Neoliberal globalization and the Argentine Great Depression: deconstructing the discourses of the IMF and private finance

By

Christian Hernandez

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Abstract

Despite the waning prominence of the vast and diverse literature on globalization, the debate remains unresolved, as globalization's logics continue to buttress neoliberal economics (Hay & Smith, 2013; Smith, 2005). As Cameron and Palan posited thirteen years ago, "the spread of globalization in practice continues unabated" (2004). Of importance herein is how neoliberal globalization is understood, as a concept and in material terms (Marsh, 2009), as well as how it has spread spatiotemporally (Peck & Tickell, 2012). Contributing to constructivist globalization scholarship, this thesis argues that ideas are central to how "material reality" or "globalization in practice" is shaped and understood (Schmidt, 2013). Henceforth, it interrogates the space for alternatives to globalization's logics by focusing on the ways ideas shape policy and normative understandings by (respectively) examining the IMF-Argentine consultations (1976-2006), and the discourses of the financial press (1997-2006). The methodology builds on Broome and Seabrooke's (2007) historical content analysis. The findings show that in both cases ideas entertained came from within globalization's logics, resulting in policies and a discourse that reflected and reinforced these ideas. Ultimately, this thesis shows the centrality of ideas to "real outcomes," as well as how they are used to construct understandings thereof.

For Hugh, Brock, Jessica, and Jennifer.

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Lastly, I'd like to thank my wife Jennifer for her strength, as well as her faith in me. So far it has been an amazing ride together, and she has shown her endurance by not only helping me see this through, but giving me two baby boys along the journey. Yes, my wife and I have had two children (now 5 and 3 months) during my period of study. In these 6 years, I have gotten a little taste of underpaid as well as unpaid labor, while serving as a researcher, and during certain stretches moonlighting— both figuratively and literary— as the sole care provider for the two young chaps. Likewise, the PhD and care of these children has been both challenging and rewarding. However, the economic, social, and even psychological plight of unpaid or unsupported laborers is an issue that I have now experienced firsthand. In turn, it has opened me to the struggle and issues of modern day feminists—who have my support and sympathies. As the cliché goes, "it takes a village to raise a child."

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Introduction

Globalization and Argentina: an introduction

> JENSEN: *You are an old man who thinks in terms of nations and peoples. There are no nations! There are no peoples! There are no Russians. There are no Arabs! There are no third worlds! There is no West! There is only one holistic system of systems, one vast and immane, interwoven, interacting, multi-variate, multi-national dominion of dollars! Petro-dollars, electro-dollars, multi-dollars!, Reich marks, Rubles, Rin, Pounds and Shekels! It is the international system of currency that determines the totality of life on this planet! That is the natural order of things today! That is the atomic, subatomic and galactic structure of things today!*
>
> *… It has been since man crawled out of the slime, and our children, Mr. Beale, will live to see that perfect world in which there is no war and famine, oppression and brutality— one vast and ecumenical holding company, for whom all men will work to serve a common profit, in which all men will hold a share of stock, all necessities provided, all anxieties tranquilized, all boredom amused. And I have chosen you to preach this evangel, Mr. Beale.*
>
> BEALE: *(humble whisper) Why me?*
>
> JENSEN: *Because you're on television, dummy. Sixty million people watch you every night of the week, Monday through Friday.*
>
> (Excerpt from the movie *Network*, 1976)

Although the movie *Network* was a critique of the trajectory of our economic order, it is interesting to see that, as far back as 1976, there appeared to be an acute awareness of the normative struggle taking place between the ideological remnants of the quasi-Keynesian, Bretton Woods system and the resurgence economic liberalism, being presented in a "globalist" wrapping. This forty year old movie's monologue was also able to presage the problematic logic behind the positivist, pseudo-scientific theories that— despite relying on media and politics for their acceptance— buttress and advance a neoliberal policy paradigm. While the academic debate on globalization was still 20 years away, the 1970s was a period wherein Western states grappled with the reconfiguration of the Bretton Wood's system. Precisely, it was during this period when demand-side policies based on Keynesian economic theories lost their primacy to supply-side focused postulates of neoclassical theory— which undergird the neoliberal policy paradigm of present (Harvey, 2007; Hay, 1996, 2010; Helleiner, 1993; Konings, 2007; Lucas, 1981).

Herein, the relevance of the movie *Network* is found within its awareness that this neoliberal project would inevitably face political resistance, especially to its rigid and austere policies. In turn, the relationship between Jensen and Beale, personifies the dynamic between neoliberal economics and the discourse or “logics of globalization” (Hay, 2013; Hay & Watson, 2003). In other words, neoliberalism can best be understood as the current or orthodox policy paradigm, while globalization can be seen as a discursive social construct that attempts to rationalize the use of these supply-side policies. Thus, a key point of interrogation herein is in understanding how these “social constructs” are deployed in practice.

Taking this further, Hay and Smith’s concept of “neoliberal globalization” itself leads to a potential dialectical dynamic between neoliberalism and globalization, and what it results in.[1] Ultimately, the central task of this thesis is not just to show that ideas matter, but rather, how ideas matter, in what ways have they been used within different spaces, and lastly by whom? In order to accomplish this objective, this thesis interrogates how the ideas and discourses of globalization function in practice. Precisely, this is accomplished within the thesis’ empirical analysis, which examines how globalization’s logics work within institutional structures, as well

[1] For Hay and Smith, globalization can be understood as a discursive logic, which can be deployed in order to set “clear limits on what is possible in economic, social and political terms” (2013). Moreover, globalization in this form becomes “irredeemably neoliberal” (2013). The concept of “neoliberal globalization” itself can be operationalized via the contents of the ideas within the discourse. Herein, neoliberal globalization not only rationalizes the use of austere fiscal policies, but it can also promote neo-monetarist policies, such as those in favor of central bank independence, as well as the liberalization of financial markets (Hay & Smith, 2013). More broadly, globalization [in this sense] is deployed as a “logic of external economic compulsion” that not only rationalizes the above-mentioned policies, but instills “a profound confidence in the superiority, all things being equal, of private, market or quasi-market mechanisms over collective, public or state action or intervention – they are all, in other words, neoliberal” (Hay & Smith, 2013). Nevertheless, the key difference is that neoliberalism represents a supply-side focused policy paradigm, while globalization (neoliberal globalization included) represents a discursive construct that seeks to rationalize the aforementioned.

how these logics work their way through the public discourse. Within these spaces, it gauges how and to what degree these logics are deployed to promote or rationalize neoliberal ideas and policy outcomes by measuring their ability to crowd out the space for alternatives. Specifically, this thesis empirically examines how the logics of globalization are deployed within international financial institutions, such as the International Monetary Fund (IMF) (Stiglitz, 2002; Woods, 2006), as well as in national economic discourses (Hay & Watson, 2000).

The 2018 World Economic Forum's annual meeting, which emphasized the need to support globalization, both as a political and economic project has brought the concept back into the discursive forefront (World Economic Forum, 2018). More proof of its enduring saliency can be found in the bourgeoning, decade long backlash in the West, wherein states have not only challenged its efficacy, but have begun to raise the question of *deglobalization* (Buti & Pichelmann, 2017; Bello, 2017; Rodrik, 2016). In the West, economic conditions in Greece have been the harbinger for the *deglobalization* movement, which despite austerity measures and the gamut of supply-side initiatives— mostly as a result of concessions with the IMF— remains mired by chronic economic failures and political flare-ups (Bello, 2013). Moreover, recent elections within G7 nations such as, the US, the UK, France and Italy— essentially states behind globalization's initial thrust— have shown the rise of right-wing populism (Buti & Pichelmann, 2017) partly in response to lingering economic (Bello, 2017; Rodrik, 2016) and political frustrations (Stoker & Hay, 2017) with the "global" order.

Yet, despite the characterizations of the mainline press, which discount protests as xenophobic and reactionary demands for balkanization, scholars see this growing discontentment as "an opportunity to redress the imbalance between global markets and national responsibilities" (Rodrik, D. 2016; also see Stoker & Hay, 2017). It also appears to be a consequence of the failure (or “neoliberalization”) of left wing parties— who have traditionally represented the more egalitarian or demand-side focus of the post-war Keynesianism— to engender change on its professed terms. Case and point herein is the work of Colin Hay on the British Labour party’s embrace of “third way politics” via the deployment of neoliberal globalization’s externalizing logics (see Hay, 1999, 2004; Watson & Hay, 2003). Despite the ostensible space for convergence, clear ideological differences, which are accentuated and capitalized on by the press (Davis & Dunaway, 2016), continue impede the formation of a truly bi-partisan consensus against neoliberalism (also see Mason, 2015). Therefore what all this dissonance suggests is that the globalization debate remains unresolved.

Perhaps the movie Network was ahead of its time as the “official debate” on contemporary globalization did not take off until the 1990s, 15 years thereafter. Since then, a vast and highly contested literature on globalization has been amassed (Bylth, 2003; Cameron & Palan, 2004; Cerny, 2006; Dicken, 2015; Hay & Rosamond, 2002; Hirst & Thompson, 1996; Ohmae, 1996). Despite this, international political economy (IPE) now appears to emphasize issues of global capitalism or neoliberalism itself. Nevertheless, globalization’s core logics continue to rationalize, both the efficacy and continued use of policies derived from neoliberal or neoclassical economic thought, as well as the position of privilege held by high finance. Or as Cameron and Palan posited thirteen years ago, “the spread of globalization in practice continues unabated” (2004). Despite the waning prominence of the academic debate on globalization, many of the issues remain unresolved especially in practice, as “neoliberal globalization’s” logics continue to buttress, both neoclassical theories and the neoliberal policy paradigm (Hay & Smith, 2013; Smith, 2005: 201; also see Hall, 1989).

Issues with the globalization debate and the "waves" typology: a measurable phenomenon or a complex, non-linear reality?

Within the globalization debate, the "hyperglobalist" as well as its "business school" variant are two of the most faithful promotors of neoliberal and neoclassical, market clearing doctrines (Hay, 2007; Hay & Marsh, 2000; Smith, 2005).[2] Authors that ushered in the concept of globalization cited the end of the Cold War as its advent (Ohmae, 1996; Yergin and Stanislaw, 2002; Razu, 2006; Robinson, 2014) while others have emphasized technological advances, in order to highlight the ease of global communication and transportation (Friedman, 2006; Nye & Donahue, 2000, Porter, 1990). Altogether, the hyperglobalist argument is that in order for states to compete within this new world order they will need to further liberalize their economies (Ohmae, 1990; O'Brien, 1992; Reich, 1991). However, the overarching thesis of this dominant, hyperglobalist position is that the global economy is inexorably caught in a race to the bottom, wherein nation-states are obliged to attract footloose capital by liberalizing its tax, fiscal, labor, regulatory and monetary policies. Ultimately, this rigidly neoclassical framing precludes or severely limits the space for the prior Keynesian or heterodox economic policies.

However, scholarly critiques on the subject of globalization now span two decades. And despite the various theoretical contributions, such as those coming from so-called "second" and "third wave" theorists, the concept of neoliberal globalization continues to play "an important role in shaping institutional manifestations," and has ultimately retained its "extremely influential" position within "…business and policy-making communities" (Cameron & Palan, 2004: 28; also see Thrift, 1998). For Cameron and Palan this disconnect (between practice and theory) is precisely why the popular "waves" typology is problematic as it is drawn in a manner

[2] The hyperglobalist thesis' overarching message posits that in order for developed, Western states to compete in the new global order they will need to further liberalize their economies.

that suggests that there has been a sort of evolutionary progression (Cameron & Palan, 2004: 29, 41). In other words, just like the inherent incongruities at the ground level (e.g., rationales animating rebukes from both the ideological left and right) different "narratives of globalization particular to specific communities," can exist in mutually exclusive ideational spaces (2004:29). While the "wave typology" traces back to Kofman and Youngs (1998), as well as Held, Et al. who delineated the bodies of globalization literature via the terms: "hyperglobalist", "skeptics," and "transformationalists" (Held & Mcgrew, 2001; Held, McGrew, Goldblatt, Perraton 1999; also see Michael, 2003).[3] This thesis in particular is inspired by and updates the typology found within Nicola Smith's organization of the globalization literature, which ultimately emphasizes the importance of ideas in relation to these abovementioned positions (2005).

The initial response to the hyperglobalist thesis came from the skeptics, which empirically contested the notion of globalization by gauging the level of integration (Hirst &Thompson, 1998; Rugman, 2001; Wade, 1996). Their findings suggested that the Pre-WWI economy was actually more globally integrated, and that the current level of interconnectivity was much more indicative of regionalization.[4] In contrast, transformationalists saw globalization as actually occurring, albeit in a much more non-linear, multifaceted manner (Giddens 2015, 6; Held 1999, 14-15; Scholte 2003, 85). Yet, these positions had little effect on each other or the hyperglobalist view, as they by and large existed as "different narratives of globalization

[3] The most prominent version of the Waves was set up by Held, who delineated the three waves as: the hyperglobalist, skeptical, and transformationalist (Held, McGrew, Goldblatt, Perraton, 1999). Constructivists, like Hay and Marsh have also taken to the "three wave typology;" however, substituting the transformationalist position with their own, third wave, constructivism (1999). Martel notes there are multiple iterations of the wave typology, as well as those claiming to occupy the "third wave".

[4] The concept of regionalization itself, which stemmed from these earlier, "skeptical" works continues to be developed within the academic literature (See Hirst, Thompson, Bromley, 2015; Keating & Loughlin, 2013; Pettman, 2016; Rugman 2001; Sunkel & Inotai, 2016)

particular to specific communities, and different voices through which they are articulated" (Cameron & Palan, 2004).

For Martell, the broad scope of the globalization literature, as well as the problematic configurations of the "waves" typology, requires works to specify the area of engagement in order "to ensure greater depth of analysis" (Martell, 2007; also see Tomlinson, 1999; Pieterse, 2004). This quasi-compartmentalized dynamic resulted in vast swaths of loosely— if at all connected— "globalization" literature, which also branched out into studies of cultural dynamics and class struggles (Martell, 2007). Herein, Martel notes of the various interpretations of the "third wave," which are much more heavily focused on ideational or discursive centered approaches than the abovementioned transformationalist "third wave" (Martell, 2007). These iterations of the "third wave" not only include the constructivist strand covered at length herein, but also Ian Bruff's "third wave" typology (2005), which includes a neo-Gramscian focus on class struggle (Bruff 2005; Burnham 2006; Cox 1987; Jessop 1997; Levy & Newell 2002; Overbeek & Van Apeldoorn 2012), as well as post-structuralist and postmodern frameworks (Jessop, 2004; Palan, 2013), which are emphasize nuanced, descriptive accounts that see theorizations as mere pretension (Martell, 2007; also see Hay, 2002: 27). [5] Additionally, post-colonial literature— particularly that of Walter Mignolo— have conceptualized "globalization" as an extension of colonial or Western epistemic and/or hermeneutic framings, which have historically subordinated or "subalternized" non-occidental theorizations and wider forms of knowledge (Mignolo, 2012, 2015a; also see Grosfoguel, 2011).[6]

[5] Also see feminist accounts of globalization (Bergeron, 2001; Nagar, Et al., 2002; Sassen, 1999).
[6] In this sense, post-colonialist suggest that both the idea and material reality of globalization or the "global market," which are respectively dominated by Western intellectuals and financiers, is intrinsically hegemonic (Mignolo, 2012: 13, 21. While this thesis remains embedded or tied to what can be considered "Eurocentric" epistemological frameworks it is nonetheless self-aware of this issue while also suggesting that via this thesis' theoretical synthesis,

Nevertheless, to ensure “analytical depth” and “rigor” in the face of this complex, expansive, multifaceted, and even problematic body of globalization literature this thesis narrows its focus to issues of economic globalization. Specifically, it critically engages with the more dominant camps set out as the: hyperglobalist, skeptics, transformationalists, and constructivist positions. Additionally, herein the “wave” typology is set aside, due the confusion caused by its various iterations, as well as the inherent temporal spuriousness it may convey (Cameron & Palan, 2004; Martell, 2007).

Reconstructing globalization

While the abovementioned hyperglobalists, skeptics, and transformationalist tend to approach globalization as if it were a material reality, social constructivist (Hay, 2011; Hay & Rosemond, 2002; Schmidt, 2010; Smith, 2005) suggest that understanding globalization as a normative or ideational phenomenon is a more fruitful endeavor. For constructivists, the importance of ideas means that there is more to globalization than what can be tallied from the ledgers of states, institutions, and businesses. [7] In turn, constructivist political economists see globalization’s power based in its ability to construct what are by and large normative constraints, as Hay and Watson noted, they foster “a logic of no alternative” (Hay & Watson, 2003; Smith, 2005; Hay, 2007). Moreover, by treating globalization as an external constraint— it serves as a rationale for the depoliticization of economic policymaking. In concurrence, other scholars sensitive to the effects of ideational factors, such as Cameron and Palan have emphasized how social

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it also affirms that Latin American intellectuals on the periphery, “border” can indeed “think” (Mignolo, 2012, 2015a).

[7] Perhaps one of the more understated suppositions in Keynes’ work is that he in fact saw economics as a social construction, as opposed to a natural or readily quantifiable order (Keynes, 1936: 383, 69-70; Minsky, 1986; Widmaier, 2003; Keen, 2011). Moreover, Keynes’ heavily cited “animal spirits” quote not only acknowledges the inherent intersubjectivity of economics, but also critiques the efficacy of quantitative forecasting (1936).

constructions or efforts to “frame” a discourse within certain parameters, which effectively constrains the space for choice or alternatives (Cameron & Palan, 2004).

However, one concern that has been raised within the constructivist literature itself is the need to also account for the harsh realities of material factors, as well as their potential constraining effects on ideas (Marsh 2009; Smith & Bates, 2008: 202). For instance, Marsh diverged from his past concurrence with Hay by positing that material, as well as ideational factors work to either constrain or facilitate agents (Marsh 2009: 686-687; Hay 2002: 208). Accordingly, for Smith, “at its heart, the globalization debate is about the power of capitalism, and whether or not that power ultimately servers to determine the decision and actions of national governments (Smith, 2005: 197). Smith’s observation leads to two points:

Firstly, what ultimately shapes our material reality are “the choices and actions of human actors,” in policymaking positions or institutions, which by their nature tend to operate via the discursive and ideationally laden processes of deliberation, wherein “different types of ideas (cognitive and normative)” come into play (Smith 2006: 198; Schmidt, 2008, 2010). A second point of emphasis, which appears to parallel the work of Peck and Tickell (1994, 2002, 2012) on the variegated path of neoliberalism itself suggests that the way in which ideas affect decision-making or policy outcomes must be considered within “specific national contexts,” as spatial, and even temporal variances come into play (Smith, 2005: 198; also see Brenner, Peck, & Theodore, 2009; Foucault, 1979, 1986; Jessop, 2000).

To this end, for Smith and Bates, a greater inclusion of the dynamics of geographical space and time, in both theoretical and methodological frameworks would “explicitly refute the ‘logic of no alternative’” by way of “acknowledging that a multiplicity of alternative possibilities and futures exists…" (2008: 202). These are two critical points as it appears that while constructivism has been able to pick up on globalization's normative constructions, it should not lose sight of how material factors can concurrently effect agents, institutions— and how they might form a bi-directional feedback loop. Thus, these two observations suggest that a bi-directional flow exists between ideational and material factors, but also that spatiotemporal variances effect how ideas and discourses (of globalization) develop within different institutional settings and also how they are internalized by agents.[8]

One such approach that systematically reconciles the abovementioned need for balance (between the material and ideational) is provided by Vivien Schmidt's analytical framework (Schmidt 2008). Due to abovementioned desire for balance its worth noting that— the emphasis or importance of Schmidt's analytical framework to this thesis is not due to the ideational distinction between appeals making either normative or cognitive arguments (2003). Rather, the focus herein is on the ideas trafficked within the analytical distinctions Schmidt makes in discerning between institutional discourses with material consequences *vis-à-vis* those deployed to influence or "frame" the parameters of agents' ideas (Schmidt, 2003, 2008, 2014; also see Cameron & Palan, 2004: 51).

Specifically, Schmidt's discursive institutionalist (DI) framework separates institutional or other policy building discourses from those put forth by market, media, and political interlocutors that traffic in the ideational centered "process of persuasion" (Schmidt, 2014). For instance, Schmidt identifies *coordinative discourses* as those that take place within organizational structures, institutions, or epistemic communities whose outcomes materialize as

[8] Nonetheless, this links back to prior debates on the concept of reflexivity, as well as the "adjustments" made by constructivists *vis-à-vis* the antecedent work and critiques of reflexive scholars (Knafo, 2016; also see Cox, 1981).

either policy or some sort collective action (Schmidt, 2014). Conversely, *communicative discourses* are best understood as ideational constructions that operate within the public relations or political sphere, with the end goal of influencing agents or other target audiences (Schmidt, 2008). In turn, the thesis' two empirical sections are divided along these lines, as an account of these spaces illustrates the variegated ways in which these social constructions impede or catalyze change.

Schmidt also posits that her (DI) framework can serve as a means to bridge the gap within historical institutionalists (HI) works who tend to describe change "rather than explain it by reference to what actors themselves think and say that leads to change" (Schmidt, 2006, 2007, 2008; also see Hall & Taylor, 1998).[9] For Schmidt therefore, focusing on the content of the discourses (e.g. what agents say) helps get closer to the actual processes of change (Schmidt, 2008). Her work in particular falls into the (DI) camp, a self-applied term used both by Schmidt and Hay (Hay & Rosamond, 2002; Abdelal, Blyth & Parsons, 2015; Schmidt, 2010).

Nevertheless, Schmidt suggests that synergies can result from combining HI "rules and regularities," as the "HI analysis elucidates structures and DI illuminate agency…" (Schmidt, 2008, 2010). For instance, Schmidt argues that the incorporation of historical institutionalist (HI) methods can help demystify how institutions constrain or encourage actors, who internalize its rules and norms (2010). Additionally, HI's focus on tracing institutional processes over time can be specifically applied to gauge how ideas or discourses evolve (or persevere) (Schmidt 2010, 12). However, it is important to note that this constructivist-institutionalist synthesis is not

[9] Schmidt posits that HI frameworks have a tendency to either "turn to RI [rationalist interpretations] for a calculus-oriented agency or SI [sociological interpretations] for culture oriented ones" (Schmidt, 2008; also see Hall & Soskice, 2001; Garret, 1998; Scharpf, 2000; Streek & Thelen, 2005; Thelen, 2001; Weiss, 2003, 1997). In turn for Schmidt, agential interests are not objective because "interests are ideas and, as such subjective," but this "…is not giving way to total uncertainty or denying that there is a material reality… because subjective interests as well as institutions can be real even if not material" (Schmidt, 2008).

exactly groundbreaking, as the analytical framework used in Broome and Seabrooke's studies on the IMF negotiations actually operationalizes much of Schmidt's argument (2007; 2008; see chapter 2). In turn, their methodology provides a ready-made framework to analyze institutional discourses. And with some alterations, it can also serve as an organizational template for the analysis of *communicative discourses*. [10]

Ultimately, the central task of this thesis is to understand how ideas about globalization matter. In other words, how these "globalizing" ideas function in practice— and also, how these normative constructs work to promote or rationalize neoliberal policies and outcomes by measuring their ability to crowd out the space for alternatives. Therefore, in order to interrogate how these discursive constructs or "logics of globalization" have been deployed, either within the deliberations of global institutions or public discourses the thesis must turn to an empirical examination. Ultimately, this theoretical framework not only informs the empirical analysis by focusing on "how, when, where, and why ideas and discourse matter" in terms of institutional change, but also how spatiotemporal variances create a need for contextualized accounts (Schmidt, 2010). For this thesis, the application of Schmidt's framework does not intended to find a correlation between the two discourses, but rather it seeks to show the different the ways and spaces wherein the "logics of globalization" can be used to either catalyze or impede change. In turn, the thesis' focus on Argentina satisfies the abovementioned critiques (Smith & Bates, 2008; also see Peck & Tickell, 2002), which stressed the need to account for the inherent variances of neoliberal globalization's social constructions within time and space.

Methodology

[10] A detailed account of the methods employed in this thesis are found in chapter 2.

As mentioned above, the overarching structure of this thesis' adopts Schmidt's framework, which differentiates between internal and external discourses (2010). However, within this distinction this thesis incorporates and builds upon Broome and Seabrooke's qualitative methods, which provides a means to trace and detect liberal bias within International Monetary Fund's internal discourses (2007; 2008). This particular methodology is unique in its ability to "narrow the focus" to how the agents internalize deliberative discourses, which allows for an analysis with a greater emphasis on how its policy advice was arrived at, and also how it has evolved over time (2007, 579). In turn, this thesis' methodology is influenced by the work of Broome and Seabrooke's 2007 and 2008 studies on the IMF's biases (2008; 2007).

However, it does advance their methods by applying modified iterations that not only cover the *coordinative discourses* of the IMF, but also the communicative *discourses* of the financial press. Overall, this exercise delineates the IMF's policy advice for the specific purpose of assessing its flexibility with regards to a nation's political economy. Accordingly, the data is drawn directly from the Article IV consultation's Staff Reports and Executive Board meetings.[11]

Altogether this first section, forms a historical tracing of the institutional dynamics within the IMF-Argentine debt negotiations.[12] This is done by incorporating Broome and Seabrooke's historical process tracing methods, which cover the Article IV negotiations held from 1976 until their ultimate withdrawal in 2006.[13] The focus on the institutional dynamics of the IMF contributes to understanding the spatiotemporal variances of neoliberalism's spread, as well as its role as a "globalizing institution" (Woods, 2006). Overall, this particular section examines

[11] A comprehensive explanation systematically delineating how Broome and Seabrooke's methodological framework is operationalized can be found in chapter 2.
[12] Herein, a total of 60 IMF Staff reports and Executive Board Meetings— with dates ranging from 1976-2006 are analyzed.
[13] Broome and Seabrooke's processes tracing methods "trace how IMF staff and Executive Board advice compares with actual changes to taxation and monetary regimes" (Broome & Seabrooke 2007; 2008).

how the logics of globalization constrain the deliberative space for heterodox policies.[14] The upshot herein is that economic policy is much more endogenously or politically driven than the externalizing, (pseudo)scientific logics of neoliberal globalization or neoclassical economics would suggest.

The methods within this thesis' second empirical section bring into focus the discourses of global finance within Argentina. These cases, which focus on the narratives of the press and the financial executives they interview and cite— provide a content analysis of the *communicative discourses* inspired by the methods of Broome and Seabrooke. It begins from the initial influx of foreign finance capital in 1997 through aftermath of the Argentine Great Depression, which led to the abrupt departure of several foreign banks leading to a systemic restructuring.[15] It specifically interrogates how Argentina's financial crisis was explained and interpreted within the press and how globalization's logics, as well as other neoliberal or neoclassical discourses— and broader narratives were constructed. The overall aim of the cases is to uncover the explicit aims or content of the discourses of neoliberal globalization, and also show how they have spread through different spaces and times.

Altogether, this second empirical section examines the dominant ideational constructions by collating the bias of discourses and broader narratives on Argentina's relationship with international finance. While the discourse analysis within the first section examines the closed-door, policy oriented deliberations between IMF executives and Argentine authorities, the goal herein is to examine not so much the direction of the policy, but rather the direction or biases of the narratives that the press and financial executives outwardly projected. As a result, the

[14] In order to distinguish between orthodox and heterodox policy mixes, these terms are first operationalized in detail within the thesis' methodology (see chapter 2).
[15] The financial institutions specifically in question are Scotiabank, Crédit Agricole, Citibank, as well as their respective subsidiaries.

discourses sampled survey the domestic press' reporting, editorials as well as paying close attention to the firsthand accounts made by financial executives therein. Overall, the analysis collates the dominant narratives and characterizations of competing theories and policies.

This ties back to the thesis' core empirical question of how globalization is deployed in practice by interrogating how and if the concept of globalization was interwoven into the discourses, and what exactly this narrative rationalized or advocated for, at different times. In turn, this contributes to the constructivist understandings of the role and effects of intersubjective factors. It also begins to reveal the bi-directional dynamic that exists between globalization as a discourse and neoliberalism as an economic paradigm.

The case of Argentina

As noted above, the theories and methodological framework previously outlined guide this thesis' empirical analysis, which examines the IMF-Argentine negotiations, as well as the narratives or normative constructions found within the discourses of Argentina's national press. The goal in applying the aforementioned framework empirically to the Argentine case is to illustrate how globalization discourse effects policy outcomes, and also how "global logics" are ultimately legitimized via public discourses. Therefore, as mentioned above the empirical case studies are divided between coordinative and communicative spheres.

Specifically, the first set of cases examine the *coordinative discourses* within the IMF-Argentine article IV consultations. Herein, emphasis is on how the logics of globalization crowded out the space for alternative policies. This second section analyzes the *communicative discourses* from 1997-2006. Specifically, it examines the press' discourses during the 1990s privatization boon, as well as the subsequent financial crisis, which lead to the capital controls known as the "corralito."[16] Altogether, the emphasis of this second empirical section is on understanding if and how the press's narratives legitimated the liberalization and consolidation of Argentina's financial sector during the 1990s, as well as how it framed understandings of the ensuing economic crisis— including how the "corralito" (Argentina's current account bail-in) was explained, and lastly how it framed the ensuing reform period.[17]

The choice of Argentina itself is significant, as its political economy serves as an axiom of neoliberal globalization's thriving instability. In a relatively short span (since the mid-1970s), Argentina's political economy has cycled through multiple economic reconfigurations and crises.[18] Argentina was also once considered the IMF's model state (Camdessus, 1998). Yet, for all the praise of the neoliberal reforms of the 1990s, Argentina would ultimately break through the normative constructs of globalization and enact structural policies that reasserted the role of the state via the re-nationalization of state assets and financial reform. However, the 2015 election of the Argentine president Mauricio Macri— who ran on a platform of economic

[16] The *corralito* (enacted on December 1, 2001) was a current account bail-in that nearly eliminated the circulation of paper currency as it capped cash withdrawals to 250 pesos per week, which forced Argentinians to conduct transactions above this monthly limit with the bank as the intermediary (i.e., through checks, debit cards or wire transfers).

[17] It is important to note that this thesis interrogates the potential role of the "corralito" as a political construction and/or non-sequitur, which it suggests as being either neglected or understated (Cafiero and Llorens, 2002; also see chapter 2).

[18] These included the inflationary crisis of 1976, which lead to the political and economic instability that played a role in the rise of the military junta (1976-1983) -- who quickly re-established relations with the IMF and also implemented liberal, trade and regulatory reforms. However, these neoliberal reforms coupled with added military spending failed to curb inflation, and ultimately caused a massive increase in external debt, which included IMF loans (World Bank, 1993). During the administration of Raul Alfonsín (1983-1989), persistent bouts inflation culminated in hyperinflation (1989). Under Menem (1989-1999), the response to the hyperinflation was deflation via the policy of Dollar-Peso convertibility, this quasi peg on the USD was to be underwritten by austerity measures and the revenue from Menem's privatization project that lead to the consolidation and deregulation of Argentine finance. However, the Menem's neoliberal reforms were followed by widespread unemployment and a cessation of lending, which lead to a deflationary spiral culminating in the 2001 financial collapse, which saw a series of ineffective bank bailouts and bail-ins. From 2003-2015, Nestor and Cristina Kirchner presided over the 12 year break from the liberal policies of the 1990s, which ultimately pulled Argentina out of its depression and rolled back the neoliberal reforms and even reclaimed many of the formerly state owned assets.

liberalism and fiscal restraint— proved that, even for Argentinians, the logics of globalization are not only relevant, but powerful enough to win a presidential election.

To date, much of the literature on the Argentine crisis has focused on whether the privatizations that took place during the 1990s can be considered a key causal factor. For instance, a large number of works defended privatization and liberalization, mostly on the grounds of the microeconomic efficiency and profitability it purportedly afforded (Chong & Lopez-Silanes 2004, 54; Manzetti 2008, 2009; Di Tella et al. 2008; Dove 2012). However, works critical of Argentina's privatization program suggest that this very focus on "efficiency" and "profitability" was directly responsible for the record levels of unemployment during the 1990 and early 2000s (Azpiazu 2002; Baer & Montes-Rojas, 2008; Dagdeviren 2011; Manzetti 2009; Rodriguez-Boetsch 2005).

Another area of the Argentine crisis that was extensively covered was the dynamics between the state and subaltern groups (Erbetta 2011; Fiorentini 2012; Munoz, 2009a, 2009b; Schaumberg, 2008; Theophanous, 2003; Sikkink, 2008). These works presented the nation-state as a buffer or mediating force, not just between the external demands of foreign capital, but those of ground-level, grassroots protestors. Moreover, for Cooper and Momani the "coercive power" of external actors (e.g., the IMF, bond holders and foreign finance) was actually scattered and even elusive (2005). Overall, the literature was able to piece together how the state and internal forces were able to evade or resist neoclassical dictates. However, much less emphasis was placed on the inverse— that is on mapping out how these "external forces" applied pressure or reacted to the internal forces. In other words, although the abovementioned literature covered much of the internal dynamics and the political discourse of politicians, the discourse of global or external forces (e.g., the IMF and foreign banks, and the financial press) within Argentina itself received much less attention, which is exactly what this thesis attempts to cover.

One reason for the lack of attention on the role of “global forces” is that much of the aforementioned literature focused on the outcomes, as well as who or what was to blame for the crisis—citing the state’s lack of oversight, the machinations of large multinationals, and even the interference of international institutions, and on some occasions even their lack of involvement was given as cause (Cavallo, 2004; Cooper & Momani, 2005). In other words, much of the literature’s focus was on outlining the economic and political failures of politicians, corporations and institutions—which left out the ideational and discursive dynamics therein. For instance, in terms of the IMF, politicians and scholars have pointed to their loan stipulations as one of the primary reasons for the Argentine crisis (Azpiazu, 2002; Ennis & Pinto, 2002; McKenzie & Mookherjee 2003).[19] Nonetheless, the analysis found within these works focused on the outcomes, despite that they were also implying that the *coordinative discourse* within this institution impinged upon the ideational space for Keynesian style, counter-cyclical policy making.

Therefore, what was left out of the abovementioned works was an account of the deliberations with these global actors or institutions, which would establish causality for the choice of policies. To this end, the focus of the first set of empirical cases is on how the logics of globalization within institutional settings— specifically, the IMF-Argentine Article IV negotiations— affects or sustains ideas that ultimately materialize as policy. However, this is well worn ground, as Ngaire Woods’s seminal work on international institutions posited that the

[19] These works specifically question the efficacy of the IMF’s loan stipulations, which were said to have influenced and even hindered Argentina’s ability to respond to the changing economic conditions during the course of several administrations including those headed by Menem, De la Rua, Duhalde and Kirchner.

IMF was indeed a “globalizer” (2006). Since then, academics have suggested that the key role of the Fund is as a (neo) liberalizing institution, but have disputed when exactly this came about.

Therefore, the debate surrounding the Fund’s (neo) liberalizing tendencies not only harks back to the aforementioned theories that stress empirical accounts of the spaces wherein neoliberal globalization discourse is deployed, but also the temporal variables. While arguments from Woods and Chweiroth suggest that its penchant for liberalization and austerity did not become institutionalized within the Fund until the 1980s, researchers such as Panitch and Babb see its stretching as far back to either its inception at Bretton Woods or the 1950s, respectively (Woods, 2006; Chweiroth, 2007; Panitch & Gindin, 2013a; Chorev & Babb, 2009). Ultimately, this first set of cases, which interrogates the IMF’s role as a globalizing agent within Argentina contributes towards the abovementioned need to empirically account for the variegated ways in which neoliberal ideas and discourses spread through space and time.

My thesis’ second major empirical account, follows Schmidt’s framework by accounting for how *communicated discourses* were deployed within the context of the Argentine financial consolidation of the 1990s and its ensuing crisis of 1998-2002, as well as the period of reform that followed (2003-2006). The focus on the discourses and narratives of finance itself stems from another interesting anomaly— namely, that Argentina’s “heterodox” post-crisis reform only took shape upon the exit of both the IMF and the majority of global financiers. Moreover, the notion that Argentina ironically stood to gain more economic latitude in the absence of global financiers garnered a small, but influential consensus amongst several high profile scholars (Zlotogwiazda 2003; Stiglitz 2002a; Marshall 2011).

As a result of this point of contention, my thesis' second major empirical account critically engages this assertion by cataloging the ideational proclivities and policy biases of private finance via the analysis of one of the primary interlocutors, the national press. The goal herein is to provide an analysis of the discourses surrounding the early influx of global financial institutions, as well as the narratives that served to chronicle the sector's subsequent period of re-capitalization. This provides the basis for the second empirical account, which embarks on an examination of the financial sector's *communicative discourse,* via the Argentine press— one of its central interlocutors (Schmidt, 2008).

Altogether, the prior literature on the Argentine crisis not only ended in a circular stalemate as to who or what was to blame, but there was also no comprehensive account of how the institutional and ideationally focused discourses affected policy as well as broader understandings. As such, the two empirical sections of my thesis take on the task of confronting both the institutional question of the IMF, as well as the discursive content relating to Argentina's financial consolidation, its collapse, and the subsequent reforms. In doing so it maintains the thesis' focus on the political economy of finance and monetary policy. When taken as a whole this provides an empirical landscape wherein the use or advocacy of neoclassical or heterodox policies can be contrasted and readily accounted for.

One of the key empirical questions herein pertains to the role of the "corralito" itself as a political construction, which has been neglected or understated within the literature on Argentina. While it has served as a temporal marker of the capitulation of the Argentine state's policy efforts to intervene in both monetary and financial markets, its conspicuousness has drawn attention away from the speculative financial deleveraging and capital flight leading up to its imposition. In turn, the contents of the empirical analysis on the *communicative discourses*

(1997-2006) may show that the financial press and more specifically, the financial firms—via their consolidation of private finance, their reluctance to lend, and their subsequent large-scale repatriations— played a much greater role in the economic conditions that precipitated Argentina's financial collapse. This posits that the "corralito" was not just a non-sequitur, but that it served to frame the discourse in terms of Argentina's ultimate failure to integrate into global financial markets, as opposed to seeing global financial markets as outright failing the Argentine economy (See Cafiero and Llorens 2002; Keen, 2011).

Ultimately, these empirical gaps in the understanding of the ideational dynamics allows this thesis to contribute empirically, by suggesting that perhaps a better line of inquiry would seek to consider how the logics of neoliberal globalization were deployed to closed off the ideational space for heterodox approaches (Hay & Smith, 2005, 2013). While understanding how ideas can catalyze change is crucial in unraveling the Argentine puzzle, empirical cases within the constructivist literature on globalization remain quite US, EU and OECD centric. (Campbell & Pederson, 2001; Hay, 1999, 1996; Hay & Rosamond, 2002; Schmidt, 2013, 2006, 2002). This leaves unresolved the abovementioned issue of interrogating globalization's spatiotemporal variances brought up by Smith and Bates (Smith & Bates, 2008; also see Peck & Tickell, 2002). And while there are numerous studies on the Argentine Great Depression, few have sought to place it within the context of globalization, let alone specifically focusing on both the ideational and institutional dynamics of finance (Cafiero & Llorens, 2002; Zlotogwiazda & Balaguer, 2003; Murano 2004; Kedar, 2013). Therefore, this thesis's case studies on Argentina's political economy provide an empirical contribution towards filling the abovementioned spatiotemporal voids, while conversely providing a constructivist analytical perspective from which to examine the Argentine puzzle.

Findings

The abovementioned case studies find that appeals to globalization's core logics remains critically important to the advancement of neoliberal policy and thought. This underscores the importance of ideas within the globalization debate, institutional deliberations, and broader narratives (Blyth 2012; Hay & Marsh 1999; Smith, 2005). The cases show that the *coordinative* and *communicative* discursive spaces of the IMF and Argentine press, respectively— were key battle grounds for both ideas, outcomes, and even material interests. Altogether, the evidence gathered suggests that the perpetuation of neoliberal logics via the discourses not only precluded the space for alternatives, but effectively rationalized the commandeering of the nation-state on behalf of international financial interests— be it from the conditions imposed by the IMF or the staunchly pro-finance narratives of Argentina's press (see Smith, 2005:197). Nonetheless, for nation states, following this neoclassical path did not mean reducing its role in the economy, but rather redirecting monetary, tax, fiscal, and regulatory policies to privilege supply-side initiatives that ostensibly benefited capital (see Peck, 2004).

Broadly, this thesis' analysis of the *coordinative discourse* demonstrates that Argentina's economic policy under the rubric of the IMF (1976-2006) followed a 30 year trajectory wherein it progressively intensified its support for neoclassical policies. Precisely, the IMF's policy rigidity progressively increased throughout the 30 year period, save for a brief respite during the immediate aftermath of the Argentine Great Depression, from 2002-2003. Overall, the findings suggest that the IMF's deliberation process encouraged and appealed for the implementation staunchly neoliberal monetary, tax, fiscal, and regulatory policy mix that ultimately culminated in economic failure. Thus, the rigidity of the Fund's advice and its inability to either foresee, and much less avert the crisis seriously calls into question the efficacy of its monitoring and rating capabilities, as well as its capacity to provide member states a "pool of comparative knowledge on experimentalist governance" (2008, 223). In sum, within the coordinative institutional discourses, the space for heterodoxy was not just virtually non-existent, but the adherence to neoclassical policy was treated as an inexorable condition for Argentina's good standing.

The findings within this thesis' second empirical section focus on the *communicative discourses* of finance. Overall, the inexorability of global finance guided the wider narrative of the press' discourse. For this study, this meant that the press' narratives consistently appealed to the logics of globalization, which characterized the flows of international capital as an inexorable constraint on the Argentine economy. Ultimately, the results of the narrative not only cut off the space for heterodox ideas, but actively lobbied for the interests of foreign banks.

For instance in chapters 6 and 7, the press put forth a consistent, externalizing narrative that used the logics of globalization to support the idea that Argentina's economic growth, stability, and even its "modernization" depended on its ability to attract net-positive flows form global capital markets. While these two earlier chapters chronicled the initial influx and subsequent need for rescue of these foreign institutions, chapter 8 examines how the press confronted the vacuum left from the decision of foreign banks to divest and in two cases (Scotiabank and Credit Agricole) outright abandon the Argentine market. Herein, the press shifted away from a narrative that underscored the idea of the natural laws of global market forces to a focus on the possibility of international sanctions—namely, via a global embargo enforced by international institutions— for the state's decision to cut off aid to international banks and provide compensation for any resulting losses.

Therefore, the notion of natural, self-disciplining external market forces gave way to the idea that global institutions— and of course the discourses and ideas therein— were in fact the ultimate arbiters of the "global economy". Working back from this, it also becomes clear that it was ultimately the prerogative of the state to enact policies that either prioritized policies that would presumably attract foreign capital flows— primarily via deflationary policies— or focus on endogenously stimulating internal demand and industry. Ultimately, the discourses show that the concept of "external" (i.e., global) market forces is best understood as a social construct that is the result of ideas, deliberations, and policies— stemming from, both the national and international level. In turn, how these ideas develop in practice is critical to the understanding of how economic policy is constructed as well as how it is understood.

Thesis outline

The thesis' structure follows its broader engagement with neoliberal globalization and the space for heterodoxy. It is divided into three parts. The first section (chapters 1 and 2) focuses on setting out both the theoretical and methodological rationale for the study. The second section makes up the first empirical analysis, which focuses on the "coordinative," policy constructing discourses of the IMF from 1976-2006. The third and final section focuses on the *communicative discourses* of the financial press from 1997-2006.

The first chapter engages with theories of globalization that are relevant to this thesis discursive institutionalist position, starting from the emergence of the debate and its ties to both neoclassical economics and neoliberalism. The second chapter outlines the thesis' empirical analysis by first explaining its choice of cases, as well as the methodology employed. Herein, the importance of examining the discourses within the IMF and the financial press are elucidated. Specifically, it posits that dominant discourses—namely, those following the logics of globalization—can crowd the space for alternative policies and broader social norms. Chapter two then follows up with the methodology and how it integrates and interrelates with the thesis' theoretical assumptions. Within the methods section, the methodological framework is explained.

Section 2 turns to the thesis' first empirical section. This first set of cases examines the discourses within the IMF-Argentine Article IV consultations. The cases historically trace the content within the IMF-Argentine debt negotiations from its initial loan agreements in 1976 through 2006, which altogether chronicles how and if the IMF's policies changed over time. This diachronic analysis not only examines the institutional discourse of this "globalizing" institution, but simultaneously helps set a broader historical context for the following section on the Argentine financial crisis.

This tracing of the IMF deliberations also sets out the long term trends with regards to whether or not the Fund held a neoliberal bias within its monetary, fiscal, tax and regulatory policy advice and how it rationalized it. In turn, it carries forward the thesis' central thrust, which stresses the dialectical dynamics between both the structure and agents— in this case it seeks to gauge whether the institutional discourse crowded the ideational and material space for heterodox or Keynesian polices. Thus, the empirical analysis herein focuses on the question of whether the IMF exerts undue influence on borrowing states' fiscal, monetary, regulatory, and tax policy. Specifically, chapter 3 begins at the inception of the IMF-Argentine lender-borrower relationship, and thus, historically traces the negotiations held between 1976 and 1983. Chapters 4 and 5 carry this empirical examination forward, respectively tracing the IMF article IV consultations from 1983-1989 and 1999-2006.

This thesis' third section provides a discursive analysis of the narratives constructed by the financial press. It attempts to interrogate if and how the logics of globalization were used by financiers and the press to frame issues of foreign direct investment, capital flight, as well as the subsequent appeals to bailout private, international banks. More broadly, it seeks to identify some of the dominant narratives put forth between 1997 and 2006. Specifically it asks whether the press treated global finance as an inexorable constraint, despite the fact that it was a relatively novel phenomenon within Argentina. Additionally, it interrogates how the normative constructions set out in these *communicative discourse*s hindered or catalyzed reform efforts and whether they limited the ideational space alternatives.

Since this section focuses on the narratives surrounding the financial collapse that climaxed at the end of 2001, Chapter 6 begins by first analyzing the press' *communicated* narratives pertaining to the influx and consolidation of foreign finance—which was facilitated by the liberalization policies of the 1990s. This chapter retraces the discourses covering the initial influx of foreign capital, and later— the early fissures within the banking sector— particularly, those related to Citibank and Scotiabank. Overall, this chapter shows how the logics of globalization were used to present an externalizing narrative that showcased the entry of foreign finance, not as a consolidation and deregulation of an industry, but as an opportunity for Argentine borrowers to tap global credit markets, which promised greater access, cheaper rates, and added economic stability.

Chapter 7, begins at the nadir of the Argentine Great Depression— namely, the onset of the banking freeze known as the "*corralito*". It examines the press' explanations of capital flight, bank failures, and the imposition of the abovementioned capital controls. It also analyzes the widely publicized suspension of Scotiabank (April 2002) and its subsequent appeals for the state to provide financial assistance. Herein, the narrative shifts gears, as globalization is no longer deployed as a catalyst of change, as it is instead used to conserve the past gains stemming from neoliberal or liberal policies. Herein, the globalization discourse is deployed as a means to warn against the reprisals that come from upsetting global capital markets if foreign banks operating in Argentina are allowed to fail.

Chapter 8 covers the discursive constructions stemming from the Central Bank suspensions of Scotiabank (April 2002) and Crédit Agricole (May 2002), which resulted in their ultimate receivership and sale. It also analyzes the press' position on the disputes between the Economic Ministry and the Argentine Central Bank, as well as the later resurgence of domestic banks, which moved in to fill the void left. Herein, the press' narrative begins to acclimate itself to the new circumstances, wherein domestic banks (public and private) reassert their dominance. Again, this illustrates the dialectical relationship that exists between material and normative factors.

As noted above, the film *Network* appeared to inadvertently allude to the synergetic relationship between neoliberalism and globalization, which suggests that we should not jettison the importance of how structures can influence or even create the need for ideas. Nonetheless, another important quote within this picture the chant from Beale: "We're as mad as hell, and we're not going to take this anymore." This specific mantra not only speaks to the power and importance of how agents and wider publics internalize norms and events, but it also mirrors the popular chant that filled Buenos Aires streets, which urged politicians who failed to avoid the economic collapse to step down: "¡*Que se vayan todos!*".[20] This leads to a potential dialectical dynamic between neoliberalism and globalization and what it results in. Again, one of the key tasks of this thesis is to interrogate how and if discourses within neoliberal structures, as well as

[20] "¡Que se vayan todos!" roughly translates to "they all must go!"

those outwardly projected by globalization’s discourse, work to promote or rationalize certain sets of ideas and policy outcomes by measuring its ability to crowd out the space for alternatives.

Chapter 1

1. Globalization and ideas still matter

Over the last three decades the academic debate over globalization appears to have come and gone. While globalization became a major buzzword during 1990s and 2000s, the popularity of the debate has since waned— especially within the field of international political economy (IPE). More recent trends in the field of political economy have cut out the globalization middleman in order to directly discuss what its logics of no alternative promote (e.g., neoliberalism or neoclassical economics) (Giroux, 2015). However, appeals citing the vicissitudes and constraints presumably inherent to global capital markets continue to persist within the lexicon or logics of political (Walter, 2017), institutional (Höllerer & Walgenbach, 2017; Kant, 2017; Wolf & Young, 2014), journalistic (Kraidy, 2017), and even the geographical spaces (Fujita & Thisse, 2013). In other words, globalization (as an externalizing logic of no alternative) endures and even thrives by serving as the core rationale for the proliferation and conservation of neoclassical economics, austerity, and the broader neoliberal project.

The folly of the early globalization debate was that the various camps, which include hyperglobalists, skeptics, and transformationalists, conceptualized globalization as a “vague… umbrella term to lump together a number of actual processes of change,” which puts less emphasis on how ideas and discourses figured within (Smith, 2005: 25). As Smith notes, this ambiguity allows authors, particularly transformationalists to conveniently present globalization itself “as uneven and contradictory,” therefore making it “extremely difficult to unpack and, in turn, to investigate empirically” (Smith, 2005: 25-26). However, by focusing on globalization’s cognitive and normative logics, rather than its “complex” or “contradictory” nature, social constructivists and other scholars who emphasize the importance of ideas and discourses have identified it as operating as a set of normative constructions that are predisposed to “frame” or set the parameters of what was thought to be politically and economically feasible (Cameron & Palan, 2004; Hay & Marsh, 2000; Hay & Rosamond, 2002; Rosamond, 2003; Schmidt, 2007; Smith, 2005). Altogether, their analytical emphasis was on understanding how ideas are used to promote or even sustain normative constructs, which can carry material consequences or effects (Smith, 2005: 27).

