depends on the ratio  $e/P$  and hence will be increased by a real depreciation.

A realistic setting is one where there is no domestic debt and where a fraction,  $\phi$ , of the external debt is automatically capitalized. The deficit ratio requiring internal financing by money creation is then:

$$(B.8) \quad g = \sigma(\pi) + (1 - \theta)b^*$$

## Appendix C

### Statistical Data

**Table C.1** Key Macroeconomic Variables

Year	GDP Growth	Inflation (CPI)	Noninterest Current Account/GDP	Real Exchange Rate	Terms of Trade
1970	5.4	21.7	0.3	56.7	106.6
1971	3.7	39.1	-0.6	49.7	116.4
1972	1.9	64.1	0.2	52.9	125.7
1973	3.5	43.8	1.5	58.6	134.6
1974	5.7	40.2	1.3	71.2	117.8
1975	-0.4	335.1	-2.2	36.9	111.5
1976	-0.5	347.5	2.9	46.4	95.8
1977	6.4	160.4	3.9	50.7	92.7
1978	-3.4	169.8	4.9	64.7	83.5
1979	6.7	139.7	-0.1	83.4	88.4
1980	0.7	87.6	-6.1	100.0	100.0
1981	-6.2	131.3	-2.7	69.5	107.0
1982	-4.6	209.7	3.3	48.9	89.0
1983	2.8	433.7	3.9	58.8	86.0
1984	2.6	688.0	4.2	58.4	93.0
1985	-4.5	385.0	6.2	48.9	81.0
1986	5.4	81.9	1.9	45.2	69.0
1987	1.6	174.9	0.1	42.6	65.0

**Table C.2** The External Sector

	Current Account		Noninterest Current Account	Terms of Trade	Debt/GDP(%)	Real Exchange Rate	Exchange Rate Gap (%)
	\$	% of GDP					
1970	-159	-0.8	64	107	16.7	56.7	2
1971	-389	-1.8	-133	116	18.2	49.7	27
1972	-223	-1.0	50	126	21.8	52.9	43
1973	721	2.7	1,038	135	20.0	58.6	32
1974	127	0.4	425	118	20.4	71.2	85
1975	-1,284	-3.5	-824	112	18.6	36.9	183
1976	665	1.7	1,130	96	18.6	46.4	52
1977	1,290	3.0	1,660	93	19.2	50.7	0
1978	1,833	4.0	2,238	84	23.9	64.7	0
1979	-537	-1.0	-44	88	30.2	83.4	0
1980	-4,767	-7.6	-3,824	100	37.3	100.0	0

Table C.2 (continued)

	Current Account		Noninterest Current Account	Terms of Trade	Debt/ GDP(%)	Real Exchange Rate	Exchange Rate Gap (%)
	\$	% of GDP					
1981	-4,714	-7.4	-1,749	107	48.1	69.5	0
1982	-2,357	-3.8	2,046	89	60.3	48.9	55
1983	-2,461	-3.8	2,522	86	59.5	58.8	39
1984	-2,391	-3.5	2,888	93	60.5	58.4	38
1985	-953	-1.5	3,926	81	64.5	48.9	19
1986	-2,645	-4.0	1,289	69	65.3	45.2	12

Table C.3 Key Relative Prices (index 1980 = 100)

	Agricultural/ Nonagricultural (WPI)	Real Public Sector Prices	Real Wages	Terms of Trade	Real Exchange Rate
1970	119	106	—	107	57
1971	132	200	263	116	50
1972	152	98	216	126	53
1973	142	108	268	135	59
1974	124	152	264	118	71
1975	98	159	218	112	37
1976	105	132	124	96	46
1977	112	130	83	93	51
1978	110	134	80	84	65
1979	111	105	71	88	83
1980	100	100	100	100	100
1981	90	116	106	107	70
1982	104	111	140	89	49
1983	107	132	153	86	59
1984	101	147	143	93	58
1985	86	160	110	81	49
1986	110	148	110	69	45

Table C.4 Inflation (annual variations, average to average, in percentages)

Year	Consumer	Wholesale	Year	Consumer	Wholesale
1914	-0.5	0.8	1925	-2.7	1.6
1915	7.6	6.7	1926	-3.1	-10.3
1916	7.5	14.0	1927	-1.1	-1.7
1917	17.2	23.9	1928	1.1	0.6
1918	25.9	9.4	1929	-1.1	-2.9
1919	-5.8	3.2	1930	1.1	-4.2
1920	17.1	4.8	1931	-13.9	-3.1
1921	-11.1	-20.5	1932	-10.4	1.3
1922	-15.9	-9.5	1933	13.0	-4.4
1923	-2.0	4.1	1934	-11.5	13.9
1924	2.1	7.3	1935	6.0	-1.2

