Pro-employment macroeconomic frameworks, sectoral strategies for employment creation and the informal economy.
A knowledge sharing workshop
Employment Policy Department, ILO Geneva
Geneva, 20-23 September 2011

Macroeconomic policy for full and productive employment and decent work for all. An analysis of the Argentine experience

Mario Damill, Roberto Frenkel and Roxana Maurizio

CEDES
Buenos Aires, Argentina
1. Introduction: A tale of two decades

- **Periods:**

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Event/Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981-82</td>
<td>Debt crisis</td>
</tr>
<tr>
<td>The eighties</td>
<td>&quot;Lost decade&quot;</td>
</tr>
<tr>
<td>1989-1990</td>
<td>Two hyperinflations</td>
</tr>
<tr>
<td>1991-2001</td>
<td>Hard peg (&quot;Convertibility&quot;)</td>
</tr>
<tr>
<td>2001-2002</td>
<td>Crisis, default, devaluation</td>
</tr>
<tr>
<td>2003-2006</td>
<td>New macropolicy setting (SCRER)</td>
</tr>
<tr>
<td>2006 on</td>
<td>Inflation, weakening of the SCRER model</td>
</tr>
<tr>
<td></td>
<td>Global crisis</td>
</tr>
</tbody>
</table>
Graph 2.1. Seasonally-adjusted real GDP (in millions of pesos of 1993) and employment rate
2. The Convertibility program and the labor market
Graph 2.2. Multilateral real exchange rate (Second semester 1986 = 1).
Graph 2.3. Balance of Payments (Four quarters m.a. in millions of dollars)
Graph 2.5. Primary result of the National Public Sector (% of GDP).
Graph 2.6. Aggregate financial surpluses by sector (% of GDP)
The labor market in the nineties

Graph 2.8. Average wage and unit labor costs in constant US dollars in the manufactures (first quarter of 1986=100)
Graph 2.10. Labor market indicators: Participation rate, Employment rate, Employment rate excluding PJJHD; full-time employment rate excluding PJJHD (as % of total urban population).
Graph 2.12. Real per capita family income (in pesos of May 1998).

First half of the '90s: Constant trend
Second half of the '90s: Growing trend

Monthly labour income. Total workers
Monthly labour income. Wage earners
Hourly labour income. Total workers
Hourly labour income. Wage earners
3. Macroeconomic policies and the labor market in the 2000’s

A radically new scenario
Macroeconomic policies after 2006: the SCRER framework looses coherence

<table>
<thead>
<tr>
<th>Year</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>41.0</td>
</tr>
<tr>
<td>2003</td>
<td>3.7</td>
</tr>
<tr>
<td>2004</td>
<td>6.1</td>
</tr>
<tr>
<td>2005</td>
<td>12.3</td>
</tr>
<tr>
<td>2006</td>
<td>9.8</td>
</tr>
<tr>
<td>2007</td>
<td>26.6</td>
</tr>
<tr>
<td>2008</td>
<td>23.0</td>
</tr>
<tr>
<td>2009</td>
<td>14.8</td>
</tr>
</tbody>
</table>
Graph 3.1. Average country-risk premium for emerging market economies and for Argentina and Brazil (in basis points).
Graph 3.2. External asset accumulation of the non-financial private sector (millions of US dollars).
Graph 3.4. Fiscal impulse (% of GDP)
Graph 3.5. Stock of foreign reserves of the Central Bank (billion dollars).
Graph 3.6. Multilateral real exchange rate and real exchange rate with the US dollar (December 2001=100).
Graph 3.7. Evolution of monetary aggregates in real terms.
Employment, unemployment, wages and income distribution in the 2000’s
Graph 3.9. Employment and Full-time Employment rates. Total urban centers, I quarter 2003-II quarter 2010
Graph 3.10. Unemployment rate. Total urban centers, October 1995-II quarter 2010.
Graph 3.13. Percentage of non-registered wage earners in total wage earners. Total urban centers, III quarter 2003-II quarter 2010
Graph 3.15. Inter-annual real GDP and private jobs registered in the Social Security System growth (2003-2010, %).
Graph 3.16. Employment rate by educational level. Total urban centers, III quarter 2003-II quarter 2010 (III quarter 2003=100)
Graph 3.18. Real income from main occupation. Excludes employment programs. Total urban centers, October 1995- II quarter 2010 (Index October 2001=100, deflated by CPI and CPI-7)
Graph 3.19. Real wages from main occupation of registered and non-registered wage earners. Excludes employment programs
Total urban centers, October 1995- II quarter 2010
(Index October 2001=100, deflated by CPI and CPI-7)
Graph 3.20. Real Minimum Wage, 1995-2010
(in pesos of August 2010, deflated by CPI and CPI-7)
Graph 3.22. Real Per Capita Family Income. Total urban centers, October 1995- II quarter 2010 (Index October 2001=100, deflated by CPI and CPI-7).