Nonetheless, the constructivist position is quite varied as there are internal distinctions within the literature, which explain and emphasize different aspects of what globalization is and what it does. For instance, Hay's ideationally driven understanding emphasizes how "discursive constructions" alter policy— regardless of whether empirical or material factors actually support the claims (Hay, 2002, 2007; Hay & Watson, 2003). In contrast, "thin constructivists," such as Ian Marsh— and also Alexander Wendt (2000)— argue for a balance that takes into account that material factors matter just as much as ideas, in the way that they can constrain or facilitate agents (Marsh 2009: 686-687; Hay 2002: 208). Taking this further, Smith and Bates appear to turn to the critical materialist conceptualizations (Peck & Tickell, 2002, 2012; Jessop 2000, 2006) in order to compensate for social constructivism's ideational centricity by suggesting that what is actually needed is a greater inclusion of spatiotemporal dynamics within both theoretical and methodological frameworks (2008: 202; also see Cameron & Palan, 2004).

Remaining cognizant of constructivism's presumed middle ground position (Adler, 1997) between rationalism and postmodernism, keeps this thesis' framework from sliding into either a purely positivist or relativist epistemic framework (Hay, 2002: 199; Schmidt, 2001). Nonetheless, this thesis stays true to the efforts of social constructivists who sought to steer institutionalism away from the highly structuralist, path-dependent frameworks that drew on positivist, approaches such as those of calculus based, equilibrium models (Hay & Wincott, 1998: 952; also see Adler, 1997; Hay, 2002; Blyth, 1997, 2003; Marsh, 2009; Seabrooke, 2007). In turn, the goal herein is to contribute to the development of ontologically social frameworks that not only take into account "the crucial space granted to ideas" within institutions, but also how more general perceptions are shaped by "existing policy paradigms, and worldviews" (Hay & Wincott, 1998: 956). Ultimately, the way this thesis reconciles this fine balance—whether it be between structure and agency or the ideational and material— is by adopting the framework of Vivien Schmidt, which lends equal weight to discourses within institutions wherein policies are effectively materialized *vis-à-vis* those communicated outwardly, which have more abstruse, intersubjective effects (Schmidt, 2008). Moreover, there is a circular or dialectical relationship between material and ideational factors, which is clear within policy building institutions, whose ideas lead to polices with "real" effects. In contrast, the presumably more ideationally centered discourses communicated outwardly— herein, those specifically from the financial press— were in support of, and directly supported by the tangible interests of private finance capital (see chapter 2).

This chapter begins by first setting out the initial and still dominant hyperglobalist position. Hereafter, the chapter turns towards the skeptical rebuttal, which offered a rigorous refutation on material grounds of the inexorability of the global order. The third position discussed is that of the transformationalists, who like the hyperglobalist, suggested that globalization is indeed occurring, albeit in a much more non-linear, multifaceted manner (Giddens 2015, 6; Held 1999, 14-15; Scholte 2003, 85). Lastly, this chapter turns to the constructivist literature, wherein this thesis' own position is drawn from. Herein, it ventures to address and internalize some of the criticisms and competing theories by focusing on how both ideas, structures, and even material factors constrain or motivate policy change.

1.1 Identifying the prominent positions within the globalization debate

While scholarly critiques engaging with the issue of globalization have fallen out of favor in recent years, its neoliberal conceptualization continues to hold a dominant position within economic and political discourses, as well as within academia. As the debate itself came to prominence, various scholars began delineating the contrasting positions into successive waves— most notably settling on three— beginning with the abovementioned neoliberal iteration, the skeptics, and the transformationalists (Hay & Marsh, 2000; Held, McGrew, Goldblatt, Perraton 1999; Kofman & Youngs, 1998). However, the "waves" typology creates a false sense of logical or theoretical evolution, as it may tacitly imply that—outside of these somewhat insular theoretical nodes— the (initial) neoliberal conceptualization of globalization no longer holds a privileged position in practice (Cameron & Palan, 2004). Asides from this, the way in which these "waves" were organized varied significantly from author to author. For instance, Martell points out that the "third wave" in particular, has seen various interpretations, such as Bruff's (2005), which includes Gramscian and post-structuralist accounts (2007).

Ultimately, in response to the problematic issues inherent to the waves typology and the vast swathes of literature on the issue of globalization, which also branches out away from economics and more towards its cultural implications, dropping the "waves" typology in order to more acutely specify the focus of what the thesis engages with becomes necessary "to ensure greater depth of analysis" (Martell, 2007). Specifically, these alternative or otherwise critical readings of globalization put forth by various camps, include the abovementioned neo-Gramcians and post-structuralist, post-colonialist, feminist, and of course the constructivist conceptualization.[1] Therefore, narrowing this thesis' theoretical engagement allows it to make

[1] Other alternative theorizations on the topic of globalization include, but are not limited to: neo-Gramcian (Bruff 2005; Burnham 2006; Cox 1987; Jessop 1997; Levy & Newell 2002; Overbeek & Van Apeldoorn 2012), Feminist

clearly discernable theoretical claims (Martell, 2007; Also see Pieterse, 2004; Tomlinson, 1999). Specifically, it allows the thesis to focus on its critique of the prominent and equally problematic analytical conceptualizations of globalization (e.g., the hyperglobalist, skeptic, complex theses), which fail to sufficiently account for how social constructions (i.e., the effects of ideational dynamics within discourses and narratives) affect change.

1.1.1 The neoclassical roots of globalization's hyperglobalist thesis

The hyperglobalist or neoliberal thesis represents the first iteration of the broader debate on globalization, which took root in the 1990s. Asides from being the *de facto* initiator of what became a vast and highly contested debate, this neoliberal or neoclassical conceptualization of globalization continues to hold a dominant position within economic, political, and academic discourses. However, this is not to say that its preeminence has gone uncontested, as the broader debate on globalization has— at least within the literature— made a strong case against this popular view. Yet, despite the fact that this neoliberal position on globalization has been rigorously contested (by the aforementioned critical globalization literatures), its logics remain "extremely influential" in the advocacy and rationalization of neoliberal policies (Cameron & Palan, 2004).

While Keohane & Nye traced the concept of *globalization* back to Richard N. Cooper's 1968 study of interdependence between nations, neoliberalism itself is often depicted as capital's codependence on the state (Cooper, 1968; Keohane & Nye, 2000). In this sense, neoliberalism itself represents the market centric project or paradigm— founded on neoclassical economic thought— that itself holds a privileged position within academia, international institutions, and

(See Bergeron, 2001; Nagar, Et al., 2002; Sassen, 1999), post-structuralist (Palan, 2013; Palan & Cameron, 2004; Yapa, 2017; also see Springer 2012), and postcolonial iterations (Ashcroft, 2013; Grosfoguel, 2011; Mignolo, 2012; Mignolo & Escobar, 2013; Sanyal, 2014).

politics (Saad-Filho & Johnston, 2005; Keohane, 2011; Peck & Tickell, 2003). Globalization is better understood as a way to explain, and at other times excuse, neoliberalism by essentially priming readers for the "21st century capitalism" (Reich, 1991), whose "borderless world" (Ohmae, 1990) marked "the end of geography" (O'Brien, 1992). The common theme within these hyperglobalist "epistemic framings"—for better or worse— was the notion that the global economy was inexorably caught in a race to the bottom, wherein nation-states were obliged to adhere to neoclassical economic logics in order to attract footloose capital by liberalizing its tax, fiscal, labor, regulatory, and monetary policy (Cameron & Palan, 2004: 53).[2]

Thomas Friedman's 2006 work titled the '*The World Is Flat'* neatly sums up the hyperglobalist narrative when he optimistically observed that the Berlin had been replaced by Windows©, which would serve as the foundation for global interconnectivity. This book summarizes the prior 16 years of neoliberal globalization, which on the whole mirrors the crude cartography of the Hellenistic Greeks (Friedman, 2006). This flat earth thesis is a common concept within the hyperglobalist position, which depicts a world wherein the nation-state has become increasingly obsolete via the proliferation of economic interdependence and technology (Nye and Donahue, 2000). As such, these two factors are routinely deployed in order to validate

[2] These liberalizing logics are accompanied by supply-side logics whose assumptions rest on the neoclassical economic theories and mathematical theorems of Leon Walras and Alfred Marshal (Walras, 1874; Marshal, 1890). The predecessor and antithesis to this (neo) liberal revival is embodied by the Keynesian model, which academic historians credit as the cornerstone of modern macroeconomics. It is important to note that although Keynes (a student of Alfred Marshal) did express many of his postulates in the General Theory via Walrasian equilibrium models—–his work had the sufficient self-awareness to qualify that these "mathematical concoctions" might not necessarily provide the most appropriate analytical toolkit (Keynes, 1936: 136). However, its emphasis was on stabilizing employment via the manipulation of "aggregate demand—measured as the sum of spending by households, businesses, and the government" (Landreth, 1994: 461, 463; Lavioe, 2009: 2; Jahan, Et al., 2014). "The aggregate demand function relates various hypothetical quantities of employment to the proceeds which their outputs are expected to yield; and the effective demand is the point on the aggregate demand function which becomes effective because, taken in conjunction with the conditions of supply, it corresponds to the level of employment which maximizes the entrepreneur's expectation of profit" (Keynes, 1936: 26). The key herein is that for Keynes the key driver in the economy can be found at the nexus of consumption and production (demand-side), whereas for neoclassicals or neoliberals, the central of the economy is found within the value of capital itself (supply-side).

policy prescriptions, which— in the name of global competition— justify the liberalization of financial, environmental, trade and tax law along with the retrenchment of social spending.

The collapse of the former Soviet Union marks a common point of inflection for hyperglobalists, who see this period as initiating a worldwide relaxation of national barriers. Additionally, the fall of the Soviet Union also served to exalt their own theoretical assumptions, as in their view it signaled the triumph of liberal democracy over communism, social democracy— and of course, the nation-state (Ohmae, 1996; Yergin and Stanislaw, 2002; Razu, 2006; Robinson, 2014). Asides from this political dimension to globalization's advent, the rise of computer information systems and the internet are also used to explain the deepening of global links—catalyzed by the speed, efficiency, and ease of transnational communication (Castells 1998, 2010; Cairncross, 2001; Friedman, 2006).[3] In all, these two events help set the backdrop for a neoliberal global order wherein a nation's productive capacity, as well as its capital are no longer territorially bound—essentially a new era of economic hypermobility.

Hyperglobalists presented the second phase of this new order as characterized by the increasing importance of Asian economies, including the likes of China and India. As a whole, Asian economies have been crowned as the major winners during this period of global convergence, while China and India have been commonly cited as axioms of this globalizing process. From a center-left perspective, Robert Reich warned early on that corporations and investors had become disconnected from their states of origin as they now "scour the world for profitable opportunities" (Reich, 1992: 8). Friedman similarly updated the idea of a footloose economy— albeit in a much more naively optimistic and inclusionary manner— by discerning between the outsourcing of information technology and customer support work to India *vis-à-vis*

[3] Castells' less optimistic outlook posits that the information age has given rise to an international criminal economy "that penetrates financial markets, trade, business and political systems in all societies." (Castells 1998, 3)

the offshoring of entire industries to China as two distinct globalizing forces in their own right (Friedman, 2006). Curiously, this exact scenario had actually been played out in Clyde Prestowitz's 2005 offering, wherein he described his internet purchase of an IBM PC that was made in China and supported in India (Prestowitz, 2005).

Like Friedman and Prestowitz, other proponents of this "hyper-globalized" world continued to reiterate the saliency of their neoliberal world view by updating their earlier suppositions with new evidence. Ohmae would restate his support for the hyperglobalist thesis 15 years later, reasserting that the world has become 'an increasingly borderless place' (Ohmae, 2005: 20-23). A much more recent reassertion from Reich, rehashed his 20-year-old thesis by illustrating the global nature of production, as he broke down Apple's I-phone production process— wherein globally sourced components converged in China to be assembled (Reich, 2013). Coincidently, Reich's example was quite similar to the abovementioned vignette hashed out in Clyde Prestowitz's 2005 book, which shows the longstanding continuity within the hyperglobalist's message.

Even post-2008—the upshot for mainline hyperglobalists continues to maintain that in order for developed, Western states to compete in the new global order they will need to further liberalize their economies. For Hufbauer, America has "a golden opportunity to 'ride the wave'" by embracing "global cooperation in politics and economics." Here, he specifically argues that reactions to the 2008 financial crisis along with the increasing popularity of the climate change debate could result in a reemergence of financial and trade protectionism, which could severely impede the progress of globalization (Hufbauer, 2010: 247; also see Guest, 2011). It seems unclear exactly how "riding the wave" of neoliberalism will keep people above water, both figuratively and literally, as going with the flow of neoliberal globalism seems to imply a relinquishing of control, which could leave states, their money supply, and labor pools marooned during the ebbs:

> After all, you only find out who is swimming naked when the tide goes out.
> (Buffet, 2001)

Asides from the hyperglobalist position's attempt to rationalize labor insecurity, other authors herein emphasized the fickleness of financial flows, which facilitated these capital shifts. For instance, Greider's work suggested that the banking system had been structured in a way that allowed it to independently channel the equity derived from both its savers and borrowers to its preferred industries and even nations (Greider, 1997). Likewise, even critics of neoliberal capitalism, such as William Robinson implicitly externalize the locust of control by suggesting that the rise of a "global capital mobility has allowed capital to reorganize production worldwide in accordance with a whole range of considerations that allow for maximizing profit-making opportunities" (Robinson, 2004). For El-Erian, the post-2008 era—is one in which the West will have to continue to adjust (primarily via fiscal retrenchment) to the increasing influence that emerging financial markets wield over these globalized flows of capital, production, and demand— predominantly via sovereign wealth funds (El-Erian, 2008). While El-Erian did suggest infrastructure spending via the private sector as part of a way out for the West, his overriding thesis, like the abovementioned— emphasized the rise of a multipolar financial landscape— that encouraged further globalization of capital.

While the above hyperglobalist position attempts to present the world as becoming increasingly borderless— in both political and economic terms— its position has been vigorously challenged. Nonetheless, their general thesis not only suggested that nation-states would continue to cede power to capital, but that these states, as well as the people within must come to accept and conform (via liberal reforms) to its increasingly hypermobile globalized flows. The common bond throughout the hyperglobalist thesis is that the diffuse and agile nature of global capital markets constrains a nation's political and economic choices. Therefore, in this rigid view of neoliberal globalization, a nation state's role in the economy is to actively appease and attract capital, rather than to actively regulate it or protect its labor force. Thus globalization— in this form— works to preclude old forms of demand-focused, Keynesian regulation and interventionism in both labor and capital markets.

Yet, claims made herein were contested on various grounds by the globalization literatures that followed. In economic terms for instance, skeptics (discussed at length hereafter) refuted the veracity of these claims by presenting evidence, which not only suggested that trade levels were in fact comparable to early periods, but also that what was actually taking place was more akin to regionalization (Hirst & Thompson, 1996; Rugman, 2001; Wade, 1996). The complex or transformationalist position, serves as a retort to the skeptics, suggesting that the world has indeed become increasingly global, however, qualifying that it is happening in a much more complex and multifaceted manner (Cerny, 2006; Dicken, 2015; Giddens, 1990; Held, 1999).

Perhaps a more cynical reading would suggest that these neoliberal prescriptions amounted to nothing more than a euphemistic appeal for the marginal benefits of workforce discipline. For constructivists, responses to the hyperglobalist literature (particularly the skeptical and transformationalist view) fail to confront the true power of the hyperglobalist position— namely, its ability to frame or construct "reality". Moreover in this constructivist view, globalization is more accurately understood as a discursive and/or ideational construct, which privileges or attempts to depoliticize neoliberal "economic imperatives" within the nation-state

(Hay & Rosamond, 2002; Smith, 2005). Therefore from the constructivist perspective, what hyperglobalists actually offer is a social construct that discursively imposes a neoliberal policy paradigm (Hay & Smith, 2005).

Nonetheless, one of the issues constructivist research faces is in finding a balance that does not simply favor discourse at the expense of not accounting for, or being aware of, material or structural factors, which are then allowed to hide in plain sight (Marsh, 2009). This highlights the importance of discerning between and understanding the nexus that exists between ideational and material dynamics. Nevertheless, understanding the ideas that sustain the globalization zeitgeist, which in and of itself leads to tangible outcomes remains crucial, and central to constructivist works. Ultimately, this apparent duality (between the material and ideational) harks to this thesis' argument, which suggests that globalization must be understood, both ideationally (as a construct), and materially since the policies and results that it rationalizes stem from neoclassical theory and the broader neoliberal project. Altogether, this not only obviates the fact that the globalization debate remains unresolved, but it also suggests that in order to understand globalization itself, neoliberalism must also be contextually explored.

1.1.2 Global skepticism, regionalism, and the importance of the state

The sobering, but narrow response to the idea that the world was becoming more globalized came from a cohort of scholarship— better known as the skeptics (Hirst, Thompson, Bromely, 2015; Rugman, 2001; Wade, 1996). Initial Skeptics like Wade quite simply urged "skepticism" as a response to the hyperglobalist world view (Wade, 1996: 61). Others like Rugman forthrightly asserted that "no credible evidence could be found to support the viewpoint that a system of global capitalism exists" (Rugman, 2001: 218). As Smith puts it, their work focused on measuring the extent of globalization (Smith, 2005). Ultimately, by challenging globalization primarily on material grounds, their work serves as the quintessential example of how ideas can be completely overlooked within a body of scholarship.

The skeptics attacked the idea (keyword) of a globalized world by simply challenging the veracity of this very claim. First, skeptics argued that what had been understood as “globalization” was not a new phenomenon at all, but rather a return to the pre-war levels of trade, which marked the turn of the century (Hirst & Thompson, 1996; Roderick, 1997; Rugman, 2001). Furthermore, their interpretation of the data lead them to conclude that rather than being truly global, international economic activity possessed a regional character. In all, the main contribution of this rebuttal was purported to be in its efforts to quantify or test the veracity of the claims made by the abovementioned works, which saw globalization as posing an inexorable and existential paradigm shift that would curtail the growth of the nation-state, but in fact the data showed quite the opposite.

An important point made by skeptics was that “globalization” was not a new phenomenon, but rather that increases in economic activity running up to the 1990s were best described as a return to levels reached prior to the inter-war period **(**Hirst & Thompson, 1996; Roderick, 1997; Rugman, 2001). Specifically, Hirst and Thompson posit that “international trade and capital flows, both between the rapidly industrializing economies themselves and these various colonial territories, were more important relative to GDP levels before the First World War” (Hirst & Thompson, 1996: 32; also see Rodrik, 1997: 7). Michapolus and Tsaliki cite the data from Madison’s 1995 study of the ratio of World Exports to Gross World Product, in order to challenge the hyperglobalist claims of an increasingly interconnected economy. Herein, they note that growth was not on any sort of exponential growth curve, as in fact global trade had only increased by 4 percentage points in the 80 year span between the 1920s and 1990s (Michapolus & Tsaliki, 2002; Madison, 1995).

Skeptics also refuted the idea that capital itself had become hypermobile, which was used by hyperglobalists to rationalize the need for nation-states to accommodate MNCs via liberalized economic policies (Buch, 2004; Michapolus and Tsaliki, 2002; Wade, 1996). In this regard, skeptics were able to point to the fact that during the 1980s foreign direct investment (FDI) flows to developed economies were actually growing—despite of their comparatively higher labor, environmental and tax costs *vis-à-vis* those of the developing world. Michapolus and Tsaliki note that FDI to and from industrialized states actually grew at respective annual rates of 12.7% and 14% between 1981-1989, yet from 1989-1996 there was zero growth for outflows and negative FDI growth rates for inflows (2002: 13) In terms of the distribution of FDI, Wade notes that "two-thirds of inward FDI flows worldwide in the 1980s have been into the United States and the EU. The biggest recipient by far is the United States, which alone got 46 percent of world inflows in 1985-1989; the EU got just 19 percent, and Japan accepted virtually none" (Wade, 1996: 70).

Skeptics also limited the scope of what could be understood as FDI or "global finance" by highlighting some of the limitations foreign lenders face in assessing credit worthiness of retail borrowers (i.e., their ability to perform due diligence). [4] In terms of access to global capital flows, Buch notes that although location is less important to wholesale banking— at the retail level it is "essentially a local business". This is because retail lending requires a degree of information and recourse— at the local level— that remains difficult to access globally (Buch

[4] Specific to this thesis' case study on the Argentine financial crisis (chapters 6-8), the supply of retail credit (e.g., mortgages, automobile loans, and consumer financing) — or rather the reluctance of international banks to extent it— despite demand being present— became a major component of the economic deceleration, especially within its early onset during the late 1990s (see chapters 6, 7, 8).

2004). This suggests that international banks in new or less familiar markets can become more hesitant to lend at the retail level, which can have major economic implications depending on their share of the financial market. Take for instance the amount of information available for financiers with regards to securitized assets such as corporate stocks, derivatives as well as private and public bonds *vis-à-vis* that for an individual home or auto loan borrower in Singapore.

However, skeptics are not simply detractors, as their world view also spills into the much more theoretically rigorous concept of regionalism (Hirst, Thompson, Bromley, 2015; Keating & Loughlin, 2013; Pettman, 2016; Rugman 2001; Sunkel & Inotai, 2016). As touched on above, investment decisions themselves were found to have “a quite sizeable regional component or a ‘home bias,’ and that net capital flows are relatively small” (Buch 2004, 58, 220). Nevertheless, for many of these scholars regionalism and globalization are not mutually exclusive (Hettne, 2016). Rather than seeing the world as simply experiencing a convergence or flattening of financial flows and production, towards some sort global equilibrium, the general thesis within regionalism suggest that the world is actually organizing into “macro-regional” blocs (Keating & Loughlin, 2013: 134).

Similarly, the view that globalization has constrained or shrunk the role of the state has also been regarded as a myth by skeptics and the ballooning debt ratios. As Roderick noted, state expenditures have not diminished, but in fact steadily grown. He noted government expenditures in the industrialized world had more than doubled since the pre-World War II era, going from 21% to 47% of GDP in the mid-1990s (Rodrik 1997, 49). More recently, the growth of government has continued to increase as IMF data shows that from 2001 to 2014 the average gross debt to GDP ratio amongst advanced economies jumped 23 percentage points, going from

50.67% to 73.17%, respectively (IMF 2016). Thus, the role of the nation-state has actually increased 3 fold since the pre-war era. The current data appears to reconfirm the skeptical thesis assertions that the role of the state is in fact— for better or worse— playing a larger role in the economy.

In all, the hyperglobalist and the skeptical thesis relates to each other in a quasi-dialectical, dualistic manner, wherein the emphasis is primarily on measuring the material or "tangible" aspects of globalization. Perhaps the lasting contribution of skeptics was not so much its refutation of globalization, but rather their evidence, which reemphasizes the importance of regionalism and also that nation-state continues to play an integral role in IPE. Moreover, the exponential increase in sovereign debt suggests that nation-state are player a greater supporting role within the economy. Despite this skeptical refutation on material terms, there is a conspicuous silence in terms of any analysis of the ideational implications of the hyperglobalist discourse— something the constructivist perspective is sensitive to. In other words, what remains to be explained is how or in what ways this ostensibly problematic hyperglobalist position— based on what skeptics considered as misconceptions or exaggerations— was able to perpetuate itself.

1.1.3 Transformational or complex thesis: globalization as a complex, non-linear process

> …globalization as a historical process cannot be characterized by an evolutionary logic or an emergent telos. Historical patterns of globalization have been punctuated by great shifts and reversals. (Held, 1999: 414)

As noted in this chapter's introduction, there are various bodies of literature that have attempted to critique or fill the many gaps within the globalization debate, which include the works of neo-

Gramcians, Feminists, post-structuralists, post-colonialists.[5] However, the aim of this review of the literature is not to present a comprehensive chronicling and critique of the many positions that have staked a claim within the broader debate, as works set out with this specific intent are readily available (See Cohn, 2017; Martel, 2016; Palan, 2013; Cameron & Palan, 2004; Ravenhill, 2014; Ten Brink, 2014). And as Martel notes, the vast swaths of literature and diverse topics that fall under the rubric of “globalization” makes it important to specify the thesis’ engagement in order “to ensure greater depth of analysis,” which also helps in setting out discernable theoretical claims (Martell, 2007). In turn, this thesis focuses on highlighting what it finds as the more problematic and equally prominent positions, which either present globalization as a tangible constraint precluding the space for alternatives (hyperglobalist and transformationalist thesis) or simply conceptualizes a refutation of it that largely devoid of ideational or normative factors (skeptical).

The last problematic position covered is the transformationalist or complex view of globalization. Like hyperglobalists, the complex view affirms that the modern economic order is indeed best described as “global”. However, they concur with the skeptics in that the hyperglobalist accounts were based on anecdotal evidence and oversimplified generalizations (Dicken, 2015; Held, 1999; Scholte, 2005). For Held the transformationalist position sought to “develop a more comprehensive explanation of globalization which highlights the complex intersection between a multiplicity of driving forces, embracing economic, technological, cultural and political change” (Held, 1999: 7-12, 436; also see Cerny, 2006: 384; Dicken, 2015;

[5] Other 3rd wave or alternative theorizations on the topic of globalization include, but are not limited to: neo-Gramcian (Burnham 2006; Cox 1997; Jessop 1997; Levy & Newell 2002; Overbeek & Van Apeldoorn 2012), Feminist (See Bergeron, 2001; Nagar, Et al., 2002; Sassen, 2015), post-structuralist (Palan, 2013; Palan & Cameron, 2004; Yapa, 2017; also see Springer 2012), and postcolonial iterations (Ashcroft, 2013; Grosfoguel, 2011; Mignolo, 2012; Mignolo & Escobar, 2013; Sanyal, 2014).

Giddens, 1990; Robertson, 1992; Scholte, 1993; Axford, 1995; Albrow, 1996; Rosenau, 1990, 1997).[6] Yet, while their view ostensibly straddles the abovementioned hyperglobalist and skeptical positions, it inherently supports the idea of the present inexorability or "stickiness" of the neoliberal tendencies of globalization (see Held, 1999).

For this group of scholars, globalization is best thought of as an unevenly developing "spatiotemporal process of change" that brings together and transforms "human activity across regions and continents" (Dicken, 2015, 6; Held 1999, 14-15; Mann, 1997: 494-495; Scholte 2003, 85).[7] Transformationalist appear to suggest that what is occurring is an opening up of new social spaces that transcend the material and territorial limitations of the old order. According to Scholte, this sort of "space-time compression" has provided greater channels for global transactions which include, but are not limited to the ubiquity of the corporate media and the US Dollar, women's movements and even greater levels of environmental degradation (Scholte 2003, 86-87). These bear the hallmarks of what Held considers as "…'thick' global flows and interaction networks." Nonetheless, for Held, the complexity of global political economy renders this state of "thickness" contingent on a myriad of factors and possibilities that could— at any point— significantly reconfigure or even invert globalization's current state (Held, 1999: 431, 447). In a sense then, transformationalists admit that globalization is neither an inevitable nor inexorable condition. This caveat in the transformationalist understanding is perhaps one of the starker points of contrast between its own conceptualization of globalization and the hyperglobalist position.

[6] Also important for Held are the expansionary tendencies of military and migratory factors.
[7] Mann's argues that proponents of globalization— who "comprise a very varied group of littérateur, philosophes, historians, sociologists, political and business economists, geographers and environmentalists"—typically cite four observations suggesting that globalization has transcended beyond the nation-state. These are: neoliberal capitalism, environmental limits (e.g., carbon emissions and overpopulation), transnational social movements, and post-nuclear politics (1997, 473-474).

Transformationalists also set out to operational define the term global (Dicken, 1994; Held, 1999). Interestingly, their analysis closely resembled that of the skeptics as their reading not only concluded that only a small number of corporations could be considered "global," but they also held closely to the "hard facts" of the economic data. Dicken's early work took to the task of defining the term "global" by adopting Bartlett and Ghosal's typology, which classifies transnational corporations as either, multinational, international, or global — based on their operational rigidities and dependency on a particular state (1994).[8] Held similarly suggested that the process of globalization could "be located on a continuum with the local, national and regional," but also retorted that frameworks must account for various dimensions, including (but not exclusive to) the expansiveness of its trade, communication, as well as the intensification and velocity of their respective flows (Held, 1999: 15). However, lost in the transformationalist view is how to navigate through the complexity— particularly, in terms of how to conceptualize a framework that not only recognizes that ideas are being communicated, but also how and what is being communicated and the implications henceforth.

Ultimately, for transformationalists the world is neither borderless, nor flat, but rather globalization— is a process that occurs in an uneven manner. For Cox this unevenness is systemically embedded within neoliberal globalization (Cox 2008: 408). Moreover, in this complex view the globalization has propelled the neoliberal "competition state," which is by no means fixed, but rather an ongoing struggle between groups that benefit from the latter, and those "who bear the brunt of the downside of globalization…" (Cerny, 2010: 18). Dicken also notes that "at the global scale, the development gap is stunningly wide" and inequalities extend into rich, as well as poor states when accounting for "smaller geographical scales and in terms of

[8] The term "transnational corporation" (TNC) is operationalized as the generic or catchall term for all 3 distinctions. (Ghoshal & Bartlett, 1986; Martinez & Jarillo, 1989)

non-geographical criteria (e.g. gender, race and social class)" (Dicken 2015). Ultimately, Cerny sees globalization as a "political phenomenon" or condition wherein the nation-state no longer serves as either the central locus for internal "collective action" or final arbiter of "external commitments" (Cerny, 2006: 377). Yet again, these assertions do very little (if not further entrench) to interrogate how ideas of globalization serve as a means to depoliticize these largely unpopular "neoliberal" constructs.

Another way that globalization has progressed in an uneven and unequal manner is via "growing dominance of the financial services sector," which Dicken blames for the widening gaps in income inequality in the US and UK since the 1970s (Dicken 2015, 316).[9] Transformationalists suggest that the rampant speculation in derivatives and foreign exchange (FOREX), which are intermediated and dominated by markets in developed states have added to the complexity, unevenness, and even ethereal nature of global capital flows (Dicken 2015; Gidden, 2002; Scholte, 2005). Dickens illustrates this point by highlighting the exponential growth of international FOREX markets relative to stocks as the gap exploded from 2:1 in 1973 to 100:1 in 2007 (Dicken, 2015: 512, 537). In other words, transformationalists are illustrating how these financial innovations have become "objects of investment in themselves" as opposed to just facilitating the liquidity of the underlying (Scholte, 2005: 165,166; Dicken, 2015: 516-518). Nonetheless authors like Dicken refute the idea of "borderless finance" noting that, despite lapses, individual governments still "heavily supervise and regulate" capital (Dicken, 2015: 518). However, their analysis does very little to interrogate impact of the discourses and narratives, which promote the idea of hypermobile capital markets.

[9] Dicken uses figures from respective studies by Stiglitz and Dorling in order to support his argument. Stiglitz notes that in the past 30 years the US's "bottom 90% have increased their wages by 15%; the top 1% had a staggering 150% increase" (Stiglitz, 2012). Similarly, Held cites Dorling's UK study, which finds that Brittan's top 1% had wages grow by 60% while the bottom 90% saw an 18% increase from 1997-2007 (Dorling, 2012).

Indeed, unlike skeptics complex theorists argue that the role of the nation-state has in fact been challenged and reconfigured. However, both share some common ground in terms of refuting the hyperglobalist argument that the nation-state has lost its place in the global arena. For instance the term "*glocalization"* became a way to describe the idea that global commerce was now able to directly access or interact with local pools of labor, capital and resources. Dicken was one of the first to note that transnational corporations (TNC) were neither responsive nor conducive to local institutions, as providing "an attractive 'business environment' in which TNCs can operate" was their only leverage (Dicken 1994, 42).

Skeptics and transformationalists also shared common ground insofar as noting that state power had not been eradicated. However, in the transformationalist view the nation was the most important organizational level because of its ability to mediate these real "global forces" (Amin & Thrift, 1994; Axford, 1995; Mittelman, 1996). In this sense the term "*glocalization*" and even the inexorable view of globalization was seen as an attempt to bypass the nation-state within the organizational hierarchy by downplaying its efficacy to negotiate, enact, and enforce laws and pacts that regulate global forces. Going further, Panitch and Cerny assert that national institutions have not lost control over global capitalism, but have in fact authored its proliferation (Panitch, 1996: 85; Cerny, 2006: 384; Panitch, 2013a, 89-91). Dicken would continue to draw from the skeptical thesis by noting that TNCs are in fact organizing regionally, not just because of geographical proximity, but because of the efforts of international political structures such as NAFTA, the EU and ASEAN (Dicken, 2015: 169).

Ultimately for transformationalists national structures required significant reforms to meet these external challenges. As Panitch posits, "a false dichotomy between the national and international is promoted, which diverts attention from the need to develop new strategies for transforming the state, even as a means of developing an appropriate international strategy" (Panitch, 1996: 85). Giddens goes further by suggesting that democracy must "be fostered above the level of the nation-state" through appeals for further democratic, transparent and responsive governance at the regional level (2002: 80-82). In hindsight, Rosenau's assertion that new horizontal channels of communication had brought about a global consensus, which had already begun to put pressure on, and potentially reign in the practices of "international institutions such as the World Bank, WEF, World Trade Organizations and the IMF" was not only naïve, but displayed the limitations of the externalized, transformationalist understandings of institutional dynamics (Rosenau, 2003: 233).[10]

It is important to stress several points here. Firstly, transformationalists stress that globalization as a concept must be refined or defined in such a way that it is not just a ubiquitous catchall term. Nonetheless, their body of work suggests that there are tangible, global or external forces that seek to transform nation-states, whether it be from transnational corporations or finance capital itself. Another important point of concurrence within this thesis is that the notion of "local embeddedness" (*glocalization)* is a symptom or result of national policy, rather than some sort of evolutionary maxim (Axelrod, 1995; Dicken, 2015; Panitch, 2013). In other words, they acknowledge that this absence of the nation-state is a political manifestation— that can be changed. However, the role of social constructions in this systemic "transformation"— or rather the "transformation" of the discourse or political lexicon itself is left largely unexplored.

In this sense transformationalists remain attached to more structuralist conceptualizations by suggesting that global dynamics pose real "democratic deficits," or as in the case of

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[10] Rosenau was harkening back to Giddens's concept of reflexivity, which Giddens and Pierson defined as the "conscious intelligence" inherent to agents (1998, 115-117).

Rosenau— who suggested that these external dynamics could explain or signal a coming paradigm shift (2003). Additionally, Giddens attributed the rise of authoritarian capitalism in Russia and the corporate monopolization of Western media to democratic gaps—both of which speak to Scholte's abovementioned manifestations (Giddens, 2002: 78-79). More recent works suggest that globalization has been the central "driving force" behind China's political, cultural and economic transformation, which has brought about its leading role as well as a growth inequality (Halsall & Cook, 2012; Hölscher, Marelli, & Signorelli, 2010). Ultimately, these interpretations harken back to Scholte, who made sense of these global forces by suggesting that they had birthed a form of "contemporary polycentric governance," wherein democratic gaps are expressed as: citizen ignorance, institutional process failures, and structural power inequalities (Scholte, 2005: 351-355).

While the abovementioned transformationalist points focused on gauging and articulating the complexity of neoliberal globalization, it appears to have glossed over how ideational factors figure within. In turn, their conceptualization of globalization puts forth a highly structuralist reading that does little more than add nuance to the hyperglobalist thesis. In a similar manner to the hyperglobalist literature, transformationalist use appeals to external dynamics to rationalize why heterodox, demand-side policies no longer fit. Moreover, while this complex view of globalization was keen to report on the trends and trajectory of globalization, their lack of an endogenous analytical framework kept the internal dynamics of globalization within a proverbial "black box". This is likely due to the lack of analytical focus on the actual decision-making process. As a result their work perpetuates the externalizing narrative of globalization, albeit in a more sophisticated manner.

1.1.4 The limitations of the hyperglobalist, skeptical and transformationalist positions

While the work of hyperglobalists and skeptics clearly defines themselves as diametrical opposites, transformationalists attempted to present a more complex view of neoliberal globalization by focusing on its non-linear development. In addition, transformationalists do not believe in the inevitability or inexorability of globalization, per say. Yet, transformationalists like Held note the importance of "recognizing that political power is being repositioned, recontextualized and, to a degree, transformed by the growing importance of other less territorially based power system." The upshot herein is that "traditional mechanisms of political accountability and regulation" will continue to be skirted by these more "complex power systems" until institutions begin to adjust to the changing dynamics of power (Held, 1999: 447, 452).

Ultimately, all three views discussed present a narrow, and rigidly materialist understanding of globalization because their perspectives fail to incorporate or interrogate the role of ideas in any rigorous way. As a result skeptics challenged hyperglobalist solely in regards to measuring the extent of globalization (Smith, 2005). Additionally, while transformationalists have openly critiqued the structural logic of hyperglobalist accounts, work's such as Held's (1999) ultimately suggest that globalization has—albeit in a complex and variegated fashion—altered the global economy, which precludes space for alternatives. For Held, these changes require institutional or perhaps even systemic reform, thus indicating the "stickiness" of the complex view of globalization (Held, 1999: 447- 452). Lastly, while transformationalists and skeptics acknowledge some of the overtly political implications of the hyperglobalist thesis, their materialist conceptualizations nonetheless fail to rigorously interrogate these intersubjective aspects, such as the effect of ideas or discourse. Altogether, these three positions fail to account for the ideational power of globalization— which is precisely the central focus of this literature. This is something that the following section seeks to address.

1.2 Global constructions

The common theme within the aforementioned hyperglobalist, skeptic, and transformationalist positions was that globalization was treated as a tangible, material phenomenon. Specifically, and as outlined above, these positions were focused on gauging the extent to which external or material phenomena (e.g., changes in political relations, communication, trade, and the capital flows) caused globalization. Additionally, the transformationalist focus on interrogating the extent and trajectory of the "globalization" of corporations, international finance, and means of communication *vis-à-vis* the role of nation-states, regional blocs— within different spaces and time (Dicken, 2015; Held 1999; Mann, 1997; Scholte 2003) — appears to straddle the space between hyperglobalists and skeptics by presenting a slightly more complex and even contradictory position (Smith, 2005). Ultimately then— irrespective of the level of complexity involved— the argument was that these factors either posed material constraints on the nation-state, or not.

Altogether, by focusing on the extent, rather than the logics behind globalization the abovementioned positions framed the basis for the debate in a manner that bypassed the question of whether it could exist as an ideational or political phenomenon, which is where social constructivism interjects. For constructivists, globalization is not understood as a material phenomenon or tangible constraint, but rather at its core it is a political construction aimed at institutionalizing and de-politicizing their preferred economic policies (Watson & Hay 2003; Hay & Smith 2013). Ultimately, it is these social constructions must also be identified and interrogated.

1.2.1 Social constructivism: the notion that ideas matter

Proponents of a constructivist epistemology posit that their theory provides a more inclusive lens that focuses on how individuals interpret and form ideas that in turn lead to collective norms, which construct a social reality (Adler, 1997:326-29). For constructivists, "reality" (insert globalization) is mediated by what amounts to a dialectical relationship between individual and collective understandings. Therefore ideas and the study of how they are formed takes precedence, or is at least on equal footing with other factors. Adler explains this by highlighting the relative nature of epistemic communities, which he describes as, "vehicle[s] of collective theoretical premises, interpretations and meanings." Herein, his emphasis is on how these epistemic beliefs can be adopted by political groups in order to frame issues (Adler, 1997: 343-344; also see Cameron & Palan, 2004).

> Globalisation has, in short, come to be articulated and understood as setting clear limits on what is possible in economic, social and political terms (such as the need to reduce "excessive" wages and welfare expenditure). (Hay & Smith, 2013)

By constructivist accounts, their own view of agency presumes a higher level of complexity, as decisions are motivated by contingent and endogenous interpretations of social norms (Hay, 2002: 50). For instance, Seabrooke claims that constructivist frameworks "expand the capacity" to understand how uncertainty is rationalized, which in turn leads to a better understanding of how the mechanisms of change are mediated within institutions, groups or individual agents (Seabrooke, 2007: 382-383). One way constructivist have illustrated their more socialized conceptualizations of change is by contrasting it against materialist, neoclassical models, whose "rational" agents typically serve as utility maximizing cogs, with much more transparent interests that tend to be driven by exogenous factors (See Adler, 1997; Hay, 2002; Blyth, 2003; Marsh, 2009).[11]

Perhaps the key difference between the two camps is that constructivists seek to understand what motivates agents rather than making an attempt to hypothesize on their likely course of action, which requires rationalists to all but preconceive their subject's underlying interests or end game from the model's start. In this sense, constructivist see agents within "rational choice" models as not having much of a choice, as the rational actor is essentially path dependent to the extent that within a given context it will always choose the same course of action (Hay, 2002). Bylth and Abdelal concur suggesting that rational choice models "by definition, lack agency and the way such factors are said to animate agents is either too simplistic or, with automatic and unproblematic readings of 'structural variables' values." (Blyth & Abdelal, 2005; Blyth, 2003: 696). Thus, constructivist thought diverges on both, epistemological and ontological grounds via its focus on the intersubjective dynamics of agency, which fits within its relativist world view.[12] For Marsh, this divergence can be traced back to the antagonistic camps separated from the outset by their ontological suppositions, which lead to very different approaches with regards to how uncertainty and the contingency of human agency are mediated (Marsh & Savigny, 2004; Furlong & Marsh, 2010).

[11] Going forward, this thesis adopts Bronk's inclusive definition of "neoclassical" in order to operational define it as "any economic model based on the micro-foundations of individual agents rationally optimizing among consistently ranked preferences within given constraints so that the system as a whole tends to some determinate and predictable social equilibrium." (2011: 2-4).

[12] A corroboration to this point can be inferred within the work of John Maynard Keynes, who saw economics as being driven by intersubjective and social factors, rather than the result of a natural or readily quantifiable order (Keynes, 1936: 383, 69-70; Minsky, 1986; Widmaier, 2003; Keen, 2011). "Too large a proportion of recent 'mathematical' economics are merely concoctions, as imprecise as the initial assumptions they rest on, which allow the author to lose sight of the complexities and interdependencies of the real world in a maze of pretentious and unhelpful symbols" (Keynes, 1936).

Altogether, the constructivist critique of rational choice is by and large a debate held at the microeconomic or agential level (e.g., its focus is on the decision making and behavior of individual agents). This is made most clear by Hay, who attempts to highlight the underlying weakness of the rationalist reading of agency based on two critical assumptions (Hay, 2002). First, he notes that actors are assumed to possess perfect information about their environment and how to best interact with it. Secondly, it assumes that identically positioned actors have objectively identical interests without any variance or subjectivity in the rationale. Therefore, in the spirit of parsimony the logic takes a very shallow if not completely inappropriate analytical position to account for variances in human action (Hay, 2002: 196). In a sense then, Hay's critique against rational choice does not only stress that the modeling of agents is too simplistic, but it also suggests its potential to operate in a tautological manner.

Asides from their critique of rational choice, constructivists made a significant contribution to the globalization debate by theorizing it as primarily existing as concept with endogenous qualities rather than as an external or tangible object in and of itself. Hay makes the constructivist view clear asserting that "discursive constructions" have the ability to alter policy regardless of whether empirical or material factors actually support the claims (2002: 202). As such, constructivist authors see globalization as a catalyzing concept or tendency as opposed to an objective fact (Hay & Watson, 2003; Smith, 2005; Hay, 2007). Within this line of thought, globalization is treated as a metanarrative of crisis wherein a neoliberal policy paradigm provides the "discursive solution" (Barnett, 2010). In other words, neoliberal globalization (as a discourse) serves as means to set "clear limits on what is possible in economic, social and political terms" (Hay & Smith, 2013). In all, the argument herein is that the "need" for liberalization or austerity is fomented endogenously (i.e., via discourse, norm construction and identity politics) rather than by actual external or material causes.

Hay draws attention to political, discursive and normative strategies employed to chip away at the legitimacy of social-democratic constructs by attacking its very viability through what he calls, “the politics of the globalization” (2007: 317). To Hay, these politics serve to depoliticize the retrenchment of the state and in turn, allow the economy to act outside of the democratic process (Hay, 2008: 591). This coincides with Blyth who posited that norms are introduced by politicians through a *discourse of globalization*, with the ultimate aim of creating a culture conducive to liberalized economic policies (Blyth, 2003: 701). It also harkens to Hay’s prior work with Watson wherein they suggested that globalization’s “language of necessity” effectively put together a “discourse of no alternative” that rationalized economic liberalization and austerity (Hay & Watson, 2003).

Building on the works of Hay and Watson, Smith maps out the competing understandings of globalization within the context of the Irish case in order to flesh out its tendencies (Smith 2005). Concurring with Hay’s general assessment, Smith describes globalization as a diffuse, discursive construct that rationalizes its desired outcomes, by abstracting processes and constraints that in many instances do not even exist (2005, 25). In this view, globalization operates as a mythology, zeitgeist, or “Fās,” as described by Cameron and Palan, which must be understood as occurring in a variegated manner (2004). However, one of the hallmarks of globalization in the neoliberal sense is that its discourse can also be identified via its “common economic policy paradigm,” which characteristically promotes low inflation targets, free trade, fiscal austerity measures, and “free capital mobility” (Hay & Smith, 2005: 134-135). Ultimately, Smith considers the term “globalization” as a normative construction, which is part of a broader power struggle for control between capital and the nation-state (Smith, 2005: 197).

1.3 Critiquing constructivism: accounting for material factors and spatiotemporal dynamics

Smith’s qualification alludes to or opens the door for critiques, which suggest that material or structural factors— outside of the ideational construct of globalization— must also be accounted for. In this sense, ideas do matter, but also carry consequences that have “material” or tangible effects. Herein, a dialectical, bi-directionality emerges that parallels the work critical realist (Bailey, 2008; Jessop, 1991, 1997, 2000) and historical materialist (Cox, 1987; Burnham, 2014, 2006, 2000) understandings of globalization, capital and its broader projects of dispossession and depoliticization of economic policy. In other words, the level of analysis cannot solely be done at the microeconomic or agential level, as “macroeconomic” factors, which can manifest as or within contextualized spatiotemporal dynamics must also be incorporated or accounted for.

One of the most direct and compelling attempts to rein in the “idea centric” theorizations of social constructivism comes from David Marsh’s 2009 paper, which argues that this focus on ideas has favored discourse at the expense of accounting for material factors. Herein, Marsh charges that Hay’s later works deviated from their past concurrence on the view that material factors are just as important as ideational ones, specifically in the way that they can potentially constrain or facilitate agents (Marsh 2009: 686-687; Hay 2002: 208). In other words, Marsh emphasizes that the trending focus on ideas must not come at the expense of accounting for how material factors fit within explanations of change and stability (2009: 679). Interestingly, he does qualify his assertion by noting that above-mentioned constructivists, particularly Smith, have in fact acknowledged the influence that economic factors—for instance— carry within issues of globalization (Marsh, 2009: 690; also see Smith 2005).

Notwithstanding, the upshot of this specific critique is its call for a rebalancing of constructivism so that the dialectical relationship between material and ideational factors carries as much weight as theories regarding structure and agency (2009: 608). In effect, what Marsh advocates for is a multi-directional accounting of the dynamics between material and discursive factors, which explains how shared ideas or norms within institutional decision making might materialize into a set of policies or initiatives with tangible effects (Marsh, 2009: 689-690). In his example, Marsh posits that the global financial crisis shows how material constraints— in this case arising from the exponential growth of high finance in the 1980s— came to dominate regulatory policy by deciding what it deemed as "acceptable" (690).[13] Yet, this point acknowledges that what is ultimately constrained is the discourse on policy and how to proceed! Nonetheless, this dialectal relationship suggests that interests, agents, institutions or organizations can rally behind or support constructs that they perceive favor their own ends, despite the fact that the notion of rationality does not factor in because of the intrinsic complexity of agents.

[13] Upon an initial examination of the Argentine financial crisis, parallels to Marsh's findings become readily evident. First, herein was the IMF's influence over Argentina's political economy (1976-2006), specifically in the area of monetary, tax, fiscal, and regulatory policymaking (chapters 3-5). These constraining effects were also compounded by the growth and consolidation of private finance in the mid-1990s (chapters 6-8), which altered the systemic or "macroeconomic" structure of finance within Argentina. Additionally, the views and liberal policy preferences of private finance were heavily represented within the Argentine press, which served as a means to frame or temper the public discourse. Nonetheless, within this thesis, these findings concerning the "material" factors or constraints were more the result of interrogating what was borne out of (or what "materialized" from) the discourses of the IMF and private finance, rather than simply assuming or "knowing" specific institutional or agential preferences. Ultimately, this adds an additional level of empirical rigor to the claims being made.

1.3.1 Interrogating the spaces of neoliberalism

> Neoliberalism is a constructivist project: it does not presume the ontological givenness [sic] of a thoroughgoing economic rationality for all domains of society but rather takes as its task the development, dissemination, and institutionalization of such rationality. (Brown 2003: 4)

Yet contrary to Marsh, ideational and discursive analyses that are also sensitive to spatiotemporal differences are by definition, inexorably linked to the structural dynamics and material factors of the specific time and space they engage with. Moreover, works contemporaneous to Marsh (Smith & Bates, 2008) effectively preempted his critique by apparently drawing on post-structural (Cameron & Palan, 2004; Peck & Tickell, 2002, 2012) and critical realist writings (Jessop 2000, 2006) that focus on neoliberal globalization's spatiotemporal dynamics.[14] For Smith and Bates, a greater inclusion and awareness of the dynamics of geographical space and time, in both theoretical and methodological frameworks would "explicitly refute the 'logic of no alternative'" by way of "acknowledging that a multiplicity of alternative possibilities and futures exists…" (2008: 202). The link between Smith and Bates' work and other, post-structuralist and critical realist accounts is the work of Peck and Tickell, who posit that "neoliberalism cannot be reduced to an 'internal' characteristic of certain institutions or polities; it also exists as an extra-local regime of rules and routines, pressures and penalties" (Peck & Tickell, 2002: 392, also see Jessop 2000). As such, "progressive 'post-neoliberal' strategies" must develop organizational capacities that address the dynamics of both the local and extra-local scales. They argue that the latter have largely remained the domain of neoliberal interests, which as a consequence has allowed them to undermine local autonomy (Peck & Tickell, 2012: 247-248). Ultimately, the

[14] As noted above, highlighting the spatiotemporal dynamics of globalization was a concern for "transformationalist" writers who used it to emphasize the complex, varied, and even contradictory nature of globalization's spread.

logic herein suggests that empirically identifying and interrogating extra-local or global spaces is the next step.