(continued)

Table C.4 (continued)

Year	Consumer	Wholesale	Year	Consumer	Wholesale
1936	8.7	1.8	1962	26.1	30.4
1937	2.4	14.5	1963	26.0	28.8
1938	-0.4	-6.1	1964	22.1	26.3
1939	1.6	1.6	1965	28.6	23.8
1940	1.9	13.8	1966	31.9	19.9
1941	2.7	2.8	1967	29.2	25.7
1942	5.9	25.8	1968	16.2	9.4
1943	1.0	9.4	1969	7.6	6.1
1944	-0.3	8.9	1970	13.6	14.1
1945	19.8	8.5	1971	34.7	39.6
1946	17.7	16.1	1972	58.5	76.6
1947	13.5	3.6	1973	60.3	50.4
1948	13.0	15.6	1974	24.3	20.0
1949	31.1	23.0	1975	182.8	192.5
1950	25.6	19.8	1976	444.0	499.0
1951	36.9	49.3	1977	176.0	149.4
1952	38.7	31.1	1978	175.5	146.0
1953	4.0	11.6	1979	159.5	149.3
1954	3.7	3.2	1980	100.8	75.4
1955	12.3	8.9	1981	104.5	109.6
1956	13.4	26.0	1982	164.8	256.2
1957	24.7	24.3	1983	343.8	360.9
1958	31.6	30.8	1984	626.7	575.1
1959	111.6	133.9	1985	672.2	662.9
1960	31.1	15.5	1986	90.1	63.9
1961	13.7	8.2			

Source: *Carta Económico*

Table C.5 Foreign Debt (in millions of \$U.S., end of period)

Year	Public	Private	Total	Net Debt/Exports (Years)	Debt/GDP (%)
1963	2,106	1,285	3,391	2.3	21.6
1964	1,789	1,127	2,916	2.0	16.9
1965	1,687	963	2,650	1.6	14.0
1966	1,769	894	2,663	1.6	14.0
1967	1,818	826	2,644	1.3	13.6
1968	1,754	1,051	2,805	1.6	13.8
1969	1,996	1,234	3,230	1.7	14.6
1970	2,143	1,733	3,876	1.9	16.7
1971	2,527	1,998	4,525	2.5	18.2
1972	3,089	2,699	5,788	2.8	21.8
1973	3,426	2,807	6,233	1.6	20.0
1974	4,558	3,410	7,968	1.7	20.4
1975	4,021	3,854	7,875	2.6	18.6
1976	5,189	3,090	8,279	1.7	18.6
1977	6,044	3,635	9,679	1.1	19.2
1978	8,357	4,139	12,496	1.1	23.9
1979	9,960	9,074	19,034	1.2	30.2

Table C.5 (continued)

Year	Public	Private	Total	Net Debt/Exports (Years)	Debt/GDP (%)
1980	14,459	12,703	27,162	2.5	37.3
1981	20,024	15,647	35,671	3.5	48.1
1982	28,616	15,018	43,634	5.4	60.3
1983	32,196	12,585	44,781	5.4	59.5
1984	37,628	10,193	47,821	5.6	60.5
1985	39,868	8,444	48,312	5.2	64.5
1986	44,772	6,700	51,422		65.1

Table C.6 Real GDP and the Composition of Demand (in 1970 Australs)

