

The Commodities Boom and Output Growth in Argentina: It Wasn't Just Good Luck

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Abstract

Many economists argued that the excellent output performance in Argentina after its debt default of 2001 was mostly due to good luck, as the 2000's commodities boom largely benefited the country. In this work I find evidence proving that rising commodity prices were not entirely responsible for this exceptional economic growth, good policy decisions also mattered. Specially, the dirty floating exchange rate adopted in 2002 boosted output more than a free floating would have done. Additionally, the adopted exchange rate policy, complemented with exports taxes, avoided inflation more effectively than a fixed exchange rate would have achieved. So, policy did matter...

Keywords: Structural VARs; exchange rate regimes; commodity prices shocks.

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