While the existent constructivist literatures on globalization and those honing in on neoliberalism remain somewhat compartmentalized, connecting the two is of importance because it essentially bridges the gap between the material and ideational.[15] Authors focusing on the neoliberalism have a more pronounced focus on examining its characteristics, as well as its manifestations as institutional or structural constraints (Brown 2003; Peck & Tickle, 2004; Bockman, 2012; Haarstad, 2009). Reflecting on his prior work with Tickell, Peck refines his prior position— which described neoliberal policy as part of a project that sought to "roll-back" the size and scope of the state— by positing that it is better understood as a re-alignment of the role and objective of state institutions and directives (Peck & Tickell 1994, 319; Peck 2004; 394). Consequently, since the 2008 financial crisis there has been a massive growth in sovereign debt within developed states confirming that there is no global retrenchment of the state, *per se*. Within this logic, neoliberalism manifests itself as a contingent or "variegated" process that takes on "hybrid formations," making its development unique to the spaces it evolves in (Peck, 2004: 403; Peck & Tickell, 2002: 392; 2010: 184; 2012: 247).

This notion of a variegated evolution proposes that neoliberal "processes are temporally discontinuous and spatially heterogeneous; and [that] they produce (always mutating) macro-institutional frameworks that simultaneously intensify and exploit this constitutive spatiotemporal unevenness" (2010: 208). What this means is that empirical accounts in different spaces and times would present very different or at the very least, nuanced mappings. This ties

[15] In the constructivist sense, globalization can be understood as a discursive, social construction, while neoliberalism best describes the symptoms or what materializes from the adherence to the logics of globalization.

neoliberalism back to the idea of it actually existing as a political project, “a form of ‘meta-regulation,’ a rule system that paradoxically defines itself as a form of anti-regulation” (Peck & Tickell, 2002: 400). In other words, neoliberal projects take an “all roads lead to Rome” approach with the aim of imposing market-centric policies, which in fact heavily rely on the nation-state, institutions, and agents within to enforce its conventions.

The upshot from the abovementioned is that policy space then becomes an important battleground, which can nonetheless be interrogated by an analysis of their respective discourses. Following the work of critical-realists, Oseland and Haarstad attempt to account for the dialectal nature of ideational and material factors by focusing on the “spaces of neoliberalism” (2012). They see “policy space” as the opportunities and constraints within which agents must negotiate. In this view, neoliberalism is described as being “loosely composed of different reforms that unfold temporally and spatially, and partly in relation to popular mobilization” (Oseland & Haarstad, 2012).[16] Haarstad and Oseland build upon this by suggesting that this ideational dialectic— or “*sphere of public discourse*”— remains at the level of the nation-state, which in turn, regulates “economic and employment affairs” that transnationals are ultimately subject to (2012: 97). For instance, their work posits that media is structured and scaled in a manner, which is optimized to target national audiences, which includes and is exemplified by their analysis of online news cites (2012: 97). Again, the upshot herein is that neoliberalism evolves endogenously and uniquely (within distinct spaces), rather than simply the result of exogenous factors. However, their work falls short of putting together a systematic framework that apprehends the two aforementioned dynamics at play within.

[16] Their work attempts to highlight the dialectical struggle between the “variegated” evolution of neoliberalism and ebbs and flows stemming from “cycles of social resistance,” which together speaks to the broader crisis literature that focuses on the inter-temporal fluxes that crises provide (Brenner, Peck, & Theodore, 2010; Hay, 1996, 2009; Jessop, 1991, 1999; Larner, 2003; Peck, 2004; Widmaier, Blyth, & Seabrooke, 2007).

It is important to note than in a similar, and even complimentary manner post-colonialist works have emphasized the West's or "colonialist" control of knowledge (Ashcroft, 2013; Grosfoguel, 2011; Mignolo, 2012; Mignolo & Escobar, 2013; Sanyal, 2014). Herein, concepts such as "justice" and "economic efficiency" are ultimately defined and subsequently appraised— in a quite hegemonic fashion— by the presiding colonial powers and its extensions, such as international institutions and actors, like the IMF and international financiers. Moreover, the thrust to "globalize" (i.e., liberalize and financialize) foreign economies uncannily resembles prior efforts to Christianize the "New World," which respectively serve as means to consolidate power (Mignolo, 2015b). While taking a longer historical perspective, this notion of a sort of economic proselytizing of globalization also captures the combination or nexus between material and intersubjective dynamics.

1.4 Reasserting the importance of discursive institutionalism: a systematic framework for interrogating ideas, structures, and outcomes

From the debates covered above it becomes clear that ideas remain important. However, there are many critiques and shortcomings to employing a purely ideational framework. It also appears that the literature has gone full circle in its quest for balance. As examining "policy space" has been the domain of institutionalist works, which have developed systematized approaches, methodologies and broader frameworks that can capture exactly how policy spaces evolve, even via discourse.[17] Yet, at the very cross section of institutions and ideas is the work of Vivien Schmidt, who incorporates constructivism's focus on the ideational with her institutionalist

[17] New institutionalist can be understood as a separate body of literature that hones in on the role institutions play within the global economy are also of importance. For this group the institution serves as a pivotal conduit for globalization and political economy as a whole (Hall & Soskice, 2001; Garret, 1998; Scharpf 1997, Thelen, 2001; Weiss, 2003). In terms of the wider debate on globalization or neoliberalism, these "new institutionalists" posit that how institutions react to external stimuli (e.g., global market pressures) is often a much more fruitful endeavor than simply measuring its extent— asides from addressing some of the abovementioned critiques of constructivism, it more specifically harkens to the debate between hyperglobalist and skeptics.

background. In this sense, Schmidt's conceptualizations provide a balanced framework that addresses the issues raised from critiques of constructivism. In turn, by applying Schmidt's analytical framework, within different spatiotemporal contexts, it can not only show how discourses traffic in widely understood or internalized social constructions, but also how— within policy-making settings— they can have very real or "material" effects.

Schmidt also provides a framework with which to open the black box of institutional decision making, via discourse. In other words, it provides a framework that accounts for constructivist focus on ideas within the inner workings of institutional decision-making. In turn, just as it can elucidate how social constructions affect wider publics, within institutional spaces it can help unpack how discursive constructions sway or color the decision-making process. Consequently, it also provides a systematic answer to the critiques of critical realists, while also incorporating much of the insights from post-structuralist and complex theorists who emphasize the variance inherent to spatiotemporal differences. Ultimately, this balancing act allows the ideational and material realms to coexist within a common dialectic, while also proposing that agents and structures evolve together.

It is in this same sense that Schmidt's framework also serves as a bridge between the more structuralism frameworks of new institutionalists (Hall & Soskice, 2001; Garret, 1998; Scharpf, 1997, Thelen, 2001; Weiss, 2003) and the more relativist ontology of social constructivists, or what later emerged as discursive institutionalism (DI), a term used both by Schmidt and Hay (Hay & Rosamond, 2002; see also Abdelal, Blyth & Parsons, 2015; Schmidt, 2010). By bridging this gap this thesis can provide a rigorous assessment of how ideas affect policy change. Precisely, Schmidt's work promotes the study of discourse within institutions by expanding the earlier views of Hall, Soskice, and Sabel's, who saw "deliberative institutions" as those that "engage in collective discussion" in the hopes of reaching agreements, which in turn, have real or material consequences (Hall & Soskice, 2001: 11; Sabel, 1992, 1994).[18]

The specific contestation put forth by Schmidt is that the conceptualizations of new institutionalists like Soskice and Scarpf's "remain highly deterministic, as institutions determine politics, which determine political outcomes, and it still can't explain the origins of the institutions or the political coalitions that created them, let alone why they might change institutions or policies over time" (Scarph, 1997; Soskice, 2006; Schmidt, 2010: 6). Moreover, Hall and Soskice also, outwardly deferred to Elster's positivist methodological approach, centered on game theory, an alternative to which is Schmidt's discursive analytical framework (Elster 1998; Hall & Soskice, 2001; Schmidt, 2010: 7). It is for these reasons that Schmidt's body of work provides balance by bringing in some of the relativist elements found with constructivist focus on agency, which is centered on how ideas and norms animate or influence the decisions that lead to institutional rules or reforms— what are considered as "structures".

Schmidt's more systematized conceptualization helps garner a better understanding of the central role of discourse within (black boxed) policy spaces. First, she notes that institutions do not lock agents into a structural path; rather institutions exist as the constructs of the very agents within. In other words, these agents have the potential to either sustain or alter its course through their deliberations. Secondly, Schmidt posits that interests are "neither objective (because interests are ideas and, as such subjective) nor material" (Schmidt 2008, 322). These assertions challenge the logic of rational choice models whose one dimensional agents simply seek to maximize very clear and tangible payouts. And as noted above, Schmidt suggests that due to its

[18] Although Schmidt argues that her analytical approach is ontologically and epistemologically neutral, her work does openly contest some of the underlying assumptions held by new institutionalists and rationalists alike (Schmidt, 2004: 193).

inability to endogenously account for change, new institutionalist's theories and methods fail to "capture the complexity" of how states navigate through "entrenched interests, institutional constraints and cultural impediments" (Schmidt 2003, 128; 2010, 21).

Schmidt provides a theoretical conceptualization aimed at understanding change via discourse. In terms of her framework's scope, Schmidt holds a fairly inclusive view of what constitutes discourse by suggesting that it can be taken "as whatever policy actors say to one another and to the public more generally in their efforts to construct and legitimate their policy programs…" (Schmidt 2002, 169). In her view the term "discourse" is general enough to encompass language, narrative, and communicative action (Schmidt 2004, 193). Yet, it is the central factor in understanding not only how ideas spread, but how institutions operate.

Notwithstanding, her analytical approach splits discourse into two key areas, coordinative and communicative. In order to situate her focus on *coordinative discourse*, Schmidt harkens back to past scholarship on the "policy construction via discourse coalitions (Hajer 1993; Sabatier 1993; Lehmbruch 2001)" (Schmidt 2014, 190). For Schmidt, *coordinative discourses* take place within institutions, organizations or even epistemic communities and typically results in either policy or some form of collective action. *Communicative discourses* on the other hand, are best understood as operating within the public relations or political sphere. Specifically, Schmidt posits that "it consists of the individuals and groups involved in the presentation, deliberation, and legitimation of political ideas to the general public." Agents involved can include but are not limited to politicians, spokespeople, as activists, intellectuals and various forms of media (Schmidt 2008, 310).

Schmidt also suggests that there are indeed synergies between institutionalism— which focuses on the core concept of policy space— and her discursive analytical framework.

Specifically, Schmidt argues that historical institutionalism (HI) is crucially important, as it helps explain how institutions constrain or "guide" actors, who internalize its rules and norms. Additionally, HI's focus on tracing institutional processes over time can be applied to gauge how ideas or discourses evolve (or persevere) (Schmidt 2010, 12). Altogether, this combination's importance is found in ability to unpack institutional decision making.

Consequently, the qualitative HI methods employed by Broome and Seabrooke, which trace the IMF negotiations with non-borrower states were highly influential to my own empirical analysis (See chapter 2; 2007; 2008). Nonetheless, while they provide a sound methodological framework that covers the "coordinative processes" within institutions, their work overlooks the legitimizing discourses communicated publicly. Thus adapting their methods to also analyze *communicative discourses* helps fill the void. This coincides with Schmidt's view, which considers DI as "the missing element in the explanation of policy change" (Schmidt 2002, 169).[19] In an effort to gain a better understanding of coordinative and ideational struggles that take place within institutions and broader publics, my work combines Schmidt's theories and analytical framework with the HI methods found in Seabrooke and Broome's historical tracing of the IMF' article IV consultations.[20]

In turn, the thesis' structure mirrors Schmidt's dichotomy as its two empirical sections are divided along the lines of coordinative and communicative discourse. This provides an account of the aforementioned spaces, which illustrates the variegated ways that these social

[19] For Schmidt, the "discursive approach helps to explain the actual preferences and strategies of actors in both RI [rational institutionalism] and HI [historical institutionalism] and it helps to explain normative orientations emphasized by SI [sociological institutionalism]" (Schmidt 2010, 21). Schmidt argues that the three prior iterations of new institutionalism can benefit from the discursive approach, which accounts for change endogenously as opposed to all of the abovementioned who externalize it (Schmidt 2010, 2).
[20] Loosely Drawing off Schmidt's analytical framework, I divide my thesis' empirical work into both coordinative discourses of the IMF and the communicative discourses of financial executives and financial pundits within the Argentine press.

constructions impede or catalyze change. Ultimately, the central task of this thesis is not to find correlations between the communicative and coordinative, but rather interrogate how these different spaces internalize neoliberal ideas, which not only shows how certain policy outcomes come about, but also how they are rationalized— and ultimately, crowd out the space for alternatives.

For this thesis in particular, the analytical distinction made by Schmidt helps discern between discourses aimed at bringing out material or structural consequences and those intended to influence the perception and opinion of agents. Altogether, the overarching aim of this thesis is to reengage, reconnect, and update the globalization debate by emphasizing the dialectical dynamics. It seeks to show the different the ways and spaces wherein change can either be catalyzed or impeded. Ultimately, this allows the thesis to show how powerful discourses and ideas are, but also how the space they come to dominate can become highly structuralized. Therefore, the central task of this thesis is to interrogate how and if discourses within global structures, as well as those outwardly projected by globalization's discourse, work to promote or rationalize neoliberal ideas and policy outcomes by measuring its ability to crowd out the space for alternatives. Lastly, it shows how powerful ideas and discourses are, but also how the space wherein these ideas reside can exhibit structural qualities.

Conclusion

While globalization's wide-ranging literature has moved far beyond the crude hyperglobalist account, this simplistic conceptualization still represents the mainstream position within policymaking debates, politics, and even the press' narratives. And while the profile of the academic debate on globalization has waned, the externalizing logics of the hyperglobalist thesis continue to thrive— serving as the core rationale for the proliferation and conservation of neoclassical economics, austerity, and the wider neoliberal project. Yet, recent trends reveal that in spite of this predominance, a growing desire for alternatives has begun to grip the very states that initiated and ostensible gain from globalization— namely, the US, UK, and EU.

Going forward, revisiting the globalization literature becomes a necessary first-step in not only understanding its core logics, but also situating the thesis within what has been written. In turn, the issues brought up between hyperglobalists and the skeptics can be seen as fundamental step in testing the veracity of globalization as a tangible constraint. Subsequently, while transformationalists put forward a more complex view of globalization that accounted for spatiotemporal differences— like the other two— their approach remained highly materialistic, as it only measured the flow or gross exchange of ideas, rather than engaging and unpacking the normative effects therein. Lastly, social constructivists presented a more sophisticated and novel conceptualization, which posits that globalization mainly exists as an ideational concept.

However, critics charge that its emphasis on the ideational potentially lends itself or results in reductionist frameworks and understandings. A common consensus amongst its critics— namely, critical-realists, and post-structuralists— is that there is a need to account for the varied spaces wherein globalization and, or neoliberalism evolves in. Specifically, in terms of addressing the material outcomes, the common ground within the debate converges on the need to better account for the dynamics of policy space in particular. In turn, the work of Vivien Schmidt has produced a framework, which can, not only interrogate how policies are coordinated within these "black boxed" policy spaces, but also how normative constructions are *communicated* to wider publics. Therefore at its core, this thesis seeks shows how social and discursive constructions— specifically those that invoke or promote the logics of globalization— work to limit the space for alternative ideas, and in turn tangible policies. In other words, how do privileged ideas (neoliberal globalization) limit alternatives in practice?

Drawing on Schmidt's framework, the empirical analysis (detailed in chapter 2) is divided into two distinct cases, which respectively examine the *coordinative* and *communicative* space for policy alternatives within the Argentine case. This case study, which analyzes the IMF-Argentine debt negotiations, as well as the narratives of high finance will show how discourses work to crowd out alternatives in practice, within in two very distinct spaces. This framework also shows how (globalization) discourse ultimately materializes as policy, either directly (via institutional policy setting deliberations) or indirectly (in appeals for public consent) of legislative, judicial, and even private party action. It also highlights some of the implications and ultimate uncertainty that states must confront, irrespective of their choice to either continue down the preferred orthodox path set forth by global actors, institutions, and structures or implement endogenously arrived at, heterodox alternatives. Altogether, gauging and chronicling the latitude of the discourse within these policy and ideational spaces is the end goal of this thesis.

Chapter 2

2. Case study and methods: interrogating the space for alternatives within policy and general discourses

Having set out the theoretical framework in the previous chapter, the thesis now turns to explaining the choice of Argentina as a case study, as well as the methods employed in carrying out this empirical analysis. This second chapter begins by first explaining the importance of Argentina as a test case for understanding how ideas about globalization work within the respective spaces covered (i.e., within institutional deliberations and public discourse). It then provides a rationale for why the discourses of the IMF and the financial press are of importance to understanding how ideas about globalization operate in practice.

Specifically, this chapter introduces the thesis' two empirical sections on Argentina, which are delineated via Schmidt's analytical distinction between *coordinative discourses* of the IMF and the *communicative discourses* put forth by the Argentine financial press.[1] First, it explains the central role of the IMF as a "globalizing institution" and also, how the discursive space for alternatives to neoliberal globalization's logics within is critical to how policy outcomes are arrived at. The second empirical section, which focuses on the discourses of global finance fit within Argentina is also introduced thereafter. Lastly, this chapter ends with a detailed explanation of the methods employed within the two case studies. Herein, the rationale and methods used within this thesis' set of empirical cases are laid out. Precisely, this content analysis of the IMF-Argentine relations is an examination of its *coordinative discourses*. The subsequent case study on the discourses of international finance found within the press cover the *communicative discourses* of Argentina's financial consolidation, collapse, and ultimate restructuring.

[1] An explanation of Schmidt's analytical framework, as well as the distinction between *coordinative* and *communitive* discourses can be found in chapter 1.

2.1 Why Argentina: exploring the room for heterodoxy within ideational and policy spaces

The choice of Argentina is important for many reasons— both empirical and theoretical. Overall however, Argentina is especially important in relation to the theoretical framework, which attempts to understand exactly how ideas operate in practice. Consequently, the choice of subject matter is also relevant to Schmidt's dichotomy— that is between *coordinative* and *communicative* discourses (2014). Specifically, Argentina's policy constructing discourses with the IMF, as well as the normative constructs of global finance, which are found within the press make it a fundamental test case for ideas about neoliberal globalization. Moreover, this test case for not only serves to interrogate how these ideas operate in practice, but more specifically how ideas and discourses surrounding the neoliberal logics of globalization crowd out the space for alternatives.

Once the model state of the IMF and a net positive recipient of FDI, Argentina now serves as an axiom of the vicissitudes of modern neoclassical economics, as well as a source of reference and quintessential test case for the aforementioned debates and theories on globalization (Camdessus, 1998; ECLAC, 1998). Since the mid-1970s, Argentina has gone through several bouts of inflation, deflation, mass unemployment, and political turmoil. Furthermore, the responses to these instances of instability were met with a wide variety of initiatives— including, liberal reforms, bailouts, and bail-ins, which even brought about a return to policies that were more nationally focused.[2] This latter policy throwback to Peronist or Keynesian-nationalism not only spurred the devaluation and delinking of the peso from the US dollar, but it also severed the Argentina's ties with the IMF. As a direct consequence of the

[2] A bail-in is herein defined as a reduction imposed on the assets of a bondholder or accountholder.

economic failures and its policy decisions, Argentina was then forced to reorganize its financial sector.

Ultimately, the relevance of globalization remains linked to diverse spatiotemporal dynamics, which include the structures, institutions, actors, and the ideas they internalize and project. Even today, as most of the G7 nations rally behind populist appeals that promise a shift towards policies of de-globalization, Argentina now under the administration of Mauricio Macri— who ran on a platform, which promised to reintegrate Argentina into the global economy— has begun to ebb back towards liberal reforms. What this all signifies is that globalization as discourse and as a subject of inquiry continues to grow in complexity. Moreover, these recent developments provide new and uncharted terrain for IPE that can either challenge or support past assumptions. Moreover Argentina's past and present appears to serve as a microcosm for the present and future events within the G7 nations. In turn, this chapter sets out the case for the continued importance of globalization— and specifically, what can be learned from the study of Argentina's policies and ideational spaces of the IMF and finance, respectively.

While the failures of the structural reforms of the 1990s, as well as the ensuing Great Depression (1998-2002) have been the focus of contemporary works on Argentina (Azpiazu, 2002; Baer, Montes-Rojas 2008; Dagdeviren, 2011; Manzetti, 2009; Munoz 2009; Rodriguez-Boetsch, 2005), trends towards opening up its economy to international or global forces stretches back further. For instance, Kedar's work traces the liberalizing tendencies within the IMF-Argentine lender-borrower relationship to its inception in 1958, and that these meetings also involved heads of private finance (Kedar, 2013: 58-60).[3] Nonetheless, Argentina's official turn towards a sustained, IMF lead, structural reform effort— which was overshadowed by the state sponsored terrorism that ran concurrently— was carried out by the by the military dictatorship of Videla and Bignone (Tedesco, 1999). Consequently, Laura Tedesco attributes the economic adjustment that took place during the 1970s to the international shift from Bretton Woods system to the more liberal, financialized, monetarist model, which "increased the power of international investors, creditor countries and two financial institutions— the IMF and the World Bank" (Tedesco, 1999; also see Clift, 2012).

Following up on Kedar and Tedesco's observations, another important facet to account for within the Argentine political economy is the role and dynamics of the financial sector. Moreover, the literature on Argentine banking finds that foreign finance capital has even deeper roots within its economy than the Fund itself. For instance, Adrian Murano chronicled one of the earliest bouts of capital flight to London, which occurred in 1891. Herein, Argentine banks such as Hippotecario, Banco Nacional, and Banco de la Provincia all suffered heavily losses, which ultimately spiraled into a currency run causing the devaluation of the Peso (2004: 23-25). Additionally, Zlotogwiazda & Balaguer trace the entry of American finance into Argentina to 1914, which marked the opening of the first Citibank branch within Argentina (2003: 13).[4] Altogether, these abovementioned works harken to the importance of understanding the role of both international institutions (such as the IMF) and private finance within the evolution or "opening up" of Argentina's political economy, as well as the dynamics of FDI and capital flight.

[3] 1958 marked the inception of the IMF-Argentine lender-borrower relationship.
[4] Zlotogwiazda and Balaguer 2003 book also notes of the exponential growth of Citibank's economic activity within Argentina from 1976 onwards, which consequently marks the Fund's return to Argentina.

However, identifying and mapping the role of global finance's normative constructions within the Argentine case is an area that has been less developed and thus, less understood. As a result, this empirical account aims to glean greater insights into how globalization logics are internalized and projected by institutions and financial agents. In other words, how globalization discourse operates in practice is at the core of the thesis. Ultimately, interrogating how ideas effect policy outcomes and broader understandings held by "globalizing" institutions and agents, as well as the broader public understandings is the central task of this thesis.[5]

2.2 Why the IMF: the importance of the gauging coordinative discourses within policy spaces

The IMF and the literature surrounding it is not only central to the Argentine puzzle, but also to this thesis' theoretical position, which sets out to account for how the logics of neoliberal globalization limit ideas and in turn, policy choices. Consequently, this thesis' first empirical section zeroes in on the potential biases within the *coordinative discursive* space (i.e., the IMF-Argentine Article IV negotiations) (Schmidt, 2008). Specifically, it provides a content analysis on the extent of the IMF-Argentine debt negotiations, picking up from the outstanding loans floated from 1976 to its eventual default in 2006. Altogether, this enquiry provides a comprehensive, historical evaluation of the biases and tenor of all published Article IV consultations between the Fund and Argentina. In turn, the data gleaned from this empirical study serves as a chronological mapping of the disposition of the IMF's advice. In other words, via an analysis of the institutional discourse it tracks how ideas are used in practice.

[5] Again, this thesis' first empirical section traces the coordinative discourses of the IMF throughout its 30 year run with Argentina (1976-2006). The second section goes on to trace the discourse and broader narratives put forth by international finance and the Argentine press during its initial period the consolidation in the mid-1990s, as well as the subsequent period of crisis, which was marked by the rigid imposition of bailouts and capital controls, and the ultimate reformation of private finance.

The IMF's relationship to globalization itself has been the focal point of prominent IMF scholars (see Stiglitz, 2003; Woods, 2006). Indeed, while the idea of the Fund serving as a "globalizer" (Woods, 2006) and debates surrounding its ostensible shift towards neoliberalism (Abbott, Andersen, and Tarp, 2010; Chwieroth 2007; Chorev & Babb, 2009) have become well-worn ground, less and less attention has been given, especially in a systematic manner, to the actual discourses and ideas trafficked within these deliberations. For this reason, this thesis conceptualizes the IMF as a potential "globalizer" in a similar capacity as Hay and Smith saw the role of the British New Labour party, which they suggest as defending the "liberal order" (2005). Consequently, this defense (or expansion in the case of Argentina) of this "liberal order" was to be accomplished via the promotion and/or imposition of "a common economic policy paradigm," which emphasized low inflation targets, free trade, fiscal austerity measures, and "free capital mobility" (Hay & Smith, 2005: 134-135).

While the works of Kedar (2013) as well as that of Cooper and Momani (2005) offer rich chronicles of the IMF-Argentine negotiations, the actual biases of the Fund, or rather how their discourses and ideas ultimately effected policy outcomes was not covered in any type of systematic manner. However, works such as those from Broome & Seabrooke (2007, 2008) have put together a methodological framework that can be specifically used to test for discursive biases within the Fund. Yet, Broome as well as Seabrook have put forth findings suggesting that the Fund has indeed shown signs of "flexibility," which implies that the Fund is perhaps not a champion of globalization as the abovementioned scholars suggest (Broome, 2015; Broome & Seabrooke, 2007, 2008)

Nevertheless, one of the main criticisms of the IMF is the charge that it has consistently relied on standardized templates that impose liberal market policies, which rely on deficit reduction, austerity, deregulation, and privatization (Chorev & Babb, 2009; Momani 2004; Pagliari, 2008; Panitch & Gindin, 2013a; Stieglitz, 2002). Following heterodox, or Keynesian demand-side logics, critics have argued that the IMF's overreliance on what amounts to a deflationary economic policy mix can exacerbate downturns (Stieglitz, 2002; Thacker, 1999; Wade & Veneroso, 1998).[6] Other critics of the global financial order posit that this obstinate focus on currency appreciation can actually lead to instability as it facilitates the entry of short-term capital from developed states, which can exacerbate the inflationary pressures they sought to curtail (Panitch & Gindin, 2013a; Edwards, 1990). However, these Keynesian logics are largely left out of the "global" or "globalized" conceptualization of markets, which in their absence makes adhering to neoliberal policies a rational imperative. In other words, in this scenario the Fund's neoliberal policies are founded on the presumption that— rather than being an ideational construct— globalization is a material reality or constraint, which is irrespective of their silence on the term itself.

Moreover, the shortcomings of Argentina's liberal policies during the 1990's also sheds light on the origins of these purportedly immutable "global" capital flows.[7] For instance, critics

[6] Keynes defines deflation as the reduction of the "ratio between the volume of a country's currency and its requirements of purchasing power in the form of money, so as to increase the exchange value of the currency…" (Keynes Essays, 102) Simply put, a deflationary policy is one that seeks the appreciation of a currency's value or purchasing power thereof. However, one of the negative effects is that when money itself becomes more "expensive", its velocity (i.e., its rate of circulation within the economy) decelerates, which slows down economic activity. Minsky views neoclassical economics neutral or 'sterile' view of money as problematic and crude since it excludes the effects of "capital intensive production, capital assets…and capitalist finance." (1984: 114,124) In its place, Minsky offers an endogenously created cycle, which posits that the flow of money is dependent on the intersubjective actions and reaction of agents who heuristically validate and accelerate trends to either invest or divest from financial sectors, markets, or states (1986: 237).

[7] Temporally coinciding with Argentina's liberalization agenda, several scholars pinpoint the IMF's internalization of neoliberal policies to the mid-1990s. Precisely, several scholars peg the institutionalization of neoliberal policies within the IMF to a 1995 board decision, which was said to be spearheaded not by the US, but "neoliberal proponents in the MAE [now the Monetary and Financial Systems Department] and managing director Michel Camdessus" (Camdessus, 1998; Chwieroth, 2007: 19; also see Abdelal, 2006: 192). However other scholars, such as Abbott as well as Chorev and Babb cite the 80's as an inflection point wherein the Fund's advice took on a more structural character that went beyond the focus of macroeconomic thresholds as it now sought to, effectively transform the host state's policy process, its laws, as well as its institutions (Abbott, Andersen, and Tarp, 2010: 18;

of the 2001 Argentine collapse posit that the state's embrace of liberal policies during the 1990s is what ultimately opened the economy to the type of short-term speculative investments that thrive off market instability (Cafiero & Llorens, 2002; Murano, 2004; Zlotogwiazda & Balaguer, 2003).[8] In turn, this "legislated" or state-enabled fickleness is itself a construct, which the ideas or logics of globalization's discourse explain as a natural, rather than political phenomenon. In a sense then, it is the state's prerogative to decide on whether to actively manage instability via a focus on endogenous growth or adhere to the hyperglobalist logic, wherein their role would be to enable, entice and placate these global capital flows via neoliberal or neoclassical policies. Ultimately, this is where understanding the IMF's role as a "globalizing" institution and the degree to which they promoted neoliberal policies within different spaces and times that becomes important.

2.2.2 A flexible and "experimental" IMF in the face of an existential crisis?

A recent intuitionalist counter to the more established view of the IMF as a rigid "globalizer" posit that the Fund has in fact demonstrated outward signs of flexibility. Precisely, this view suggests that— as early as 2002— due to its deteriorating reputation and portfolio, the Fund began to move away from boilerplate solutions in favor of more flexible or "experimentalist" approaches (Broome, 2010; Dieter, 2006; Graham and Masson 2002). Similarly, Chwieroth has also suggested that an equilibrium of sorts has been reached between

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Chorev & Babb, 2009: 460). Moreover, Chorev and Babb qualify this by also nothing that "by the end of the 50s, the Fund had a well-established policy of 'conditionality,'" which required a country to "commit to macroeconomic reforms designed to crack down on inflation, particularly reducing government spending and the money supply" (2009, 465). Coinciding with Choerev and Babb, and also specific to the long term dynamics of the IMF-Argentine negotiations, Kedar posits that the core liberalizing tendencies were in fact "internalized" by local authorities during its first loan agreements, which ran from 1958-1962 (61). Grugel and Riggirozzi corroborate these liberalizing tendencies, as well as the influence of Washington on Argentine policymaking by noting that the state's import substitution policies had historically lead to tensions with the US, as early as 1945, which subsequently intensified in the 1960s and 1970s (Grugel & Riggirozzi, 2008: 504). Ultimately, it becomes a question of the degree to which the Fund relied or pushed neoliberal polices.

[8] Prevost notes that these short-term capital flows account for 90% of global transactions (2003).

international non-governmental organizations (INGOs) *vis-à-vis* the IMF and neoliberal economists despite the fact that, in his view, the IMF remains liberalizing force. In his estimation, these INGOs have moderated the effects from both the "coercive influences accompanying IMF loan programs…" as well as "normative influences" that are imported by neoliberal economists (Chwieroth & Pinheiro). However, this appears to be more generalization, as the proof would be found in the actual analysis of the deliberations themselves, which could also vary both spatially and temporally (i.e., between different states and time periods).

Altogether, these assertions imply that the IMF does in fact have the capacity to provide policy space. In turn, this wave of institutionalist authors, effectively supporting a "flexible IMF" thesis have attempted to roll-back the debate by providing a basis for other more tempered interpretations. In other words, they provided a sort of "3rd way," or middle ground from more critical positions, claiming that the IMF was either a champion of neoliberal globalization or arm of the Washington Consensus (Chorev & Babb, 2009, Babb, 2012; Grugel, Riggirozzi, &Thirkell-White, 2008; Momani, 2004; Stieglitz, 2002).

According to Broome and Seabrooke, the IMF's advice itself, as well as its efficiencies in monitoring and rating, both the implementation of policies and the macroeconomic trajectory of states are more reason for both borrowers and non-borrowers to seek out its expertise (2008, 223).[9] In terms of advice, Broome and Seabrooke suggest that the Fund's experience provides its

[9] Asides from the potential benefits of the Fund's past experience, the authors also points to its ancillary efficiencies in monitoring and rating (Broome & Seabrooke 2008, 223). Clearly both, borrowers and non-borrowers who receive negative feedback risk the possibility of a credit downgrade or at the very least rousing investor's fears. However, as the case of Argentina showed, capital flight actually preceded the IMF's official negative forecasts, as well as their emergency negotiations (See Chapter 2; Also See Cafiero and Llorens 2002; Murano 2004; Zlotogwiazda and Balaguer 2003). Nonetheless, how the Fund wound up being the last to come to terms with the economic conditions could be due to either lapses in oversight or perhaps the potential conflicts of interest within the creditor-borrower dynamic.

member states with a global “pool of comparative knowledge on ‘experimentalist governance,’” which “small states can tap to increase their understanding of the probable outcomes of alternative reform options” (2008, 223). However, the suggestion that member states can pick and choose policy alternatives à *la carte* underestimates the influence of the deliberation process (i.e., the coordinative discourses) that their work analyzes. Moreover, as Broome and Seabrooke themselves note, the stakes for borrowers are raised, as they remain susceptible to coercive action (Broome & Seabrooke, 2008). Ultimately then, it is the disposition and what is borne out of the Article IV deliberation process itself, which is indicative of the degree of “experimentalism” or “flexibility” afforded to a state.

In a logical sense, if the deliberative discourses show that the IMF’s dual role— as an economic advisor and forecaster—consistently insinuates a neoclassical policy mix on member states; does it not reinforce the arguments, which peg it as not just a “globalizing institution,” but a conduit of neoliberalism? Asides from this point, the case of Argentina could be said to run counter to Broome’s broad view of the Fund’s efficacy, wherein he states that “…we can observe direct negative effects for states when they fall out with the IMF or deviate from an ‘IMF friendly’ policy stance” (2008, 222). In other words, although Broome sees states who yield to the Fund’s authority as better off because of these abovementioned points, perhaps the case of Argentina not only illustrates the drawbacks of remaining open to the vicissitudes of global capital, but may also present an alternative path?

In a paradoxical twist, Momani (2004) has put forward evidence, which shows that unmet calls for liberalization, fiscal retrenchment, and other orthodox measures can still lead to a positive standby agreement (SBA). However, the caveat is that these instances the “flexibility” did not stem from the funds own volition, but rather had more to do with either the external political factors (e.g. the Washington Consensus) or as a result of states, like Argentina, who are able impose their will within hostile negotiations (Momani 2004; Cooper & Momani 2005). Again, this implies that the "globalizing" or the "opening up" of a state is much more the result of political deliberations, rather than simply the natural or "scientific" laws that effectively penalize states that don not conform.

Nevertheless, a second wave of critics has engaged with these abovementioned claims of flexibility. For instance, Abbott Et. al found that not much had changed with regards to the Fund's flexibility, despite its purported shift away from conditional lending (Abbott, Andersen, and Tarp, 2010). Perhaps a more cynical reading of the "flexible" thesis would conclude that the idea of a reformed IMF itself could be best understood as public relations overhaul in the face of its waning credibility as an effective lender of last resort. In this guise, Güven agrees with the initial premise of the "flexible thesis"— which is that there was in fact a steep decline in the IMF's portfolio from 2004-2007.[10] However, he also notes that lending quickly returned to peak levels with the onset of the 2008 global financial crisis (GFC), which according to Güven, allowed the Fund to keep its neoclassical playbook intact (2012). In concurrence, a more recent paper by Broome, which consequently tests for biases within borrower states, and also broadens its testing parameters, suggests that the post-crisis surge in demand for loans has allowed the Fund to revert to a policy mix centered on fiscal consolidation (Broome, 2015).

Ultimately, the lack of consensus regarding its alleged neoliberal policy bias within the abovementioned literatures implicitly questions the IMF's role as a "globalizer" (Woods,

[10] The 2007 IMF annual report noted that its portfolio had tumbled to 7 billion USD from a high of 70 billion USD in 2004 (IMF, 2007; Güven, 2012: 871).

2006).[11] However, rather than focusing on a binary argument on whether or not the Fund held a rigidly neoliberal bias, a discursive analysis could instead focus on the degree to which the Fund served as a "liberalizing" or "globalizing" agent. In other words, this thesis' empirical analysis focus on gauging the range of ideas within the Fund, giving a much more nuanced and therefore rigorous account of the Fund's role in Argentina's policy outcomes. Perhaps another problem within above debates was the lack of consensus on an operational definition on what exactly constitutes policy "rigidity" or "flexibility". As a result, within the methods section herein, this thesis defines "flexibility" by how strict the IMF adhered to the neoliberal logics of globalization (see chapter 2, section 4). In other words, within this thesis whether the consultations exhibited signs of flexibility, heterodoxy, or orthodoxy is strictly derived from the results of the empirical analysis, which analyzes the coordinative discourse of the IMF-Argentine debt negotiations. Thus, by gauging how ideas within discourse influence policy outcomes within the IMF-Argentine deliberations, its and role as well as its intensity as a "globalizer"— throughout the 70s, 80s, and 90s— can be confirmed.

[11] The more recent debates on the IMF's newfound policy latitude are most relevant to the empirical findings of my 5th chapter. This is where this thesis' historical tracing of the IMF-Argentine negotiations begins to overlap the purported "experimentalist phase". That is, that at some time during the 2000s (circa 2003) the IMF turned to a more "experimentalist" approach, which was later said to be dropped after the onset of the 2008 GFC— due in part to the resurgence of demand for loans. In the event that no evidence of flexibility is found within the post-2000 Article IV consultations, then at the very least my empirical findings should serve temporally truncate the notion that the IMF entertained or provided the space to maneuver outside of the orthodoxy. Considering Argentina's last Article IV consultation took place in July of 2006, a negative result would essentially narrow the Fund's 'experimentalist' window from approximately 5 years to smaller, 2 year span.

2.3 Interrogating ideational spaces: an analysis of the communicative discourses of international finance within Argentina's financial press

While this thesis' first empirical section offers an analysis of policy biases within the institutional space of the IMF, this second section is concerned with how ideational constructs are disseminated to wider publics. In other words, the focus of this section shifts from an analysis of the *coordinative discourses* within institutions to the *communicative*, discursive constructions conveyed to investors and wider publics (Schmidt, 2014). Essentially, it covers another facet of globalization— namely, how the internationalization of finance was presented within Argentina, from start to finish (1997-2006).

The contribution of this second empirical section is twofold. First, it provides a detailed content analysis of the ideational constructions (including both normative and cognitive) put forth by the press and international financiers (Schmidt, 2008). The goal herein is to collate the biases within the press' discourses, which can— as Schmidt notes— inform and thus affect public understandings (Schmidt, 2008). Secondly, it offers an additional vantage point into the Argentine economic crisis, as seen through the eyes of the press and financial executives, who are cited either through direct interviews or their own editorial columns. This second facet of the analysis allows for a greater understanding of the ideational predispositions of these actors. Specifically, it gauges whether financial executives see markets as driven via normative or cognitive factors. In other words, this study can expose how or what executives and the press ultimately understood as driving markets, and to what degree (i.e., did they favor either ideational or material). It can also explain how these agents weighted exogenous *vis-à-vis* endogenous factors— that is, if ideas of globalization where prioritized *vis-à-vis* those focused on domestic factors.

Like the first section covering the institutional dynamics within the IMF, the 3 chapters that follow are underpinned by Schmidt's analytical framework, which divides discourse into the *coordinative* and *communicative* spheres. In turn, this second empirical section focuses on the latter— that is, the *communicative discourses*. On its own merits, the following analysis on the public discourses occupies the spatial channels of political communication— speaking to this thesis broader aim, which is which is to analyze how ideas function in practice. And more specifically, to garner an understanding of how the logics of globalization are deployed to crowd out alternative ideas. Ultimately, the narratives constructed by these agents serve as important puzzle pieces in understanding not only how popular ideas about the economy and finance are shaped, but also how they contrast and compare to those emanating from institutional discourses, wherein policies are first coordinated (Schmidt 2014).

2.3.1 The corporate press and financial markets: fundamentals or fundamentalism?

At the cross-section of globalization and finance is the question of ideas. Within the Argentine case, this already evident from what has been written on the subject of its financial crisis (Cafiero & Llorens, 2002; Murano, 2004; Zlotogwiazda & Balaguer, 2003). There are some telling empirical accounts specific to the Argentine case that provide a rationale, as well as evidence of the financial sector's tacit acknowledgement of the power of these sort of intersubjective dynamics. One of the major Argentine works that inspired this undertaking was Zlotogwiazda and Balaguer's 2003 book, which chronicles Citigroup's aggressive entry into mass media throughout the late 90s. Within this period, Citibank drastically reorganized its stake in Argentine assets by divesting from nearly all its nonfinancial holdings in order to carve out a dominate position within the state's domestic media.[12] In all, their foray into Argentina's major

[12] Citibank's entry into broadcast television began with its acquisition of Torneos y Competencia (TYC) a 24 hour sports channel that held the rights to Argentine football matches. Thereafter, it acquired 3 more broadcast channels;

channels of communication, included acquisitions of periodicals, broadcast and cable television, and even the telecommunications infrastructure itself (Zlotogwiazda & Balaguer, 2003). Although its appetite for acquiring media assets did not stop at print, its initial round of bidding sought the acquisition of two of Argentina's leading periodicals, which are covered within this study— namely, La Nación and Ámbito *Financiero*. At the very least, this rush into Argentine media explicitly illustrates the financial sectors' interest in the business of ideas and discourse.

Zlotogwiazda & Balaguer estimated that by 1998 Citi's total media holdings within Argentina were valued at approximately 1.2 billion USD (Zlotogwiazda & Balaguer 2003, 281-282, 286). This was said to not only heighten competition within the industry, but lead to a defensive stance against Citi's hasty expansion (283). Nevertheless, the upshot here was that in the early rungs of Argentina's impending slump, this large foreign bank made some peculiar power plays, as they began unwinding their diverse positions within the Argentine state in order to concentrate their operations in finance and domestic press. Again, up to this point what was certain was that Citibank aggressively thrusted itself into the business of ideas; however, the ideas themselves were less of a focus in the abovementioned account.

Taking this forward, other works on the 2001 Argentine crisis emphasized the silences within the discourse. For instance Cafiero and Llorens' work, which is the only other work found to focus on the discourses and narratives of the Argentine collapse, alleges that the press and high finance effectively covered up the capital exit, which they argue brought on the collapse

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Canal 9, 9 De Parana, 9 de Resistencia and 10 Mar del Plata (Zlotogwiazda & Balaguer 2003, 285). After its broadcast television acquisitions, Citi CEI set its sights on cable television purchasing Cablevision for 380 million US Dollars as well as acquiring a 50% stake of Fintelco the holder of VCC for 382.5 million, another 50% stake in United International holdings for 96 million, and lastly Mandeville Argentina for 265 million (282). However, this foreign media coup did not go unnoticed as Zlotogwiazda and Balaguer contend that Citibank's bid on the public channel ATC rattled the incumbent media conglomerate, the Clarín group, which mobilized the Argentine media association, Teleradiodifusoras Argentina ATA.

(Cafiero & Llorens, 2002:177, Murano, 2004). This "quiet exit," by private finance, as the coined it, was said to total 44 billion US dollars, 37 billion of which flowed directly out private sector banks between February and November of 2001 (188). Additionally, Murano's work notes that the central bank actually occulted repatriation figures in its vaults throughout much of 2001 in order to avoid public outcry (2004: 306). The total dollar amount roughly translated to 16% of Argentina's 2001 GDP, the result of which was a crippling shock by even the most modest of estimates (World Bank, 2016).

Caifero and Llorens work divides the press' coverage of the initial stages of Argentine economic collapse into two distinct periods, the Pre and Post "*Corralito"* stages (2002: 148). In their view, the "*pre-corrallito"* stage allowed for a "quiet exit" of foreign capital. They suggest that— irrespective of intention— the press' coverage served as a cover for the wholesale banking sector's extraction of equity and liquid assets, as well as its unwinding of public sector debt and other "at risk" assets. Moreover, they argued that if the public would have gotten wind of such a deleveraging strategy it would have set off a bank run at the retail level that would have precipitated the impending sovereign debt crisis— ultimately putting the Peso's convertibility at risk (Cafiero & Llorens, 2002: 192). In all, the *"pre-Corralito"* press coverage attempted to sustain the notion that the financial system remained on solid ground because of (rather than in spite of) the presence of foreign financial firms (147).

Alternatively, Cafiero and Llorens argue that the *"post-corralito"* discourses focused almost exclusively on the consequences of the financial turmoil, a sort of myopic lamenting that served to displace blame away from the financial sectors predatory practices. Their findings suggest that the mainline press completely ignored the financial sector's role in the bank run, which included the 'off shoring' of accounts over 50,000 dollars, the foreign bank's mass repatriation of capital and the widespread unemployment that resulted from the privatization boon's mergers and acquisitions of public industry (147). Additionally, the press' solutions were mostly a regurgitation of the IMF's austerity centered conditionality programs discussed in chapter 5 (Cafiero & Llorens, 2002: 147).

Politicians also failed to report on the systemic weakness of the banking sector, which as mentioned above, posted record levels of dollar expatriation in the lead up to *corralito*. Murano makes the case that both economic minister Doming Cavallo and president Fernando De la Rúa effectively obscured the cause of banking crisis by laying blame on the Argentine public, while virtually ignoring the prior transactions of high finance (2004). For Murano, this more generalized blame not only rationalized the adjustments foisted upon the general public via the retail banking freeze, but also served to diffuse responsibility for the ensuing collapse (Murano, 2004: 306).

Under these circumstances, Cafiero and Llorens further posit that the "*corralito*" was essentially a *non sequitur*, as it failed to address the root cause of the decline, which was the absence of private lending. Moreover, they note that retail bank deposits were actually experiencing modest gains. They specifically point out that between December of 2000 and February of 2001 private lending was saw a 1 billion a month reduction, while deposits maintained, not just steady, but positive growth. (Cafiero & Llorens, 2002: 218-223). Therefore, by ignoring heterodox theories the press framed the debate in such a way that it was able to avoid confronting the endogenous factors of demand-side economics.

Although domestic deposits continued, private Banks like Scotia, Citi and Credit Agricole continued to move money abroad by facilitating the transfers and "*offshorization*" of its high net worth clients. Murano's work delves into the details of the financial exit taking place behind the scenes (2004). He notes that in 2001 money moving abroad was concentrated within 27,828 accounts that made a total of 43,320 wire transfers. Additionally, private banks accounted for 81.23% these transactions, 50% of which came from Citibank and the Bank of Galicia (Murano, 2004: 307). Clearly, the aversion to lend along with the speculative exit of capital played a significant role in creating the conditions for the collapse. Moreover, Table 1 shows that the money supply (m2) saw its greatest year to year decline from 1998 to 1999 with another leg down significant leg down in 2000, which corroborates the "quiet exit" hypothesis (IMF, 2016). In other words, the decision to freeze accounts at the end of 2001 came considerably late, if not serving as a symbolic gesture or political maneuver rather than a reaction to its then current conditions.

Table 1. Banking system (1997-2001)

	1997	1998	1999	2000	2001
Credit to private sector	18.6	10.8	-2.1	-3.8	-6.0
Money and quasi-money (M2)	20.3	24.7	-2.4	-2.5	-9.0
Velocity (GDP relative to M2)	8.5	8.0	7.6	7.8	8.5

(As a percentage of GDP)*

(Source: IMF economic indicators for Argentina, 2001)

Ultimately, the idea or narrative that capital flight had been the result of external or "global" conditions was a narrative that failed to look inwards (Widmaier, Blyth, Seabrooke, 2007). As the slowdown in the velocity of money, particularly in terms of lending was also compounded by the surge in unemployment that took off during Menem's neoliberal administration. The ultimate collapse of the banking sector stemmed not from a lack of savings, nor foreign reserves or let alone the failure to abide by an austere fiscal policy, but rather from an endogenously centered process of deleveraging. This deleveraging was actually precipitated by the slowing of demand due in large part to mass unemployment caused by the privatization of state assets and a decade of a strict adherence to austere fiscal policies. Naturally in the face of daunting conditions banks sought to hedge themselves by curtailing domestic lending and hoarding capital, which lead to a liquidity crisis. In fact, the smoking gun according to Cafiero and Llorens appears to be the private financial sector's net liquidity figures, which grew 6 fold throughout the course of 2001 going from 878 million to 5.99 billion. (Cafiero & Llorens, 2002: 223-224).

One common theme of these works was that it suggest that the press' narratives— irrespective of their knowledge— served to obfuscate the realities of the financial exit. Additionally, it noted that the Argentine authorities set policy that coincided better with mainstream or "hyperglobalist" accounts, as well as the Fund's advice rather than the underlying crisis of liquidity. Therefore, one question that formed the review of the abovementioned works was that if the banks themselves were indeed invested in the idea that these channels of communication presented some sort synergistic benefit to their financial operations, would this not lessen the professed or ostensible orthodox view of a "free market" that reaches equilibrium through an objective rather intersubjective manner? In other words, does the empirical evidence within the *communicative discourses* show that bankers and/or financial pundits do not follow these neoclassical truisms in practice?

Altogether these works on the Argentine financial crisis, not only outline the importance of material interests (e.g., the power of finance capital), but perhaps more importantly they show that it is the ideas and discourse that ultimately legislate or lead to policy outcomes that— for better or worse—enable globalization. In turn, rather than simply highlighting the implicit importance of ideas and discourse, as the abovementioned works do, this thesis examines the press' narratives to not only explicitly show the importance of ideas, but how and in what ways were these ideas were used to rationalize neoliberal policies and crowd out the space for alternatives. In other words, it systematically interrogates the ideas of global finance capital.