Year	GDP	Exports	Consumption	Investment	Imports
1950	4,286.8	412.8	3,860.9	632.8	502.8
1951	4,453.4	326.1	3,934.5	779.1	565.1
1952	4,229.3	239.3	3,783.1	693.1	416.5
1953	4,453.4	366.4	3,714.3	685.0	341.3
1954	4,637.2	392.4	4,028.1	657.8	447.7
1955	4,964.8	353.4	4,424.8	763.1	538.3
1956	5,102.7	405.4	4,486.7	812.1	481.4
1957	5,367.1	428.1	4,692.2	890.4	537.0
1958	5,694.6	441.1	4,953.9	970.5	560.2
1959	5,326.8	461.0	4,587.7	767.9	496.1
1960	5,746.3	463.8	4,734.4	1,160.7	611.6
1961	6,154.3	428.6	5,205.6	1,353.0	727.2
1962	6,056.6	579.8	4,989.5	1,232.2	698.5
1963	5,913.0	591.4	4,888.3	1,044.1	543.7
1964	6,522.0	553.3	5,389.0	1,158.6	631.2
1965	7,119.7	607.6	5,832.9	1,210.0	624.5
1966	7,165.6	667.4	5,880.6	1,249.4	601.8
1967	7,355.3	659.4	6,029.3	1,311.6	603.4
1968	7,671.3	650.5	6,262.2	1,474.5	641.3
1969	8,326.4	754.9	6,640.7	1,769.3	791.8
1970	8,774.6	809.6	6,893.8	1,861.2	789.4
1971	9,101.5	729.2	7,179.3	2,004.0	862.1
1972	9,277.5	741.0	7,268.1	2,015.2	797.1
1973	9,597.5	829.3	7,532.8	1,874.6	738.8
1974	10,144.3	831.3	8,155.8	1,961.5	849.7
1975	10,106.1	737.4	8,234.1	1,963.4	907.1
1976	10,066.0	970.5	7,596.7	2,159.2	674.5
1977	10,702.6	1,227.7	7,748.3	2,577.0	868.2
1978	10,343.4	1,322.5	7,604.1	2,267.9	783.7
1979	11,022.4	1,294.8	8,539.6	2,368.4	1,185.2
1980	11,142.8	1,242.1	9,042.3	2,452.5	1,692.9
1981	10,423.3	1,340.2	8,754.0	2,029.9	1,628.1
1982	9,882.3	1,359.9	7,810.2	1,531.4	942.9
1983	10,213.4	1,473.7	8,124.6	1,503.3	898.5
1984	10,459.0	1,463.5	8,640.2	1,330.1	955.5
1985	10,004.6	1,642.1	8,075.8	1,256.0	845.6
1986	10,574.9	1,473.0	8,778.4	1,418.3	999.5



Table C.7 Total and Per Capita Real Gross Domestic Product

Year	Total GDP <sup>a</sup>	Per Capita GDP <sup>a</sup>	Indexes (1986 = 100)		Annual Variations (%)		
			Total GDP	Per Capita GDP	Total GDP	Population	Per Capita GDP
1900	686.7	151.50	6.5	44.3			
1901	744.8	159.70	7.0	46.7	8.5	2.9	5.4
1902	729.8	152.19	6.9	44.5	-2.0	2.8	-4.7
1903	834.2	169.79	7.9	49.7	14.3	2.5	11.6
1904	923.1	183.58	8.7	53.7	10.7	2.4	8.1
1905	1,045.7	201.66	9.9	59.0	13.3	3.1	9.9
1906	1,098.3	203.58	10.4	59.6	5.0	4.0	1.0
1907	1,121.4	198.13	10.6	58.0	2.1	4.9	-2.7
1908	1,231.3	206.27	11.6	60.4	9.8	5.5	4.1
1909	1,292.1	205.95	12.2	60.3	4.9	5.1	-0.2
1910	1,386.1	210.01	13.1	61.5	7.3	5.2	2.0
1911	1,411.0	203.92	13.3	59.7	1.8	4.8	-2.9
1912	1,526.3	210.45	14.4	61.6	8.2	4.8	3.2
1913	1,542.1	201.97	14.6	59.1	1.0	5.3	-4.0
1914	1,382.4	175.72	13.1	51.4	-10.4	3.0	-13.0
1915	1,389.7	172.56	13.1	50.5	0.5	2.4	-1.8
1916	1,349.7	164.45	12.8	48.1	-2.9	1.9	-4.7
1917	1,240.4	148.46	11.7	43.4	-8.1	1.8	-9.7
1918	1,467.7	172.70	13.9	50.5	18.3	1.7	16.3
1919	1,521.7	175.88	14.4	51.5	3.7	1.8	1.8
1920	1,632.5	184.65	15.4	54.0	7.3	2.2	5.0
1921	1,674.2	184.56	15.8	54.0	2.6	2.6	0.0
1922	1,808.1	193.45	17.1	56.6	8.0	3.0	4.8
1923	2,007.3	207.26	19.0	60.7	11.0	3.6	7.1
1924	2,163.9	215.72	20.5	63.1	7.8	3.6	4.1
1925	2,154.9	208.51	20.4	61.0	-0.4	3.0	-3.3
1926	2,258.8	212.53	21.4	62.2	4.8	2.8	1.9
1927	2,419.0	221.11	22.9	64.7	7.1	2.9	4.0
1928	2,568.8	228.21	24.3	66.8	6.2	2.9	3.2
1929	2,687.2	232.34	25.4	68.0	4.6	2.7	1.8
1930	2,576.0	217.04	24.4	63.5	-4.1	2.6	-6.6
1931	2,397.2	197.47	22.7	57.8	-6.9	2.3	-9.0
1932	2,317.8	187.31	21.9	54.8	-3.3	1.9	-5.1
1933	2,426.7	192.68	22.9	56.4	4.7	1.8	2.9
1934	2,618.3	204.47	24.8	59.8	7.9	1.7	6.1
1935	2,732.1	209.93	25.8	61.4	4.3	1.6	2.7
1936	2,766.9	209.14	26.2	61.2	1.3	1.7	-0.4
1937	2,987.4	221.95	28.2	65.0	8.0	1.7	6.1
1938	3,028.0	221.12	28.6	64.7	1.4	1.7	-0.4
1939	3,138.2	225.50	29.7	66.0	3.6	1.6	2.0
1940	3,074.4	217.47	29.1	63.6	-2.0	1.6	-3.6
1941	3,225.2	224.45	30.5	65.7	4.9	1.6	3.2
1942	3,376.0	231.16	31.9	67.6	4.7	1.6	3.0
1943	3,399.2	229.01	32.1	67.0	0.7	1.6	-0.9
1944	3,627.3	240.29	34.3	70.3	6.7	1.7	4.9