2.4 Methods for scoring the IMF Article IV consultations (chapters 3-5)

The methods employed within this first empirical section— which gauges the IMF's policy bias— was inspired by the framework set out in Andre Broome and Leonard Seabrooke's 2007 and 2008 papers (2008; 2007). Their methods "trace how IMF staff and Executive Board advice compares with actual changes to taxation and monetary regimes" (Broome & Seabrooke, 2007; 2008). However, this thesis does advance their methods by updating and modifying them to comprehensively test the IMF's biases particularly with regards to the presence of neoliberal globalization's "common economic policy paradigm," which not only includes issues of monetary and tax policy, but also regulatory and fiscal policy (Hay & Smith, 2005). Overall, this empirical section delineates the IMF's policy advice for the specific purpose of assessing its flexibility with regards to a nation's political economy. Herein, a total of 60 IMF Staff Reports and Executive Board Meetings (EBMs) with dates ranging from 1976-2006 are examined.

Before moving onto the details of the methods employed in analyzing the IMF's bias, it is important to first introduce and discern between Broome and Seabrooke's original framework and the broader methodological distinctions made within this thesis. Firstly, their initial work exclusively examined the relationship between the IMF and non-borrower states. Nonetheless, it attempted to provide empirical evidence of the IMF's experimentalism, despite their qualifications noting that "we can reasonably expect the IMF's advice to have a 'strong' impact in borrowing developing states," which can be "subjected to a range of coercive sanctions" (2008: 222). A more recent paper by Broome did attempt to fill this spatial gap by accounting for borrower states. In this particular analysis, Broome concluded that with the onset of the 2008 GFC, "one-size-fits-all structural reforms" of the 1980s and 1990s, were replaced by a much "narrower focus on the promotion of fiscal consolidation" (2015: 161). While the post-2008 IMF goes beyond the scope of the Argentine case, this thesis can track any changes in the policy mix up to the 2006 default— a period that actually remained unaccounted for within Broome's latest work.[13] Essentially, this temporal gap leaves open the question of whether there was ever an *experimentalist* phase at all?

Ultimately, this co-mingling of two distinct sample groups, along with the absence of an account for the Fund's "experimentalist" period of the 2000s, perhaps unintendedly blurs the spatiotemporal boundaries. Another concern, was their interpretation of the data, since in taking the results of their content analysis at face value it would appear that IMF policy advice was in fact quite rigid for non-borrower states. Precisely, in the 29 year span covered by Broome and Seabrooke their work cited only 5 instances wherein policy advice was considered to exhibit heterodox qualities— all of which came under its tax policy advice (Broome & Seabrooke, 2008: 211-215).[14] In a sense then, their work expressed signs of cognitive dissonance by basing their conclusions not so much on the collated data, but rather vaguer conceptualizations, which cited

[13] IMF Article IV Consultation from 1998-2007 are left out of Broome's 2015 analysis.

[14] The 5 instances included: Denmark 1989 (both the staff report and Executive Board), Sweden 1993, New Zealand 1996, 1997 (Broome & Seabrooke 2008, 211-215). No evidence of heterodox monetary policy advice was present.

the IMF's use of associational templates, its openness to "dialogue" rather than "monologue," as well as its interest in understanding New Zealand's "experimentalist governance" model (2008: 222-223). To avoid potential incongruities, this thesis derives its conclusions directly from the results of the content analysis, which are presented along with a contextualized account of the Article IV consultations.

Herein, I shall present a brief overview of Broome and Seabrooke methods, which is then followed up with a more comprehensive account of my revised iteration. Firstly, it is important to recap how the IMF reports in question circulate through its institutional structure. As Broome and Seabrooke note, these Article IV consultations begin with Staff Reports, which "detail current economic developments and trends, assess a state's comparative institutional competitiveness and, importantly, recommend what should be reformed" (2008: 210; Also See Harper, 1998). The Executive Board then further elaborates on these findings and makes a "final decision on the issues under discussion" (211). A positive result then leads to the acceptance of the standby agreement, which releases funds to the borrower state.

Broome and Seabrooke's analysis evaluates the IMF's monetary and tax policy advice in order to assess the degree of policy rigidity (2008). For example, their tax policy mix examined IMF policy leanings on VAT, trade tariffs and income taxes. An "IMF friendly" tax policy mix would receive a maximum of 6 points— if for instance, "the Executive Board proposed that a state should introduce a consumption tax, that it should reduce tariffs and that it should 'flatten' the income tax structure and lower tax rates" (211). Likewise, the same criterion applies in order to evaluate the Staff Reports. If either chose to apply policies that suggest the inverse (i.e., demand-side or heterodox policies), they would receive a corresponding negative score— while a zero would result from the absence of a policy preference.[15] Their “IMF friendly” monetary policy mix works in a similar manner as it positively scored any advice that favored a floating exchange rate, a decrease in public debt and liberalized interest rates (Broome & Seabrooke, 2008, 212).

2.4.1 The scoring criterion for the IMF Article IV consultations

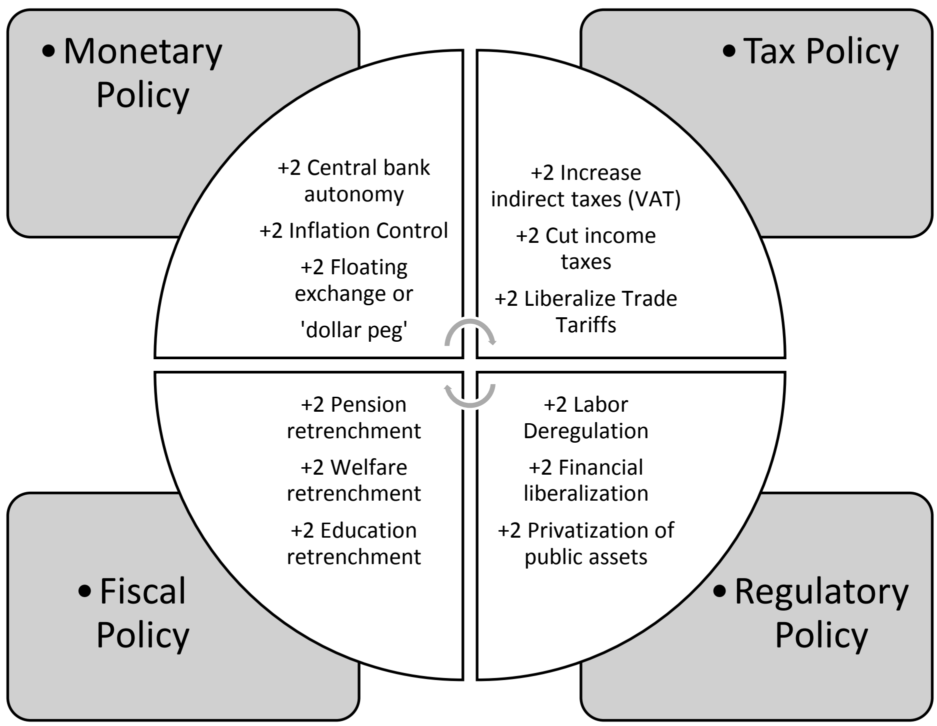
Upon my initial review of the IMF consultations with Argentina between 1976 and 2006, I found that the economic discussions and scope of the meetings varied greatly. This lead to some minor problems with Broome and Seabrooke’s original framework, as tax and monetary policies were not always the most salient issues within the Article IV consultations. Moreover, their framework did not account for fiscal or regulatory biases, which Hay and Smith had identified as part of what can effectively be considered the “common economic policy paradigm” of neoliberal globalization (2005; see figure 1). However, appeals to globalization or “global” constraints were almost non-existent. Consequently, what was present were policy discussions ranging from direct calls for retrenchment of various government programs, the privatization of national industry, as well as the deregulation of financial and labor markets.

As a result, not only did the policy discourse range beyond issues of monetary and tax, but these deliberations were marked by their cognitive or technical language, as opposed to the use of the normative appeals to globalization or external constraints, which nonetheless rationalize these very policies. In other words, the IMF appeared to operate in its “globalizing” or “liberalizing” capacity through a much authoritative discourse. For example, in place of “global” constraints was the issue of inflation, as well as the need to focus on currency appreciation— which would ultimately lead to more foreign investment—nonetheless this was to

[15] See figure 3.

be achieved via fiscal retrenchment, and policies of liberalization, including those calling for privatization of state assets. Therefore, in order to account for the Article IV discussions on matters of fiscal and regulatory policy, as well as any calls made for privatization these dimensions were added to my scoring matrix.

Figure 1. Neoliberal IMF policy advice



(Source: Author's own)

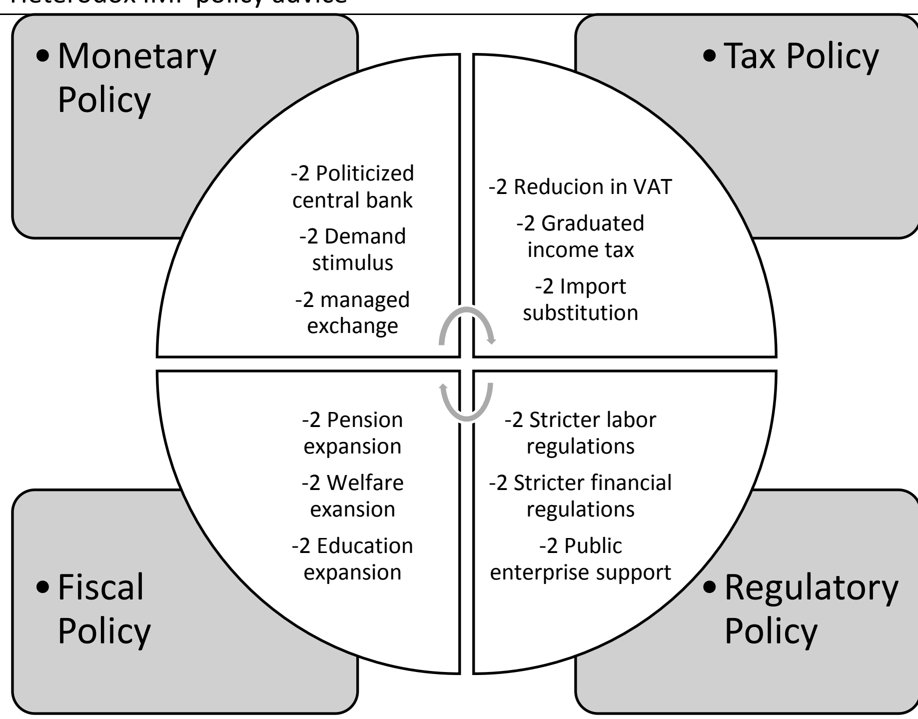
Thus, unlike Broome and Seabrooke's analysis, which only examines tax and monetary advice, this study delineates policy into four distinct areas: monetary, tax, fiscal, and regulatory. Figure 1 provides a graphical overview of how the content analysis delineates the Fund's advice. Secondly, there are some variations from their original coding of the advice, which I explain by section. Lastly, in order to elucidate the matrix further, each period examined is accompanied by a comprehensive analysis of the Article IV discussions. These modifications should allow for a more inclusive and transparent account of the IMF's potential biases.

Accounting for fiscal and regulatory policy, as well as calls for privatization allows this thesis to engage with the abovementioned debates on a much deeper level— including those on globalization— because it provides a way to track how conditionality agreements potentially seek to open up states to global capital markets. Therefore the goal herein is to empirically detect and collate the tenor, biases, and policy prescriptions of the IMF, with the aim of garnering sufficient evidence, which would support the use of value-laden terms describing the IMF as either "flexible" or "rigid," or even somewhere in between. In other words, was their space for heterodox policy within this institutional setting?

IMF advice considered as inflexible or neoclassical monetary policy include demands for: central bank autonomy, inflation Control, and either a floating exchange or some form of "dollar peg". Suggestions of policies that promote greater central bank independence also considered those, which maintained a tight money policy, typically via high interest rates. However, inflation control also came via policies set outside of the central bank, primarily via fiscal cuts and the removal of government deficits (Hay & Smith, 2005). Again, harkening back to Hay and Smith, policies that prioritize exchange rate stability where exchange rates are flexible— while alternatively pushing for "Dollarization" wherein the exchange rate proves unsustainable were also considered to fall within the neoclassical rubric (2005). In contrast, "flexible" monetary policies would permit the consideration of a central bank controlled via the legislature, inflationary policies meant to stimulate demand, and an actively managed exchange regime. The veritable mirror opposites would respectively score a (-2). Figure 2 provides an overview of the operationally defined criteria for what the analysis classifies as heterodox or flexible.

An inflexible tax policy would essentially press for a more regressive tax policy where VAT ultimately made up a larger bulk of the collections, while income tax was reduced. Calls for the removal of any or all trade tariffs would also fall into the neoclassical mix. Flexible tax advice is essentially the inverse: herein, the study marks a progressive tax policy as flexible (i.e., advice wherein the VAT is lessened and/or the income tax is graduated relative to income. Additionally, a flexible trade policy would permit some import substitution policies as well as

Figure 2. Heterodox IMF policy advice



(Source: Author's own)

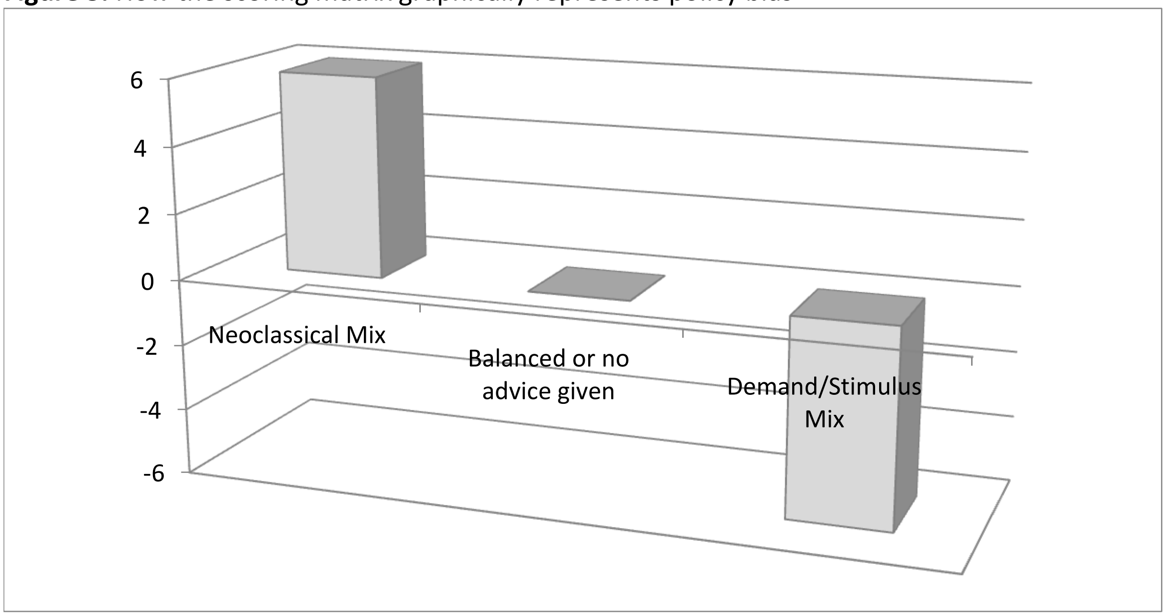
export subsidies.

This study's criteria for a neoclassical or rigid fiscal policy seeks explicit demands for retrenchment, which include cuts to pensions, healthcare, welfare, and education. Increases in fiscal budgets would naturally score as flexible. In general terms, a rigid regulatory policy mix calls for liberalization across-the-board. Specifically to this study, the focuses is much more centered on accounting for the deregulation of both labor and finance (including the augmenting of creditor rights and financial sector easing). In addition, this particular study also considers privatization of public firms as another of liberalization of the economy. Conversely, calls for greater regulation and the support of public enterprise would be marked as either flexible or heterodox.

The delineated scoring criterion explained above is then entered into entered into a scoring matrix, which allows the policy biases to be represented graphically. Individual policy suggestions within a category or column are represented by increments of 2, with each column receiving a maximum absolute value of 6. For instance, the first column depicts a (maximum) score of +6, which signifies that the document in question presented neoclassical advice on at least 3 separate points, within the delineated policy spheres. At the opposite end of the spectrum is a score of -6, which is the maximum for an interventionist or heterodox policy mix. This denotes that the advice was in fact countercyclical.

Lastly, a score of 0 indicates that either no relevant policy advice was mentioned or that a

Figure 3. How the scoring matrix graphically represents policy bias



(Source: Author's own)

mix of policies canceled each other out— leading to a result that indicates a balanced "bias". One side note, on policies that cancel out is that they can also temper the bias scores for scores, leading to results less than the absolute value of six.[16] Ultimately, a balanced or flexible policy mix would show either no bias, meaning 0 scores or offsetting columns. Figure 3 illustrates how the scoring matrix delineated above is graphically represented.

2.5 Methods for section three: the communicative discourse of finance (Chapters 6, 7, 8)

While the abovementioned explained the methodology employed within the first section's institutional analysis (chapters 3-5); the contents henceforth set out the rationale for this thesis' second set of cases, which gauge the biases of the financial press during Argentina's period of financial consolidation, the ensuing bailouts and bail-ins, as well as the ultimate reform of the

[16] It is important to note however, that within the 30 years of Article IV consultations on Argentina the data showed that policies rarely canceled out. In most cases, within this study a score of zero normally meant that there was no policy advice detected.

banking sector. Thereafter, the methods of this thesis' second empirical section (chapters 6-8), which focuses on narratives conveyed to the wider publics are described. As a whole this empirical split coincides with the thesis' theoretical underpinnings, which draw on Schmidt's dichotomous conceptualization of discourse— which emphasizes an accounting of both the coordinative (section 2) and the communicative (section 3). In turn, this section focuses on the latter, communicative discourses (i.e., how narratives are constructed and presented to the public).

Going beyond the insular institutional dynamics of policy formation, the focus herein is on unpacking the normative constructions of the global financial press. In other words, the attention shifts from how institutional discourse shapes policy to how policies and broader normative constructions are presented, deliberated on, and ultimately legitimized or rationalized (Schmidt 2008). Schmidt's analytical framework serves as the bridge that links historical institutionalism to the ideational and normative insights of constructivist camps. Of particular importance herein are the works of Colin Hay and Nicola Smith that grapple with the strategic and sometimes arbitrary ways in which social constructions effect policy (Hay, 1996, 1998; Hay & Smith, 2005).

Altogether this thesis' theoretical foundation (discussed in chapter 1) supports the empirical aim of this section, which attempts to unpack global finance's "animal spirits," by chronicling how their agents develop, share, and disseminate norms. In turn, this empirical exercise build on the thesis' primary focus, which is in finding the discursive space for heterodox policy— within institutions and the wider public narratives. Lastly, an ancillary goal of this section is to begin to draw causal links between the policy biases of international lenders of last resort and the financial sector agents that underwrite the larger swaths of sovereign debt issued via bonds and other forms of direct finance. Altogether, this section serves to fill the gaps between the institutionalist literatures covering the inner workings of the IFI's like the IMF and the ostensibly more diffuse, market pressures inherent to high finance.

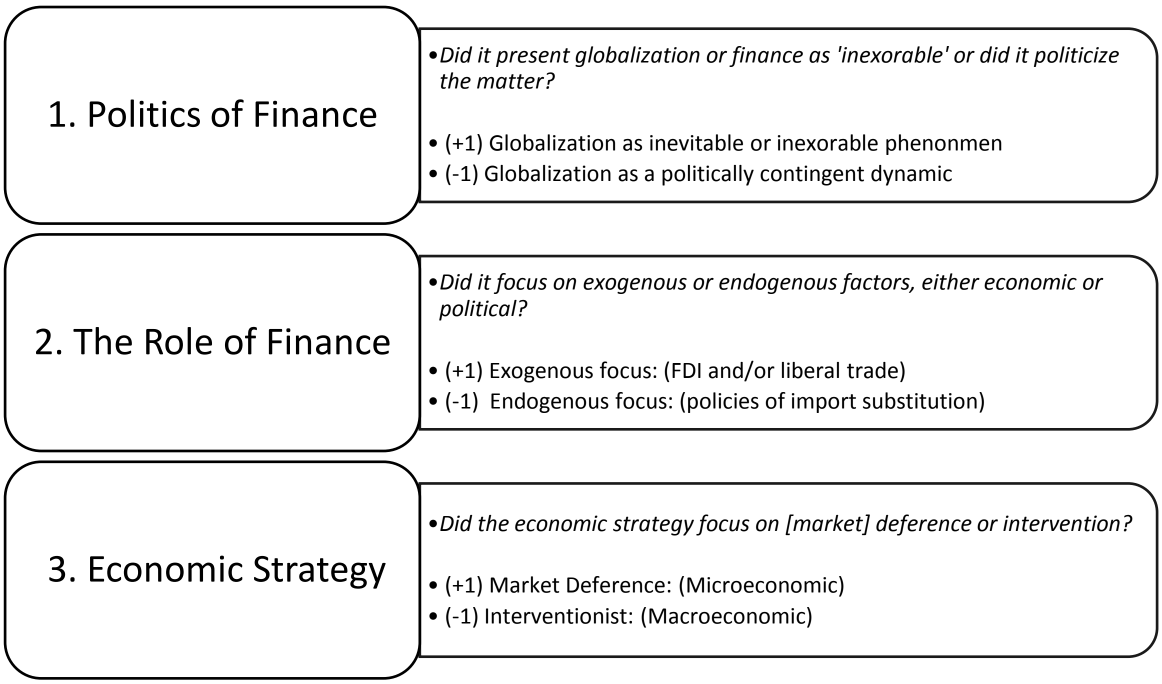
The empirical account itself takes the reader from the press' initial coverage of the bank privatizations through the failed recapitalizations and attempted bail-in that culminated in the hasty retreat of foreign finance. What results is a content analysis that historically traces the normative constructions of financial discourse. The articles not only provided the opinion of financial pundits and embedded journalists, but also proved to be a rich source of 1st hand accounts via interviews, as well as financial executives that actually maintained their own columns.

2.5.1 Coding, collating, and scoring press biases

In terms of the data set, chapters 6, 7, and 8 analyze 261 articles from three of the largest circulating Argentine periodicals: La Nación, Ámbito Financiero, and El Clarín. Herein, the survey assesses the press' biases in its coverage of 3 private, international financial institutions: Scotiabank, Citigroup and Credit Agricole. The sample set itself reflects a comprehensive survey of the archives of each of the periodicals in question. Additionally, there was no complex criterion on the sample set other than included all articles pertaining to the three banks in question. Temporally, the analysis retraces the initial incursion of these foreign financial firms beginning in 1997, the liquidity crunch, and the ensuing period of capital flight (2001-2002), and the post-crisis reform period (2002-2006). The methodology—which I discus below—carries over some of the elements employed in the previous section on the IMF, which was inspired by Broome and Seabrooke's 2007 and 2008 papers.

As in the first section, the methods applied draw from Andre Broome and Leonard Seabrooke's 2008 paper, which— as mentioned above— tests for bias in the IMF. This

Figure 4. The scoring criteria for press bias

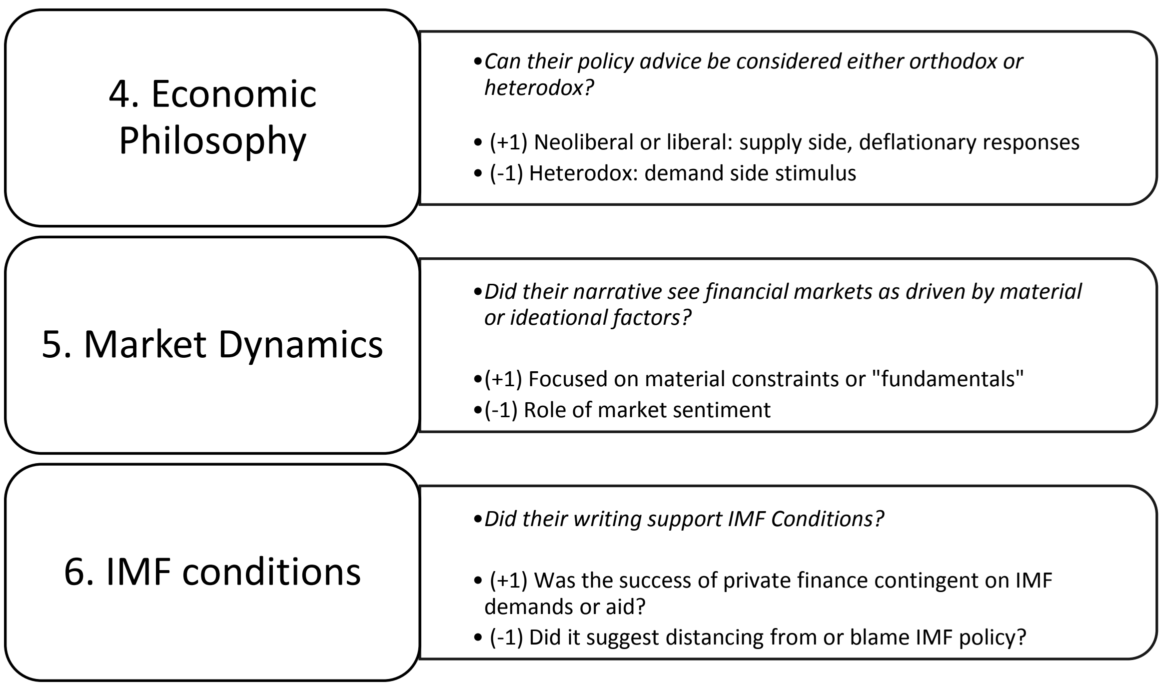


(Source: Author's own)

framework allowed for an empirically grounded, cumulative, graphical representation of the reporting that delineated the content from year to year. Although the criteria is tailored to focus on *communicative discourses*, the scoring matrix works in much the same manner as the previous section. Accordingly, positive scores represent the presence of appeals to orthodox policy mixes. Conversely, negative scores indicate that the writing appealed to heterodox policy. Lastly, a score of zero indicates that either the reporting was balanced or there was no applicable criteria found.

Setting aside how the results are scored and graphically represented, within this section there are some differences in how the content analysis is organized and coded. For instance, figures 4 and 5 delineate how the empirical analysis operationalizes the ideas of global finance and how the biases are scored, which run along 6 different dimensions. The first column considers whether the report in question presumed that the effects of global finance were either constraints brought on by global finance were either politically inexorable or if it instead allowed for the politicization of the paradigm itself (Hay & Smith 2005). A second point of concern directly linked to the first asks whether the writing focused on either exogenous or endogenous factors or even both. In other words, was the locus of control taken as external or internal? What distinguishes this second point from the first is that it is interested in what was said to move the

Figure 5. The scoring criteria for press bias (continued)



(Source: Author's own)

economy forward. In other words, was the market better offer relying on external investment or were endogenous economic dynamics seen as the primary drivers of growth.

The third point examines whether the report's favored economic strategy called for either market deference or intervention on behalf of the state. This helps tease out just how much faith the writers and the bank representatives cited had on orthodox equilibrium theories of self-correcting markets. The fourth point considers whether the policy advice was closer to orthodox or heterodox approaches? At first glance it may seem counterintuitive or circular when combined with the aforesaid, but a large number of writings appealing to either market deference or state intervention still called for an adherence to or principles aligned with an orthodox policy mix. In other words, regardless of whether they adhered to notions of self-correcting markets or the expediency of state intervention, these actually converged on an orthodox mix of remedies (e.g. fiscal retrenchment, zero deficit laws, labor deregulation and bank rediscounts that acted as a form of quantitative easing).

The fifth dimension focuses on market dynamics—namely whether the articles emphasized or appealed to material factors or ideational dynamics? This accounts for the ontological basis and rationale used within the prescription of journalists and the financial executives. It reveals how financial executives devise their market strategies— and whether they are based on material calculations, normative constructions, or somewhere in between. The broader implications of this are quite important to the constructivist conceptualizations of agential decision-making, as it provides empirical evidence on how markets are ultimately understood by private financiers. Lastly, the final dimension tallies whether the writing either supported IMF conditions or urged for greater latitude.

2.5.2 A cumulative overview of the collated data

Altogether, this second empirical section is comprised of 261 articles from 3 of the highest circulated Argentine periodicals covering finance. More precisely, there were 118 articles cited from La Nación, 82 from Clarín, and 61 from Ámbito Financiero. The articles themselves directly pertain to three of the most influential international financial institutions and their

Table 2. Overview of the Argentine press' biases (1997-2006)

	Politics of Finance	Role of Finance	Economic Strategy	Economic Philosophy	Market Dynamics	IMF Conditions
Orthodox	158	119	79	92	142	38
N/A	93	87	109	167	70	220
Heterodox	10	55	73	2	49	3

(Source: Author's own)

subsidiaries that operated in Argentina— namely, Scotiabank, Crédit Agricole, and Citibank. As a primer to the more in-depth analysis contained within the respective chapters, table 2 provides a broad overview of the content analysis.

The first column shows that when explicitly discussed, articles almost exclusively considered both finance and globalization as politically inexorable phenomena (Hay & Smith 2005). In other words, the press saw virtually no political recourse that could either avail or manage the negative externalities of globalization or the vicissitudes of finance. The second column was less definitive, yet nonetheless shows that the periodicals in question were more than twice as likely to consider finance as the primary driver of the economy. The third column, which measured the paper's preferred economic strategy actually appears split, as many of the articles (73 in total) explicitly appealed for economic interventionism. However, as column 4 demonstrates, state intervention was nearly always called upon to aid supply-side (save for 2 instances), as demand-side initiatives were only present in two articles.

On its own merits the 4th column showed that supply side economics prevailed by and large. Altogether, 92 reports made appeals for supply-side initiatives that supported quantitative easing or financial sector bailouts, which were to be accompanied by austerity. In contrast, just 2 articles out of the 261 examined actually proposed demand-side initiatives. The fifth column surveys what the writers and financiers believed to be at the core of markets— be it normative “spirits” or “hard fundamentals”. While the writers were over 2.5 times more likely to be explain the market as being driven by material factors, a sizable 19% of the articles sampled saw markets as being driven by intersubjective dynamics.

Due to the scant amount of empirical work focusing on the role of the Argentine financial sector in the economic downturn I believe that this section’s contribution to the literature and the thesis as a whole is indispensable as it collates not only the press’ biases but the resulting normative constructions. Moreover, since the academic literature has been slow to expound on the Argentine puzzle, an examination of the narratives surrounding the entry and exit of foreign finance remains important not only in the context of Argentine IPE, but also in how ostensibly promoted theories of political economy line up in both their material and discursive applications. Specifically for my thesis, this section presents an endogenous understanding of the financial crisis as it was understood or explained to the Argentine public. As a consequence this also helps reground or link the studies of the IMF back to its financial underwriters, who typically remain outside of the bounds academic analysis. In a sense this holistic mapping of the institutional biases of the IMF combined with an examination of the discursive constructions of the financial press begins to tease out the dialectical dynamics.

With this said, my initial findings suggest that the Argentine press presented global finance as an inevitable phenomena that would prove to be an absolute positive for the economy, although it would require greater liberalization to attract foreign investment. In a bit of a paradoxical turn however, the majority reports chose not to defer to market as the vast majority of them called on state intervention primarily to preserve private sector earnings. Another interesting twist was that they tacitly acknowledged that financial markets were socially driven, as they conceded that austerity is not materially effective, but rather served to bolster faith or confidence. Although the reports paid lip service to orthodox pieties, the bulk of their policy recommendations and even their understandings of how markets work are best understood via heterodox theories, as opposed to automatically correcting equilibrium models that view markets as guided by rational, utility-maximizing agents.

Before moving forward it may be worth noting some of the potential limitations of the methodology employed. Perhaps the single biggest point to make is that as a single country case study it may restrict broader generalizations on a state-to-state basis. However, in light of the aforementioned issues with Broome and Seabrooke's larger N studies the aim herein was to put together a more nuanced qualitative analysis that respected spatiotemporal differences while also providing a higher level of descriptive detail, which would in turn support and confirm, both the findings and any conclusions drawn therefrom (Broome & Seabrooke, 2007, 2008). Thus, the thesis' single country case study opts for a "thick analysis" (Brady & Collier, 2010). Nevertheless, it does allow for strong descriptive inferences by specifically positing that a positive finding of strict neoliberal policy biases within Argentina, not only negates (or seriously puts into question the veracity of a "flexible thesis"), but it also suggests that quite similar findings may be possible on a state-to-state basis (Burnham, Gilland, Grant, & Layton-Henry, 2004: 148).

Chapter 3

3. The IMF's early approach: analyzing article IV consultations from 1976-1989

This first empirical chapter puts into action the aforementioned methodology, which begins to plot the space for alternative or heterodox policies within the *coordinative discourses* of the IMF (Schmidt, 2014). Moreover, the first two chapters in this section also contribute to debates that have tried to pinpoint when exactly the IMF became an overt "globalizer" or promoter of neoliberalism in general.[1] Altogether, the goal is to interrogate if, and how this institutional discourse constrained the space for alternatives to the economic policies that buttress the neoliberal or hyperglobalist policy paradigm (see chapter 2). The analysis itself will show how ideas function in practice. Therefore the analysis elucidates the ways in which ideas matter, and in what ways they are used to effect policy within this institutional setting.

Since the IMF did not establish Article IV consultations with Argentina until 1976 this case has some inherent temporal limitations. In terms of this broader debate on the IMF as a neoliberal "globalizer," the data set on Argentina is limited to detecting biases from the mid-1970s onwards (Woods, 2006). Nonetheless, it can at the very least test for the degree of liberal bias and general policy rigidities prior to the 1980s, which can then be compared and contrasted to the later periods. Ultimately, what this exercise does offer is an empirically derived spatiotemporal map of the IMF-Argentine consultations, which seeks to find exactly how much space was provided to heterodox policies and theories over the years in question. In other words, if it measures if and how the IMF's policy discourse promoted or imposed a policy mix that

[1] The methodology chapter set out that Woods and Chweiroth pegged the 1980s as the major inflection point for the institutionalization of the Fund's liberalization and austerity agenda. Nonetheless, more critical political economists such as Panitch and Gindin, as well as Chorev and Babb see its liberalization penchant stretching much further back to either its inception during the Bretton Woods accords or the 1950s— respectively (Woods 2006; Chweiroth 2007; Panitch & Gindin, 2013a; Chorev & Babb, 2009).

ultimately coincided with, or effectively came to represent what Hay and Smith see as globalization's "common economic policy paradigm" (Hay & Smith, 2005).

3.1 Grading economic efficiency during the dirty war (1976-1982)

The rise to power of Jorge Rafael Videla's military junta brought about an ironic sense of optimism from the IMF Staff. As their Report proclaimed, "The initial steps taken by the new government are clearly in the right directions" (IMF, 1976). Immediately meeting this thesis' methodological criteria for a monetary policy bias that falls within the neoliberal or "globalizing" goalposts, the Fund praised the junta's early attempts to appreciate the Peso.[2] Henceforth, the Staff buffered the new regime from criticism by blaming the prior administration's monetary schemes as the underlying cause of the economic malaise.

While explicit appeals to globalization were undetected an externalizing discourse did begin to form around the peso's exchange rate (Hay & Rosamond, 2002; Widmaier, Blyth, Seabrooke, 2007). As early as three months into the dictatorship, the IMF began using the peso's weakness as a rationale for the swift implementation of fiscal adjustments in the guise of reducing external debts. The Staff also brushed off the political and economic hardship that these austerity measures would entail noting that, "there is little reason to believe that stretching such required adjustments over a protracted period would lessen the social cost" (IMF, 1976). In other words, the IMF's ideal way forward was through planned austerity shocks *ala* Naomi Klein's bestseller (2001). With that said, it is important to note that the term the "shock" was not a clever exhortation penned long after the fact, but part of the IMF's lexicon, present in the IMF's

[2] It should be noted that the Argentine peso had gone through several devaluations under the preceding administration of Isabel Peron.

Executive Board Minutes.[3] Moreover, the term's use obviates the IMF's understanding that its policies were destructive, albeit in their view— only in the short run (See Klein, 2001; IMF, 1982a).

The 1977 Staff Report further lauded the dictatorship's early measures noting the, "marked improvements in the balance of payments, permitting a virtually complete liberalization of restrictions on foreign trade and payments, and to a major correction of distortion in relative prices" (IMF, 1977). The Staff also commended the relative successes in reducing the deficit along with the resurgence of private savings, which was credited to the application of austerity measures and a rise in interest rates. The Staff further noted that, "the central government deficit has been halved in real terms, by means of a reduction in real wages of public employees, restraint in other expenditures, and efforts to improve revenue collections" (IMF, 1977). Even with all of the recent successes the Staff still pressed for greater retrenchment in the guise of stamping out any remaining inflationary pressures:

> The first priority of the 1977 program is therefore, a deceleration of the rate of inflation and the attainment of this objective is dependent to a large degree on the wage, fiscal, and monetary policies to be followed. (IMF, 1977)

The 1979 Staff Report and Chair's summary continued to use the Peso's appreciation as part of a logic that effectively externalized or depoliticized Argentina's economic imperatives. Herein, the Fund praised both the headway made in reducing the fiscal deficit as well as the growing international reserves, which in their view, renewed investor confidence in the Peso and in foreign investments. However, the Chair acknowledged some of the board member's concerns with the "dramatic turnabout in the balance of payments," which in their view "…made

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[3] The "Shock" strategy or doctrine was not just a rhetorical concoction. The term was present in IMF's 1982 Executive Board Meeting minutes, as it was used to describe the economic strategy set into place that year, which was based on fiscal retrenchment, deficit reduction— in the guise of reducing inflation (IMF, 1982a).

monetary policies more difficult" (IMF, 1979b). In other words, the Fund acknowledged that the appreciating peso was slowing economic activity, particularly with exports. Yet equivocally, the Board's advice was to push for further deficit and inflation reduction initiatives, which nonetheless, required additional fiscal cuts (IMF, 1979b).

The lack of policies entertaining demand-side theories was evidenced in the 1979 Staff Report, which admitted that while the anti-inflationary policy mix had attained its goal of a stronger peso the broader economy had actually slipped into a period of stagnation (IMF, 1979a). As a result, in the face of their prior assumption, the Fund was forced to admit that the appreciation of the Peso was in fact limiting trade. The Staff Report went on to warn, "that in the medium run a further large appreciation of the peso cannot be sustained without eroding competitiveness of Argentina's exports; hence, the urgent need of placing greater reliance on demand policy to control inflation" (IMF, 1979a). Ultimately, the slowdown in economic activity due to the appreciation of the currency went against the neoliberal assumptions of the IMF's discourses, wherein a strong peso would bolster economic activity.[4] Yet, despite their newfound awareness of the implications of further economic contractions, the IMF continued to promote deflationary policies via fiscal retrenchment— which put into question its flexibility, as well as its efficacy.[5] Hereafter, the executive board would reiterate the Staff's position a year later, calling for even greater fiscal retrenchment:

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[4] Herein, it becomes quite evident that maintaining the peso's gains— which consequently increased the profit margins on outstanding debt— was the Fund's first priority. If this was not the case then continuing their pro-cyclical policy mix—outside of a complex, two-teared monetary scheme— was at best a spurious endeavor, as economic convention and by their own estimations further appreciation of the peso, would, hurt exports by increasing their relative costs.

[5] Issues regarding the IMF's policy intransigence would again arise nearly 20 years later, during the Menem administration. In an uncannily similar predicament, the Fund's resolve to block the Argentine authorities from using monetary or fiscal policy to relieve deflationary pressures resulted in a prolonged economic stagnation, which ultimately lead to the 2001 crisis.

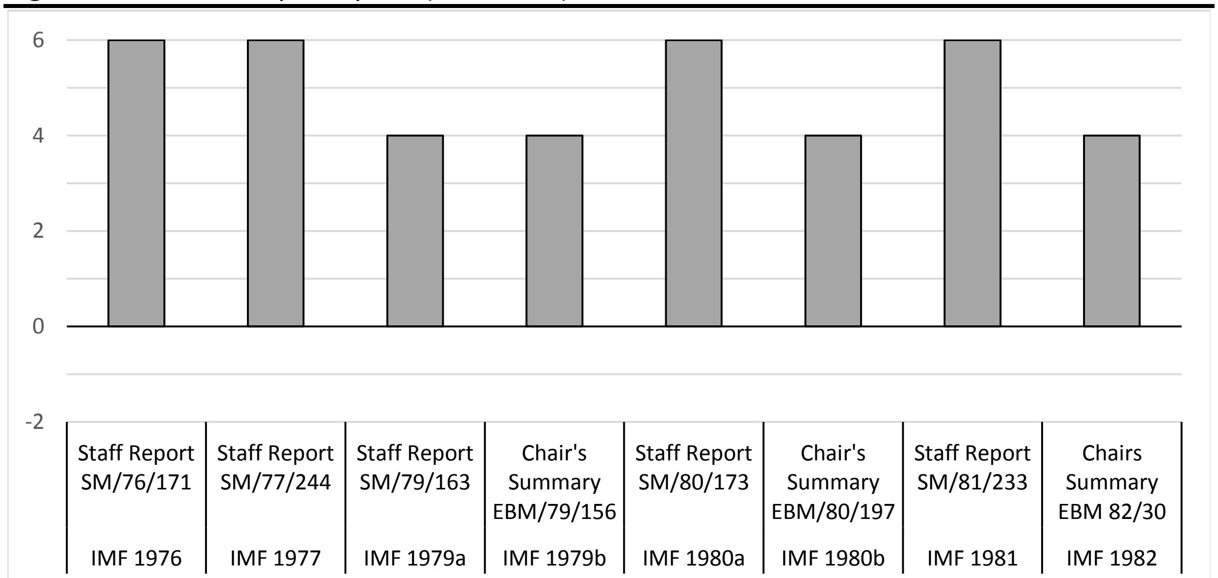
> It was felt, however, that the continued success of the exchange rate strategy designed to reduce inflation further would depend largely on a strengthening of the fiscal situation and on a close monitoring of credit of domestic origin. (IMF, 1980b)

The 1980 Staff Report, once again set aside Argentina's economic contraction in order to emphasize the need for additional efforts to drive down inflation. The report praised the authorities' recent successes in tapering down the rate of inflation, which slowed from an eight month high of 166 percent to 90 percent in the month of May (IMF, 1980a). Although the Staff recognized the economy's deceleration, they again urged for even deeper fiscal cuts to taper demand as in their view, "claims on available resources continue[d] to be substantial…" (IMF, 1980a). They also advised the Central Bank to limit public sector lending, which would presumably allow it to concentrate on currency stabilization through the maintenance of foreign reserves. The 1980 Executive Board and the 1981 Staff Report would also regurgitate the abovementioned logics, which appeared to dominate the Article IV consultations that took place from 1976-1982 (IMF, 1980b; IMF, 1981).

The Fund's strict adherence to a monetary policy that was in accordance with the economic policies that would decades later be identifiable with the term "globalization" continued through 1981. However, this Staff Report now revealed that the appreciating peso had actually slowed down the economy as a whole. In their own words, the Staff admitted that the "real appreciation of the peso contributed to a decline in economic activity" (IMF, 1981). Never the less in the midst of this realization, the Staff took perhaps its most paradoxical stance by arguing that the Central Bank's credit policy was too loose. Herein, they made the case for a curtailment of the expansion of credit in order to slow the growth of money further, which in their view was leading to added deficits and persistent inflation (IMF, 1981).

In between the deflationary hubbub, the Staff took the liberty of chastising the authorities for deciding to alter the previously unified and free-floating exchange rate. Specifically, the Staff urged the Argentine authorities to revert to the liberalized exchanges noting, “that the maintenance of a dual exchange rate system creates certain instabilities and in the longer run is bound to prove detrimental to resource allocation” (IMF, 1981). By the 1982 Article IV consultation, the authorities acceded to both, the aforementioned demands for a tighter credit

Figure 1. IMF Monetary Policy Mix (1976-1982)



(Source: Author’s analysis of IMF Article IV consultations, 1976-1982)

policy as well as the reunification of the free-float (IMF, 1982a).

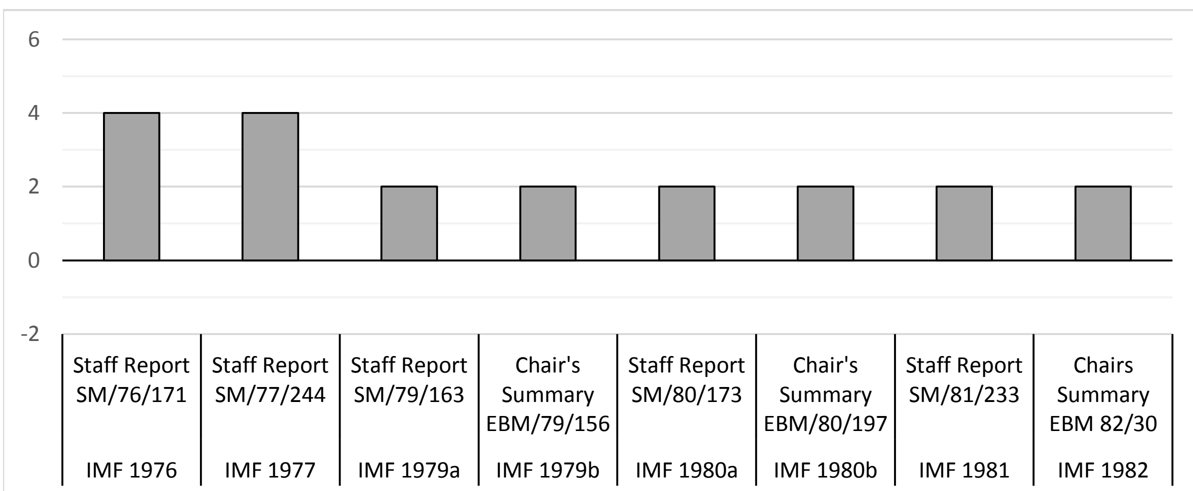
As evidenced above, the monetary policy advice offered by the Staff and Executive board throughout the period of the military junta (1976-1982) centered on curbing inflation— even during times when the economy was clearly in a depressed and/or deflated state. In other words, whether the Peso experienced inflationary or deflationary pressures was irrelevant to the IMF’s preferred means of recovery, which was to restrict the supply of money. In turn, and as the scores in figure 1 suggest, their advice was tethered tightly to the study's operationally defined "globalizing" policy paradigm— focusing on currency appreciation, inflation control, and fiscal retrenchment (Hay & Smith, 2005). Although the IMF's favored means were followed faithfully by the Argentine authorities, their expectant ends of an economic resurgence remained elusive. In turn, the sum of the IMF's monetary advice during this period was devoid of flexibility (see figure 1).

3.1.1 The IMF's Tax and Trade Policy Mix (1976-1982)

The IMF's desire to dismantle or "open up" Argentina's long-established, Peronist economic model centered on import substitution can be taken as another facet of its role as a "globalizer"(Woods, 2006; also see Adelman, 1994; Baer, 1972; Silva, 2007). As mentioned above, the 1977 Staff Report praised the liberalizing efforts of Argentina's military junta noting the "virtually complete liberalization of restrictions on foreign trade…" (IMF, 1977). In regards to trade policy, the Staff praised the reduction in tariffs, particularly the cuts to export taxes, which served as a major revenue generator for the state (IMF, 1976). The Staff also applauded the rise in value added tax (VAT) from 13% to 16%. In all, they estimated savings from both retrenchment and tax collection efforts would reduce the deficit from 13% to 7% of GDP, roughly a 53% reduction in one year.

The 1980 Staff Report urged authorities to "press ahead with the liberalization of the import tariff regime in the guise of inflation reduction" (IMF, 1980a). In concurrence, the Executive Board remained confident in the authority's "resolve to open further the Argentine economy in the course of a five-year tariff reduction process" (IMF, 1980b). However, according to the 1981 Staff Report, their supported tariff policy mix had lost ground. They declared that "the trade liberalization program launched in late 1978 has been halted and even reversed to some extent when minimum import prices were established for certain goods and import quotas applied to others" (IMF, 1981). In both '81 and '82, the IMF yet again urged authorities "not to retrench from the original trade liberalization program lest the ground painfully gained in promoting industrial efficiency and weeding out noncompetitive activities be lost" (IMF, 1981; IMF, 1982a). Altogether, figure 2 captures the totality of the Article IV advice from 1976 to 1982, which foreclosed on any deviation from their preferential policy mix of trade and tax

Figure 2. IMF's Tax and Trade Policy Mix (1976-1982)



(Source: Author's analysis of IMF Article IV consultations, 1976-1982)

liberation, which sought to "open up" the Argentine economy to international trade.

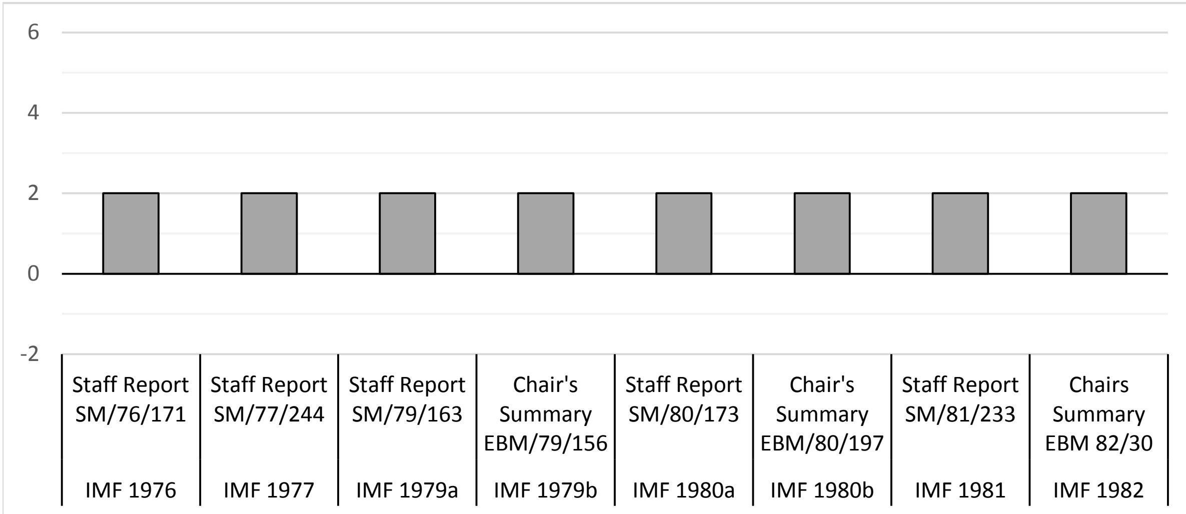
3.1.2 The IMF's Fiscal Policy Mix (1976-1982)

The IMF's fiscal policy stance during this period fell in lockstep with Hay and Smith's global or liberalizing (fiscal) policy paradigm, which was said to focus on removing "all sources of enduring budget deficits" (Hay & Smith, 2005). Specifically, the Fund supported a more structural reform effort that actually bled into Argentina's tax policy via the reduction of revenue transfers from Buenos Aires to the provinces (IMF, 1976).[6] The rationale of both the Staff and likeminded authorities was to have provinces self-finance their fiscal endeavors, which in theory would compel them to operate in a more austere manner.[7] In 1977, the authorities planned to take the fiscal deficit down from 7% to 4% per cent of GDP—making it 2 consecutive years that the fiscal debt to GDP was cut by more than half. In spite of these significant cuts, the Staff argued that even further structural retrenchment efforts remained necessary for lasting deficit reductions (IMF, 1977).

During this period the IMF also began to causally link fiscal expenditures to the peso's inflation, which not only made austerity an economic imperative, but it also precluded further discussion on other possible factors or alternatives solutions. For instance, the 1979 Staff Report's emphasis was on achieving its deflationary targets via fiscal retrenchment, noting that "public spending has continued at a very high level, and the overall public sector deficit, although much reduced, remains too large to break the inflationary expectations" (IMF, 1979a). Adding to this, the 1979 Executive Board reiterated the need for "Argentina to adhere strictly to the fiscal program and to the pre-announced guidelines of the authorities" (IMF, 1979b). The Staff also set its deficit reduction hopes on the efficiency of state run firms, which were expected to contribute "sizable funds to the Treasury" (IMF, 1979a). Thus, the purpose of state firms shifted from a demand-based model towards generating capital in order to buttress the Argentine monetary system.

[6] The elimination of income redistribution from Buenos Aires to the less developed provinces would become a recurrent point of contention over the next thirty years of Article IV consultations.
[7] A secondary effect of not having the support of the central government underwriting their debt would be that provinces would have to borrow money at higher interest rates and with shorter maturities— thus making incurring further public debt less attractive

Figure 3. IMF's Fiscal Policy Mix (1976-1982)



(Source: Author's analysis of IMF Article IV consultations, 1976-1982)

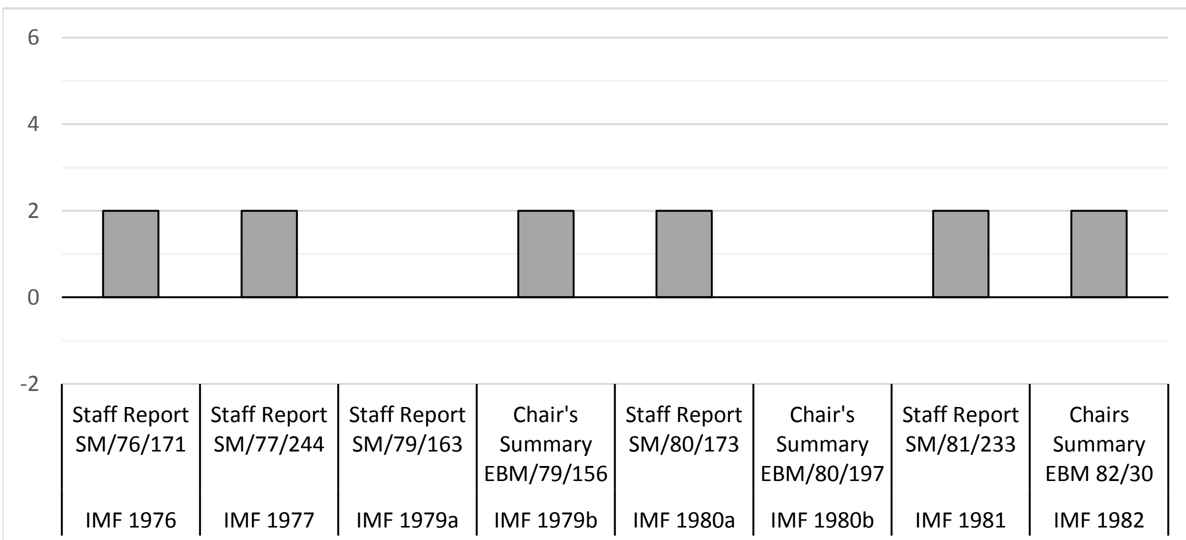
The 1980 Staff Report once again touted fiscal retrenchment as the most important, catchall remedy for Argentina's monetary shortcomings. In concurrence, the respective Executive Board Meeting continued to push fiscal retrenchment in the guise of shoring up the monetary system. The Chair specifically urged authorities to "avoid a resurgence of excess demand and overheating of the economy, especially through an appropriate strengthening of fiscal policy." (IMF, 1980b). In other words, the board's logic was that fiscal cuts would slow down the public's ability to consume (i.e. demand) and thus, deflate economic pressures. IMF consultations from 1980 to 1982 would continue to press for fiscal cuts in the guise of taking inflationary pressures off of the Peso (IMF, 1980b; IMF, 1981; IMF, 1982a).

Altogether, the tally of the Article IV consultations represented in figure 3 confirms that the Fund promoted an unwaveringly austere fiscal policy mix throughout the entire period of the military Junta (1976-1982), leaving no room for ideas outside of the neoliberal orthodoxy. Moreover, the 1981 Staff report confirmed that the IMF understood that these deflationary policies were not only susceptible to technical complications as noted above, but were also quite unpopular (IMF, 1981). This last point revealed the IMF's frustrations not just with the Argentine authorities, but also the public— for failing to embrace its recommended austerity measures:

> It's clear that Argentina cannot resume sustained growth until the general public is convinced that there exists a firm commitment to implement an appropriate set of adjustment policies and, in particular, to bring about a lasting reduction in the rate of price increases. (IMF, 1981)

3.1.3 The IMF's Regulatory and Private Sector Policy Mix (1976-1982)

Figure 4. IMF's Regulatory and Private Sector Policy Mix (1976-1982)



(Source: Author's analysis of IMF Article IV consultations, 1976-1982)

The IMF's advice in terms of regulatory policy, from 1976 to 1982, promoted the free flow of capital as well as the liberalization of public section wages. Again, its discourse fell within the thesis' operational definition of what can be considered as promoting a "globalizing" policy paradigm. In turn, figure 4 again illustrates the staunchly orthodox tenor of its deliberations on regulatory policy and the support for public enterprise.

Beginning with the 1976 Staff Report, the IMF emphasized the need to liberalize capital controls in order to rekindle investor confidence. In a rare occurrence, the Board introduced counter-cyclical policies aimed at buffering the destabilizing effects of foreign capital movements. Nevertheless, these protectionist measures were exclusive to both the financial sector and the maintenance of foreign reserves (IMF, 1979b). The 1980 Staff Report took this a step further as it searched for ways to incentivize greater financial investment (IMF, 1980a).

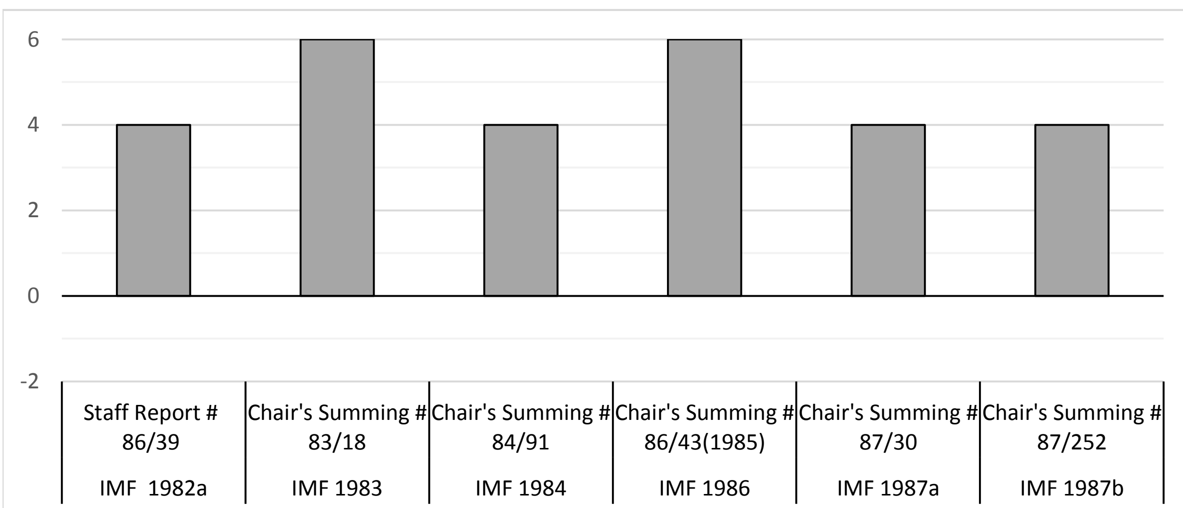
The liberalization of wages was another major facet of the Fund's advice during this period, which was again tied back to inflationary concerns in manner that effectively subordinated fiscal policy first and foremost to Argentina's monetary performance. For instance, the 1977 Staff Report urged authorities to refrain from tracking real wage levels to inflation, but rather allowing them to adjust over a longer-term, "market equilibrium". During this period the Fund would continue to justify the reduction in real wages, as a necessary consequence to Argentina's inability to curb inflationary pressures (IMF, 1977; IMF, 1979a).

The 1981 Staff Report made yet another case for wage liberalization adding that in the absence of more efficient tax collections, public sector wages required restraining in order to reduce deficit spending. Yet, these recommendations came in the very report wherein independent surveys were cited estimating an 18 percent drop in average real wages for the year (IMF, 1981). In spite of the data, the 1982 Executive Board bolstered the Staff's efforts to cut real wages, now arguing in support of an extension for public sector wage freezes (IMF, 1982a). Thus, again the main concern for the IMF was not the condition of the domestic economy, but rather the value of the peso, in and of itself.

3.2 The Alfonsín Administration (1983-1989)

The IMF's monetary policy discourse during the Alfonsín administration continued to prioritize, and even attempted to depoliticize the use of policies that suppressed inflation—namely, via an increase in interest rates, austerity measures, and the consolidation of monetary controls in the hands of the Central Bank (see figure 5). In 1983, the Executive Board suggested that an increase in interest rates was "long overdue" (IMF, 1983). Specifically, they argued "that further increases in interest rates would be required in order to provide the resources needed to finance the public sector deficit and accommodate part of the credit demand of the private sector without distorting the allocation of resources" (IMF, 1983). Directors also commended the authority's pace towards the centralization of monetary controls—lauding the unification of exchange and

Figure 5. IMF's Monetary Policy Mix (1983-1989)



(Source: Author's analysis of IMF Article IV consultations, 1976-1982)

interest rate policies (IMF, 1983).

In 1984, the Executive Board urged Argentina to reform its monetary policy in a way that would ultimately privilege finance capital above all else (IMF, 1984). Again, the focus herein was on getting Argentina to raise interest rates while simultaneously buffering the Argentine Central Bank (ACB) — this time in the explicit guise of bolstering the profitability of the financial sector (IMF, 1984). In 1985, they made it clear that although were impressed with the development of anti-inflationary monetary policies, they were desired more in the way of fiscal cuts (IMF, 1986).

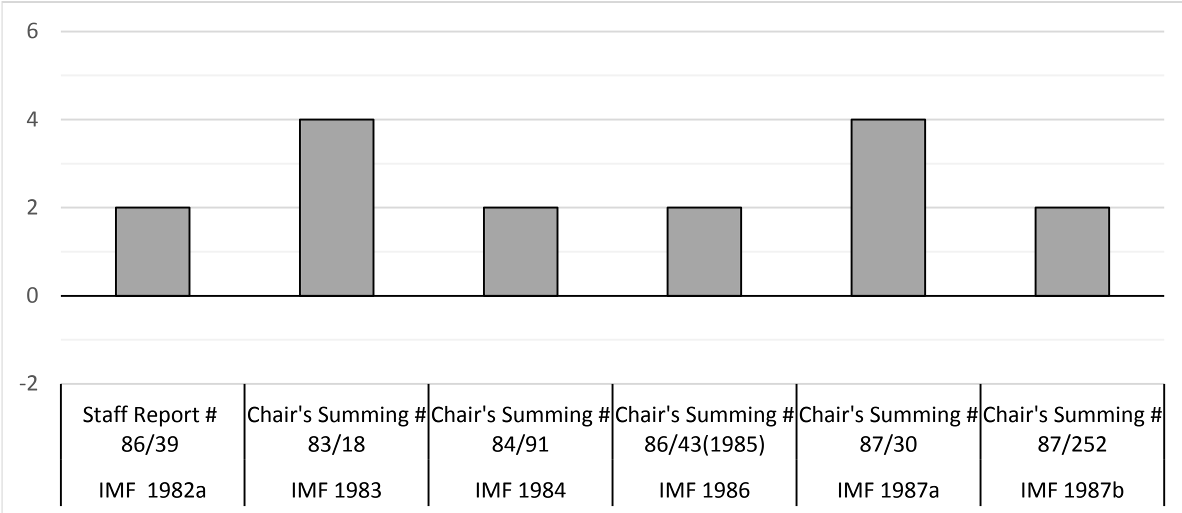
The Executive Board would rationalize the great expense involved in appreciating the peso as the price to pay for future foreign direct investment— again the emphasis herein was on the externalizing the economy's locus of control (IMF, 1986; IMF, 1987a; IMF, 1987b). Moreover, the Executive Board indicated that a much longer horizon was required for a change in interest rate policy as "prospects for their reduction hinged on a lasting improvement in the public finances and on a further reduction in inflation" (IMF, 1986). In other words, the IMF was now using an externalizing narrative, akin to the mainstream hyperglobalist accounts of the 1990s, which exclusively associated economic growth with the attraction of FDI via policies of liberalization and fiscal retrenchment (Hay & Rosamond, 2002; Widmaier, Blyth, Seabrooke, 2007).

Ultimately, the strict adherence to a deflationary monetary policy and in particular, the appreciation of the peso was the way in which the Fund defended its liberalization agenda, as well as its reliance on austerity measures (see figure 5). As a result, the Article IV consultations between 1983 and 1989 maintained most of the monetary stipulations set out during the previous military junta—namely, those focused on strengthening the peso and reducing inflation, primarily through fiscal retrenchment. However, the latter merely served as the foundation on which they would tack on further conditions, which now advanced the need for higher interest rates and the consolidation of monetary power in the hands of the Central Bank. Once again, the policies between 1983 through 1989 were staunchly neoliberal, pro-cyclical, and also to include an externalizing narrative that was used to justify the measures taken to appreciate the Argentine peso (Hay & Rosamond, 2002).

3.2.1 The IMF's tax and trade policy mix (1983-1989)

Throughout the Alfonsín administration the IMF's trade policy lived up to Wood's "globalizer" label (Woods, 2006). Specifically, the Executive Board's tax and trade policy discussions centered on removing import and export tariffs, as well as general subsidies, which would have the effect of opening up the Argentina's industrial sectors to international trade dynamics. The Boards main objective was the liberalization of trade, which also included the removal of subsidies that attempted to mitigate potential revenue losses (See IMF, 1983; IMF, 1984; IMF, 1986; IMF, 1987a; IMF, 1987b). In 1984, they continued to press this agenda as they called "on the authorities to adopt the policies that would make possible a simplification and liberalization of the system" (IMF, 1984).

Figure 6. IMF's Tax and Trade Policy Mix (1983-1989)



(Source: Author's analysis of IMF Article IV consultations, 1976-1982)

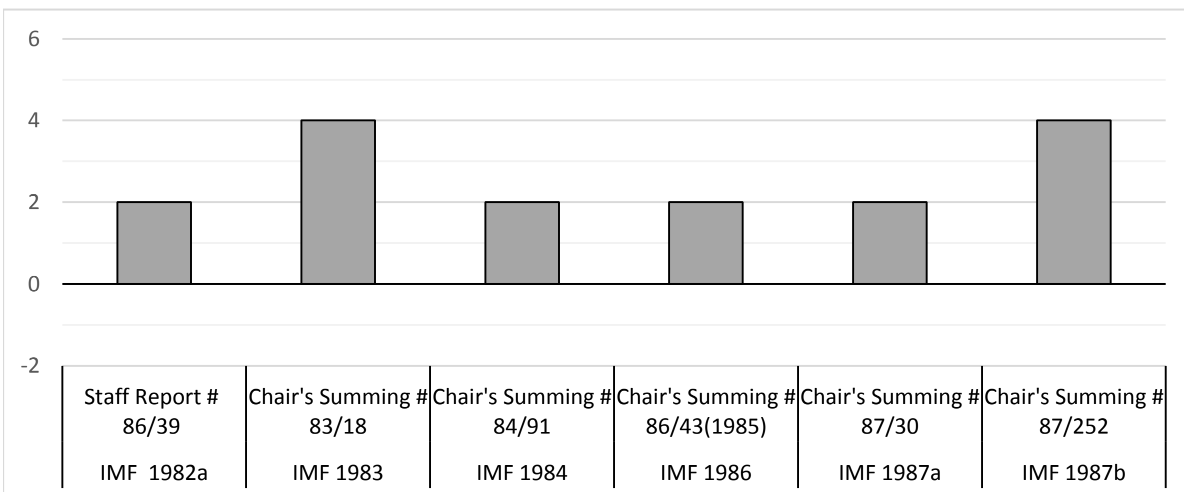
The IMF consultations for 1985 and 1987 continued to push for the liberalization of Argentine trade barriers and the eradication of protectionist policies, while also tying its deflationary goals (IMF, 1986; IMF, 1987a; IMF, 1987b). Beginning with the 1985 Executive Board meeting the IMF reiterated the need to remove trade tariff protections and subsidies on exports (IMF, 1986). In 1987, the Executive Board began to associate its liberal trade advice back to its monetary policy goals (See IMF, 1987a; IMF, 1987b). Herein, the Board urged the Argentine authorities "to ease trade and exchange controls and to follow an appropriately flexible exchange rate policy aimed at improving the competitiveness of the export sector" (IMF, 1987a).

The Executive Board capped off its policy mix by attempting to structuralize the elimination of protectionist policies. Essentially, directors changed their strategy as they advised that import laws should be replaced with tariffs (IMF, 1987b). This would serve as a means to depoliticize trade policies by reclassifying them as a tool of economists, who purported to be governed by objective, mathematically derived forecasts. Altogether, the IMF's tax policy mix was much more concentrated on the deconstruction of trade protectionism. In turn, figure 6 shows that the deliberations followed the orthodox thrust of prior appeals, which concentrated on the liberalization of trade.

3.2.2 The IMF's fiscal policy mix (1983-1989)

Figure 7 illustrates the Executive Board's cumulative fiscal policy bias, which was colored by

Figure 7. IMF's Fiscal Policy Mix (1983-1989)



(Source: Author's analysis of IMF Article IV consultations, 1976-1982)

the theme of retrenchment— again within the broader frame of inflation and deficit reduction (IMF, 1983; IMF, 1984; IMF, 86; IMF, 1987a; IMF, 1987b). The 1983 EBM pressed the need for a "targeted reduction in the public sector deficit" in order to curb inflation (IMF, 1983). In this spirit, the Board encouraged the Argentine authorities to cut utility subsidies in order "to bring the prices of public sector services more into line with costs" (IMF, 1983).

In 1984, the Executive Board explicitly stated that demand suppression was their preferred path towards inflation reduction. Specifically, "directors agreed that the key element of an effective anti-inflationary strategy would have to be a policy of sustained demand restraint" (IMF, 1984). Following suit, the 1985 EBM's focus focused on fiscal retrenchment, as the board "urged the authorities to take measures to reduce the size of the public sector..." (IMF, 1986). Directors emphasized that the Argentine authorities' proposed public sector deficit target of 3% of GDP for 1986 "was the maximum that could be envisaged and that the authorities should stand ready to implement, if needed, additional measures in order to achieve that objective and to establish the basis for a further reduction in the fiscal deficit in 1987" (IMF, 1986).[8] Ultimately, the IMF's policy preference sought to deflate Argentina into a neoclassical equilibrium, rather than grow its way out of stagnation and risk further inflationary effects on its currency and outstanding debts.

> … many of the fiscal measures would be nonrecurring and thus short-lived; that more had to be done in the effort to reform state enterprises… (IMF, 1987b)

In the first quarter of 1987 Executive Board sought to alter the role and structure of the Argentine public sector assets. Herein, they emphasized the need to shift fiscal policy away from revenue generation to expenditure reduction (IMF, 1987a). Although they would continue to press for even deeper structural reforms, the Board also praised the implementation of austerity

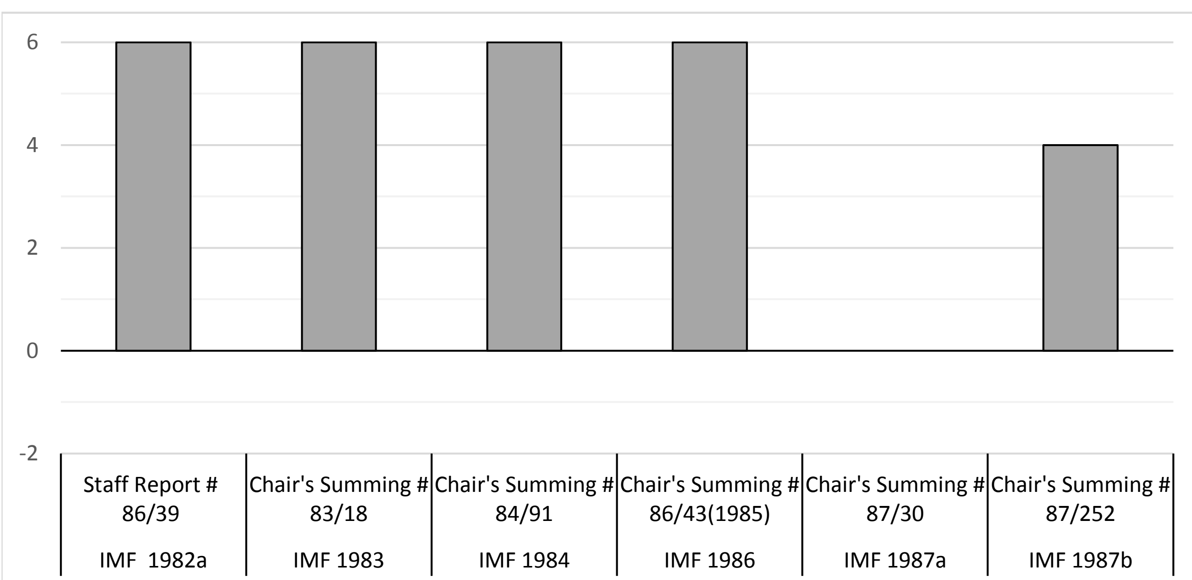
[8] The board was now pressing for public sector deficits to be taken from 5% to 3% GDP. However, when considering the magnitude of deficit reductions between 1982-1984 it is evident that a significant unwinding of the public sector finances had already taken place. In all deficits had already been reduced by 9 percentage points, in absolute terms. Even the Staff Report for 1982, which was actually published in 1986 acknowledged the drastic cuts in public sector debt, which went from "14 per cent of GDP in 1982 to 8 per cent of GDP in 1983 and to an annual rate of 5 per cent of GDP in the first quarter of 1984" (IMF, 1982b).

measures put in place via the Austral Plan, (IMF, 1987a; IMF, 1987b).[9] However, the following year, "a number of Directors expressed concern that excessive reliance was [still being] placed on revenue generation rather than on expenditure restraint..." (IMF, 1987b). Once again the focus was taken away from a balanced growth strategy, toward an economic policy that exclusively focused on constricting the supply of money.

3.2.3 IMF's regulatory and private sector policy mix (1983-1989)

Figure 8 reflects the advocacy of the IMF's orthodox policy bias (1983-1989), which focused on the removal of capital controls, wage and price indexation, as well as initial pushes for the privatization of national assets. The 1983 Executive Board kicked off by making its case for the deregulation of capital. Herein, the Board set a deadline for the deregulation of financial exit flows through "the elimination of existing restrictions on payments and transfers for current international transactions by the end of the year at the latest" (IMF, 1983). Their rationale was that trade and monetary liberalization would allow for a resumption of foreign lending, stem

Figure 8. IMF's Regulatory and Private Sector Policy Mix (1983-1989)



(Source: Author's analysis of IMF Article IV consultations, 1976-1982) capital flight and attract foreign direct investment (IMF, 1983).

In the guise of protecting its monetary policy targets, the IMF also stressed the removal of inflation indexed wages and prices, as well as making some of the early calls for the privatization of national industry. For instance, in 1984 the Board persisted on the removal of wage and price indexation—now clearly specifying the need for reform in both, the public and private sectors (IMF, 1984). Asides from the sharp focus on wage and price controls, the board urged authorities to uphold past debts by bringing up to date its external payment arrears (IMF, 1984).

> …the authorities would be best advised to stop intervening in the process of private sector wage determination, and to provide an appropriate signal to that sector by pursuing a prudent wage policy in the public sector. (IMF, 1984).

In 1985, the Board turned its attention to the privatization of national industry. They praised the initiatives to privatize the national steel and petrochemical firms, whilst urging the government to reform the state-run oil firm in a similar fashion (IMF, 1986). These early calls for privatization can be taken as the initial impetus or stamp of approval for the liquidation of state-owned assets which would took place in the 1990s. As in preceding years, the IMF also remained fixated on the removal of wage controls. Herein, the Chair noted the Board's disapproval in his statement, "However, a number of Directors were worried by the substantial special pay increases granted recently to a large proportion of national administration employees; these increases were regarded as excessive and, aside from the implications for the public finances, they carried a risk of undermining wage restraint throughout the economy" (IMF, 1986).

One area wherein heterodox policy did find its way in—at least temporarily—was in terms of price controls. Initially, although they were attempting to keep inflation down, the board urged for the removal of price freezes on certain goods (IMF, 1984; IMF, 1986). However in 1987, the Board made an about face on its support for liberalized price controls, suddenly recognizing its incongruence with its broader strategic goal of lowering inflation. The Chair displayed the Board's vexation stating that, "the situation with respect to wage and price policy in Argentina is a tricky one" (IMF, 1987a). The chair took note that, "A number of Directors remarked on the need for caution in the removal of price controls" (IMF, 1987a). "However, it was observed that with the reacceleration of inflation, price distortions were becoming apparent between different sectors, and the importance of a timetable for the abolition of controls was noted" (IMF, 1987a). Therefore, because of the likelihood that consumer prices would rise, the 1987 EBM wavered a bit on its stance on price controls; however, it remained resolute in regards to the liberalization of wages.

However, in a follow up meeting that year, the Board reasserted its orthodox views by again calling into question the use of both "wage and price controls to deal with inflation" (IMF, 1987b). The Chair even highlighted the Board's newfound resolve to push for the liberalization of both wage and price controls. The chair duly noted, "Indeed, a number of Directors encouraged the authorities to relax such controls as soon as possible" (IMF, 1987b). Asides from eliminating any question with regards to its position on price controls, the Executive Board also took time to bring the focus back on the reform of public enterprises. Here the chair stated that, "…more had to be done in the effort to reform state enterprises and that action on public sector prices was needed" (IMF, 1987b).

As shown above, the removal of capital controls and wage indexation persisted atop of the IMF's agenda, going back more than 11 years to the early period of the Military Junta. However, the arguments against wage controls became much more elaborate during this period and even went further by including the removal of price controls— albeit in just one instance. One interesting development during this period (1983-1989) was the IMF's newfound interest in spurring privatization of state owned assets, which went as far as making explicit calls for the sale of the national steel, petrochemical and petroleum operations.

3.3 Conclusion

Altogether, the IMF-Argentine *coordinative discourse*s (1976-1989) closed off the discursive space for policy alternatives, as the discourses were dominated by the Funds preferred neoliberal logics (Schmidt, 2008). Interestingly enough though, the outright use of the term "global" or references to "globalization" were not readily detected within the Fund's internal dialogue with Argentine authorities. In its place however, was a discourse which attempted to depoliticize the use of liberal or neoliberal policies along all four dimensions of economic policymaking analyzed (e.g., monetary, tax and trade, fiscal, and regulatory) via appeals to protect the Argentine peso from further devaluation. In other words, deflationary monetary policy trumped all else.

In terms of monetary policy, both the Staff and Board remained affixed to policies that prioritized liberal exchanges, currency appreciation, while their most consistent preoccupation was on keeping inflationary pressures at bay. Their tax policy also maintained its focus on pro-cyclical policies. Here the IMF consistently pushed for the removal of all trade tariffs and sector specific subsidies. In terms of fiscal policy, the most enduring feature was its focus on retrenchment, which came in the guise of curbing inflationary pressures. The Fund's regulatory policy was staunchly neoliberal. It was most consistent in its efforts to liberalize wages and capital movements. In this regard, just four reports during out of 14 covered within the period of 1976-1987 did not explicitly call for the liberalization of wage and/or capital controls (1979a; 1979b; 1980a; 1980b).

In all, the totality of the IMF's policy mix proved to be staunchly neoliberal, which closed off any room for counter-cyclical or alternative ideas. Thus, by precluding the mere contemplation of heterodox policies, the Fund thwarted any possibility enacting such policies. This not only shows that ideas matter, but that they directly lead to real or material outcomes.

Chapter 4

4. The Article IV Policy Mix under Menem (1989-1999)

Chapter four is the second of three chapters that comprise this thesis' first empirical section, which focuses on gauging the *coordinative discourses* of the IMF-Argentine article IV consultations (Schmidt, 2008). Like the previous chapter, the goal herein is on understanding how ideas function and guide policy outcomes within an institutional space, such as the IMF. In other words, it seeks to show how ideas materialize. Like the previous chapter, the analysis is focused on gauging the space for the operationalized policies of both, neoliberal globalization *vis-à-vis* those in support of heterodox approaches (see chapter 2).

The administration of Carlos Saúl Menem is widely regarded as Argentina's version of Thatcher or Reagan, essentially a champion of the neoclassical paradigm. For Argentina it was during this period that the Fund would turn towards a mix of conventional classical liberalization policies, which were flanked by neoclassical approaches. Precisely, this display of tempered "flexibility" is best illustrated by the Fund's gradual change in opinion—where it went from a staunch supporter of Argentina's free floating exchange rate to an advocate of the managed monetary regime. It is also important to emphasize that the IMF's embrace of Argentina's centralized monetary system actually coincides with Hay's own conceptualization of what fits within the "liberal order's… global economic governance" toolkit, wherein exchange rates are preferred to be either liberalized or dollarized (Hay & Smith, 2005: 135).

While the IMF's discourse arguably remained its most important factor throughout, which is reflected via the deliberation's support of a neoliberal policies across all four categories examined, more tactile policies such as the convertibility scheme lend to a bi-directionality or balance between the importance of material and ideational factors (Marsh, 2009). Herein, a more nuanced consideration of how ideas interact with material factors shows how the convertibility scheme was embraced by the IMF, as a more tactile imperative, which allowed it to discursively externalize, catalyze, and buttress its neoliberal prescriptions during the 1990s. Consider that after its initial embrace, the Fund would steadfastly insist on maintaining the Peso-Dollar exchange via polices of economic liberalization and adjustment all the way up until the economy's unraveling in the late nineties.

The negotiations themselves were tethered to a sort of discursive tract that was colored by externalizing neoliberal logics (Hay & Rosamond, 2002). For instance, during the late nineties, the IMF externalized the causes of the downturn by blaming the Brazilian devaluation and the subsequent appreciation of the dollar. For the IMF, the increasing spread between the peso and the US dollar— which the Fund blamed on a combination of external factors and Argentina's fiscal policy— would need to be offset by even deeper rollouts of austerity, the relaxation of labor laws, and a continuation of the privatization of state assets. Ultimately, the totality of the IMF's advice found within this period appears to coincide with Hay & Smith's "policy paradigm," that is commonly pushed up through "institutions of global economic governance" in order to promote a neoliberal or "global(izing)" monetary, tax, fiscal, and regulatory policy mix (Hay & Smith, 2005: 134-135).[1]

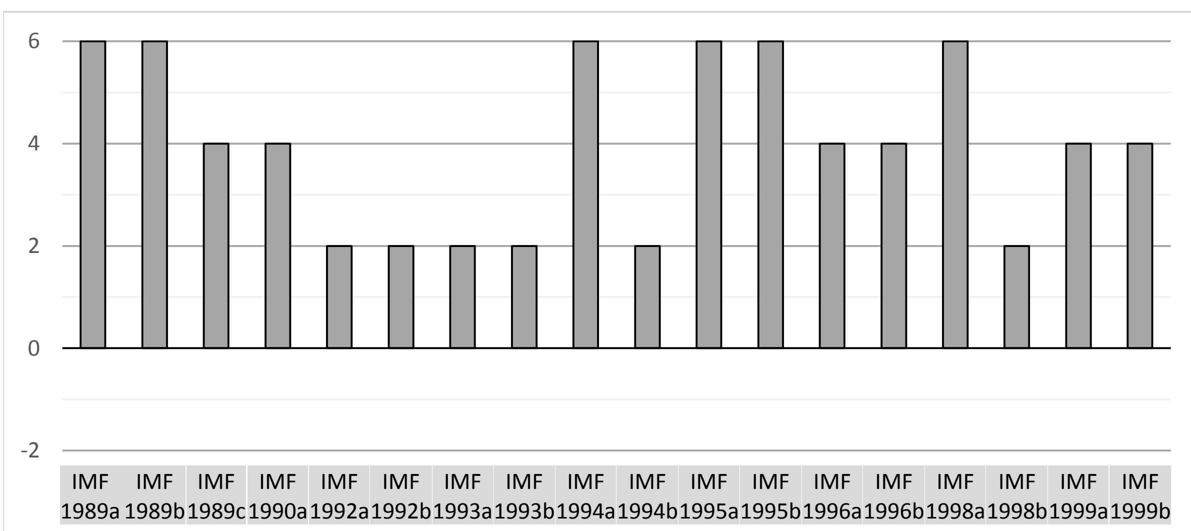
4.1 The IMF's monetary policy mix during the Menem administration (1989-1999)

As figure 1 illustrates, the scoring of the IMF's *coordinative discourse* on monetary policy from 1989 to 1999 once again meets the thesis' methodological criteria for neoliberal bias. Some of

[1] However, in a broader sense it also shows how these discourses ultimately rely on their own social constructions, and at times faulty logic— to rationalize or externalize their preferred policy mix. Ultimately in practice, maintaining the peso's dollar convertibility provided a much more tactile imperative, to justify its focus on deflation and currency appreciation. This allowed the discourse to effectively cut off the space for or automatically disqualify heterodox alternatives.

the themes and/or rationalizations in its appeals for a “globalizing” policy mix included more cognitively based arguments on the need for inflation reduction and unrestricted access to foreign exchange markets, as well as normative ones that raised the importance of economic flexibility and investor confidence (IMF, 1989a; IMF, 1990a; IMF, 1993a). It is important to note that the deflationary policies herein, do appear to come as a direct reaction to the persistent bouts of inflation within Argentina in the run-up to the 1990s. However, it was the IMF’s position that the fiscal imbalances incurred during the Alfonsín administration were the cause of Argentina’s inflation. However, by focusing solely on the prior administration’s [alleged] largesse, the IMF ignored the burden of Argentina’s compounding external debt, and arrears from loans originated during the 1970s military junta (see Cantamutto & Ozarow, 2016; Gelpern, 2005; Jayachandran, & Kremer, 2006).

Figure 1. The IMF’s monetary policy advice (1989-1999)



(Source: Author’s analysis of IMF Article IV consultations, 1989-1999)

Nevertheless, in an attempt to subdue these mounting inflationary pressures, the IMF staff pressed for the implementation of a sound monetary policy mix that would float the Peso freely, while simultaneously curtailing fiscal spending (IMF, 1989a). Thus, just 1 ½ years prior to the establishment of the US dollar convertibility regime the IMF Staff had actually advised against the preservation of any set rate of exchange, which the authorities follow through on in December of 1989 (IMF, 1989a). However, within a year of attempting to float the peso freely, the Staff would effectively guide a managed devaluation. Yet, this was by no means a green light for a loose money policies, as they appealed for the implementation of public sector price increases and tightened monetary controls—all in the guise of curbing demand (IMF, 1989a).

Herein, the Staff rationalized the managed devaluation, which was accompanied by austerity measures as an economic imperative that would not only directly depress internal demand, but more importantly "helped reverse the deterioration of the fiscal and balance of payments positions by correcting basic price relationships" which in theory would lead to a "reduction of inflation and [the] restoration of confidence" (IMF, 1989a). Confidence herein, is an interesting factor within the Staff's assumptions or desired outcomes, as it is in itself a concept that is laden with externalizing as well as normative qualities (Hay & Rosamond, 2002).

Asides from this push for a flexible exchange rate regime, the staff also sought greater independence of the Argentine Central Bank (ACB). However, outside of noting its benefit to inflationary pressures, these requests were much more authoritative, as they were not accompanied by more elaborate justifications. For instance, in an effort to restore the ACB's profitability *en route* to its full independence, the Staff called for a halt to public sector financing by the year's end. The rationale of both the Staff and the Executive Board was that this virtual guarantee of financing placed an undue "burden on the Central Bank" while also precluding the participation of private sector financiers (IMF, 1989a; IMF, 1989b). As a result, the Staff recommended the transfer of these "quasi-fiscal" debts to the treasury, which the Central Bank could then re-monetize (IMF, 1989a).

In November 1990, the IMF Staff celebrated the past 11 months of the free-floating exchange rate touting that, "since the introduction of a unified, freely floating exchange rate system in December 1989, the authorities have maintained unrestricted access to the exchange market" (IMF, 1990a). Ironically, less than 6 months later the Argentine authorities would be obliged to revert to a fixed exchange due the effects of rampant inflation. This fixed exchange would usher in the era of convertibility, a quasi-dollar peg that was managed through a currency board, which mediated the exchange of Pesos into US dollars at face value. However, the staff remained resolute throughout the run-up to the eventual shift in monetary policy, as they futilely pressed the authorities to intensify its adjustment efforts in the hopes of saving free-float (IMF, 1990a). The Board reiterated the Staff's sentiments, making it clear that the success of Argentina's monetary policy (free-float) depended on its retrenchment efforts (IMF, 1990c).[2]

4.1.1 Monetary policy under the convertibility plan

Not much had changed a year into the convertibility regime as the IMF continued to advocate for a deflationary policy mix that suppressed internal demand, albeit now in the guise of maintaining the peso to dollar parity in the open market (IMF, 1992b; IMF, 1992a). Once again the effect of this was to create a logic of necessity ala Colin Hay that rendered alternatives moot and thus, non-negotiable within the Article IV consultations (Watson & Hay; 2003; Hay & Smith, 2005). In 1992, the Staff reaffirmed that "monetary policy will continue to be conducted

[2] Going further, the staff not only pushed for the deepening of fiscal cuts, but also urged authorities to hasten the planned privatization projects in order to channel the revenue towards the reduction of its external debts. Asides from speeding up the anticipated sales of the state run airline and its telecommunications firm, the staff also lobbied for the state to widen its privatization project in the guise of generating a revenue stream sufficient to sustain the free float (IMF, 1990a).

under the discipline of the fixed exchange rate regime and the strict limitation on lending to the public sector" (IMF, 1992a). Here, the Executive Board once again sought to raise interest rates in order to suppress the consumer demand for credit because of the large margins that had accrued at the institutional and wholesale level, as opposed to retail lending (IMF, 1992b).

Ultimately, the Staff's primary means of maintaining its preferred deflationary monetary policy mix was through the reduction of the deficit, which required deepening fiscal cuts. Herein, the Executive Board called for a primary surplus targeted at 2% per year in order for Argentina to cover its interest payments while allowing for "a steady decline in the public debt ratios; the maintenance of the current exchange rate arrangement and full reserve backing for the monetary base; and a deepening of structural reforms" (IMF, 1992a). Directors also perseverated on the need for inflation reduction while targeting international levels as the ideal mean (IMF, 1992a). Although six years away from the start of their repayment, the topic of fiscal bond consolidations was also brought up in order to stress the importance of fiscal retrenchment or otherwise keep the coordinative discourse on a strict path of currency appreciation via fiscal consolidation:

> Argentina needed to anticipate these obligations in framing its medium-term fiscal plans. Directors noted in this connection the undertaking expressed in the policy memorandum to assess the implications of issues of consolidation bonds in the context of program reviews. (IMF, 1992b)

The Staff carried over many of the same conditions from the year prior, as inflation concerns remained the linchpin of its monetary policy mix. Indeed, the fixed exchange rate had fit neatly within the IMF's deflationary discursive tract as they continued to press authorities to focus on "raising savings and curbing inflation, as well as increasing the economy's flexibility" (IMF, 1993a). This latter point was a new wrinkle in their policy advice and also a bit of a stretch. In terms of flexibility, the staff specifically suggested that labor market liberalization was a viable means of stabilizing the exchange rate regime. Here they asserted that a "successful adherence to the fixed exchange rate arrangement adopted by Argentina requires increased flexibility in the labor market" (IMF, 1993a). The Board concurred on the need to curb the expansion of credit by calling for tighter monetary policy as well as the "the imposition of marginal reserve requirements on foreign currency and peso deposits," which would set a floor on Argentina's foreign reserves, while reducing the velocity of money (IMF, 1993b).

In 1994, the IMF's discourse once again used inflation control as an economic imperative to crowd out the space for heterodox policies. For instance, the Staff praised the success of austerity measures in bringing "inflation under control by eliminating the fiscal deficit, curbing central bank credit, abolishing indexation and pegging the exchange rate" (IMF, 1994a). Also in line with the thesis' operationalized policy mix upheld by proponents of neoliberal globalization's logics, the Executive Board followed suit praising the lower, single-digit inflation levels; nevertheless, they urged for continued monetary discipline. They also pointed towards maintaining interest rates at levels high enough to not only induce, but also sustain domestic savings and investments (IMF, 1994b). This complemented the Staff's suggestion of strengthening bank supervision as a means of assuring the stability of the financial sector. Additionally, this same line carried over into the 1995 report, wherein the Staff continued to praise the positive strides made towards shoring up the banking system, which was credited to the authority's adherence to austerity measures (1995a).

4.1.2 The IMF's monetary policy mix during Argentina's deflationary spiral (1998- 1999)

Policy blunders due to the inability to entertain heterodox ideas or theories of demand also became evident with during the initial stages the Argentina's deflationary spiral. Granted that the deflationary policies brought on some early successes during mid-nineties, 1998 would mark a critical inflection point. From this point onwards the Argentine economy found itself caught in a deflationary spiral that would not touch bottom until their 2002 default. Moreover, the country's GDP would not return to pre-crisis levels until 2007.

On path to a monumental collapse, the 1998 Staff Report failed recognize any signs of weakness or structural rigidity within the economy, as they continued to praise Argentina's efforts to support the convertibility plan through deflationary measures (IMF, 1998a). In fact, the Staff lauded the proposed fiscal adjustment law, which would restrict spending by indexing expenditures to a percentage of GDP. Ironically, while the staff made no contingencies for the negative effects of deflation, they did preemptively call on the authorities to meet any inflationary pressures with "quick and decisive fiscal and credit policy actions to restrain domestic demand…" (IMF, 1998a).

Surprisingly unlike the staff's appraisal, the 1998 EBM offered less of a consensus on monetary policy. Nonetheless, their outlook remained fairly optimistic as they awaited a "gradual improvement in subsequent years" (IMF, 1998b). A year later, now faced with an imminent currency collapse, which was externalized as being precipitated by the potential devaluation of the Brazilian real—the IMF and Argentine authorities began toying with the idea of full dollarization of the economy. They reasoned that this initiative would "reduce the currency risk premium over the medium term" (IMF, 1999a; IMF, 1999b). The Staff supported the idea in the hopes that it would eliminate the massive interest rate mark ups on debt denominated in the rapidly depreciating peso (IMF, 1999a). However, this is not to say that they considered dollarization as a replacement for their longstanding support for austere monetary and fiscal policies— as the Staff argued that further cuts should contribute to the reduction in interest rate spreads (IMF, 1999a).

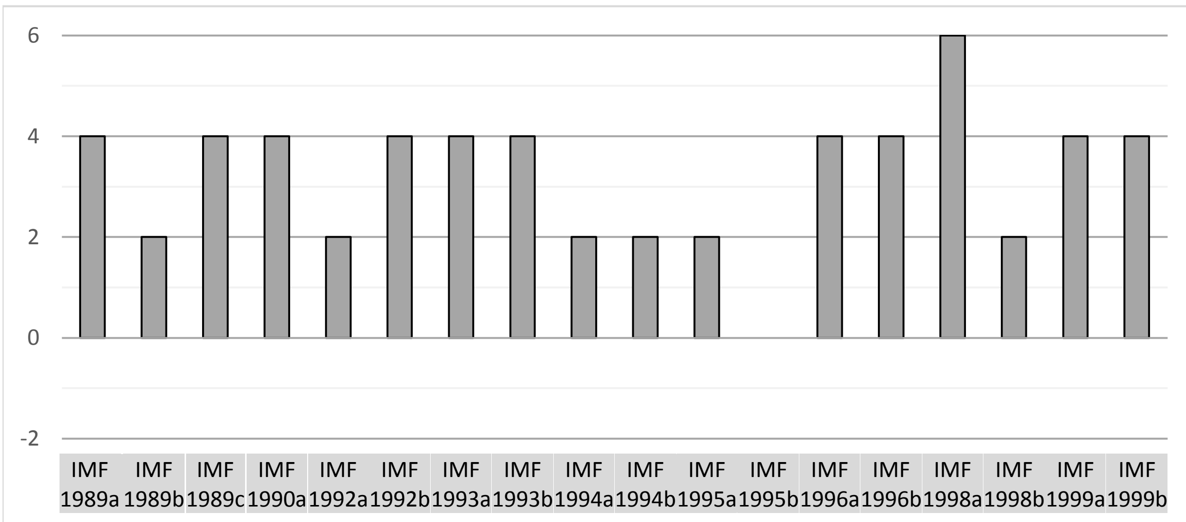
One of the recurring themes found throughout the IMF's coordinative discourses on monetary policy was its stubborn adherence to orthodox policy prescription, even during period wherein it proved to be wholly inappropriate— both in logical and practical senses. For instance during, in 1989 the IMF failed to see the link between its deflationary monetary stance and the implementation of the peso-dollar convertibility, which it initially resisted, but ultimately came to fervently defend. Paradoxically, in the late nineties its obstinate support of convertibility— a policy it had initially rebuffed— would catalyze and later prolong Argentina's deflationary spiral.

Between these two extremes, where its periods of success. What is most interesting about the years 1994 to 1995 was that it marked a period of economic growth, which ultimately did nothing to alter the IMF's general stance on monetary policy. During this time Argentina experienced a spike of investment lead growth, which the Fund attributed to the success of initiatives to stabilize the peso and the cash infusions stemming from the privatization boon. However, these gains did not alter the executive Fund's monetary policy mix as they advised the authorities to continue to follow "sound fiscal policy" in order to sustain the convertibility regime and market confidence (IMF, 1995a; IMF, 1995b; IMF, 1996b). Ultimately, this resulted in a policy mix that— time and again— precluded the space for heterodox theories and policy initiatives.

4.2 The IMF's tax advice (1989-1999)

Figure 2 illustrates that from 1989 to 1999 the totality of the IMF's tax and tariff advice was not only staunchly neoliberal, but patently "globalizing". Herein, two of the major prongs within the IMF's policy discourse were identified as appeals that sought to flatten the Argentine tax system and also, remove all barriers to trade. The actual tenor of the discussions on issues on tax and trade was authoritative and based more on a terse by-the-numbers cognitive logic that provided very little in the way of explanations or rationalizations, as opposed to the abovementioned

Figure 2. The IMF's tax advice (1989-1999)



(Source: Author's analysis of IMF Article IV consultations, 1989-1999)

issues of monetary policy.

Discussions on tax policy, beginning with the 1989 staff report, advocated for the implementation of a "…a generalized value-added tax [VAT], without exemptions, and at a single rate of 15 percent…" (IMF, 1989a; IMF, 1989c). In this initial meeting, the Staff also praised the savings garnered from "the suspension of subsidies and industrial promotion incentives under the Economic Emergency Law…" (IMF, 1989a). In a similar vein, the 1990 Staff sought the elimination of quantitative import restrictions as well as an across-the-board reduction of tariffs and specific "export taxes on agricultural products" (1990a).

In 1992 the IMF continued to drive its terse discourse focused on liberalizing on Argentina's tax system, via the implementation of a flat or regressive structure, which would also serve as a constraint on fiscal policy. Here, the IMF lent it support to a scheme that proposed to only tax the net profit of firms (IEPE TAX), suggesting that it worked similar to a VAT, while the Board additionally called for more VAT increases (IMF, 1992a; IMF, 1992b;).[3] In 1993, the Staff sought to establish a more structural and austere tax reform agenda as it urged for the end of demand-inducing tax incentives, additional increases to the VAT, and further fiscal cuts in the guise of offsetting this regressive tax structure (1993a).

Essentially, the logic of the Staff and Executive Board was to squeeze greater margins (via fiscal retrenchment) to offset the reduced tax revenue stream (IMF, 1993a; 1993b). Specifically, the Staff declared that authorities had exhausted “room for tax cuts and subsidies to reduce production costs and promote private investment” (1993a). Herein, the Board explicitly urged authorities to end all industry specific subsidies, such as the reduced interest rate program for small and medium sized business (1993b). Additionally, the Board also lobbied for the removal of capital gains taxes and agricultural tariffs across the provinces (1993b).

Removing trade barriers was a recurrent issue during the 1990s, which as delineated above, fits within the operationalized logics of neoliberal globalization’s “policy paradigm” (Hay & Smith, 2005). For example, the 1994 Staff Report explicitly asserted that “international trade should be liberalized further” primarily through the removal of tariffs and subsidies in order to curb protectionist policies in the “domestic automobile and truck industry” (IMF, 1994a). They argued that greater international competition would increase modernization and lower costs across the board. Yet at the same time, the Staff posited that “rapid export growth will depend heavily on further market penetration of exports of manufactured goods as a result of higher investment, improvements in competitiveness and trade deepening through MERCOSUR”

[3] The proposed IEPE tax ultimately failed to make it through the legislative process.