Table C.7 (continued)

Year	Indexes (1986 = 100)				Annual Variations (%)		
	Total GDP <sup>a</sup>	Per Capita GDP <sup>a</sup>	Total GDP	Per Capita GDP	Total GDP	Population	Per Capita GDP
1945	3,550.0	231.20	33.6	67.7	-2.1	1.7	-3.8
1946	3,845.9	246.24	36.4	72.1	8.3	1.7	6.5
1947	4,373.8	274.98	41.4	80.5	13.7	1.8	11.7
1948	4,426.0	272.03	41.9	79.6	1.2	2.3	-1.1
1949	4,222.9	252.88	39.9	74.0	-4.6	2.6	-7.0
1950	4,286.7	249.96	40.5	73.1	1.5	2.7	-1.2
1951	4,453.4	254.84	42.1	74.6	3.9	1.9	2.0
1952	4,229.3	237.44	40.0	69.5	-5.0	1.9	-6.8
1953	4,453.4	245.32	42.1	71.8	5.3	1.9	3.3
1954	4,637.3	250.75	43.9	73.4	4.1	1.9	2.2
1955	4,964.8	263.64	46.9	77.2	7.1	1.8	5.1
1956	5,102.7	266.39	48.3	78.0	2.8	1.7	1.0
1957	5,367.0	275.43	50.8	80.6	5.2	1.7	3.4
1958	5,694.6	287.55	53.9	84.2	6.1	1.6	4.4
1959	5,326.8	264.81	50.4	77.5	-6.5	1.6	-7.9
1960	5,746.3	281.36	54.3	82.3	7.9	1.5	6.3
1961	6,154.3	296.95	58.2	86.9	7.1	1.5	5.5
1962	6,056.6	288.10	57.3	84.3	-1.6	1.4	-3.0
1963	5,912.9	277.36	55.9	81.2	-2.4	1.4	-3.7
1964	6,522.1	301.78	61.7	88.3	10.3	1.4	8.8
1965	7,119.7	325.01	67.3	95.1	9.2	1.4	7.7
1966	7,165.6	322.80	67.8	94.5	0.6	1.3	-0.7
1967	7,355.3	327.00	69.6	95.7	2.6	1.3	1.3
1968	7,671.3	336.62	72.5	98.5	4.3	1.3	2.9
1969	8,326.4	360.65	78.7	105.5	8.5	1.3	7.1
1970	8,774.6	375.14	83.0	109.8	5.4	1.3	4.0
1971	9,101.5	382.37	86.1	111.9	3.7	1.8	1.9
1972	9,277.5	383.00	87.7	112.1	1.9	1.8	0.2
1973	9,597.5	389.34	90.8	113.9	3.4	1.8	1.7
1974	10,144.3	404.38	95.9	118.3	5.7	1.8	3.9
1975	10,106.1	395.87	95.6	115.9	-0.4	1.8	-2.1
1976	10,066.0	387.46	95.2	113.4	-0.4	1.8	-2.1
1977	10,702.6	404.82	101.2	118.5	6.3	1.8	4.5
1978	10,343.4	384.45	97.8	112.5	-3.4	1.8	-5.0
1979	11,022.4	402.58	104.2	117.8	6.6	1.8	4.7
1980	11,142.8	399.91	105.4	117.0	1.1	1.8	-0.7
1981	10,423.3	367.60	98.6	107.6	-6.5	1.8	-8.1
1982	9,882.3	342.48	93.5	100.2	-5.2	1.8	-6.8
1983	10,213.4	347.81	96.6	101.8	3.4	1.8	1.6
1984	10,459.0	350.00	98.9	102.4	2.4	1.8	0.6
1985	10,004.6	328.98	94.6	96.3	-4.3	1.8	-6.0
1986	10,574.9	341.70	100.0	100.0	5.7	1.8	3.9