(1994a).[4] Yet, it is clear that the removal of trade protections would have increased competition for the Argentine truck industry—at least in the short-term—by further exposing the market to international imports.

The 1995 Staff Report once again focused on improving tax collections while cutting expenditures, as well as those stemming from revenue transfers to the provinces. One Staff supported initiative came in the form of a 3% VAT hike, whose proceeds were to be exempt from provincial revenue sharing schemes. This specific VAT increase was “expected to yield over 2 percentage points of GDP in 1995,” which to be exclusively earmarked for the servicing of its external debt. (1995a). The Chair’s Summary reiterated much of the Staff’s advice, but in a much more general manner. Here, they encouraged authorities to implement a tax policy that restored “equilibrium in the fiscal balance for 1996” (IMF, 1995b). Additionally, Article IV consultations from 1996 and 1998 carried over many of the abovementioned concerns, as they too emphasized the need to improve administration protocols in place for VAT collections (IMF, 1996a; 1996b; IMF, 1998a; IMF, 1998b).

In 1998 the IMF turned its attention towards extricating Argentina from agreements that emphasized regional rather than global trade. Herein, both the Staff and Executive Board called for the reversal of a recent tariff increase on imports passed by the fledgling regional block, MERCOSUR (IMF, 1998a; IMF, 1998b). Although it was agreed that the 3% increase would not bring about any significant protectionist effects, the IMF nonetheless pressed authorities to withdraw. Whether or not the Fund acted in a strategic manner, MERCOSUR’s trade policies

[4] MERCOSUR also known as the Southern Common Market is a regional trade bloc that encourages trade amongst its South American member states which include: Argentina, Brazil, Paraguay, Uruguay, and Venezuela.

had the potential to set a dangerous precedent with regards to how and who set future trade policy.

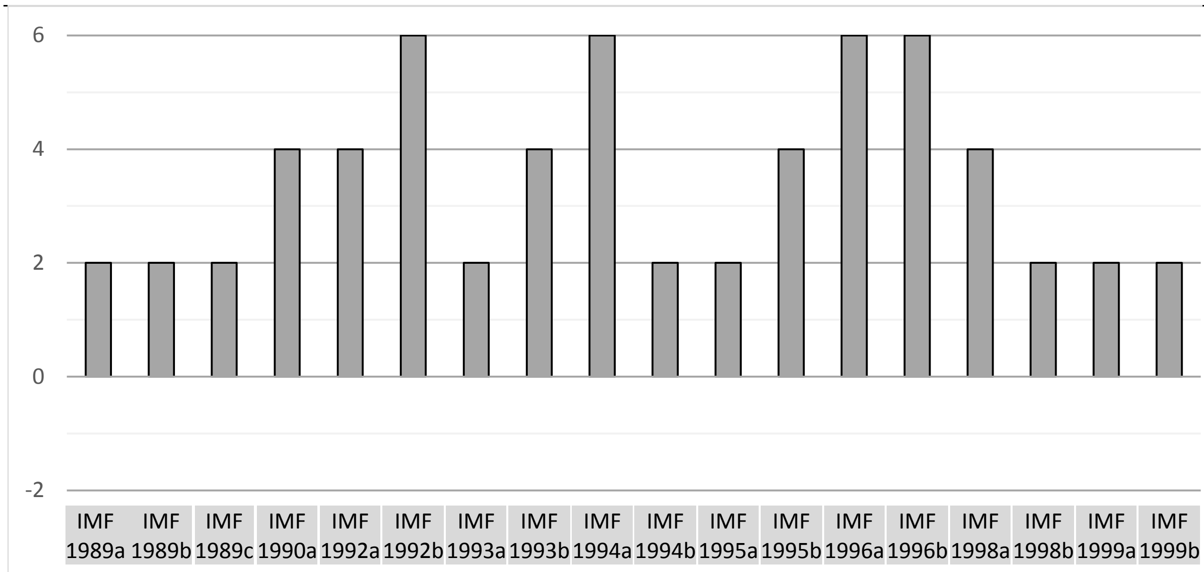
In 1999, the IMF offered its praise of the authority's success in not only reversing the MERCOSUR tariff increases on consumer goods, but also their ability to secure reductions for imports (IMF, 1999a; IMF, 1999b). Despite Argentina's recent efforts, the Staff pushed for further liberalization of the tax structure, by drilling down to microeconomic concerns— and of all sectors, Argentine footwear (1999a). In their own words, the Staff reported that, "a plan is underway to monitor performance of the footwear industry and footwear imports" (1999a). In other words, the Staff wanted duties on textiles and footwear imports to be phased out, thereby removing any protections for Argentina's domestic industry (1999a). The board also added its desire to see reductions in payroll taxes in the guise of boosting the competitiveness of the wider economy (1999b).

Ultimately, throughout this period tax policy prescriptions faithfully followed the orthodox playbook— calling for, trade liberalization, the end of all industry subsidies, a regressive tax system, based on the expansion of VAT (See figure 2). In addition, the IMF discourse itself had an authoritative tenor with terse, cognitive explanations, which left little in the way of normative appeals. Simply put, the discourse barred heterodox ideas and polices.

4.3 The IMF's fiscal policy mix (1989-1999)

From 1989 to 1999, the IMF put together a discourse that once again, steered clear from entertaining or offering solutions outside of this thesis' defined neoliberal goalposts (see figure 3). Herein, the Fund relied primarily on an authoritative discourse that effectively demanded structural reform within all aspects of fiscal policy. The primary goal throughout was to sever the budgetary ties between the national and provincial level. Herein, the IMF sought to cut-off

Figure 3. The IMF's fiscal policy mix (1989-1999)



(Source: Author's analysis of IMF Article IV consultations, 1989-1999)

provinces from national revenue streams and end national social safety net programs.

From 1989 to 1994, the IMF discourse maintained its emphasis on the need for Argentina to push ahead a structural reform agenda, based on fiscal consolidation. In particular, the 1989 Staff Report pressed for the end of the provincial transfer system, which covered overruns in fiscal expenditures. The logic herein, was that this would force provincial governments to operate within their own means (IMF, 1989a; 1990a).[5] Between 1992 and 1994, consultations redoubled their efforts at effecting sweeping structural reforms. In a complementary effort to cut national spending, the Fund now pushed for the decentralization of the administration and funding of health and education programs (IMF, 1992a; IMF, 1992b; IMF, 1993a; IMF, 1993b; IMF, 1994a). Specifically, the Fund sought the reform of social security and the state run health insurance system so that provinces were solely responsible for their management and costs (IMF, 1992b; IMF, 1994a).

By 1995 the Staff had cause for celebrating. Not only had authorities delivered on the implementation of steep cuts to provincial transfers, but structural changes began to force more austere operations, which lowered wages and also opened the door to further possibilities for privatization (IMF, 1995a). The following year, the Staff continued to call for the reform of the Argentine social security system. They also urged authorities to put together a “budget for 1997 that would provide for no growth in nominal discretionary government expenditure” (IMF, 1996a). The Executive Board followed up by attempting to hold provinces to task, as they expected immediate progress on the reform of social security, healthcare and privatization. They urged authorities to prioritize the reform of provincial financing, in order to structurally limit their ability to take on debt (IMF, 1996b; IMF, 1998a).

The 1998 and 1999 saw the IMF attempt to ostensibly shift away from deliberating on fiscal policy altogether by attempting to systematize pro-cyclical policies of retrenchment as a preemptive catchall response to future downturns. Specifically, the Article IV consultations during this period were very forward looking, as they pushed for the development of policy contingencies that effectively automated or programmed future cuts, particularly within

[5] The 1990 Staff Report also urged the government to raise the retirement age threshold (IMF, 1990a).

education, public health, and social security (IMF, 1998a; 1998b; 1999a). The 1999 Staff Report showed their enthusiasm on the prospects of depoliticizing fiscal planning altogether, which came about via the proposed, "Fiscal Responsibility Law," which "set permanent limits on public debt…" (IMF, 1999a).[6]

In the 1999 article IV consultations the IMF began to acknowledge the limitations of its deflationary policy advice. Nevertheless, the IMF's realization or omission that its long favored deflationary tactics were not always the best way forward came too late for Argentina's sake. By early 1999 the economy was experiencing alarming rates of capital flight (See Chapter 2). As the Staff's Appraisal noted, "…further slowing of the economy in 1999 would have a negative impact on the public finances and may force a reconsideration of the fiscal plans" (IMF, 1999a). The Executive Board Chair also summed up the Fund's cognitive struggles by noting that "the negative effects on the public finances of a slower pace of economic activity may require a flexibilization [sic] of the fiscal component of the program" (IMF, 1999b). Yet even while explicitly acknowledging the inefficacy of its core strategy centered on deflation— perhaps more of a cathartic exercise than an existential reappraisal of its policy biases— the IMF would urge authorities to remain on the agreed upon program, centered on fiscal retrenchment (IMF, 1999b).

Throughout the latter part of the Menem administration, the IMF focused its efforts on preserving the convertibility regime through deflationary measures. Overall, retrenchment was the common factor within the Fund's fiscal policy advice— scoring positively on every article IV consultation in question. In the late nineties, it became the only acceptable solution to rectify Argentina's growing monetary quandary, which in hindsight diminished the importance of

[6] It is important to note that the 1999 staff report was in favor of a fiscal plan that tied austerity to "safety nets". However, it was combined with initiatives that would simultaneously liberalize current labor laws (IMF, 1999a).

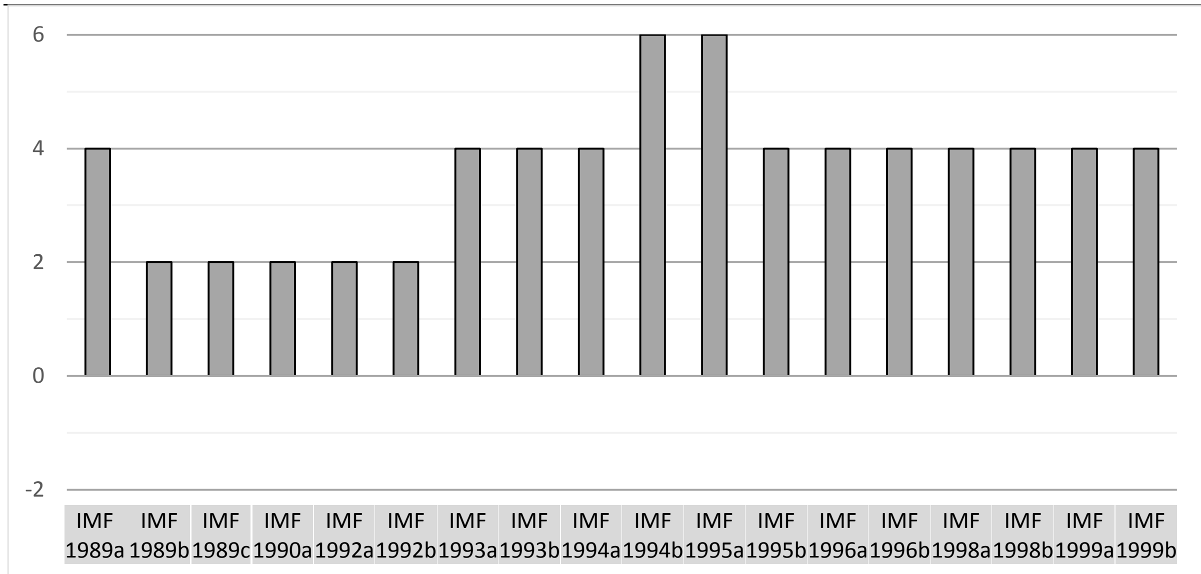
tracking other economic factors— such as, job growth, living standards, and exports. Thus, the IMF's discursive fixation on conserving the monetary peg through austerity, not only crowded out the space for ideas or theories that would have confronted the negative effects stemming from its deflationary policies, but actually accelerated the spiral— which culminated in the crisis of 2001.

4.4 Privatization and Regulatory policy advice from 1989-1999

While the Menem administration was known for its unabashedly liberal stance on regulation, the analysis of the *coordinative discourses* of the Article IV consultations show that the Fund left nothing to chance, as discussions which included heterodox ideas or policies were largely absent (see figure 4; also see Schmidt, 2008). Specific to the financial privatizations and liberalizations, the IMF suggested that this would lead to a more modernized banking model that would provide a wider access to lending by tapping global credit markets and ultimately greater stability. In general, the IMF rationalized privatizations as a whole as a "beneficial" imperative towards economic modernization and efficiency, which carries these hyperglobalist characteristics or set of values and logics *ala* Hay and Smith (Hay & Smith, 2005; Smith, 2005). Also present was the IMF's go-to deflationary rationale, which explicitly tied liberalization and the proceeds of privatization to its monetary policy goals.

During this period, the Fund not only supported deregulation and privatization projects, but also sought to hasten their implementation. Privatization itself appeared to be a relatively new dynamic within the IMF-Argentine consultations as it was only mentioned on just two occasions before the start of the Menem administration (IMF 1986 & IMF 1987b). However, During the Menem administration, appeals to liquidate state assets were present in all 18 of the Article IV consultations examined. Similarly, from 1989-1999 the issue of deregulation was also present on 13 separate occasions. Some of the arguments for privatization included the promise of greater efficiency and a greater reserves, which would ease pressure on monetary policy.

Figure 4. Regulatory Policy Mix 1989-1999



(Source: Author’s analysis of IMF Article IV consultations, 1989-1999)

In 1989, the Staff sought to broaden the scope of the nascent privatization program by lending support to proposals that sprung from the “Law of Reform of the State,” which called for the sale of its national telephone company. In defense of the plan, the Staff argued that privatization would not only lead to greater efficiency, but that the generation of capital produced by the sale would help curtail the state’s reliance on transfers from the treasury (IMF, 1989a). However, the Staff and the Board of Directors pushed for the expansion of the privatization program, going as far as specifically targeting YPF, the state’s oil firm (IMF, 1989a; IMF, 1989c). The IMF also praised the authority’s own initiative to involve of commercial banks in the privatization program, wherein they helped provide debt waivers in exchange for equity shares of privatized assets (IMF, 1990a).

The developing hallmarks of the IMF's advice was the consistency of its heterodox policy advice, as well as its inability to entertain ideas outside of its liberalizing discourse, even when objectives were met. In 1992, the IMF would suggest that authorities privatize Argentina's social security programs as a way to not only lower costs, but also bolster capital investments from the formation of private pension funds (IMF, 1992b; IMF, 1994a). In the following year's consultation, the Staff effectively declared victory noting that, "public finances have been strengthened, the economy has been liberalized, and the privatization process accelerated" (IMF, 1993a). However, less than a month later the Executive Board was offering the authorities advice on managing the proceeds from the YPF sale so that it did not stimulate demand (IMF, 1993b). Additionally, the Board took their deflationary focus a step further, as they made the case for yet another fiscal retrenchment plan that would cancel out or offset the sale's proceeds by making cuts in the equivalent amount (IMF, 1993b).

Although just a year earlier the Staff declared the privatization program a success, the Executive Board continued to lobby for more government selloffs, especially at the provincial level (IMF, 1994b). This board meeting also voiced the Fund's displeasure with the pace of the social security reform efforts. In particular, they sought to pressure authorities into moving forward with the proposed plan to transform social security from a consolidated, state controlled pool into individual accounts that could be sold off and managed by private pension funds (IMF, 1994a). In an attempt to capitalize on the momentum to privatize, the Staff recommended that the national health insurance system be reformed in a similar manner to pensions (IMF, 1994a).

In 1995, the Staff celebrated the Central Bank's role in facilitating the consolidation the banking sector, wherein it lead the dissolution of 30 separate institutions, through mergers and acquisition (IMF, 1995a). The Staff went on to praise the privatization of four of the twenty-seven provincial banks— while also notably mentioning the ten more that remained in the process of privatization. Yet despite the massive transformation of Argentine finance, the Staff and Board felt the need to spur on a "further impetus" in the consolidation of the private as well as provincial banks (IMF, 1995a; IMF, 1995b). In a rare turn, there was some dissention from a single IMF board member (A. Guillermo Zoccali) who linked the drop in demand for employment to the privatizations and the deregulation of labor laws. However, in true neoclassical form, his solution for this was a combination labor "flexibilization" and lower wages, along with plans to re-educate workers (IMF, 1995b).

With the privatization of Argentine banks well in place, the 1996 Executive Board meeting sought the creation of an emergency liquidity fund, which would serve as a means to rescue the private banking sector from any future credit crunches (IMF, 1996b). Ironically, this emergency fund would have no effect on the massive liquidity crisis that would develop just three years after. Despite the negligible concerns voiced the year prior, the 1996 Staff Report sought to deepen the privatization of finance by not only pressing for the privatization of the remaining provincial banks, but now lobbied for the sale of Argentina's largest national bank, *Banco Nación* (IMF, 1996a; IMF, 1998a). Going forward, more ramped up calls for the deregulation and privatization of the provincial and national banks continued through the remainder of the Menem administration (IMF, 1998a; IMF, 1998b; IMF, 1999b; IMF, 1999a).

Outside of their efforts to privatize the financial sector, the Staff also took a supportive role of the authorities' move to liquidate the State's power grid, specifically its hydroelectric and nuclear power plants (IMF, 1996a). They also praised the privatization of the postal system and the sale of the state's residual stake in YPF. The '98 Report also noted that, "Additional nontax revenue would be generated by the leasing of airports and telecommunication frequencies" (IMF, 1998a). Although they hoped for a quick-paced liquidation of the Argentine government's asset, the Staff became displeased with the privatization program's slowdown in 1997, due to mounting political opposition (IMF, 1998a).

4.4.1 The IMF's regulatory policy mix: liberalizing labor, finance, and bankruptcy protection

Another way the IMF's *coordinative discourse* guided regulatory policy deliberations was by consistently calling for rollbacks of Argentina's regulatory framework in the areas of labor, finance and general business practices (Schmidt, 2008). For instance, the 1989 Staff report came out in support of the Argentine authorities' proposals to follow flexible income guidelines (IMF, 1989a). In 1993, the IMF restated its support of proposals to liberalize labor regulations, which in their view allowed the market to act more responsively to economic fluctuations via the facilitation of "labor mobility" and the promotion "of more flexible employment conditions" (IMF, 1993a; IMF, 1993b). Not much had changed within the 1994 and 1995 consultations, which explicitly advised the authorities to "reduce restrictions on dismissals and promote more effective decentralization of the collective bargaining process" (IMF, 1994a; IMF, 1994b; IMF, 1995a).

In 1995, falling employment figures appeared to alter the IMF's authoritative and terse discourse, as it began to search for justifications to its labor ineffective labor policies. Herein, the IMF put forth an externalizing discourse that shifted the shifted blame outside of Argentina's borders. Specifically, the staff made the case that the slump in job market figures was due to distortions in labor statistics, which were in fact caused by the influx of migrant workers, which had expanded the supply of labor. In effect the staff went on to blame the spike in jobless claims on "… illegal immigrants from neighboring countries…" who had otherwise "…absorbed jobs created in the construction and services sectors …" (IMF, 1995a).

The deregulation of finance and bankruptcy protection were two other regularly advanced prongs during the Menem administration. In 1994, the staff made the case for the liberalization of bankruptcy protection rules, citing the prospective benefits of added flexibility and competitiveness (IMF, 1994a). The Executive Board concurred with the Staffs assessment, while more broadly noting their desire for deeper deregulation that actually reached the provincial level (IMF, 1994b). In 1995, the staff praised the ratification of a sweeping mix of structural reforms that sought to hasten initiatives to liberalize labor and bankruptcy regulation (IMF, 1995a). However, this did not stop the following staff report from again calling on the authorities to muster greater resolve liberalize labor (IMF, 1996a).

> The authorities are continuing their efforts to obtain congressional approval of a reform of the system that, at least, would significantly reduce dismissal costs, eliminate the "*ultra-actividad*" and special labor statutes over time, and promote increased competition among union-run health care organizations. The enactment of such a reform will be a precondition for the conclusion of the first review of the program. (IMF, 1998a)

Once again, the IMF discourse used different means to press for laxer regulation. For instance, the 1998 Staff Report was strikingly authoritative in its demands by making labor reform a precondition for Argentina's debt rollover (IMF, 1998a). In contrast to the Staff's bluntness, the Executive Board took a more tempered approach, instead focusing on the potential "benefits" of the "early passage of a labor market reform package" (IMF, 1998b). Herein, one of the Board's more pressing concerns herein was the elimination of the law of *Ultra Actividad,* which guaranteed the renewal of contracts for union members during labor disputes (IMF, 1998b).[7] Ultimately, the IMF's labor reform package was ultimately passed in September of 1998. Just a year later, the IMF was in search of even deeper labor reforms, this it focused on

[7] The staff cynically described the law of Ultra Actividad as a "provision whereby contracts are extended indefinitely in the event that no agreement is reached on a new contract" (IMF, 1998b).

specifically on easing dismissal practices, in the guise of stimulating labor demand and "competition" (IMF, 1999a; IMF, 1999b).

Ultimately, the IMF's regulatory advice, both in terms of its staunch support of privatization as well as its deregulation agenda clearly shows that the space for heterodox solutions was wholly crowded out by the Fund's neoclassical biases (see figure 4). While the rationales and/or arguments for the abovementioned policies of liberalization and privatization were conspicuously varied, the desired policy outcomes were consistently neoliberal.

4.5 Conclusion

Throughout the decade of the nineties, the IMF-Argentine discourses were consistent with the thesis' operational definition of a neoliberal policy paradigm— along all four dimensions examined (e.g., monetary, tax, fiscal, and regulatory). Remarkably, how the *coordinative discourse* of the IMF promoted or rationalized their preferred policies was quite varied, as appeals or justifications tying back to hyperglobalist logics, which set out external constraints were less frequent within the Article IV deliberations (Schmidt, 2008). However, in its place was a much more technical and authoritative rationale centered on reducing inflation, which nonetheless, provided that external threat or constraint—via the exchange rate— that social constructivists would normally attach to the "globalization" discourse (Hay & Watson, 2003; Hay & Smith, 2005).

Moreover, touching on Marsh's need for balance between the material and ideational, the structural aspects of the convertibility regime itself effectively depoliticized the continued use of neoliberal policies, while also shielding foreign investments from incurring losses on their capital (Marsh, 2009). And although the IMF's support for US Dollar convertibility did not technically fit the conventional liberal mold it nonetheless coincided with the externalizing logics of globalization, and ultimately served to buttress its neoliberal policy mix (Hay & Marsh, 2003; Hay & Rosamond, 2002). For instance, this study found that fiscal retrenchment was its most consistent condition—scoring positively on every article IV consultation in question from 1989 to 1999.

Moreover, the maintenance of the peso's convertibility also became the basis for the advancement of neoliberal initiatives falling into the other dimensions covered—namely, tax and trade, as well as its stance on liberalization and privatization. In terms of tax advice, the data showed that the IMF's patently liberal schemes not only focused on deploying a regressive tax structure that relied more heavily on VAT revenues, but also on extricating Argentina from MERCOSUR's regionally focused tariff scheme in order to open it up to global trade. During this period in question, 13 out of 18 consultations had the IMF explicitly seeking to either raise the VAT or reduce income tax.

Throughout the Menem administration, the IMF displayed a deep commitment to advance the privatization agenda, the deregulation of labor and finance, as well as the augmentation of creditor rights via reforms of the judicial system. In total, the IMF sought privatization initiatives in all 18 consultations examined. The latter half of the 1990's saw the IMF roll out an all-out blitzkrieg for the wholesale liquidation of Argentine government assets. From 1996 to 1999, the IMF specifically lobbied for the privatization of Argentina's electrical grid, postal system, air transit, and telecommunications infrastructure— all under the guise of sustaining its currency peg, as well as the more normative imperative of "economic efficiency."

Midway through the Menem administration the Staff did make one perplexing omission by acknowledging that potentially harmful effects on demand from its liberalization and privatization project (1995b). In a later report the Staff recommended that revenues from privatizations should go towards high return investments, rather than the financing current expenditures, which includes interest payments on sovereign debt (IMF, 1998a). However, this acknowledgement was duplicitous, as the privatized firms were generating returns for the state, in the form of subsidized consumer costs and its net positive effect on the national employment rate.

Despite their tacit acknowledgement, consultations in the thick of the Argentine Great Depression chose to put the onus solely on external circumstances. In the Fund’s view, the Brazilian devaluation was the root cause of Argentina’s massive unemployment, as well as the rapidly deteriorating conditions (IMF, 1999a; IMF, 2000a). Therefore by externalizing Argentina’s deflationary spiral, the Fund was able to take attention off of the endogenously created institutional failures, as well as the effects of its own advice. Altogether, the Fund’s advice read as a veritable barrage of neoclassical demands, which preempted alternative ideas and policy approaches.

Chapter 5

5. A requiem for flexibility: policy bias during Argentina's Great Depression (2000-2006)

Chapter 5 carries the content analysis on the IMF's *coordinative discourses* forward by chronicling the period of 2000-2006 (Schmidt, 2008). It again stands on the premise that the scope of the institutional deliberations, as well their general disposition are very much indicative of policy outcomes. Therefore towards the case of the IMF-Argentine negotiations this analysis should help reveal the extent of the Fund's flexibility. The goal of this chapter— like that of the past two— is to further establish whether or not space for alternative policies was ever afforded to Argentina. In order to deliver on its aims, this chapter first provides a chronological mapping of the discursive space provided by the Fund.

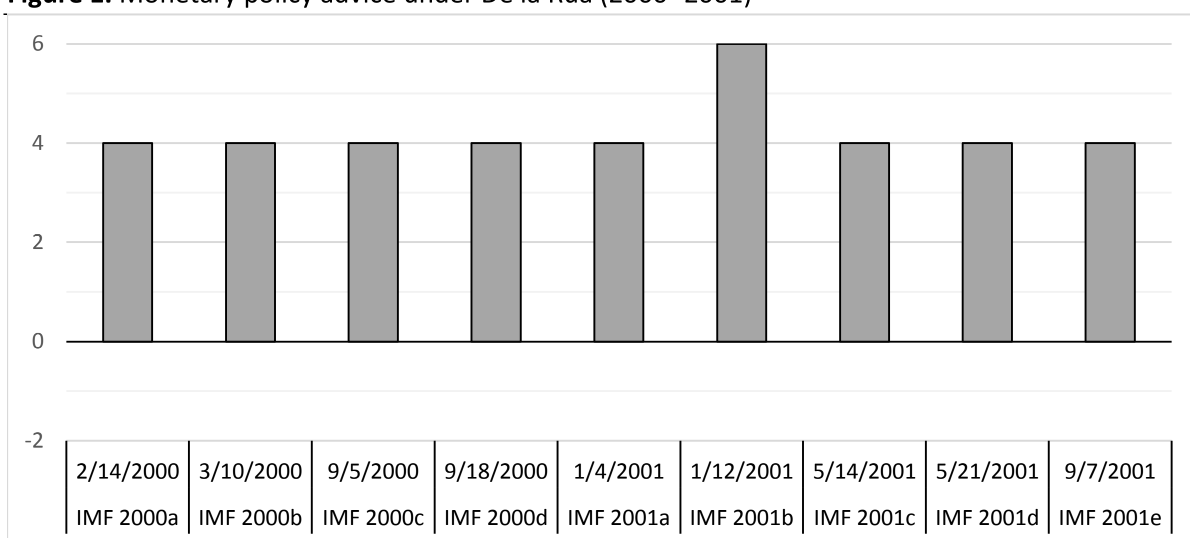
Asides from addressing the space for ideas within policy-making institutions, the results from this chapter inquiry on the *coordinative discourses* of the IMF-Argentine consultations also contributes to the empirical debates on the Fund itself by testing the veracity of the claims made by IMF scholars who suggest that the 2000s ushered in a temporary "experimentalist" phase (Schmidt, 2008; also see Broome, 2010; Dieter, 2006; Graham & Masson, 2002). This second point speaks to the recent intuitionalist counter, which argues that the IMF was not simply a champion of the Washington Consensus or neoliberalism in general, but that it had in fact demonstrated outward signs of flexibility. In other words, these authors posit that there was indeed some ideational or discursive space for heterodox approaches— as early as 2002 (Broome, 2010; also see chapter 2). [1]

[1] Ultimately, the IMF's "experimentalist phase" rests on the notion that at some time during the 2000s (circa 2002) the IMF turned to a more flexible approach. It does also acknowledge that the IMF's newfound flexibility was dropped at onset of the 2008 crises— due in part to the resurgence of demand for loans. Herein, then a historical tracing of the IMF-Argentine negotiations can serve as a rigorous test case for the flexible thesis. In the event that no evidence of flexibility is found within the post-2000 Article IV consultations, then at the very least my empirical

5.1 Monetary policy advice under De la Rua (2000- 2001)

During the short-lived De la Rua presidency, the IMF was unwilling to reflect on the failures of the past 25 years of neoclassical rigidity as it continued to insist on a monetary model in reducing demand, which culminated in Argentina's 2001 financial crisis (see figure 1). During this period, the Article IV consultations also show an inability to effectively monitor and assess the changing economic conditions. Moreover, it was during these early stages of the crisis that the Fund's intransigence was on full display as it deflected all culpability by blaming the economic difficulties on external monetary shocks, in both Brazil and Russia, as well as the Argentine government's failure curtail spending. While this explained the deflationary pressure

Figure 1. Monetary policy advice under De la Rua (2000- 2001)



(Source: Author's analysis of IMF Article IV consultations, 2000-2001)

on the peso itself, it did not acknowledge the role of financial liberalization in facilitating capital

findings should serve temporally truncate the notion that the IMF entertained or provided the space to maneuver outside of the orthodoxy. Considering Argentina's last Article IV consultation took place in July of 2006, a negative result would essentially narrow the Fund's 'experimentalist' window from approximately 6 years to a 2 year span.

exit flows, nor did it account for the growing unemployment, which was a direct cause of the privatization policies (see chapter 2).[2]

The latter part of this assertion is quite problematic, since the Menem administration was heralded by the IMF's managing director, Michel Camdessus, as a model state due to its faithful adherence to conditionality reforms, which slashed fiscal spending and regulations, while also pushing through the privatization program (Camdessus, 1998; also see chapters 2 and 4). Overall, the Article IV consultations failed to consider the potential links between the structural adjustment polices it had endorsed and Argentina's growing dependence on foreign financing as well as its skyrocketing unemployment rate, which stood at 18.3% in 2001 (IMF, 2000a; IMF, 2000c; World Bank 2016). What the IMF did do was present a discourse that externalized the causes of Argentina's economic downturn.

Its inability to self-assess the efficacy of its policy advice was also compounded by its apparent unawareness of the economic conditions, as on the precipice of Argentina's monumental economic collapse the IMF staff forecasted a generally positive outlook. In the Staff's own words, "The Argentine economy is now in a better underlying position than in recent years to achieve moderate growth, with price stability, and sustainable external deficits over the short and the medium term" (IMF, 2000c). In hindsight, this assessment proved that the IMF had a very limited capacity to act as monitor of the macro economy, although it continues to be touted as perhaps their second competency, following its core role as lender of last resort.

[2] Drawing from the data of Ennis and Pinto, McKenzie and Mookherjee estimated a 75% cut in jobs at privatized firms (McKenzie & Mookherjee 2003, 21; Ennis & Pinto 2002). McKenzie and Mookherjee further note that privatizations "in the utilities (electricity, natural gas, water, telecommunications, airlines, railways and oil) between 1987-1990 and 1997 are estimated to have constituted 13% of the increased unemployment of the economy" (McKenzie & Mookherjee 2003, 21).

Ultimately, what they were able to monitor effectively was the extent to which Argentina implemented its neoliberal prescriptions.

During De la Rua's short reign, one of the more pronounced and consistent demands from the IMF was the maintenance of the Peso's US Dollar convertibility. In 2000, the IMF warned that any move away from the currency board's virtual dollar peg would lead to greater inflationary pressures and loss of investor confidence (IMF, 2000c; IMF, 2000b). The logic behind this argument was that although the state would gain autonomy by printing more, it would debase the real value of its currency, as well as outstanding debts denominated in pesos. For private creditors— the overall value of their receivable accounts would suffer, especially on the global market. Thus staying true to its hyperglobalist world view, the IMF effectively concluded that external effects weighed more heavily than the internal economic dynamics (e.g., the spike in unemployment and the virtual cessation of private lending) (IMF, 2000c*;* IMF, 2000b).

Although economists of a heterodox suasion would argue the contrary, the IMF remained adamant on the view that the convertibility had in fact shielded the Argentine state from external shocks. "Directors noted that the convertibility regime, together with a strong financial system had served Argentina well in weathering the major external shocks that had affected it in recent years" (IMF, 2000d). As duplicitous as it might sound, the Board "further emphasized that a viable external position will be crucial to support the convertibility regime, which continues to serve the economy well" (IMF, 2001b). Perhaps even more indicting was the Board's incongruous adherence to pro-cyclical logics, which suggested that "the resumption of sustainable growth depended crucially on credible further [sic] progress in fiscal consolidation and structural reform" (IMF, 2001b). However, by continuing to privilege the perception of the

Argentine economy from an external or a “global” perspective, it not only neglected its internal dynamics, but actually accelerated its decline.

The IMF’s inability to provide space to heterodox ideas was further evidenced by its responses to Argentine proposals. For instance, in what appeared to be an act of sheer desperation the Argentine authorities proposed to introduce the uniquely Keynesian notion of tying the peso to a basket of currencies in the hopes of bringing down the costs of maintaining its peg. However, the IMF quickly shot this down and retorted by insisting that authorities pledge to uphold the convertibility regime. Despite the deflationary spiral, the Staff’s view was that any deviation from the convertibility scheme could send the economy into hyperinflation and also hurt private investments (IMF, 2001a). The Board followed the staff’s lead, presenting convertibility as the only way forward. Additionally they implored the Argentine authorities to find the resolve to implement even more unpopular cuts to sustain the monetary regime.

In 2001, the IMF attempted to quash any further rumblings that suggested a move away from convertibility when they effectively apologized on behalf of the Argentine government. The Staff began by critiquing the feasibility and timing of the authority’s proposal to realign the peso, while cynically praising their renewed commitment to convertibility (IMF, 2001c). In an attempt to regain control of Argentina’s monetary policy debate, brought the focus of the discussion back to the application of austerity measures, which it saw as a first step in restoring confidence in the convertibility regime. “Directors agreed that the first priority was to restore the credibility of the fiscal position and the convertibility regime, and that this will depend critically on determined implementation of the zero budget deficit strategy” (IMF, 2001e). From 2000-2001 monetary policy focused on preempting any deviation from convertibility, which would technically lead to a devaluation of Argentina's peso denominated liabilities (IMF, 2001c; IMF, 2001b; IMF, 2001d).

> Directors noted the proposal to modify the convertibility regime by linking the peso to a basket including the euro alongside the U.S. dollar, in order to reduce the volatility of the effective exchange rate. They expressed some concern about the timing of the announcement, and welcomed the authorities, reiteration of their commitment to the convertibility regime, in view of the importance of maintaining confidence. (IMF, 2001b; IMF, 2001d)

Coinciding with the thesis' operationalized logics of globalization, Central Bank independence and directives for supply-side monetary easing were other important prongs within the Fund's monetary policy mix (Hay & Smith, 2005; see chapter 2). However, before calling for further support of the financial sector or the ACB, the Executive Board delineated its position clearly. Here the Chair highlighted the Board's consensus, which "stressed that the authorities should not attempt to influence the allocation of credit, and should especially avoid using financial institutions to support specific sectors or categories" (IMF, 2000b). Yet, prior meetings in 2000 had already set the foundation for the government's support of the banking consolidation and the independence of the Central Bank.

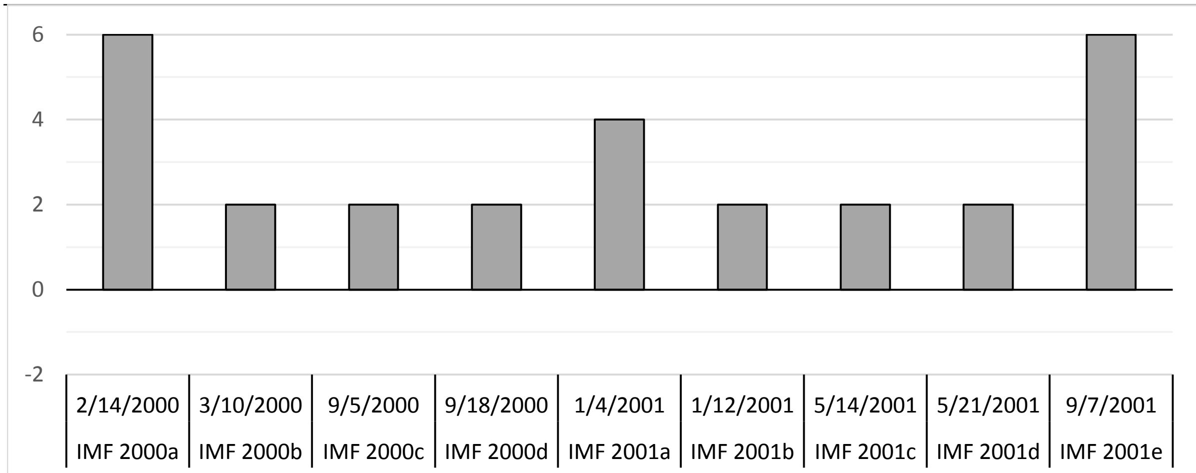
Another major IMF policy position that was consistent throughout the previous chapters and also present in the 2000-2001 monetary policy mix, was the focus on reducing inflation through deficit reduction. In 2000, the Staff did this by tying Argentina's monetary stability to its relative degree of fiscal cuts (IMF, 2000c). However, during the Executive Board Meeting, a brief moment of introspection occurred when the Chair challenged the efficacy of seeking to achieve growth through deflationary policies (IMF, 2000d). Nevertheless, the 2001 staff report was much more subtle as opposed to the Chair's more critical reflections. Here, the staff praised the authority's headway in reducing the current account deficit— albeit that it was mostly achieved by reducing imports. Nonetheless, they did admit that the reduction in imports was at least in part due to the effects of the State's import substitution practices, which had nonetheless been strongly opposed in terms of the IMF's preferred trade policy mix (IMF, 2001a).

Thus, the IMF's desired ends of smaller deficits and lower inflation were not the result of their austere policies, but rather a patchwork use of heterodox solutions that they had consistently opposed. Despite the acknowledged success of the import substitution scheme, the Staff attempted to steer the Argentine government back towards its preferred orthodox policy mix. Specifically, they called on the state to shore up political resolve in order to further tighten its fiscal policy (IMF, 2001c). In September, the Board echoed to the Staff's position by calling on authorities to reaffirm their commitment to reducing the balance of payments deficits through the continued use of austerity measures, as they warned that the convertibility regime was at stake. Moreover, the Board made it clear that they wanted these measures to be applied "forcefully" (IMF, 2001e). Although not what the IMF's board had in mind, these words ominously foreshadowed the tragic events that occurred on December 20th— when 26 protestors died at the hands of riot police in Buenos Aires.

5.1.1 Tax policy advice under De la Rua

Between 2000 and 2001, the IMF's tax advice focused on the liberalization of trade and implementing better compliance directives (see figure 2). In terms of tax compliance, the IMF emphasized the elimination of loopholes and reporting in the hopes that it would bolster the state's collection efforts. The IMF also consistently appealed for further liberalization of trade across the board in the hopes of further opening up Argentina to global, rather than regional markets. Herein, they specifically sought Argentina's withdraw from its regional trade agreements with MERCOSUR, as well as the end of tariffs and subsides. As figure 2 illustrates, the IMF's *coordinative discourse* on tax policy once again maintained a rigidly orthodox tenor

Figure 2. Tax policy advice under De la Rua (2000- 2001)



(Source: Author's analysis of IMF Article IV consultations, 2000-2001)

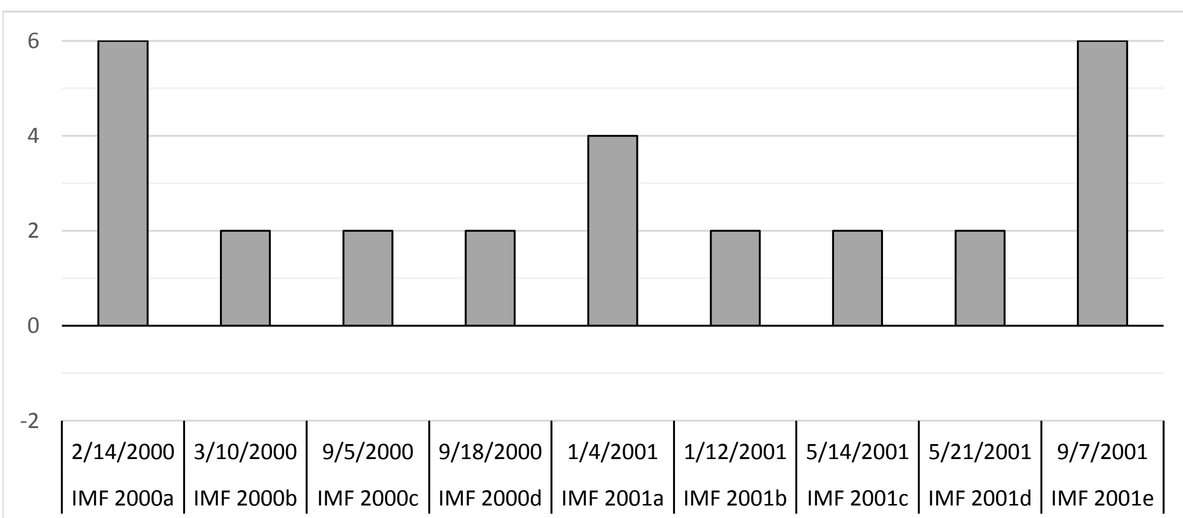
(Schmidt, 2008).

On the domestic front, the IMF urged the authorities to work on eliminating subsidies, such as exemptions and loopholes (IMF, 2001a). From 2000-2001, the Fund's tax advice centered on compliance and the elimination of subsidies rather than any specific changes to its VAT or income tax ratios (IMF, 2000d; IMF, 2000a; IMF, 2001c). Nevertheless, there were no actual instances of support for countercyclical tax schemes outside of some minor tweaks that benefited finance. Additionally, there was a call for the removal of the financial transaction tax, which essentially poached small banking transactions (IMF, 2001c). The Staff also praised "tax incentives and regulatory changes aimed at promoting a recovery of investment and sustainable output growth" (IMF, 2001c).

Outside of finance however, the Board of Directors made the call for greater transparency and competition in domestic markets as they urged authorities to “continue abiding by WTO rulings and to resist protectionist pressures” (IMF, 2000d). However, this call to liberalize consumer markets came four months prior to the abovementioned praises, wherein the staff acknowledged that Argentina’s import substitution policies had in fact cut deficits from prior trade imbalances (IMF, 2001a). However, going forward the Executive Board sought to open up Argentina via the liberalization of tariffs and trade agreements (IMF, 2001b). Their first request was that Argentina exit from MERCOSUR, the burgeoning South American trade block. They had taken issue with the block’s reduced common trade tariff, which was exclusive to member states. In terms of MERCOSUR, the IMF remained adamant as it called on authorities to rescind this trade agreement on two separate occasions (IMF, 2001c; IMF, 2001d).

5.1.2 Fiscal policy advice under De la Rua

Figure 3. The IMF’s fiscal policy mix (2000-2001)



(Source: Author’s analysis of IMF Article IV consultations, 2000-2001)

The IMF's fiscal policy mix during the De la Rua administration once again followed the logics of neoliberal globalization, by consistently proposing progressively deeper fiscal cuts as a means of economic stimulus (see figure 3; Hay & Smith, 2005). Overall, the IMF's fiscal policy *discourse* consistently and incrementally pressed for austerity (Schmidt, 2008). Herein, the IMF demanded specific cuts that targeted social security, pensions, and healthcare. Latter appeals continued to call for even more austerity reasoning that the dismal state of the economy was in fact due to Argentina's fiscal largesse, despite all its past efforts to drastically reform its social safety nets. When coupled with the earlier Article IV advice under the Menem administration it would appear that for the IMF, the perpetual bouts ever deepening retrenchment was an end in its own right, rather than the means to a stable "equilibrium."

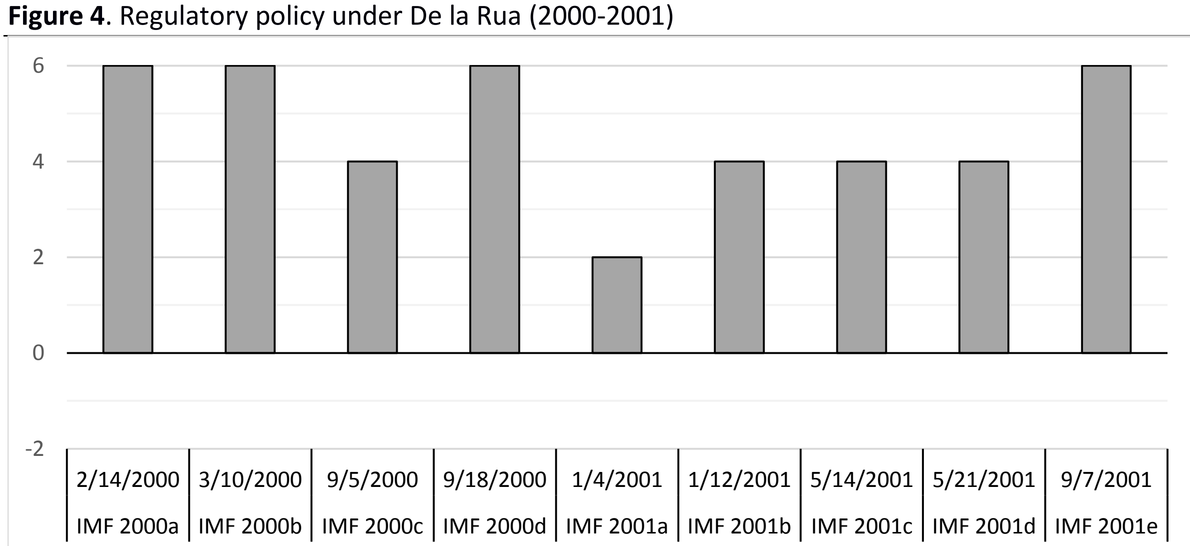
In 2000, the staff pushed for legislation that would enact deeper reforms to the social security system, citing the programs long-term sustainability as the primary motive for the cuts (IMF, 2000a; IMF, 2000c; IMF, 2000b; IMF, 2001a). In 2000 and 2001, the IMF pressed Argentine authorities to expeditiously push these reforms through congress (IMF, 2000d; IMF, 2001a). At least in part due to the pressure exerted by the IMF, De la Rua invoked his executive powers to initiate the reform of Argentina's pension and healthcare system, while the use of line-item vetoes allowed him to make deep cuts to the 2001 budget. Indeed, the Executive Board was pleased with De la Rua's resolve as they openly praised his use of executive decree (IMF, 2001b). However, these bold and somewhat undemocratic moves did not make the transition any less arduous, as just two months later authorities found themselves embroiled in legal battles related to the planned healthcare and pension reforms that it had hoped to expedite (IMF, 2001e).

In 2001, the IMF explained the economic decline as the direct result of lax fiscal policies, which required— by their estimations— another round of deep, across-the-board cuts to the fiscal budget. The staff kicked off the year by praising the Central Bank's efforts to increase interest rates, which in their view served as a signal to creditors of their commitment to austerity. Yet, in an unanticipated shift, the staff noted that perhaps fiscal targets should be eased due to the slower than anticipated recovery. However, it is hard to make much of their reflections as this same report strongly supported initiatives for a general spending freeze, which not only halted provincial transfers, but also ushered in proposals to make further cuts to the social security system (IMF, 2001a). Moreover, the rest of the Article IV consultations that year put forth their retrospective discourse, which effectively pinned Argentina's economic woes on lax fiscal policies— while offering further austerity as the only way to manage the waning confidence of international financiers (IMF, 2001c; IMF, 2001d).

5.1.3 Regulatory policy under De la Rua

The IMF's regulatory advice during the De la Rua administration again coincided with the logics of neoliberal globalization as it push forward an policy paradigm of deregulation, privatization and austerity as a means to stimulate the Argentine economy. For instance, the IMF's solution to the brisk rise in unemployment was the liberalization of Argentina's longstanding labor laws in the hopes that more flexible dismissal practices would encourage firms to hire. Naturally the

Figure 4. Regulatory policy under De la Rua (2000-2001)



(Source: Author's analysis of IMF Article IV consultations, 2000-2001) counter argument to this is that— under the current conditions— it would initially facilitate further purges in the labor ranks. As figure 4 illustrates, the consistent focus on both labor and financial liberalization during this period, once again lead to a coordinative discourse that precluded the space for alternatives.

Like it had throughout the 1990s, the IMF continued to suggest that the Argentine economy would benefit from a greater focus on "domestic deregulation," which in their view would, "help promote the competitiveness of the economy" (IMF, 2000b: IMF, 2000d; IMF, 2001d). One of the best ways for the IMF to supported additional liberalization of domestic markets was through its support of the labor reform bill that was making its way through the Argentine congress. Herein, the staff cited the need to curb growing non-wage labor costs as well as other "rigidities" tied to employee rights. These non-wage labor costs singled out by the IMF essentially targeted labor regulation, such as unemployment laws and social security benefits, which included the state run private pension system (IMF, 2000a). In the IMF's view, the state's laws on employee dismissals were depressing demands for labor, which— in their view— remained the primary hindrance to a turnaround in the unemployment figures (IMF, 2000c). In 2001, the Executive Board's tune shifted when it quietly admitted that the convertibility scheme's deflationary effects were weakening demand for labor. Nevertheless, their solution was not to soften its monetary policy, which effectively pegged the peso to the dollar, but rather this served as more reason to cut benefits and liberalize labor laws (IMF, 2001e).

The liberalization of finance was another facet of the IMF's *coordinative discourse* that followed the neoliberal logics of globalization, as it not only facilitated the free flow of capital but it also served to uphold foreign and domestic claims on debts (Hay & Smith, 2005; Schmidt, 2013). Specifically, the IMF saw Argentina's creditor rights as intrinsically tied to the peso's US dollar convertibility. Herein, they explicitly noted that any future devaluation of the peso would be taken as an infringement to the rights of creditors, whose receivables would be adversely affected (IMF, 2000a). On top of this, the IMF advised that the private sector should have direct access to the contingent repo facility, which effectively depoliticized future financial bailouts (IMF, 2001e). Altogether, they sought greater state backing of the private sector and in particular, finance.

Asides from recommending that the Argentine state redouble its efforts to liberalize labor laws and cut fiscal expenditures, the IMF also lobbied for the privatization of the remaining state controlled assets. However, the past 12 years of Argentine policy suggested that continuing down this same pro-cyclical path would eventually bring the already decelerating economy to a complete standstill. Nevertheless, the IMF now pressed the state to sell off more of its assets including the national pension fund, the public healthcare system and public banks. In effect, the Fund never meaningfully considered whether the privatizations of the 1990's— whose proceeds were followed by corporate restructurings that directly increased unemployment— were actually producing additional deflationary effects. A second factor overlooked with regards to privatizations was its long-term effects on deficits, as the loss of revenue streams were compounded by the dual effects of increased unemployment, which not only reduced the tax base, but also diverted more funds directly from the budgets in the form of transfer payments.

Regardless of the problematic logic behind their assessment, Argentina was now negotiating with an IMF that sought the privatization of its pension funds, healthcare, telecommunications infrastructure and Argentina's largest state owned bank (IMF, 2000d; IMF, 2001b). In 2000, the staff specifically advocated for a shift towards a more Americanized style of healthcare delivery that promoted the introduction of for-profit, health maintenance organizations (HMOs) (IMF, 2000c). However, with economic conditions worsening, the Executive Board explicitly urged authorities to first begin by fomenting support for its envisaged reforms as they anticipated that this latest round of austerity would likely run into to political and institutional resistance. Interestingly, this was an explicit call for the politicization of policy, wherein the IMF itself openly acknowledged the critical nexus between ideas (public understandings) and policy outcomes.

From 2000-2001, the IMF's impetus to privatize provincial banks and the nationally owned, *Banco Nación* was slightly less politicized, yet in hindsight it would turn out to be much more structurally important, as private finance had effectively ceased lending in the months leading up to the 2001 financial crisis (see chapter 2) (IMF, 2000a; IMF, 2001e). In the IMF's view however, the first step towards the privatization of the state bank was to get congress to approve legislation that authorized the "transformation of the Banco Nation into a federally-owned corporation..." (IMF, 2000a; IMF, 2000b; IMF, 2001b). Essentially, the IMF wanted to legally untangle the bank's assets from that of the state, in order to prime or simplify its eventual privatization. In May of 2001, just three months after this proposal, the IMF Staff went as far as showering praise on the stability of the foreign banking sector, while putting into question the viability of publicly owned banks (IMF, 2001c).

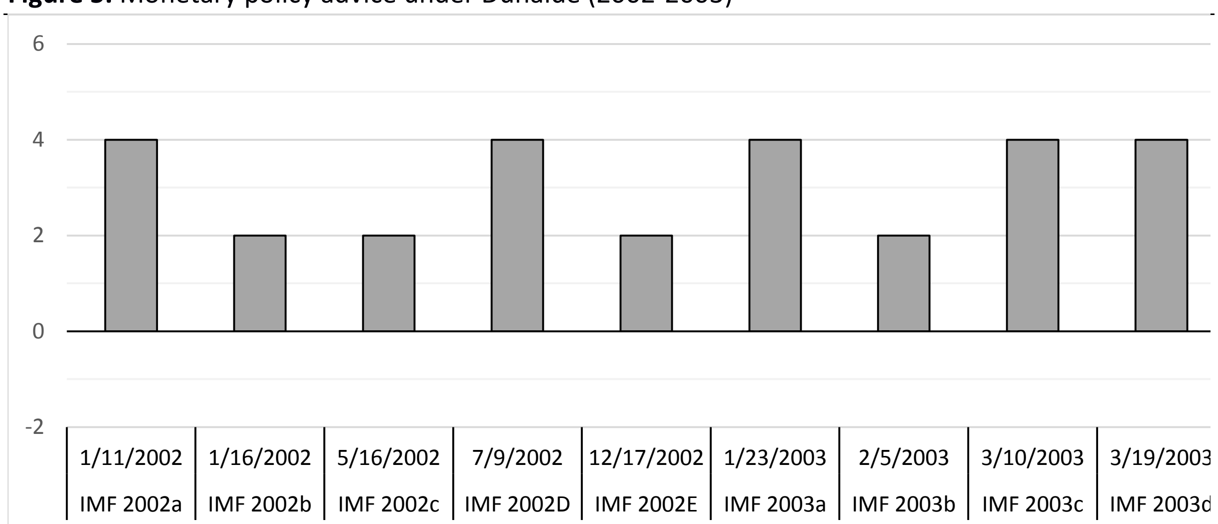
Ultimately, the discursive analysis found that the Fund had continued its path of liberalization. Clearly, this fit well with their long-term inclination to advocate for further privatization of state owned assets, as well as its current designs for *Banco Nación*. Yet, during this same period the highly regarded multinational banks were silently repatriating massive amounts of cash holdings (see chapter 2). Moreover, the larger international financiers would either drastically reduce their positions in Argentina (e.g., Citibank) while others such as Credit

Agricole and Scotia Bank chose to abandon the market outright. (See section 2) Ironically, it would only take 7 months to once again, negate the Fund's findings, as these same domestic banks that the staff had chastised proved to be Argentina's last line of defense as financial markets evaporated.

5.2 Monetary policy advice under Duhalde (2002-2003)

During the interim presidency of Eduardo Duhalde the IMF's monetary policy advice harped on two main points. First, they argued that the stability of Argentina's currency depended on its ability to stave off inflation through fiscal and monetary restraint. The second prong in its monetary discourse was its push for greater central bank independence. Both of these liberal truisms would carry through the peso's devaluation. Figure 5 shows that the IMF's *coordinative discourse* on monetary policy once again strictly adhered to logics of globalization for the

Figure 5. Monetary policy advice under Duhalde (2002-2003)



(Source: Author's analysis of IMF Article IV consultations, 1989-1999)

formulation of its advice.

In January of 2002, just weeks after the *corralito* (banking freeze) the staff was pleased to note that Argentine authorities were now working on, yet another "economic program based on fiscal restraint and monetary discipline, aimed at setting the basis for sustainable growth" (IMF, 2002a). Duhalde's decision to devalue the peso at a fixed rate of 1:1.40 was perhaps the underlying reason why the Fund chose to set aside any discussions of growth, as it concentrated on keeping the state from any further devaluations. However, it appeared that neither the IMF, nor Argentine authorities gave much thought into the potential compounding effect these initiatives could have on the already stagnant economy. In turn, the ideational predominance of neoliberal globalization's logics within the discourse obscured the pro-cyclical and deflationary implications posed by further monetary and fiscal restrictions.[3]

Five months later, the staff provided a more accurate account of its goals as they appeared to downplay the exigency of economic growth, by concentrating on explaining their deflationary plan, which "aimed at maintaining discipline and the necessary balances to avoid excessive price increases and instability in the foreign exchange market" (IMF, 2002c). In other words, the Fund officially shelved any talk of growth as it concentrated on keeping the exchange rate stable, while also avoiding any other devaluations. In July, the staff continued to tether their narrative around the promotion of deflationary monetary policies. They urged the state to establish a "monetary anchor," which meant that some sort of quasi-dollar peg should be reestablished (IMF, 2002d). This same staff report also expressed its eagerness to gauge the success of the

[3] In his treatise on the England's return to the gold standard, Keynes posited that an appreciation in the stock of money only benefits the holders of paper, which comes at the expense of not only borrowers— whose outstanding debt burden is increased— but also the slowdown of productive sectors of the economy since "stock and raw materials will steadily depreciate" (Keynes Essays 102-103). As a result, deflationary effects incentivize people to hoard, both cash in order to collect higher returns on interest as well as assets (previously bought at higher prices) in the hopes that money gets cheaper relative to the value of their stock of goods or other assets.

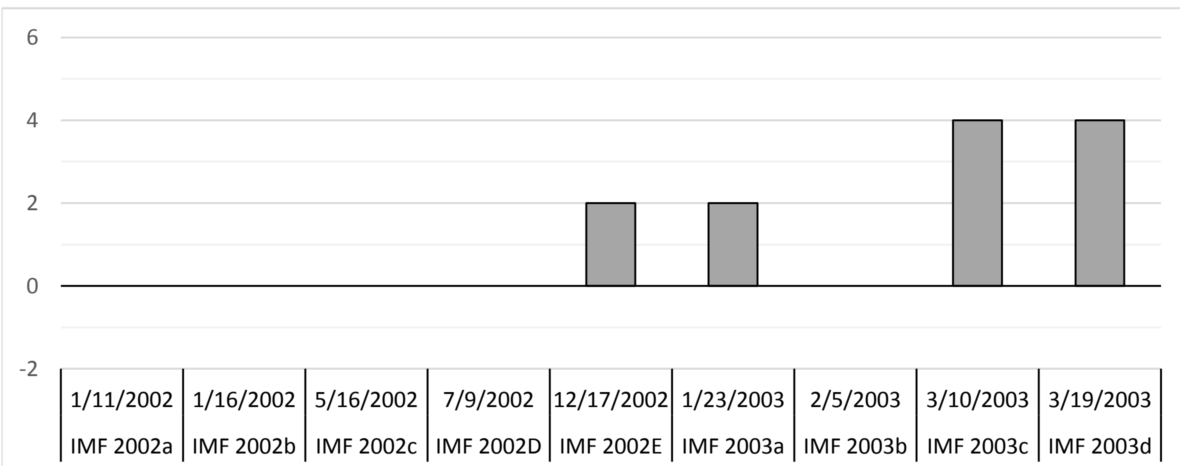
ongoing scheme that securitized bank deposits, which posed to be a potential offshoot of the expanded banking freeze now know known as the “*corralón*”, or big corral (IMF, 2002d).

Asides from trying to revert to lighter version of the same regressive policies, which had already proven to be catastrophic, the staff now redoubled its efforts at drawing a causal link from Argentina’s currency woes to its growing fiscal deficits. Specifically, the staff blamed the failure of the convertibility regime on the accrual of fiscal deficits, which it simply noted as beginning in the second half of the 1990s (IMF, 2002e). Although the staff’s reductive argument positively identified the inflection point in the economy’s trajectory, the growth of fiscal deficits and the devaluation itself was much more complex— and ultimately the cause of multiple factors. In turn, it left out any sort of introspective analysis that considered the fiscal costs associated with the surge in unemployment from the privatization, as well as opportunity costs from the sales, which diminished the state’s ability to generate revenue from the rents and income taxes associated with its now foregone assets.

Independence for the Argentine Central Bank was a second talking point advanced by the IMF, which also coincides with the “common policy paradigm” of neoliberal globalization. (IMF, 2002d; IMF, 2003b). To this end, the Board supported the passage of current legislation that would indemnify public officials, including those within the ACB, from any liabilities resulting from their part in the resolution of the financial crisis (IMF, 2003a). Additionally, the Board called for a crackdown on the use of locally created currencies— which had sprung up during the liquidity crisis— in the hopes of reestablishing the Central Bank’s absolute control over the issuance of currency (IMF, 2003a). In March of 2003, the IMF offered a new set of suggestions on how to further assert the ACB’s independence. Here, the staff proposed that the authorities further liberalize Argentina’s exchange controls in the hopes of increasing the demand for Central Bank bonds (IMF, 2003c). Overall, the Executive Board took a more general stance, which did appear to incorporate some the staff's broader themes as it called on the state to curtail financial regulation as well as urging for greater Central Bank autonomy in the hopes of fostering "greater credibility to monetary policy" (IMF, 2003d). Altogether, the discourse, ideas therein as well as the policies discussed all remained rigidly anchored to the thesis' operationally defined logics of neoliberal globalization.

5.2.1 Tax policy advice under Duhalde

Figure 6. Tax policy advice under Duhalde (2002-2003)



(Source: Author's analysis of IMF Article IV consultations, 2002-2003)

Tax under policy advice under Duhalde began with the staff encouraging the Argentine authorities to put together "a comprehensive reform that modernizes and simplifies the tax system while encouraging investment, discouraging tax evasion and avoidance, and [sic] smuggling" (IMF, 2002c). As figure 6 illustrates, early in the Duhalde administration the Fund remained neutral with regards to tax policy, mostly by way of silence on the issues. In fact, it was not until December of 2002 that the IMF would revert to a discourse that explicitly promoted supply-side or neoliberal policies. For example, their initial focus was on ending the recently introduced income tax and VAT cuts, which were aimed at stimulating aggregate demand (IMF, 2002e).

Although the IMF sought to strengthen domestic tax collection, they preferred liberal trade policies, which in their view would help integrate Argentina's economy into the global market. To this end, the January Chair's Summary emphasized the pressing need for sweeping reforms of all trade tariffs— with the long-term objective of removing all trade barriers and export taxes (IMF, 2003a). In March, the IMF came out against the use of income tax exemptions on export rebates, essentially chipping away at the protectionist aspects of Argentina's tariff scheme (IMF, 2003c; IMF, 2003d).

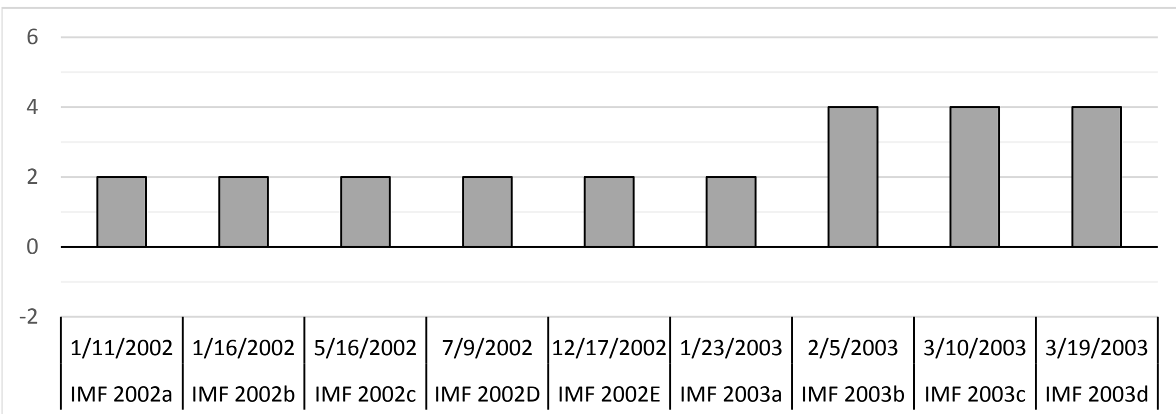
5.2.2 Fiscal policy advice under Duhalde

The IMF's fiscal policy advice during the Duhalde administration was focused on institutionalizing austerity via systemization. For instance, the first Staff Report under the Duhalde administration set the tone for later negotiations, as the discussion centered on pressing for the development of "an economic program based on fiscal restraint and monetary discipline, aimed at setting the basis for sustainable growth" (IMF, 2002a; 2002b). This immediately constrained Duhalde's economic latitude as it telegraphed exactly what the IMF would deem acceptable in terms of fiscal policy. By mid-May, the IMF Staff began displaying signs of frustration with the lack of headway made. Their remarks once again politely reminded the administration that the implementation of a "strong adjustment policy," would lead to additional financing (IMF, 2002c). In July, the staff would once again resort to these tactics as IMF funds were dangled over the administration like a carrot:

> The decision by Executive Directors to provide SRF resources to help Argentina cope with its balance of payments difficulties presumed that, within a short period of time, a strong adjustment policy would be implemented and adequate financing for the program would be forthcoming. (IMF, 2002d)

In January of 2003, the IMF again pressed for structural reforms which not only targeted the provincial governments, but also depoliticized austerity therein by seeking the end of fiscal transfers from Buenos Aires. In the Executive Boards words, [the provinces] “need to be firmly anchored in the adjustment effort in order to achieve fiscal sustainability” (IMF, 2003a). They

Figure 7. Fiscal policy advice under Duhalde (2002-2003)



(Source: Author’s analysis of IMF Article IV consultations, 2002-2003)

would reiterate these sentiments in February, as they now expressed their eagerness to receive “the authorities’ plans to begin preparation of legislation aimed at... reforming intergovernmental relations with a view to entrench fiscal discipline in the provinces” (IMF, 2003b). At the other end, the state worked quickly to appease the IMF’s wishes as by March, it had managed to reach agreements that consolidated fiscal policy with the majority of provincial governors (IMF, 2003c; IMF, 2003d).

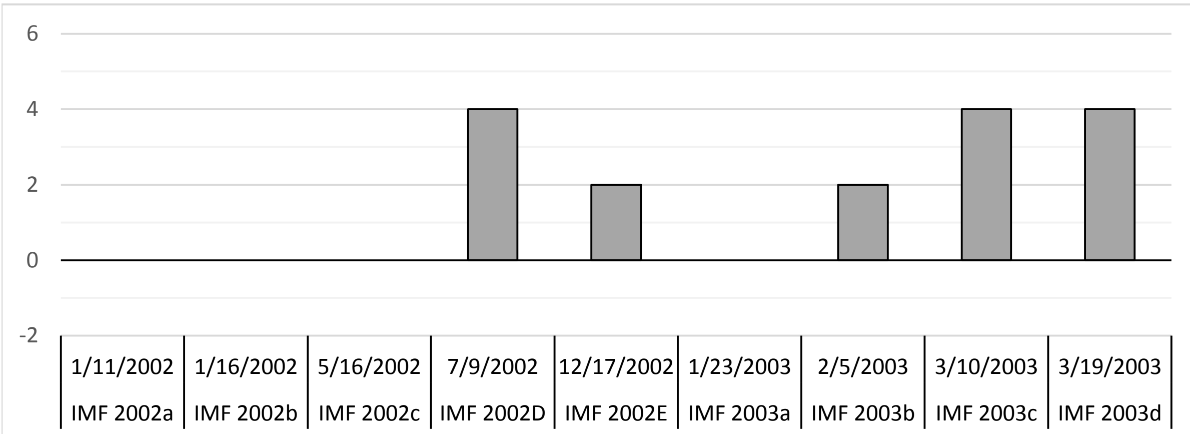
The Fund's proposals for structural reform did not stop with the passage of the provincial agreements, as they now lobbied for fiscal policy to be vertically integrated. This centralization of fiscal budgets stood to grant the national government a greater direct control of provinces. The IMF's rationale for such extreme reforms was that the upcoming elections could potentially lead to politically motivated fiscal overruns (IMF, 2003c). Asides from its inherent rigidity, the Fund's advocacy of command and control initiatives epitomize how neoclassical economics transcends the dichotomous arguments that juxtapose market liberal reforms with the managed approaches. The staff even took into consideration the political largesse that could result from Argentina's election cycle, as they urged authorities to "enforce expenditure control at all levels of government given that presidential, gubernatorial, and congressional elections are all scheduled this year" (IMF, 2003c). Overall, IMF policy advice during the Duhalde administration consistently advocated for an austere fiscal policy mix, which later intensified in 2003 (see figure 7).

5.2.3 Regulatory & privatization policy under Duhalde

During the Duhalde administration the IMF continued to push for a liberalizing regulatory policy mix that sought out to strengthen private finance and creditor rights. In terms of its privatization strategy, the IMF, again called on the state to "reform, restructure, and downsize public banks" (IMF, 2002d). Interestingly, this euphemistic way of calling for greater private sector control of Argentine finance was also flanked by the IMF's support for more regulation and monitoring of financial institutions (IMF, 2003b). Of course the catch for the promise of a stronger regulatory framework was the presumption that private finance would be taking on a larger share of financial assets that were currently in the hands of the state-owned banks.

However, the IMF's push for the privatization of finance was quickly sidetracked as their focused turned to renegotiating the rescinded utilities contracts, as this not only jeopardized the

Figure 8. Regulatory & privatization policy under Duhalde (2002-2003)



(Source: Author's analysis of IMF Article IV consultations, 2002-2003)

inroads made under Menem administration, but also the leg on which further privatizations stood. In March, the Staff recommended that the Argentine state renegotiate its rescinded contracts.[4] They argued that the successful negotiations would help the government "…avoid a deterioration of services…" and "…fully restore investor confidence" (IMF, 2003c). The executive board followed up the staff's appraisal by adding that the privatized utility companies would benefit from a strengthened regulatory framework (IMF, 2003d). Nonetheless, the stronger regulations offered for utilities— just as those suggested for finance— appeared to be more of conciliatory tradeoff to sustain its privatization program.

Again here, the IMF's general stance supported a liberal regulatory policy mix throughout the Duhalde administration, in the guise of enticing greater FDI (See figure 8). Most of the regulatory advice centered on the deregulation of trade and the liberalization of laws that

[4] These contracts were actually lend leases that allowed these private sector firms to operate these municipally owned facilities. (See chapter 2)

protected debtors, which in turn gave creditors greater recourse in their collection efforts. The staff even went as far as chiding both, the state's decision to devalue, as well as the purported ill-effects that stemmed from the now repealed "law of economic subversion," both of which were taken as a boon to debtors coming at the expense of the private sector (IMF, 2002e).

In February of 2003, the Board of directors called for further liberalization of debt laws that went beyond the recent repeal of the "law of economic subversion". As noted in the Chair's summary, the Executive Board "underscored the importance of moving expeditiously with measures to fully restore legal certainty, as this will be key to rebuilding investor confidence" (IMF, 2003b). In March, the IMF added to their list of demands the need for greater creditor rights, which they argued would facilitate the restructuring of private debt (IMF, 2003c; IMF, 2003d). This policy recombination essentially stacked the deck in favor of creditors by curtailing the recourses for debtors during private debt restructuring. What figure 8 illustrates is the Fund's initial relaxation, which came at the nadir of the Argentine depression. It also shows the subsequent reversion to appeals for liberalization that sought to rollback Argentina's legal framework back to its pre-crisis form.

5.3 The IMF's monetary policy mix during the Kirchner's administration (2003- 2006)

Less than two months into Nestor Kirchner's administration the IMF began reasserting its deflationary monetary advice, which was seamlessly carried over from the article IV consultations that took place during the Duhalde administration. In terms of specific deflationary measures, the Fund sought to raise interest rates, tighten fiscal policy, and lastly, find ways to depoliticize or institutionalize austerity. The push for greater Central Bank independence was another direct carry over from, both the De La Rua and Duhalde administrations. Altogether, monetary policy advice under Kirchner again strictly follow the logics of neoliberal globalization. The discourse itself reaffirmed that economic success hinged on greater Central Bank independence, greater deflationary measures, while also retrospectively rationalizing the failed convertibility regime, which it blamed on lax fiscal policy.

As early as two months into the Kirchner administration the article IV consultations began their usual calls for "structural reform" in the guise of combating inflation (IMF, 2003e). However, with growing reserves the Executive Board was more open to Argentina's decision to expand the money supply, although they nevertheless "counseled the authorities to remain alert to signs of emerging inflation pressures" (IMF, 2003f). Six months later the Board "welcomed the larger-than-programmed accumulation of gross international reserves," which they attributed to austere initiatives meant to keep inflation low (IMF, 2004a). Nonetheless by March, the Executive Board was lobbying to divert surpluses towards the reduction of external debts (IMF, 2004b).

Despite the rise in Argentine reserves, the Fund continued to press for more austere monetary controls. As throughout this ostensibly lax period they continued to assert their own authority in terms of scrutinizing the efficacy of Argentina's monetary policy (IMF, 2003g; IMF, 2004c). By 2005 the IMF was once again calling for "a further rise in interest rates" (IMF, 2005a). Their rationale for the increase rested on the fact that "nominal interest rates have risen more slowly than inflation expectations and real rates remain in negative territory" (IMF, 2005a). In July of 2006, the staff again recommended a rate hike as inflation rose to upwards of 11% (IMF, 2006a). The board reiterated their calls noting that as it stood, Argentina was effectively operating under negative interest rates, thus it urged authorities to bring "real interest rates into positive territory…" (IMF, 2006b).

The IMF's consistent appeals for deeper retrenchment efforts was another important facet in its deflationary narrative. As noted above— the growing reserves were a sure sign for the IMF that economic conditions in Argentina were improving. Nevertheless, they continued to push for a more structurally austere policy mix with the aim of furthering deflationary effects. What was clear was that Executive Board not only sought to assure that the bulk of the surpluses were channeled towards paying the external debt, but also further pare down funds being diverted to transfer payments or other demand creation initiatives. In their view, more austerity remained the best route to ensure fiscal sustainability (IMF, 2004a). In March, the Executive Board reiterated these sentiments by noting that going forward Argentina should set its target for fiscal surpluses to "levels sufficient to cover debt service payments on performing and restructured debt, in order to achieve fiscal sustainability" (IMF, 2004b). This of course would entail additional retrenchment efforts on the part of authorities.

> The Fund, for its part, erred by supporting Argentina's weak and inconsistent policies for too long, even after it became evident that the political ability to deliver the supporting fiscal discipline and structural reforms was lacking. (IMF, 2004c)

In July, the push for fiscal retrenchment was ramped up as the Board of Directors discussed methods to prevent over indebtedness by setting IMF loan limits and thresholds on budget deficits. Specifically, the directors contemplated the implementation of a contingent, stop-loss strategy that would, in their estimations, "help determine if the initial strategy is working and signal whether a change in approach is needed" (IMF, 2004c). It is important to make clear that these stop-loss rules were not a two-way street (i.e., an opening for alternative solutions), but rather a means by which the IMF could simply cut off funds if its stipulations were not being met. Herein the Chair went on to assert that, "the Fund's conditionality and program reviews provide a mechanism intended to ensure that the Fund continues to provide its financing only so long as the policies envisaged are being implemented and are on track to achieve their objectives" (IMF, 2004c).

> On the other hand, the authorities were unable to garner support for the large fiscal adjustment that would have been needed to arrest the adverse debt dynamics. Ultimately, they could find no way out but to abandon the exchange rate peg and default on their debt service obligations. (IMF, 2003g)

Calls for the expansion of the Argentine Central Bank's powers were a staple of the IMF's policy advice from De la Rua to Kirchner. During the Kirchner administration in particular, the IMF kicked off its appeals by calling for the elimination of all quasi-monies in circulation. Although both of these requests were consistently present throughout this period, their initial meetings focused on eradicating quasi-monies from the provinces (IMF, 2003e; IMF, 2003f; IMF, 2004a; IMF, 2004b). The Fund saw this as a prerequisite, first-step towards reestablishing the central bank's full control of the money supply. Thereafter, the Board of Directors praised Argentina's "cautious monetary policy, which has contributed importantly to maintaining low inflation and restoring stability in financial markets, while eliminating virtually all quasi-monies" (IMF, 2004a; IMF, 2006b).

General calls for Central Bank autonomy were regularly made during the Kirchner administration. In all, 7 out of the 11 article IV consultations examined in this period made appeals for greater central bank powers. The earliest requests found came in July of 2003 when the Board urged "authorities to advance the restructuring plans for the largest public banks and to continue working with congress on a revised financial institutions law that would strengthen the institutional framework for central bank autonomy and bank resolution" (IMF, 2003e). In a follow-up report in July the IMF essentially sought to cut down any potential threats to the central bank's power by urging for the reduction of the size and scope of Argentina's public banks, the elimination of quasi-monies, and getting legislation through that strengthened the central bank's autonomy (IMF, 2003f). Hereafter, the Board continued with its generalized appeals for Central Bank autonomy typically in the guise of better managing inflationary pressures (IMF, 2004b; IMF, 2005b; IMF, 2006a).

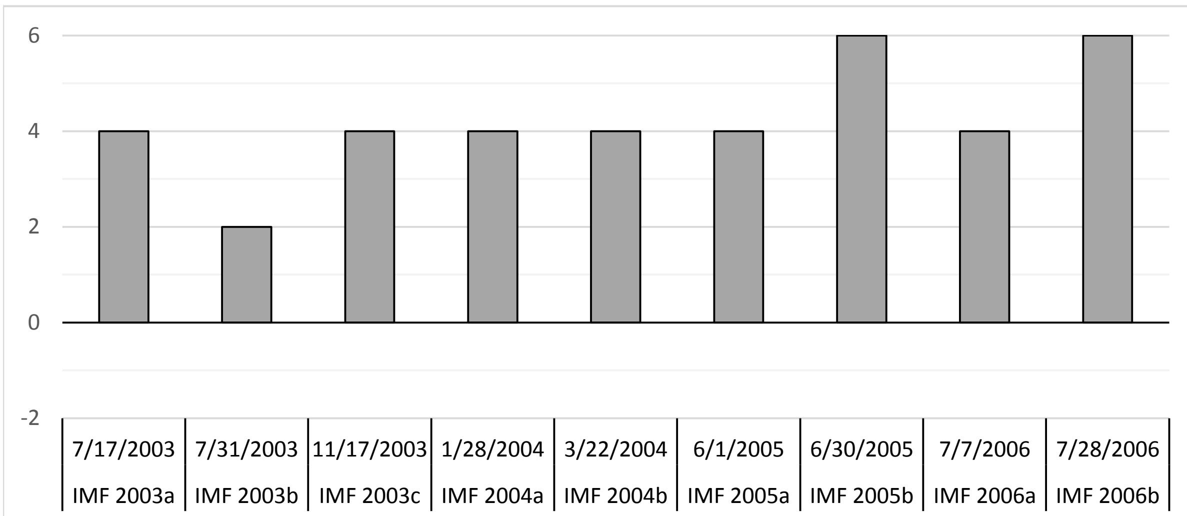
One of the IMF's most explicit attempts to depoliticize Argentine monetary policy occurred in 2005. Herein, the Staff made more specific demands, as it "recommended that the authorities clarify publicly that the prime objective of monetary policy is the maintenance of price stability and that the central bank has the necessary operational autonomy to effectively combat inflation" (IMF, 2005a). In other words, the staff recommended that the Argentine government work towards convincing the general public that monetary policy should have a more acute focus, which should be directed at the sole discretion of the Central Bank.

Another facet of the Fund's monetary policy discourse was its retrospective view, which posited that lax fiscal policy had caused the convertibility regime's failure. Herein, the Board of Directors did acknowledge that its experiences with the Argentine crisis exposed its own inability to accurately assess the creditworthiness of its borrowers. As a result of this epiphany, they declared the Fund would need to implement a framework with a "strengthened analysis of balance-sheet weaknesses, notably currency mismatches—with a view to making careful assessments of what level of debt is sustainable taking into account country-specific constraints, including foreign currency constraints" (IMF, 2003g). In hindsight the board saw Argentina's public debt dynamics as "playing a central role" in its default, although they would ultimately admit that there just was no political support for deepening cuts further than they government already had (IMF, 2003g).

However, it became a handicap to adjustment in the face of the adverse shocks of the late 1990s, and by lending credibility to the exchange rate peg, it allowed Argentina's public sector to borrow excessively in the international capital markets, thereby raising the cost of the eventual collapse. (IMF, 2003g)

Showing signs of a duplicitous or circular logic, the same Board meeting went on to suggest that the convertibility scheme itself hindered the application of adjustment policies. Their reasoning

Figure 9. Monetary policy mix during the Kirchner's administration (2003- 2006)



(Source: Author's analysis of IMF Article IV consultations, 2003-2006)

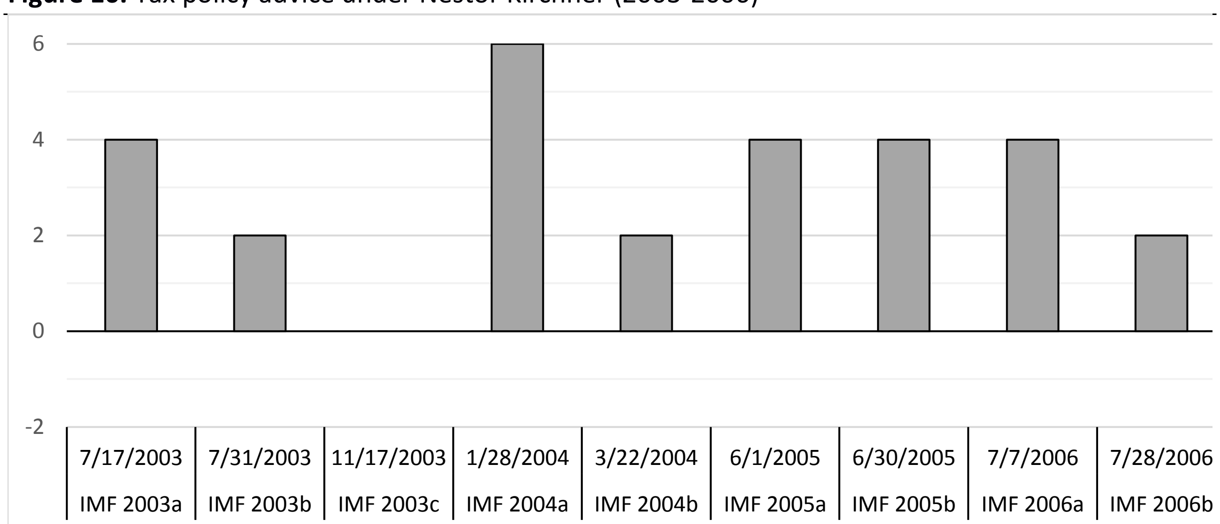
here was that the virtual dollar peg provided Argentina with unwarranted credibility in international markets, which enabled the economy to rely on external debt (IMF, 2003g). Going forward the directors requested that the staff to look for ways in which future exchange rate regimes could encourage fiscal restraint (IMF, 2003g). Paradoxically, and as illustrated in figure 9, the common factor found within the Article IV deliberations was its consistent appeals for fiscal austerity, which resulted in a staunchly orthodox stance. Yet, despite the apparent bouts of cognitive dissonance it failed to examine the potential negative effects of its liberalization agenda, the massive unemployment rolls from the privatizations of the 1990s, and its overreliance on austerity itself— which was tautologically adopted as both a means and an end.

5.3.1 Tax policy advice under Nestor Kirchner

The IMF's tax policy advice during the Kirchner administration emphasized a liberalizing mix, which sought to reduce tax credits, subsidies to industry, as well as the elimination of the financial transaction tax (see figure 10). In 2003, the Executive Board sought to reduce subsidies to Argentina's domestic media and transport industries (IMF, 2003e). The follow up consultation at the end of July made focused on compensating exporters via liberal means when it recommended a reduction in export tariffs (IMF, 2003f).

In 2004, the Board not only praised Argentina's progress in eliminating industrial subsidies, but called for the widening of the scope of its initial (2003) appeals by calling for the end of all tax incentives and subsidies. This January consultation provided a much more comprehensive tax policy mix, as it also lobbied for increased VAT collections and the removal

Figure 10. Tax policy advice under Nestor Kirchner (2003-2006)



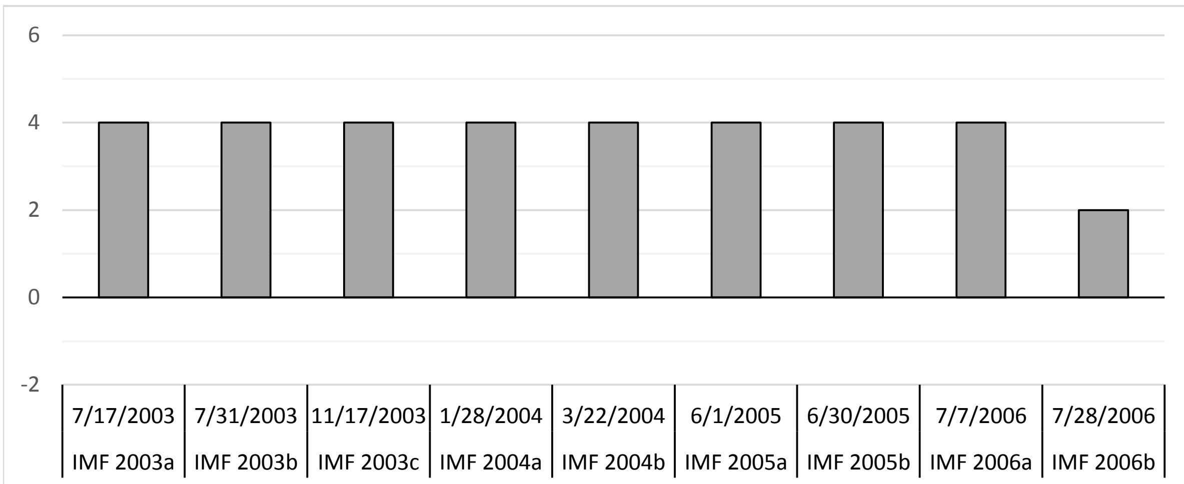
(Source: Author's analysis of IMF Article IV consultations, 2003-2006)

of the state's financial transaction tax (IMF, 2004a). From June of 2005 onwards, the Fund's tax policy advice consistently focused its efforts on getting Argentina to remove, both the financial transaction tax and all export subsidies (IMF, 2005a; IMF, 2005b; IMF, 2006a; IMF, 2006b).

5.3.2 Fiscal policy advice under Kirchner

During the Kirchner administration the IMF called for sweeping reforms that would

Figure 11. Fiscal policy advice under Kirchner (2003-2006)



(Source: Author's analysis of IMF Article IV consultations, 2003-2006)

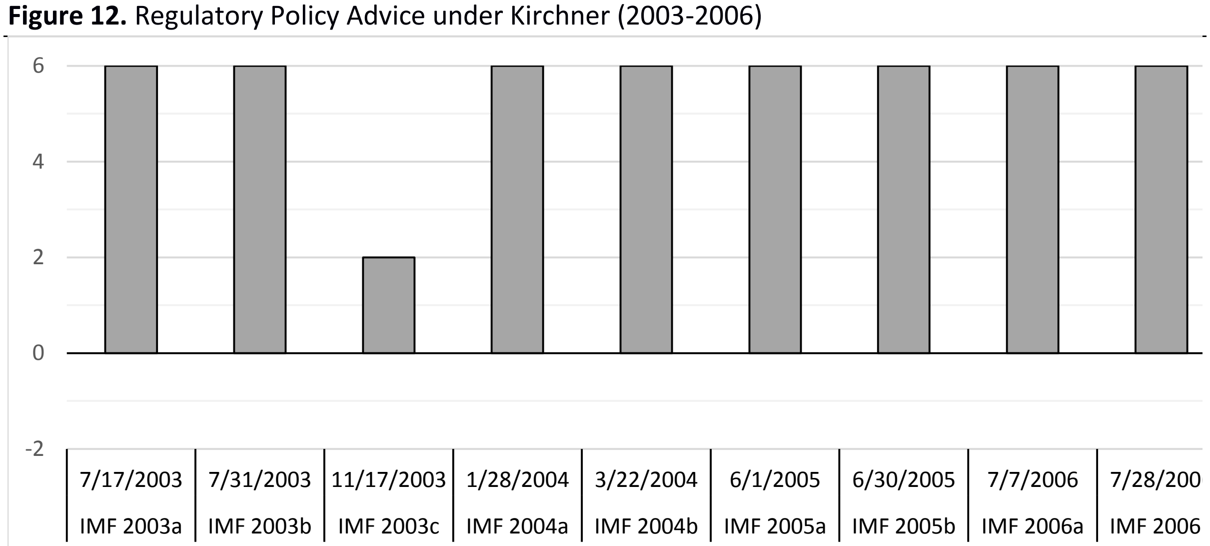
drastically alter the way Argentina administered its fiscal policy. The overarching aim of which was to institutionalize austere fiscal policies in the hopes that surpluses would be used to support high finance— by paying down external debts, removing financial transaction taxes (IMF, 2003e; IMF, 2003g; IMF, 2004a; IMF, 2005a; IMF, 2005b; IMF, 2006a; IMF, 2006b; also see figure 11). For the IMF, one of the most important ways to achieve further cuts was through the curtailment of transfers to the provincial governments. The IMF actually recommended this on 5 of the 10 article IV meetings published during Kirchner's administration (IMF, 2003e; IMF, 2004b; IMF, 2005a; IMF, 2005b; IMF, 2006a).

As figure 11 illustrates, the *coordinative discourse* on Argentina's fiscal policy during this period was marked by the Fund's emphasis in managing the government's newfound surpluses via austere initiatives (Schmidt, 2008). For example, paying down external debts through fiscal surpluses was recommended in 3 out of the 10 article IV negotiations documents examined (IMF, 2003e; IMF, 2003g; IMF, 2006b). In 2004, the Board urged officials to “resist spending pressures, especially on wages and pensions” in the hopes that surpluses could instead be earmarked for the lifting of the financial transaction tax (IMF, 2004a). Additionally, the IMF made 5 less explicit calls, which nonetheless recommended further fiscal retrenchment in the guise of debt sustainability (IMF, 2003f; IMF, 2004a; IMF, 2004b; IMF, 2005a; IMF, 2005b). Overall, the space for heterodox ideas continued to be crowded out by the IMF’s austere program even as the economic conditions had begun to change.

5.3.3 Regulatory Policy Advice under Kirchner

The IMF’s regulatory policy deliberations under Kirchner carried over many of the appeals made during the Duhalde administration. As figure 12 illustrates, the *coordinative discourse* on regulatory policy rigidly carried the hallmarks of neoliberal globalization “common policy paradigm,” as it scored an average of 5.5, with just one under Article IV consultation scoring under the maximum score of 6 (IMF, 2003c; Hay & Smith, 2005). The Fund’s orthodox bias during this period proved to be the staunchest out of the entire 30 year study (See figure 12). These included the need for greater creditor rights, more liberal trade policies, and also the

Figure 12. Regulatory Policy Advice under Kirchner (2003-2006)



(Source: Author’s analysis of IMF Article IV consultations, 2003-2006) renegotiation of the privatized utilities contracts (IMF, 2003e; IMF, 2003f; IMF, 2004a; IMF, 2004b; IMF, 2005b; IMF, 2006a). Reducing the role and operational footprint of state banks went further back, as the IMF urged this particular initiative in all three of the administrations examined during this period.

Asides from these initiatives that coincide with the IMF's long-term discursive agenda, during the Kirchner administration the IMF also made some new demands. First, the IMF urged for the repeal of recent regulations imposed on the media. Two other less concerted policy recommendations also arose. Precisely, these called for the repeal of price controls and more general appeals for less private sector regulation.

While the IMF ostensibly appeared to support the need for greater financial regulation, its ultimate endgame was the privatization of *Banco Nación*, Argentina's largest state owned bank— which would have been a monumentally neoliberal feat in itself. In July of 2003, the IMF praised Argentina's "transitory prudential framework" that was not only said to bolster its capacity to monitor bank performance, but also increased capital requirements (IMF, 2003e). Although this was clearly a push for greater regulation this same Board meeting called for the restructuring of the largest public banks, while also urging the expedited disbursement of state funds that would go towards "…compensating banks for losses incurred from '*amparos*' and asymmetric pesoization [sic] " (IMF, 2004a). Consequently, these calls for the recompense of banks were made on 4 distinct occasions (IMF, 2004a; IMF, 2003f; IMF, 2005a; IMF, 2005b).[5] The IMF also lobbied hard for the restructuring of state owned banks as the issue was pressed in

[5] The *amparos* were court injunctions that lifted the freeze for claimants—typically elderly, disabled, or infirm—who were able to demonstrate that these capital controls were causing undue hardships.

5 out of 10 article IV consultations covered during the Kirchner administration (IMF, 2004a; IMF, 2003f; IMF, 2004a; IMF, 2004b; IMF, 2005a).

In July, the IMF twice called for the reform of public banks; the later meeting voiced its optimism with the steps taken by Argentina to commence the due-diligence process (IMF, 2003f). However, the article IV consultations that took place in both the January and March—just six months after its initial praises—began voicing their frustrations with the pace of reform efforts (IMF, 2004a; IMF, 2004b). The January's Chair's Summary in particular, captured the board's displeasure with the "the continued delays with restructuring the public banks, and urged the authorities to intensify their efforts to move ahead expeditiously, starting with the selection of international advisors to undertake due diligence and strategic reviews of the two largest public banks" (IMF, 2004a). The final mention of public bank reform came in a staff report, which again appeared to take a confrontational stance as it pressed authorities to explain the strategic roles for two its largest public banks, Banco Nación and Banco Provincia (IMF, 2005a).

During this period the IMF also sought to support or sustain the presence of what were international or quasi-global firms operating within Argentina. In January of 2004, the IMF optimistically advised the state to successfully legislate a path toward the renegotiation of the rescinded utilities contracts (IMF, 2004a). By March, the IMF's Board of Directors attempted to directly intervene on behalf of international firms, as it specifically pressed the state to appease the private sector with "…the implementation of tariff increases for the regulated concessionaires, in order to restore the financial viability of the utilities sector as a whole and attract needed private investment…" (IMF, 2004b). The June staff report reiterated earlier pleas that called for an increase in the rates of the utilities being run for profit. The staff also voiced its disapproval with the "…recent attempts to unilaterally impose new contracts" on these international firms who now threatened to exit Argentina outright (IMF, 2005a). The Board reiterated the Staff's position in June— while in July, it would again explicitly call on the state to increase the consumer rates for utilities (IMF, 2005b; IMF, 2006b). Living up to its reputation as a "globalizer," the IMF was effectively making consumers and the national government bear the cost of sustaining an international presence within its borders (Woods, 2006).

One peculiar area that shows the IMF extending its reach beyond the *coordinative discourse* and into the domain of what Schmidt considers the *communicative discourse,* was their pursuit to repeal media regulations, which were enacted under Nestor Kirchner (Schmidt, 2010). From the very first article IV consultation examined under the Kirchner administration, the Board of Directors voiced their displeasure with "…the introduction of recent legislation for media companies…" (IMF, 2003d). A follow up Board meeting coming at the end of July reiterated its disapproval of the restrictions on foreign ownership of the press. Asides from this, the Board also took issue with the *cram down* provision attached to recent bankruptcy reforms, which allowed debts to be restructured by bankruptcy courts (IMF, 2003f).[6]

5.4 Collating the results

In order to illustrate the long-term trends that developed within the over the 17 years covered within this chapter, it is perhaps useful to collate the results. From 2000-2006 the IMF's held an average discursive bias score of 3.35, which was a slight drop off from the 3.58 average of the 1990s. However, breaking down the scores from the various administrations that governed from

[6] A cram down provision allows courts to modify and in some cases reduce outstanding debts in bankruptcy cases with more than one creditor. The aim of the provision is to mitigate and equitably apportion claims on outstanding debts.

2000- 2006 not only contextualizes the apparent increase in flexibility— but actually confines it to the period of Argentina's default— under Duhalde (2002-2003).

For instance, under De la Rua (2000-2001) the IMF's advice averaged a score of 3.61, slightly above the 1990s average. However, during Duhalde's interim administration (2002-2003), which confronted the fallout of the Argentine Great Depression, the average score dropped significantly to 2.22. During this period, policy advice was limited as the Fund was faced with Argentina's immanent default. Nevertheless, no single period during the Duhalde administration actually crossed below the X-axis— that represented a policy discourse that can be considered "heterodox" by this thesis' standards (see chapter 2).

Interestingly, under Kirchner (2003- 2006) — which overlaps the so-called "experimentalist" period— the data reveals that the average score rebounded significantly, increasing to 4.22. Moreover, the IMF's neoliberal bias during both the De la Rua and Kirchner administrations (3.61 and 4.22, respectively) actually surpassed that of the Menem administration's score of 3.58 (Broome, 2015). Interestingly, the spatiotemporal sensitivity of this study on the IMF-Argentine consultations provides empirical evidence to the IMF debate itself showing that the 1990s was not the high watermark for neoliberalism (Peck & Tickell, 2012).

Moreover, the findings suggest that the IMF's policy rigidity and role as a "globalizing institution" has in fact "continued unabated" (Cameron & Palan, 2004; Woods, 2006). Taking a step back, it should be duly noted that throughout these 17 years (1989-2006) none of the four policy dimensions analyzed ever once crossed into the negative (heterodox) territory. This is the reason the columns within this thesis' figures did not descend below the X-axis. As a result, none of the abovementioned periods could be considered as “flexible,” either individually or when taken as a whole.

5.4.1 Conclusion

In the late 1990s, Argentina found itself caught in a deflationary spiral, due in large part to the combination of maintaining the peso’s convertibility with the US dollar, along with Menem’s structural adjustment project, which systemically suppressed demand.[7] Despite of the obvious lack of demand and growing public discord, maintaining the Peso-Dollar convertibility system remained a central pillar of the IMF’s coordinative discourse (Schmidt, 2008). Moreover, their initial warnings suggested that any deviation— whether in the form of devaluation or delinking— would lead to substantial inflationary pressures (IMF, 2000c; IMF, 2000b; IMF, 2000d). The IMF even went as far as to outwardly block a proposal seeking to ease deflationary pressures by making an orderly exit out of the dollar and into a basket of currencies (IMF, 2001a; IMF, 2001c). This is one particular instance wherein the Fund openly denied Argentina the liberty to entertain what was clearly an “experimentalist,” and traditionally Keynesian approach to monetary policy.

Even after the Duhalde administration intervened by pushing through a managed devaluation, which set the peso at a ratio of 1:1.40, the IMF’s express aim was to prevent any further devaluations by making sure that Argentina adhered to a sound fiscal policy mix (IMF, 2002c). Moreover, the data shows that— throughout the 2000s— the IMF discourse firmly insisted on the suppression of internal demand via austerity measures for the explicit goal of

[7] The Fund had explicitly acknowledged the potential loss of demand due to its proposed privatization and liberalization project in a 1995 Staff report, yet they continued to urge Argentina to advance these deflationary measures (IMF, 1995b; see chapter 4).

currency deflation.[8] The overarching aim of these demands was the de-politicization or institutionalization of austere fiscal policies, in the hopes that surpluses could eventually go to support high finance— by paying down external debts (i.e., loans) and removing financial transaction taxes.[9] Additionally, from 2000 to 2006, assuring the Argentine Central Bank's autonomy was another consistent demand found within the Article IV consultations.[10]

In terms of tax policy, the IMF's advice sought the liberalization of trade tariffs as well as a more regressive tax regime. First, they sought to liberalize trade through the elimination of subsidies and tax breaks to exporters (IMF, 2001a; IMF, 2000d; IMF, 2000a; IMF, 2001c; IMF, 2001b; IMF, 2003e; IMF, 2004a; IMF, 2005a; IMF, 2005b; IMF, 2006a; IMF, 2006b). In 2001, they even went as far as explicitly requesting Argentina to exit from the South American trade bloc, MERCOSUR (IMF, 2001c; IMF, 2001d). The removal of Argentina's financial transaction tax was also found to be a consistent demand within the Article IV consultations (IMF, 2001c; IMF, 2004a; IMF, 2005b; IMF, 2006a; IMF, 2006b). Under Duhalde, the Staff reiterated the need for sweeping reforms, while also protesting recent cuts to both the income tax and VAT (IMF, 2002e). From 2005-2006, the IMF kept a steady mix of orthodox suggestions, which carried forward its efforts to remove both, the financial transaction tax and all export subsidies (IMF, 2005a; IMF, 2005b; IMF, 2006a; IMF, 2006b).