Sources: CEPAL (1958); BCRA, *Producto e ingreso de la Argentina*. (1975) and national accounts department publications. INDEC, population census.

<sup>a</sup>In Australs, at 1970 prices.

**Table C.8 Balance of Payments (in millions of \$U.S.)**

Year	Current Account								
	Merchandise			Services			Autonomous Capital Movements		International Payments, Errors & Omissions
	Exports	Imports	Difference	Financial	Real &	Total	Private	Public	
					Unilateral Transfers				
1951	1,169.4	1,480.2	-310.8	-19.4	-6.8	-337.0	78.3	102.8	-155.9
1952	687.8	1,179.3	-491.5	10.0	16.9	-464.6	108.1	-8.6	-365.1
1953	1,125.1	795.1	330.0	0.8	-6.7	342.1	68.7	-2.5	390.3
1954	1,026.6	979.0	47.6	-8.9	18.8	57.5	43.6	-9.7	91.4
1955	928.6	1,172.6	-244.0	-15.8	18.3	-241.5	42.4	-13.8	-212.9
1956	943.8	1,127.6	-183.8	9.4	43.3	-131.1	110.6	-77.1	-97.6
1957	974.8	1,310.4	-335.6	11.8	21.1	-302.7	53.8	-118.5	-367.4
1958	993.9	1,232.6	-238.7	-28.9	8.3	-259.3	60.4	49.3	-149.6
1959	1,000.6	983.6	17.0	-18.3	13.3	12.0	72.0	-11.8	72.2
1960	1,079.2	1,249.3	-170.1	-41.1	12.9	-198.3	355.1	138.9	295.7
1961	964.1	1,460.3	-496.2	-93.9	5.4	-584.7	158.9	77.0	-348.8
1962	1,216.0	1,356.5	-140.5	-136.2	3.9	-272.8	297.9	-74.8	-49.7
1963	1,365.5	980.7	384.8	-161.9	10.9	233.8	160.1	-20.7	373.2
1964	1,410.5	1,077.4	333.1	-262.8	-36.7	33.6	10.4	-31.5	12.5
1965	1,488.0	1,195.0	293.0	-111.1	0.4	182.3	15.7	17.1	215.1

1966	1,593.2	1,124.3	468.9	-151.1	-65.3	252.5	-215.7	5.3	42.1
1967	1,464.5	1,095.5	369.0	-119.6	-75.2	174.2	244.7	-0.9	418.0
1968	1,367.9	1,169.2	198.7	-205.1	-42.2	-48.6	149.6	64.7	165.7
1969	1,612.1	1,576.1	36.0	-219.1	-43.2	-226.3	11.6	106.0	-107.9
1970	1,773.2	1,694.1	79.1	-222.5	-15.5	-158.9	330.9	82.8	254.8
1971	1,740.4	1,868.1	-127.7	-255.9	-5.1	-388.7	-317.9	128.4	-578.2
1972	1,941.1	1,904.7	36.4	-333.6	74.3	-222.9	12.0	-86.5	-297.4
1973	3,266.0	2,235.3	1,030.7	-394.4	78.6	714.9	18.8	-98.0	635.7
1974	3,930.7	3,634.9	295.8	-333.3	164.4	126.9	-159.2	105.5	73.5
1975	2,961.3	3,946.5	-985.2	-429.6	130.2	-1,284.6	95.0	96.1	-1,093.5
1976	3,916.1	3,033.0	883.1	-492.5	259.0	649.6	-219.5	-113.2	316.9
1977	5,651.8	4,161.5	1,490.3	-578.5	378.1	1,289.9	1,309.9	-23.4	2,576.4
1978	6,399.5	3,833.7	2,565.8	-680.8	-51.4	1,833.6	808.9	525.0	3,167.5
1979	7,809.9	6,700.0	1,109.9	-920.0	-726.3	-536.4	4,158.3	528.6	4,150.5
1980	8,021.4	10,450.6	-2,519.2	-1,531.4	-717.2	-4,767.8	1,617.9	933.9	-2,216.1
1981	9,143.0	9,430.0	-287.0	-3,699.7	-727.3	-4,714.0	-1,047.7	2,537.4	-3,224.3
1982	7,623.7	5,336.9	2,286.8	-4,718.5	74.0	-2,357.7	-1,942.5	-381.0	-4,681.2
1983	7,836.1	4,505.0	3,331.1	-5,408.0	-384.1	-2,461.0	-1,448.7	29.7	-3,880.0
1984	8,107.0	4,584.0	3,523.0	-5,712.0	-201.9	-2,390.9	-1,572.1	2,152.3	-1,810.7
1985	8,396.0	3,814.0	4,582.0	-5,303.8	-231.0	-952.8	42.7	964.7	54.6
1986	6,849.0	4,700.0	2,149.0	-4,415.0	-555.0	-2,821.0			

Source: BCRA.

Table C.9 Real Wages and the Purchasing Power of Wages (index 1980 = 100)

Year	Real Wages		Purchasing Power	
	Collective Bargaining	Minimum Wage	Collective Bargaining	Minimum Wage
1960	242.0		247.4	
1961	264.3		269.2	
1962	262.6		266.4	
1963	262.1		266.1	
1964	280.5		286.2	
1965	297.6	224.8	301.0	227.4
1966	300.3	226.3	305.0	230.2
1967	302.3	185.8	306.7	188.6
1968	272.0	158.9	278.1	162.5
1969	277.7	186.9	284.2	191.3
1970	288.5	181.7	293.0	184.6
1971	294.6	193.8	297.4	195.7
1972	273.7	172.8	275.0	173.7
1973	296.8	200.3	301.1	203.6
1974	313.5	246.1	315.8	247.9
1975	310.1	207.3	293.8	197.2
1976	188.0	93.6	177.8	89.9
1977	136.2	90.9	133.8	44.5
1978	87.5	72.5	86.0	71.2
1979	84.3	84.5	83.4	83.7
1980	100.0	100	100.0	100
1981	114.2	95.3	112.6	94
1982	119.3	96.7	115.9	94.1
1983	184.7	146.3	175.5	139
1984	195.8	172.7	180.8	159.6
1985	146.8	115.7	140.1	110.7
1986	138.3	107.4	138.0	107.2

Sources: INDEC, FIEL, and *Carta Económico*.

**Table C.10** Public Utility Rates, Including Taxes (deflated by consumer prices, 1960 = 100)

Year	Overall	Gasoline	Electricity	Transportation & Communications	Industry & Services
1958	92.9	99.3	89.0		
1959	114.0	128.7	108.0		
1960	100.0	100.0	100.0		
1961	89.9	85.6	92.6		
1962	87.6	84.3	86.8		
1963	95.4	93.2	92.7		
1964	79.7	77.4	78.0		
1965	82.3	77.2	85.9		
1966	83.4	79.6	93.0		
1967	86.7	76.7	100.1		
1968	89.8	84.2	92.1		
1969	85.9	80.6	83.0		
1970	81.0	75.1	72.4		
1971	76.3	71.5	68.6		
1972	74.4	68.1	71.1		
1973	82.0	79.9	69.6		
1974	115.6	128.5	77.0	114.5	32.4
1975	120.8	140.5	61.9	115.4	45.5
1976	100.3	113.1	67.3	95.6	30.3
1977	99.1	103.3	74.8	106.9	46.0
1978	101.8	99.7	76.5	124.1	46.3
1979	79.7	77.7	64.3	95.1	38.9
1980	76.1	73.9	60.8	92.7	43.3
1981	88.3	88.1	70.4	103.1	45.0
1982	84.8	92.3	61.3	87.0	33.3
1983	100.2	118.9	69.7	83.9	26.9
1984	112.2	142.9	62.8	82.3	20.8
1985	121.9	157.0	64.2	88.5	18.6
1986	108.7	138.6	60.9	81.5	24.0

Source: SIGEP.

Table C.11 Interest Rates (monthly equivalent, in percentages)

Year	Passive					Active				
	Nominal		Consumer Prices	Real		Nominal		Wholesale Prices	Real	
	Regulated	Free		Regulated	Free	Regulated	Free		Regulated	Free
1959	0.6		6.1	-5.0		0.9		6.0	-4.5	
1960	0.6		1.5	-0.8		0.9		0.1	0.8	
1961	0.6		1.3	-0.6		0.9		1.2	-0.3	
1962	0.9		2.3	-1.3		1.0		3.0	-1.8	
1963	1.0		1.8	-0.8		1.3		1.8	-0.5	
1964	1.0		1.4	-0.4		1.3		1.4	.0	
1965	1.1		2.8	-1.6		1.3		2.1	-0.8	
1966	1.0		2.2	-1.1		1.3		1.7	-0.4	
1967	1.0		2.1	-1.0		1.3	1.7	1.6	-0.2	0.1
1968	1.2		0.8	0.5		1.3	1.3	0.3	1.0	0.9
1969	1.2		0.6	0.7		1.2	1.6	0.6	0.7	1.0
1970	1.2		1.7	-0.4		1.2	1.5	2.0	-0.7	-0.5
1971	1.3		2.8	-1.4		1.4	1.8	3.4	-1.8	-1.4
1972	1.8		4.2	-2.3		1.9	2.0	4.9	-2.7	-2.6
1973	1.7		3.1	-1.3		1.8	1.9	2.3	-0.4	-0.3
1974	1.5		2.9	-1.2		1.9	2.1	2.6	-0.7	-0.4
1975	2.1		13.4	-9.4		2.8		13.8	-8.9	
1976			13.8			4.5		14.9	-7.8	
1977			8.3					7.9		
1978		7.2	8.6		-1.3		8.7	7.7		1.0
1979		6.7	7.6		-0.8		7.4	7.2		0.3
1980		5.0	5.4		-0.4		5.9	3.9		1.9
1981		8.1	7.3		0.8		9.8	9.0		0.8
1982		7.1	10.0		-5.6		10.0	12.7		-2.1
1983	11.6	11.2	15.0	-2.9	-1.6	12.6	18.7	14.7	-1.7	3.6
1984	14.0	19.4	18.8	-4.0	0.5	15.4	19.5	18.0	-2.1	1.3
1985	12.2	14.5	14.7	-1.9	0.1	14.0	16.3	14.5	0.2	2.2
1986	4.1	5.7	5.1	-1.0	0.6	5.4	6.7	3.9	1.5	2.8

Sources: BCRA, INDEC, and *El Cronista Comercial*.

Table C.12 Exchange Rate (Austral/\$U.S.) and Prices (index 1980 = 100)

Year	Exchange Rate		CPI	WPI
	Official	Parallel		
1959	.00000079	.00000080	.004284	.007294
1960	.00000083	.00000083	.005615	.008427
1961	.00000083	.00000083	.006386	.009119
1962	.00000114	.00000114	.008054	.011891
1963	.00000139	.00000139	.010151	.015310
1964	.00000140	.00000155	.012394	.019336
1965	.00000169	.00000243	.015938	.023945
1966	.00000208	.00000243	.021016	.028718
1967	.00000331	.00000338	.027156	.036110
1968	.00000350	.00000350	.031564	.039515
1969	.00000350	.00000350	.033956	.041915
1970	.00000377	.00000384	.038566	.047817
1971	.00000466	.00000603	.051958	.066744
1972	.00000806	.00001154	.082330	.117855
1973	.00000869	.00001151	.131978	.177216
1974	.00000869	.00001608	.164021	.212681
1975	.00002600	.00007262	.464	.622
1976	.00018327	.00025107	2.52	3.73
1977	.00040989	.00040989	6.97	9.29
1978	.00079881	.00079881	19.19	22.87
1979	.00131988	.00131988	49.81	57.0
1980	.00184079	.00184079	100	100
1981	.000442917	.000442917	204	209.6
1982	.002194167	.003586417	541	746.6
1983	.010564833	.014758333	2,402	3,441.3
1984	.067888333	.089016667	17,462	23,233.3
1985	.601144167	.702058333	134,836	177,249.4
1986	.944275000	1.062191667	256,314	290,448.3



Year	M1				M4			
	Level (Austral\$)		Annual variation (%)		Level (Austral\$)		Annual variation (%)	
	Average	December	Average	December	Average	December	Average	December
1958	77.2	98.7			102.3	126.6		
1959	118.9	142.1	54.1	44.0	151.0	179.0	47.6	41.4
1960	157.6	178.5	32.6	25.6	201.9	228.6	33.7	27.7
1961	186.5	205.3	18.3	15.0	244.8	269.7	21.3	18.0
1962	209.1	219.6	12.1	7.0	280.2	300.1	14.4	11.3
1963	243.0	282.8	16.2	28.8	345.5	407.1	2.3	35.7
1964	333.7	395.6	37.3	39.9	495.5	589.0	43.4	44.7
1965	433.0	497.5	29.8	25.8	657.1	743.4	32.6	26.2
1966	555.2	671.5	28.2	35.0	844.8	996.9	28.6	34.1
1967	734.5	871.5	32.3	29.8	1,127.1	1,321.5	33.4	32.6
1968	955.0	1,104.8	30.0	26.8	1,508.4	1,740.6	33.8	31.7
1969	1,147.3	1,227.0	20.1	11.1	1,898.9	2,030.5	25.9	16.7
1970	1,299.2	1,467.5	13.2	19.6	2,219.6	2,477.5	16.9	22.0
1971	1,626.3	2,003.1	25.2	36.5	2,836.8	3,558.3	27.8	43.6
1972	2,267.2	2,881.8	39.4	43.9	4,373.4	5,501.9	54.2	54.6
1973	4,010.4	5,620.7	76.9	95.0	7,775.9	10,614.7	77.8	92.9
1974	6,791.9	8,885.0	69.4	58.1	13,434.8	16,766.5	72.8	58.0
1975	13,791.7	26,020.0	103.1	192.9	24,572.5	41,990.0	82.9	150.4
1976	55,550.8	92,630.0	302.8	256.0	117,560.0	208,160.0	378.4	395.7
1977	139,778.3	208,440.0	151.6	125.0	365,985.0	577,180.0	211.3	177.3
1978	332,817.5	563,340.0	138.1	170.3	1,024,211.7	1,550,450.0	179.9	168.6
1979	847,540.8	1,382,900.0	154.7	145.5	2,917,795.8	4,599,850.0	184.9	196.7
1980	1,851,800.0	2,735,000.0	118.5	97.8	6,480,918.3	8,781,590.0	122.1	90.9
1981	2,812,558.3	2,609,500.0	51.9	68.5	12,162,392.5	18,187,000.0	67.7	107.1
1982	7,724,483.3	14,864,300.0	174.6	222.5	27,943,508.3	43,270,500.0	129.8	137.9
1983	30,073,275.0	69,913,000.0	289.3	370.3	91,374,058.3	195,553,000.0	227.0	351.9
1984	195,426,666.7	434,804,000.0	549.8	521.9	651,666,666.7	1,320,000,000.0	613.2	575.0
1985	1,519,607,380.7	2,805,772,973.0	677.6	545.3	5,241,459,489.2	9,069,766,521.6	704.3	587.1
1986	3,749,678,561.0	4,815,167,644.6	146.8	71.6	13,706,302,624.4	18,745,450,639.1	161.5	106.7

Table C.14 Money—Real (1985 = 100)

Year	M1		M4	
	Real terms	% of GDP	Real terms	% of GDP
1958	288.6	20.8	110.9	27.5
1959	190.1	14.6	70.0	18.6
1960	218.1	15.6	81.0	19.9
1961	238.5	15.9	90.8	20.9
1962	205.1	13.9	79.7	18.6
1963	185.2	12.8	76.3	18.3
1964	201.3	12.7	86.6	18.8
1965	210.9	12.1	92.8	18.4
1966	225.5	12.9	99.5	19.6
1967	237.3	13.2	105.6	20.3
1968	281.9	15.1	129.1	23.8
1969	319.3	15.7	153.2	26.0
1970	316.9	14.8	157.0	25.3
1971	284.2	12.8	143.7	22.3
1972	224.4	9.9	125.5	19.1
1973	264.0	11.3	148.4	21.9
1974	372.5	15.1	213.6	29.8
1975	258.6	10.5	133.6	18.7
1976	173.9	7.1	106.7	15.0
1977	175.4	6.7	133.1	17.6
1978	169.8	6.7	151.5	20.7
1979	173.4	6.5	173.1	22.2
1980	216.0	7.9	219.2	27.8
1981	156.5	6.2	196.2	26.6
1982	120.7	5.0	126.6	18.1
1983	101.9	4.1	89.8	12.4
1984	98.1	3.8	94.9	12.8
1985	100.0	4.1	100.0	14.1
1986	150.6	5.8	159.6	21.3

Source: BCRA.

## Notes

### Chapter 1

1. See Ford (1983), Williams (1920), and Díaz Alejandro (1970) for Argentine economic history prior to World War II.

2. Quoted by Cardoso (1987) and Ford ([1962] 1983, 92).

3. In chapter 3, where we discuss the Martínez de Hoz period, we also give the real exchange rate based on a comparison of manufacturing prices in Argentina and abroad.

4. On the Peronist experience, see, in particular, di Tella (1983) and de Pablo (1980a, 1984).