In terms of regulatory policy, the IMF consistently lobbied for two major policy prescriptions: the strengthening of creditor rights and the weakening of labor laws (IMF, 2000b;

[8] IMF advice calling for the appreciation of the Peso via fiscal cuts or calls for a more comprehensive structural adjustment programs were found in the following Article IV consultations: IMF, 2001e; IMF, 2001c; IMF, 2001b; IMF, 2001d; IMF, 2000c; IMF, 2002a; IMF, 2003e; IMF, 2004a; IMF, 2004b; IMF, 2004c).
[9] The Fund explicitly proposed that Argentina earmark the potential surpluses from its austerity to paying down the external debt on 6 separate occasions (IMF, 2003g; IMF, 2004a; IMF, 2005a; IMF, 2005b; IMF, 2006a; IMF, 2006b).
[10] Central bank independence was called for on 14 separate occasions including: IMF, 2001c; 2001d; IMF, 2002d; IMF, 2003a; 2003a; 2003b; 2003d; IMF, 2003e; IMF, 2004a; 2004b; IMF, 2005a; 2005b; IMF, 2006a; 2006b).

IMF, 2000a; IMF, 2000d; IMF, 2001d; IMF, 2000c; IMF, 2001e). In other words, while the IMF sought to weaken laws that protected the rights of Argentine workers, they simultaneously lobbied to strengthen those of their creditors by rolling back debtor safety nets and recourses.[11] In 2003, the Board posited that stronger creditor rights would, in turn restore “investor confidence” and also facilitate the restructuring of private debt (IMF, 2003b; IMF, 2003c; IMF, 2003d). Under Kirchner, the Article IV meetings carried over many of the same appeals for expanding creditor rights that had been made during the Duhalde administration, but with greater frequency.[12] In all, the IMF’s aim was to rollback Argentina’s regulatory framework back to its pre-crisis form.

Privatization proved to be a perennial component of the Fund’s advice throughout the 2000s as it had during the 1990s. However, during this period the IMF’s disregard for Argentine economic conditions became evident as it almost callously pushed its privatization program forward, despite technical complications, as well the consequential dislocation of labor that resulted from firms downsizing in order to increase their profit margins. Under De la Rua, the IMF sought the privatization of Argentina’s pension funds, healthcare, telecommunications infrastructure and its largest state owned bank, *Banco Nación* (IMF, 2000d; IMF, 2001b). The staff also advocated for a shift towards a more Americanized, for-profit healthcare system, which was centered on the introductions of health maintenance organizations (HMOs) (IMF, 2000c; IMF, 2001b).

[11] This particular policy mix was found in 11 Article IV consultations (IMF, 2000a; IMF, 2002e; IMF, 2003b; IMF, 2003c; IMF, 2003d; IMF, 2004a; IMF, 2003f; IMF, 2004a; IMF, 2004b; IMF, 2005b; IMF, 2006a).

[12] A total of 7 out of the 11 IMF calls for expanding creditor rights (i.e., sustaining claims on debts) came during the Kirchner administration (see IMF, 2004a; IMF, 2003f; IMF, 2004a; IMF, 2004b; IMF, 2005b; IMF, 2006a; IMF, 2006b.

From 2000-2001, the IMF continued to zealously push for the privatization of provincial and state owned banks, despite the fact that international banks had been quietly repatriating massive amounts of cash holdings (IMF, 2000a; IMF, 2001e; IMF, 2000a; IMF, 2000b; IMF, 2001b; IMF, 2001c; also see chapter 2). This particular point puts into question the Fund's capacity to serve as a credible monitor of economic trends or at the very least, its inherent inflexibility in the face of new information. The Fund's inability to monitor Argentina's economic realities continued throughout 2001. In May, the staff paradoxically touted the stability of the foreign banking sector, while at the same time putting into question the viability of publicly owned banks (IMF, 2001c). Unfortunately, their bullish assessment was wholly debunked just 7 months later when foreign banks made a mad dash out of Argentina, whilst Argentina's public banks served as a backstop to the spiraling financial system. Henceforth, the larger international financiers began announcing their plans to reduce their Argentine holdings (e.g., Citibank) while others such as Credit Agricole and Scotiabank chose to abandon the market outright (see chapters 6-8).

Nevertheless, the push to privatize public banks did not end with the financial exodus, as the IMF continued to make appeals that sought to "reform, restructure, and downsize public banks" (IMF, 2002d; IMF, 2003b; IMF, 2003d). One anomaly during this time was that the Fund called for a stronger regulatory framework, although their language presumed that private finance would be assuming a larger role in the banking system. An additional response to the 2001 banking freeze, was the Fund's endorsement of the securitization of bank deposits, which set the framework for future bail-ins, which essentially shifted the risk from the banks to account and bond holders (IMF, 2002d).

The latter portion of the 2000s saw discussions on the privatizations shift back and forth from finance to the renegotiation of rescinded utilities contracts— the latter of which not only threatened the inroads made under Menem administration, but also the leg on which further privatizations stood (IMF, 2003c; IMF, 2003d; IMF, 2004a; IMF, 2004b; IMF, 2005a; IMF, 2005b; IMF, 2006b). During the initial months of the Kirchner administration the IMF also returned to the question of finance. Consequently, calls for the recompense of banks were made on 4 distinct occasions (IMF, 2004a; IMF, 2003f; IMF, 2005a; IMF, 2005b). The IMF also lobbied hard for the restructuring of state owned banks, which included priming the banks for their sale by performing “due diligence and strategic reviews” (IMF, 2003f; IMF, 2004a).

In all, the issue of banking privatization was pressed in 5 out of 10 article IV consultations covered during the Kirchner administration (IMF, 2003e; IMF, 2003f; IMF, 2004a; IMF, 2004b; IMF, 2005a). Overall, none of the abovementioned periods, nor any of the 4 facets of policy analyzed within the IMF discourse provided any significant degree of policy space for heterodox theories or ideas. And regardless of whether the results are indicative of the Fund’s broader portfolio, the case of Argentina pierces through the aforementioned theories to show, not only that the IMF advice has not gotten laxer since the 1990s, but that the idea of a flexible IMF or one that provides space for heterodox policy is subject to spatial-temporal limitations (Peck & Tickell, 2012; also see chapter 1). Hence, the case of Argentina.

Chapter 6

6. From mergers to early fissures: the case of Scotiabank and Citibank (1997-2001)

This chapter is the first of three within this thesis' second empirical section that turns to tracking the *communicative discourses* just before, during, and after the Argentine Great Depression (Schmidt, 2008).[1] It chronicles the constructed narratives of international finance within the Argentine press, who served as interlocutors between the financial executives and the wider public on the respective issues of financial consolidation (chapter 6), bank recapitalization and defaults (chapter 7), as well as the periods of reform (chapter 8). Like the previous section on the IMF, the overarching aim herein is to gauge if (and how) the adherence to neoliberal globalization's logics precluded the space for alternative, heterodox policies.

However, specific to this section is the focus on how narratives are constructed, and aimed to shape or temper the public discourse. This chapter in particular begins by retracing the early *communicative discourses* covering the initial entry and consolidations made by foreign financial institutions— namely, those of Citibank and Scotiabank (see Schmidt, 2008).[2] One specific question within this chapter's analysis on the entry of international finance into Argentina, which ties directly to constructivists accounts on the externalizing logics of globalization, is how and if these narratives were used to introduce an account that externalized economic imperatives via the use of "global" or "international" constraints (see chapter 1; Hay & Rosamond, 2002).

[1] This chapter in particular covers the early period of financial consolidation (1997-1998), as well as some of the early fissures leading up to Argentina's financial crisis (1998-2001). Overall, this section's empirical examination (chapters 6-8) covers the periods from 1997 to 2006.

[2] Scotiabank entered Argentine banking in 1997 via its acquisition of Quilmes. However, Citibank had a storied history within Argentine finance going back to 1914, when it opened its first branch in Buenos Aires (Zlotogwiazda & Balaguer 2004, 13).

From the start, it should be readily apparent that the *communicative discourses* were much more dynamic (Schmidt, 2008, 2012). Yet, this dynamism did not translate into "flexibility" in terms of ideas about policy per say. In other words, compared to the IMF's discourse— the press' writings appeared much more fluid, oscillating through various positions, yet its broader message managed to stay within the study's neoliberal globalization's goalposts (see chapter 2). A quintessential example of this is found within the early writings that effectively welcomed the initial influx of international banks, while simultaneously emphasizing the endogenous factors that a potentially larger supply of credit would provide. In a similar manner to how Hay and Smith described one of several discursive tracts of globalization, in this case the entry of international financiers was portrayed as a beneficial and desirable (Hay & Smith, 2005).

Specifically, the press posited that their presence in Argentina would modernize Argentine banking practices, leading to wider access to credit. Nonetheless, when these institutions failed to live up to their billing—particularly in terms of extending credit— the press shifted the blame to external factors. This "externalizing logic," which is attributed to globalization discourse, became a pattern throughout as the press' overarching narrative, remaining anchored to the promotion private finance, along with classical and neoclassical theories (Hay & Rosamond, 2002).

6.1 Press coverage during the initial phase of the consolidation of Argentine finance

During its initial phase, the mainstream Argentine press effectively towed the hyperglobalist line by presenting the financial consolidation stemming from the increased foreign investment as "unambiguously positive" (Hay & Smith, 2005). In 1997, La Nación*'s* Javier Blanco published two articles, which argued that the massive banking consolidations were not just beneficial in meeting the more rigorous Central Bank standards, but would also lower interest rates over the long run (Blanco, 1997, June 4; Blanco, 1997, March 4). Conversely, the Clarín took a different approach when it came to Scotiabank's entry into the Argentine market, as it refrained from directly opining on the matter. Rather than editorializing, it instead offered wire-like updates on the company's stock price fluctuations and percentage shifts in equity stakes— ostensibly, their deference let the market speak for itself. This microeconomic focus honed in on figures such as the firm's book, which had active accounts estimated at 224 billion USD as well as the competition for market share amongst foreign banks (Clarín, 1997, October 1; Clarín, 1997, October 21). Regardless of the means however, both La Nación and Clarín presented a rosy picture for the entry of Scotiabank— effectively supporting the bank consolidations.

In December of 1997, Scotiabank finalized its bid to take a controlling interest in Quilmes. Two months later in February of 1998, La Nación interviewed the vice president of Scotiabank, Anatol von Han who billed the early stages of the acquisition as a period that would focus on educating not just its Argentine staff, but consumers on Scotia's brand. He went on to tout its recent settlements of the bank's back taxes, as well the technological and industry "knowhow" that Scotiabank brought to the table (La Nación, 1998, Feb 7). In hindsight of the 2007 subprime mortgage collapse, an ominous revelation of the Argentine financial sector's fate was telegraphed by Javier Blanco, wherein he praised Scotiabank's plan to import Wall Street derivative specialists in order to put together a commercial investment wing catering to wholesale accounts, such as pensions and retirements (Blanco 1999, March 31). The ideational aspects of global finance began to emerge in Javier Blanco's writing when he touted the potential boost in investor confidence that Scotiabank's entry would bring. Moreover, Blanco suggested that by adding the prefix "Scotiabank," Quilmes had been granted a newfound air of credibility, noting that local savers would perceive Scotia's global scale as a sign of strength (1999, March 31).

In all, this early period would prove to be quite paradoxical as its initial narrative, which took comfort in the purported safety and stability "global markets," as well as the promise of better access to credit would ultimately be turned on its head. And this reversal would not take long, which suggests that global markets are in fact as fluid as they were fickle, and thus required not only that the state accommodate its various demands, but also the acquiescence of its very customers via capital controls, bail outs, and even bail-ins. In other words, from an early onset there is an apparent development of a dialectical contingency to how finance was to be understood, at different times. Moreover, these early accounts began to frame the— at times— inadvertently paradoxical and even erratic press coverage, whose discourses would bounce freely between endogenous and exogenous factors, as well as material and normative dynamics of the market.

The onset of what would become a broader "externalizing narrative" began with the 1998 Brazilian devaluation (Hay & Rosamond, 2002; Widmaier, Blyth, Seabrooke, 2007). From November of 1998 onwards, Scotiabank's bearish economic forecasts began appearing in La Nación, which served to educate the Argentine public on matters outside of its brand and corporate culture. On one November article, the bank's representatives began to lean towards externalizing Argentina's economic context by emphasizing the negative effects on exports due to the Brazil's devaluation. In all, Scotiabank forecasted a 1-2 billion USD decline in Argentine exports, the brunt of which was said to be borne by chemical and heavy industry sectors (La Nación, 1998, November 9).

When speaking of Argentina's high relative costs of banking, Blanco and the banks uncharacteristically took to focusing on the macroeconomic and systemic factors, rather than the banks' own pricing strategy, which saw transaction charges at rates 5 times higher than in neighboring Chile and 1.5 times higher than those in the United States. Blanco's interviews with several banking executives on the high costs for account holders netted responses citing various factors including: unaccommodating fiscal policy incentives which left out finance, the cost of the high capital requirements set in Basel I accords, as well as external factors, such as the downturns in Mexico, Asia, Brazil and Russia (1999, April 4). In the face of potential criticisms of its operations, the financial sector appeared to revert almost instinctively towards blaming a combination of external and political factors. In all, via the deployment of an externalizing narrative the press attempted to deflect scrutiny away from the effects of the financial sector's microeconomic innovations, as well as the role of the agents within these institutions.

Despite some ostensible tensions, the press continued to rely on the economic projections of foreign banks— who carried over their externalizing narrative into a discussion on the state of the general economy. Additionally, 1999 would prove to be the first year wherein Argentina's GDP began its downward slide. In April, as the economy appeared to stabilize—representatives from Scotiabank Quilmes maintained that external factors, as well as a sound fiscal policy would continue to drive economic growth and its own profitability (La Nación 1999, April 12). However, little more than a month later, Scotiabank would opt for a more restrained posture, as it forecasted a 5% fall in GDP for the year end (Clarín, 1999, May 23). Moreover, this particular Clarín article went on to squarely attribute the rise in unemployment to the Brazilian devaluation as well as the inability of the private sector to innovate. To combat this lack of innovation the Clarín suggested that the best course of action would be to reduction in operating costs—

namely, by reducing salaries, which in turn required the implementation of laxer labor laws—including cuts to unemployment benefits (Clarín, 1999, May 23). While the press' narrative did look inwards, as it called on the state reform and conform to external pressures, it never question the unmet claims or potential of foreign banks, which had promised economies of scale and high technology that would lead to greater access to credit and general financial stability.

6.1.1 De la Rua, the candidate of high finance and the press

As the presidential elections approached, it was apparent that De la Rua had become the favorite of the mainstream media and even the financial sector. Blanco attributed the latter's support to a well-received speech wherein he promised to not only balance the fiscal deficit, but return Argentina's sovereign debt to "investment grade" status (Blanco, 1999, July 8). In this July Article, Blanco not only confirmed his approval of De la Rua, but also quoted executives from Banco Vélox, Citibank, BBVA-Francés and Scotiabank-Quilmes— all of which rallied behind the presidential hopeful's economic stance (Blanco, 1999, July 8). Another article published by La Nación just a few days removed from his pro-business speech argued that the depressed state Argentine debt instruments, bonds and options alike, was temporary and actually afforded a great entry point for investors seeking medium and long-term gains. Their rationale being that the large pools of capital held by these same foreign banks along with the injection of revenue from the privatization of the Argentine oil firm YPF, as well as an incrementally tighter fiscal policy mitigated calls for greater concern (La Nación, 1999, July 12).

During this time La Nación began to put forth a *communicative discourse* or narrative wherein the globalization effectively became an economic imperative for future economic growth and stability (Hay & Rosamond, 2002; Schmidt, 2008). From here onwards, the press set in motion a consistent message that coincided with views of financial executives and Argentina's political elite, which suggested that economic growth would be achieved through foreign direct investment, although it would require a constant courting of investors through greater fiscal restraint and economic liberalization. However, this ideational triumvirate between La Nación, top financial executives and neoliberal politicians was not deduced through inference, but was explicitly observed in the newspaper's writings. Overall the content analysis of the views presented in each of the measured categories from 1998-2001 were pro-market. For instance, one article explicitly noted that that the profitability of private finance was innately tied to the "global perception" of Argentine solvency and thus political forces— parties and labor unions alike—would be required to cede to external pressures (La Nación, 1999, Sept 5). Interestingly, this metaphysical interpretation of "market perception" not only acknowledged the role of the state, but the intersubjective, social dynamics inherent to finance.

In September of 1999, the La Nación churned out a report that read more like a public relations piece showcasing Scotiabank's new plan to extend its lending services to Argentina's agricultural sector. The report directly quoted the words of then Scotiabank President Peter Godsoe, who prematurely touted that the worst was now behind Argentine markets. Additionally, he went on to add that the time had come for authorities to rid the system of monetary and economic rigidities, which included the caps placed on credit card interest rates (La Nación, 1999, September 16). In the same month, Clarín interviewed Scotiabank's CEO who spoke of the bank's operations, including its various positions around Latin America, as well as its role in furthering the liberalization of finance by eliminating interest rate caps and Canada's version of Glass-Stegall provisions. Godsoe, was also cited in this Clarín article as he sought to differentiate Scotia's operations from that of its Argentine competitors. Herein Godsoe put forward that Argentina's economy would indeed benefit from the economies of scale provided by Scotia's much more capitalized Anglo banking model, as the sector to date had not evolved out of the Italian financial mold, which was comprised of smaller, less consolidated banks, and typically domestically based (Clarín, 1999, September 26).

Although both La Nación and Scotiabank paid a lot of lip service to the purported benefits of economies of scale, the Clarín chose an alternative route. In terms of its writing, the Clarín proved to be a bit more candid as it reported on the continued reluctance of banks to lend. Nevertheless, they too traced the heightened aversion back to Argentina's current account deficit, which at stood at 4.5% of GDP, a quite modest deficit that pales in comparison by today's standards (Clarín, 1999 November 28). The Clarín also cited Scotiabank's Horacio Aguirre, who alleged that additional austerity measures could quell the growing uncertainty due to political factors, which was causing savers to seek the added security of the US dollar denominated accounts (1999 November 28).

In September with elections less than a month away, the Clarín*'s* financial writers began to echo La Nación's summer endorsement of De la Rua, maintaining that his success was primarily due to his vows to implement a zero deficit economic policy. Moreover, in the Clarín*'s* view his policies were poised to address the Standard and Poor's recent downgrade of Argentine sovereign debt, which was said to be due to the lack of government initiatives to curb fiscal spending (1999, September 26). Nevertheless, this article did not stop at vouching for De la Rua's austere fiscal policy stance, but rather pressed on for even deeper fiscal cuts, which also included calls for the liberalization of labor (Clarín, 1999, September 26). Ultimately, the Clarín would affirm that De La Rua's pro-business message allowed the return of optimism to Argentine markets (1999, December 19).

The press' *communicative discourse* ticked off yet another "common policy" logic or truism of neoliberal globalization, when it suggested that markets would positively respond to gestures of fiscal discipline (Hay & Smith, 2005; Schmidt, 2008). On the eve of October's presidential elections, La Nación published another article surveying the opinions of foreign financial executives, which positively noted that the IMF's assurances as well as De La Rua's market friendly stance should quell market pessimism (1999, October 2). Scotiabank's chief economist, Pedro Rabasa aped his superior's prior sentiments, noting that although the market appeared to be stabilizing, the coming quarter's results were dependent on the incoming governments' economic measures (La Nación, December 15; La Nación, 1999, December 22). In November, Clarín would add that the flow of FDI itself now depended on tourism, bond purchases and the sustainability of its external debt (1999, November 28). It appeared that both papers were intent on holding the newly elected De le Rua administration to his campaign promises. Shortly after his December inauguration, financial executives began to intensify their assertions, placing the responsibility for the economic recovery as well as future stock market gains squarely on De La Rua's ability to follow through with a sound fiscal policy that also adhered to IMF conditions (Blanco, 1999, December 23; La Nación, December 28).

The narrative presented thus far did not stray far from the point of view of financial executives, which effectively tethered electoral debate on economics and finance to initiatives of neoclassical suasion. During this election period La Nación did not once bother to question their apparently tautological narrative, which posited that market growth required the support of the state. Additionally, the public would need to be persuaded to accept further liberalization, privatization and austerity if the state sought to appease global markets, which paradoxically, were said to pose immutable external constraints on the state itself. Nevertheless, once it appeared that the new administration would conform to what effectively equated to the externalizing logics of neoliberal globalization, La Nación and economists on the payroll of private banks voiced their optimism (2000 January 3; 2000, January 27).

The press continued to put forth a "hyperglobalist" narrative by reinforcing the idea that Argentine markets were predominately driven by external forces, which in turn justified its liberalization agenda, as well as its support of additional fiscal cuts. Herein, La Nación tempered its recent optimism with its coverage of Wall Street's equity market dip, which was also flanked by the more precautious tenor of Argentine financial executives (2000, Jan 27). A month later, Scotiabank revealed to La Nación that 7 out of 9 Wall Street banks had appeared optimistic due to De La Rua's pro-market reforms, which included the passage of liberalized labor legislation that the financial press as well as banks had encouraged (Helft, 2000, February 13). However, the Clarín would go forward with a bit more skepticism. One report back from December report had already questioned the degree to which market swings in America could affect Argentine stocks. Oddly, this article appeared vexed when Wall Street's gains failed to similarly boost Argentine markets— citing a .98% uptick in the *Merval* compared to 1.7% and 2.2% in the NASDAQ and Dow Jones (Clarín, 1999**,** Dec 19).

During the second quarter of 2000, De la Rua attempted to assure the public that further fiscal retrenchment would not be necessary, however La Nación*'s* reporting argued the contrary. In addition to citing the IMF's bearish forecasts, which stemmed from Argentina's 3.4% GDP growth rate and a deficit of 4.5% of GDP, they also cited Scotiabank Quilmes' Pedro Rabasa who affirmed that the government would need to make further cuts if it planned to meet its IMF conditionality agreements (La Nación, 2000, April 13). In July of 2000 Argentine equities increased by 1.27%. In response to the small uptick, La Nación noted of financiers' strong support of the administration, but again followed up their praise by calling for deeper fiscal cuts. An interesting turn herein was that this article was one of the first to explicitly acknowledge the social dynamics and particularly the intersubjective nature of the market—as executives cited rumors of devaluation as one of the remaining hindrances to a full recovery (La Nación, 2000, July 5).

Harkening back to the *coordinative discourses* of the IMF in the first empirical section, the summer theme of La Nación's *communicative discourse* centered on monetary policy (Schmidt, 2008). Through its interviews with financial executives, the paper argued for greater liquid reserves in order to buffer both the convertibility scheme and as a way to backstop its external debt, which had become accustom to relying on annual rollovers. Although La Nación tacitly admitted that the added reserves could by no means replace the annual rollovers of its debts, they noted that it brought a "perception" of stability in the eyes of creditors— which going forward required an even greater air of competitiveness given its susceptibility to rising interest rates in the United States (Blanco, 2000, July 5; La Nación, 2000, July 31). Overall, this served as another wrinkle in the paper's externalizing logic, which not only coincided with the financial sector, but also harkened back to some of the reoccurring themes found in the IMF negotiations discussed in chapters 3-5. Effectively, the paper constructed a narrative that tied Argentina to external pressures, albeit admittedly metaphysical ones.

In September, La Nación kept the focus on external factors by attributing the increase in bond values to the crisis in Brazil and stock market gains to austerity measures. Specifically, La Nación alleged that the rise in Argentine bonds was primarily due to debt market arbitrage, which had just dumped Brazilian bonds in favor of the former. This article also cited Scotiabank executive Gonzalo Rodriguez, who suggested that recent stock market gains were due to the confirmation that the economic minister, Jorge Luis Machinea would remain (La Nación, 2000, September 7). In effect, his continuation signaled to the investor class that the De La Rua administration would continue to prioritize market friendly initiatives such as the reliance on fiscal discipline and the maintenance of reserve buffers.

The Merval stock market index continued its upswing into October— seeing a 4% increase. However, La Nación's Javier Blanco discounted the uptrend as an exogenous occurrence by linking the gains to an 8% rise in US stocks (Blanco, 2000, Oct 20). However duplicitous, these same "external factors" had routinely served to justify neoliberal policy initiatives, on the premise of attracting FDI. Nevertheless, the way forward— according to La Nación— was via compulsory fiscal discipline in order to meet the external demands of global finance, as well as its much more tangible monetary constraints.

While La Nación's "hyperglobalist" narrative was very consistent in rationalizing its appeals for austerity on the basis of external factors, the markets performance itself proved much more erratic as stocks and bonds sank, just a month removed from the surge of optimism brought on by October's rally. Interestingly enough, market perception and the importance of governmental support of the economy took precedent henceforth, as commentary on fiscal policy was absent. In the midst of a November slide in asset prices and bonds, Javier Blanco and Scotiabank representatives attributed the downturn to the bearish comments of the former president Raul Alfonsín, who forewarned that an Argentine sovereign debt default might eventually occur (Blanco, 2000, November 4). Once again, a follow up article turned to the social or psychological aspects of the downturn—focusing instead on the management of investor perceptions in order to soothe market sentiment (La Nación, 2000, November 4).This pivot towards intersubjective factors, would become a pattern especially when the markets were at ebbing. In contrast, like foreign finance's initial entry, market rebounds were adorned with statistical analysis that showcased the gains and perhaps more importantly, the improved "fundamentals".

6.1.2 El Blindaje & lack of borrowing/savings/ liquidity – add above

In November, Machinea and the IMF would come to terms on a massive $40 billion dollar loan package primarily meant to shield reserves dubbed, the *Blindaje*. Once again, Clarín's reporting emphasized external constraints by underscoring how this loan package and the conditions it imposed (e.g., cutting the deficit, a fiscal spending freeze at both the national and provincial level, and raising of the retirement age of women to 65) would help reduce country risk. Asides from addressing Argentina's external financing needs, the Clarín also hyped the *Blindaje's* potential to reignite short-term financing (2000, November 14). In December, the Clarín would also follow the narrative that the *Blindaje* served to reduce country risk and in turn lowering interest rates— which would ultimately lower the costs of borrowing (2000, December 20).

One of the key effects of the press' externalizing discourse on all things "global" (e.g., on FDI and foreign exchange rates) was that it shrouded the financial sector's internal operations from scrutiny (Hay & Rosamond, 2002). For instance, the press rarely discussed the negative externalities of deflation, which resulted in a lack of demand for debt, particularly due to high interest rates, which became a chronic problem from the late nineties onward. However, the press had danced around this issue as early as August of 2000, wherein the Clarín story showcased the financial sector's early attempts to offer more enticing consumer lending schemes (2000, August 24). However, the general public had no way around the high cost of borrowing until the publicly owned Banco Nación decided to undercut private banks by offering interest rates at 23%, almost 10% lower than the private sector average, by their own accounts (Clarín, 2000, Dec 14).

In January, Clarín now looked inwards— albeit uncritically— as it reported on the ways banks were attempting to resolve their liquidity concerns. The purpose of this particular piece was not an introspective reappraisal of the domestic credit market, but rather it sought to promote a flexible private sector bond that encouraged long-term savings (Clarín, 2001, Jan 8). The Clarín further asserted that such schemes were due in part to the success of the IMF's *Blindaje,* which in their view, not only averted a sovereign debt default, but also reduced and stabilized short and long-term-term interest rates, respectively (2001, Jan 8). With interest rates tapering slightly, La Nación also interjected in order to credit the IMF's 40 billion dollar "Blindaje," as well as the fiscal cuts to provinces (Blanco, 2001, January 10).

Oddly, the December rate cuts from the publicly owned *Banco Nación* were not factored into either of these optimistic analyses. Although a lot was made of the little bit of progress, the prospect for domestic growth continued to be weighed down by the excessively high retail interest rates despite of the recent gains by Argentine bonds. To their credit, a separate Clarín report did pick up on the fact that relative to the non-existent returns on savings, interest rates remained stubbornly high. However, this article fell far short of a critique of the private banking sector's wide margins as it deferred the ultimate resolution of this discrepancy to the vicissitudes global and domestic market forces (Clarín, 2001, January 24). Several other concurring reports from La Nación and Ámbito Financiero not only served to reaffirm the view that the IMF accords as well as the reductions of provincial transfers were behind the recent turnaround, but they also segued into arguments in favor of maintaining austerity measures in the face of president De la Rua's fiscal stimulus proposals (La Nación, January 13; Cortina, 2001, January 14).

The first article stuck to the established narrative by positively crediting the *Blindaje* with turning around the economy, citing the increase in net reserves, which now stood at 27 billion USD, a total of 700 million dollars above where they had been a year prior (La Nación, 2001, January 13). The second argument dealt with the De La Rua administration's proposed public works projects, which sought to build on the apparent success of the IMF deal by delving into policies of fiscal stimulus in order to clear out the "bad vibes" that had set into the collective psyche (Cortina, 2001, January 14). Coverage of this executive proposal was actually one of the very few times that demand side policy had been mentioned within the context of the financial crisis. Once again fitting with its externalizing "hyperglobalist" discourse, La Nación railed against the executive's plan reminding readers that foreign investors were more interested in the execution of sound fiscal policies— which left no room for election season "balancing acts" (Cortina, 2001, January 14).

Ámbito *Financiero's* reporting similarly focused on mobilizing policy in accordance with "global" pressures, as they parroted Scotiabank Quilmes' 2001 forecast, arguing that growth was likely to come from foreign investments, due in part to the success of the debt swap (2001, January 15). Moreover, they argued that the government should concentrate on changing the public's attitude towards the implementation of austerity measures (2001, January 15). In other words, the government was once again implored to actively sell austerity as it had put forth back in 2000.

6.2 The Banamex sale: straddling the internal and external dynamics of market sentiment

One of the earliest fissures in the ensuing private banking crisis actually occurred in January of 2001 when Bansud— Banamex's Argentine subsidiary— sold off its underperforming commercial loans portfolio. Nonetheless, La Nación*'s* reporting remained upbeat as it cited Banamex's own bullish forecast, which presented the exit from commercial lending as well as estimated earnings of 68 million USD as a sign of structural improvement (La Nación, 2001, January 26). Similarly, in regards to liquidity concerns of Bansud's retail operations, La Nación*'s* coverage remained optimistic, but brief as its wire-like update reported that Banamex had met the Central Bank's capital requirements by injecting 80 million dollars into Bansud (La Nación, 2001, January 26). However, it is important to note that La Nación*'s* optimism once again rested not on the viability of the domestic economy, but rather on willingness of these foreign banks to invest in Argentina.

In February, at the *Blindaje's* 2-month mark, the Clarín began to question its success to date, noting that although it managed to bring interest rates down a bit, they remained significantly higher than last fall's pre-crisis levels. Here, the Clarín finally connected the elevated rates to the stalled out demand for autos and home loans. Yet, even though its report put the onus on the banking sector, it gave the banks the final word, as it cited executives who argued that it was simply best to wait for markets to clear themselves (Clarín, 2001, Feb 19).

The idea that Argentina's economic success depended on external or "global" factors continued to drive the press' communicative discourse (Schmidt, 2008). However, the Clarín was first to make note of the divergence in correlation that occurred as Argentine stocks climbed modestly while Wall Street experienced a dip. Nevertheless, this was not a declaration of Argentine financial independence by any stretch as the article quickly qualified their observation by noting that bonds had dipped .8 of a percent causing the country risk to climb 6 basis points (Clarín, 2001, January 9). This admission created a bit of a backlash as all three major papers took to doubling down on the idea that markets were driven by external forces in an almost reflexive fashion. What is more, an article published 11 days later by Nestor Restivo would backtrack on talk of any sort of divergence between the US and Argentina, noting New York's ability to define markets as he declared it the global financial epicenter. Consequently, Restivo added that the Argentine economic minister Machinea and the IMF's Teresa Minisan were presently in New York appealing to Wall Street bankers (Clarín, 2001, January 20).

Returning to the idea that Argentina remained subject to external forces and constraints of global finance, another article argued that—at its most elemental level— Argentina's economic success was contingent on the interest rate policy of the United States Federal Reserve, which heavily influenced not just the flow of FDI, but also the interest on its external debt. Yet, rather than entertaining measures that might facilitate greater economic autonomy, it argued that deeper coordination was needed between monetary and fiscal strategies in order to take advantage of periods wherein US interest rates were low. In turn, they went on to estimate that the reduction in interest payments would equal about half of what was saved from its fiscal retrenchment efforts alone (Blanco, 2001, February 1). In February, Ámbito chose to highlight Scotiabank's outlook on the attractiveness of Argentina for FDI. Argentina's newfound appeal was said to be due in part to the economic ministries' debt swap, as well as the improvements in its balance of trade, wherein the article cited a 1.1 billion dollar surplus from the year 2000 as well as the stagnant economic growth expectancies in Europe and the US (Ámbito, 2001, February).

Although the press' narrative consistently, and parsimoniously linked the degree of fiscal discipline to its ability to attract global finance capital, achieving economic stability proved to be much more complex. Furthermore, the deepened retrenchment efforts not only failed to entice FDI, but Argentine bonds and interest rates teetered once again. One La Nación piece in late February explained that this new slowdown was the beginning of a "new external context". Here the focus was diverted away from the limitations of the imposed austerity measures as the report turned to the economic conditions in Turkey, which were said to present a rather negative, "Turkish effect" on bonds from emerging market nations (Blanco, 2001, Feb 21). It appeared as though the La Nación had taken to explaining away the inability of austerity measures to attract FDI by magnifying the impact of external factors. Consequently, these external factors where in fact a set of rather speculative, intersubjective assumptions of what— in their view— was currently driving market sentiment.

The press' focus on "global" issues, allowed it to obscure its more exigent problems, such as the widespread unemployment and the exorbitant interest rates that continued to preclude consumers from accessing credit (Schmidt, 2008). However, it also left space for interpretation. Herein, another La Nación article now cognizant that Wall Street's stock market gains and its interest rates trends bared no correlation with the economic conditions in Argentina, attempted to isolate internal market sentiment as the underlying culprit. Yet, the advice from the banker's within regurgitated the same message: allow the market to clear itself. Specifically, Scotiabank executives awaited a novel spark from either the domestic external or markets while Merrill Lynch executives were ten months off when they were quoted as seeing the new lows as the "bottom to a correction" (La Nación, 2001, February 27). In turn, the press' *communicative* *discourse* presented external factors as the dominant driver of economic growth, which Argentina should ultimately defer to (Schmidt, 2008).

However, one consistent caveat or exception to the press' *communicative discourse* on the need to defer to markets, was its active push for further austerity measures (Schmidt, 2008). For instance in March, Ámbito Financiero noted that the IMF, the ministry of the economy, and Scotiabank all agreed that the state should focus on creating greater initiatives that reinforced austerity measures (2001, March 16). However, Minisan, the IMF's chief auditor, had been cited a month earlier, noting that the onus to invest and make strides in Argentina's debt refinancing plans now fell on the private sector as the Argentine government had in fact done its part [referring to its efforts to curb fiscal deficits] (Clarín, 2001, Jan 20). To make matter worse, Ámbito Financiero would err on the side of high finance, as it posited that Argentina's stability depended on the confidence of financial markets. In other words, Ámbito was again making the suggestion that increases in FDI were contingent on how well De la Rua's administration continued to tighten fiscal spending (2001, March 20). Much like its position on austerity, the "indispensable" role, or privileged position of global finance itself continued to be treated as an apolitical issue.

6.2.1 Cavallo's second term: the beginning of the "corralito"

In March of 2001, Machinea took the sole blame for the failure of the *Blindaje* to turnaround the downward trajectory of the economy. Interestingly, this focus on Argentina's economic minister kept the focus away from the private sector and the international operations of foreign banks themselves. Nevertheless, his resignation lead the way for Cavallo's reappointment, despite being effectively forced to step down in July of 1996 due to the double digit unemployment and the growing public outcry. Soon after his appointment, Cavallo began tinkering with early incarnations of his transaction tax, as well as early iterations of banking restrictions that would eventually come to form the infamous *corralito*.

Ámbito Financiero praised his first proposal, which sought to relax central bank regulations that barred individuals deemed credit-impaired or otherwise delinquent from holding or opening bank accounts (2001, March 27). However, Ámbito was not just supportive, but quite bullish as it suggested that bringing between 300 and 350 thousand new personal accounts online would only serve to bolster the financial sector (2001, March 27). Additionally, Clarín*'s* coverage reported that the finance minister's initiatives had the broad support of banks—particularly of favor was the clause attached to his transaction tax (2001, March 23).[3]

The press continued to uncritically support the role of global finance within Argentina despite its economic hardships brought on by the banking crisis. Although March saw the financial press' focus confined to Argentina's domestic economic policy, in April the discourse shifted back to touting the strength of global finance when the rating agency Fitch published a positive outlook for Bansud. La Nación*'s* coverage turned to Bansud's parent company, Banamex, noting that the positive ratings came despite of the Argentine firm's recent losses. As such it spoke more to the strong financial backing Bansud was afforded (La Nación, 2001, April 10). In a separate article, La Nación went on to showcase Banamex's 1st quarter earnings citing the firm's announcements of over 200 million in profits, a 17% increase from the 1st quarter of 2000 (La Nación, 2001 April 26). In all, La Nación*'s* April coverage put forward two instances wherein its foreign owners upstaged Bansud.

[3] This proposed clause aimed to keep all transactions that exceeded 1,000 pesos to interbank ledger transfers, thus keeping reserves within the banking system at all times, while also forcing more accounts into retail banking— a sort of virtualization of the economy.

Citibank's acquisition of Banamex added a new wrinkle to the press' positive narrative on global finance. As the story broke, La Nación suggested that Citi's acquisition had broken-up and overtaken the near-monopoly of Latin American financial markets by Spanish Banks. In all, the Citibank merger was billed as the harbinger of a more competitive landscape wherein foreign firms would have to vie for market share by increasing the attractiveness of its offerings, thus bringing greater economies of scale and scope (La Nación, 2001, May 18a). Another *Nación* report not only reassured its readers of Citibank's ability to restructure Bansud, but also took the time to admonish the state of domestic banks, as it put into question the efficacy of Banamex's prior stewardship, which it had actually praised just a month prior (La Nación, 2001, May 18b). The Irony in La Nación*'s* perseveration on presenting foreign finance as somehow more desirable or beneficial than its domestic counterparts was that Bansud would be sold off to the Argentine bank Macro just 7 months later (Hay & Smith, 2005).

Despite the worsening economic conditions, in May Scotiabank reported that its corporate profits had quadrupled. True to form, Ámbito Financiero kept its reporting in line with the bank's own view by attributing its recent gains to the firm's microeconomic efficiencies (2001, May 18). Despite Scotiabank's profits, it turned out to be a tough month for the general economy. Moreover, Ámbito*'s* honeymoon period with Cavallo was all but over, as they blamed his policies for the 3% decline in the Argentine stock market, which was also flanked by a 4% increase in country risk (2001, May 1). This particular article went on to cite the financial sector's grievances with Domingo Cavallo's measures to implement a VAT on previously exempt items such as entertainment and periodicals in order to meet the IMF's conditions for another 2.7 billion disbursement (Ámbito, 2001, May 1). This turned out to be one of the rare instances where the press and high finance failed to coincide with the IMF's position, as Horst Köhler was cited as being "impressed" with tax scheme (Ámbito, 2001, May 1).

Persistently high interest rates in July served as a reminder of the disconnect that existed between the offshore balance sheets of global banks such as Scotiabank and its Argentine operations. Citing bankers wishing to remain anonymous, the Clarín declared that the upward trends in the already high interest rates kept most borrowers at bay, except those with such urgent needs that were willing to be encumbered by the high costs of debt (2001, July 11). Nonetheless, they also rebutted this bearish outlook with the remarks of Scotiabank's Ricardo Carmona who explained that the high rates actually serve to entice savers to keep money in banks. As in February, the advice from this banker was for patience, as he explained that retail rates take time to catch up to wholesale and interbank fluxes (2001, July 11).

In attempts to find solutions, Ámbito saw the government's implementation of tax credits for mortgage holders as a potentially stimulating scheme for a market whose borrowers were as wary as the lenders. This article by Pablo Wende went on to focus on the nuts and bolts of mortgage lending keeping the narrative to a technical rather than critical tract—one interesting note was that local floating rates were on the average, less expensive than those of the relatively few banks offering the international LIBOR rates (2001, July 2). Nevertheless, this was admittedly a moot point as Wende was aware of Argentinian's aversion of flexible rate loans due to poor experiences of the past, which he— consequently— chalked up to the failure of borrowers to study the terms. Additionally, he did qualify his assertions by conceding that some banks may not have explicitly disclosed the terms— yet he still fell short of entertaining any need for government reform or oversight (Ámbito, 2001, July 2).

6.3 The press' evolving discursive strategies: global markets and fiscal deficits as metaphysical constraints?

In July, with economic uncertainty intensifying, La Nación returned the focus to Argentina's political will (or rather lack thereof) to appease foreign investors by adhering to strict austerity measures (Olivera, 2001, July 9; Olivera, 2001, July 16; Blanco, 2001, July 19; Blanco, 2001, July 20). As the floor of the economic slump began materialize in the eyes of financiers, La Nación put the onus on the administration to both immediately cut fiscal expenditures in the hopes that the gesture would reduce the interest on future Treasury bond notes. Quilmes economic analyst, Pedro Rabasa further argued that the economic conditions would indeed stabilize if politicians remained supportive of the administration's efforts (Olivera, 2001, July 9). Another report explicitly detailed that in order to stabilize the economy, a political truce would be necessary in order to sell the idea of austerity to the public (Olivera, 2001, July 16). For the press then, the political discussion to be had was not on the efficacy of global capital within Argentina to-date, but rather the proficiency of the state in pacifying or convincing the public to accept progressively deeper bouts of austerity.

Like Ámbito Financiero had suggested seven months prior, La Nación effectively concurred that austerity operated in a much more metaphysical or normative manner— as opposed to how it is understood within the positivist pretenses of its classical and neoclassical terms (2001, Jan 15). Additionally, the reporting's sensitivity to the political implications of austerity tacitly acknowledged some of its more problematic facets; such as the fact that its use appeared to weigh upon Argentina's internal (political and economic) dynamics. Yet despite this, their reports remained adamant that austerity was the best way forward, the challenge now was in coaxing the general public as well as politicians to effectively capitulate.[4]

In accord with earlier reports, the Clarín reaffirmed the importance that adjustment policies played in regards to strumming up market sentiment as opposed to the more material gains that were now admittedly less pronounced (2001, July 30). The press once again implied that markets were in fact socially constructed, as austerity's potential to encourage external market actors to invest far outweighed its quantifiable benefits. Rather than serving to downplay the efficacy of austerity, the reports' newly embraced intersubjective understanding presented a greater impetus for the adherence to sound policy. As such Scotiabank economist Paul Breadhard argued that government support of adjustment policies served to reassure investors in a time of crisis— this also included the IMF— whose support was, on its face, contingent on austerity measures being in place (Clarín, 2001, July 30).

6.3.1 Depoliticizing austerity via the IMF and the ticker tape neurosis

As the Argentine state began pushing through new fiscal reforms, La Nación and its financial pundits shifted back to a more optimistic demeanor (Olivera, 2001, July 23). A separate article cited representatives from both Goldman Sachs and Scotiabank who concurred that the economic conditions should improve with the agreements reached on fiscal cuts, as well as the G8's voiced support (Aleman, 2001, July 23). Executives from JP Morgan also chimed in, adding that if the senate had not moved to enact a zero deficit plan, debts would have reached unsustainable levels

[4] Another cause for this newfound impetus to shape how austerity was understood may have stemmed from the recent court cases that had begun to question the constitutionality of the unpopular fiscal reforms. Perhaps one question that arises is to what degree was this new focus a reflexive response to perceived political threats. One report grappling with the legality issue fashioned a worst-case scenario wherein federal courts would follow the recent precedent set by provincial courts, which moved to challenge the constitutionality of De la Rua's austerity plan. Although the litigation in question was specific to reductions of salaries and pensions, in La Nación's view an intervention by the federal courts had the potential to aggravate investor fears fueling another increase in interest rates (Blanco, 2001, July 19).

(Clarín, 2001, July 30). In August, one article speculated as to whether a recent visit from the United States undersecretary, John Taylor was a sign that additional US funds might be injected into the Argentine economy because of its renewed commitment to zero deficit policies. The reporting once again suggested that any relative gains from its orthodox measures were second to the potential windfall that could come from external funds that were ultimately bound to market perception (Olivera, 2001, August 6). Once again, the press' *communicative discourse* made it clear that the sentiment or perception held by global capital markets effectively trumped Argentina's internal dynamics (Schmidt, 2008).

As prior reports hinged the recovery of depressed stocks on the ability to attract external FDI and even bilateral aid from the US, attention now turned to the need for a the Argentine state to come to terms with the IMF on a massive loan package, which was said to be needed in order to quell investor fears (Blanco, 2001, August 8). Here again, market sentiment superseded all fundamentals, although austerity was still seen as the way to appease external markets, particularly by making good with the conditional requirements of IMF lending. The task at hand was then to work towards softening domestic attitudes, which remained vehemently opposed to further fiscal cuts. Although the economic conditions were equally volatile, the capricious nature of La Nación*'s* reporting was becoming apparent as its views, were by and large an amalgamation of directly quoted demands of foreign bank analysts and executives— the majority of which simply sought the political acceptance of austerity (Olivera 54, 2001, July 23; Aleman, 2001, July 23; La Nación, 2001, July 30). Reporting during these summer months quickly turned from aggressively advocating for the political support of austerity to a sort of neurotic optimism, in praise minor upticks in FDI.

In August, the Clarín wrote that rises in Argentine stocks and sovereign debt indicated that the forthcoming IMF loan package had already been factored into market prices (2001, Aug 17). Essentially, the market gains were externalized as a result of the IMFs aid. Contrarily, once the IMF accords were reached, La Nación took its focus away from external factors and earlier appeals to spur market sentiment in order to highlight the technical and material aspects of the minor uptick (La Nación, 20001, Aug 17). Javier Blanco kept political appeals to a minimum, instead choosing to focus his coverage of the uptick in valuations in rather technocratic terms, reciting the fractional increases by rote (Blanco, 2001, August 30). However, this move to incorporate domestic stock market gains into this anxious, optimism that had previously focused on the external returns on austerity "ROA" proved to be short-lived.

The euphoria brought on by the ticker tape quickly gave way, as less than three weeks later Argentine stocks plummeted in what Blanco described as the worst trading week of the decade (Blanco, 2001, September 22). Blanco's column quickly reverted to prior narratives, as he once again sought to externalize Argentina's economic woes— a stark about-face from his recent reveling in the financial sectors microeconomic conquests. Although Blanco was alluding to fiscal deficits when he mentioning that internal factors had contributed to the current woes, the record decline in stocks was said to have been catalyzed by new market fears stemming from Wall Street's post September 11 crash along with the long-term uncertainty brought on by the prospects of a prolonged war (Blanco, 2001, September 22). With Argentine stocks falling by 10% the week after 9/11, Ámbito concurred positing that the bearish international sentiment was brought on by the expectations of a large scale armed conflict, which weighed down any hopes of a recovery (2001, September 22). Ámbito went on to cite Scotiabank's Pedro Rabasa who said, "99% of market drivers were external, while just 1% could be said to be of local consequence, this making management quite difficult" (2001, September 22). Rabasa also cited J.P. Morgan representatives who confirmed that the elevated country risk was due to the bearish sentiment abroad (2001, September 22). Again, the *coordinative discourse* reversion to its externalizing narrative, allowed it to not only obscure the private banks own role in the intensifying liquidity crisis, but also the ill effects of Argentina's privatization program and the incremental bouts of austerity.

6.3.2 On the precipice of collapse: the Bansud sale, bond downgrades, and an obstinate IMF

Towards the end of October, just two months before Bansud was sold to Macro, Ámbito reported that Citibank executives had officially quashed rumors of a potential sale (2001, October 24). Clarín also reported that Galicia had denied coming to a decision on the acquisition of Bansud (2001, October 25). Choosing to take the ostensible highroad, La Nación*'s* Blanco's skirted the fact-checking and speculation by accusing journalists who peddled rumors of the sale as the cause for the most recent market downturn. In this same article, Blanco quickly segued to the decline of Argentine bonds, which he blamed solely on Domingo Cavallo's failure to impose an austere economic plan for the provinces (Blanco, 2001, October 25).

From this point until the time of the eventual sale to Macro, La Nación*'s* coverage of Bansud focused on providing an explanation for its poor performance—mostly through finger pointing. Hereafter, the paper chose not to scrutinize Citibank/Banamex's strategic or operational shortcomings, nor did it mention Bansud's prior malinvestments. Instead, La Nación laid blame squarely on the decline in bond values, which they in turn traced back to the failure of the state to enact a sound fiscal pact with the provinces (La Nación, 2001, October 27; La Nación, 2001 November 10). In other words, the newspaper chose to externalize the bank's failures, despite that it had credited prior market gains to endogenous, microeconomic factors.

The press' trend in praising the private sector in times of booms while attributing the busts to the state continued, as the market faced another leg down. Specifically, La Nación attributed this slide to fears that the state had failed to settle its debt negotiations with the IMF. Once again, Javier Blanco's kneejerk reaction was to blame the government's inability to enforce austerity measures (Blanco, 2001, October 30). Pedro Rabasa, Scotiabank's chief economist was quoted saying, that a reaffirmation of fiscal restraint and a cross-industry pact to deflate prices was the De la Rua administration's last chance to generate both consumer and investor confidence (Blanco, 2001, September 22). Ámbito Financiero followed up on this story by lending its support to Cavallo's shock style plan to renegotiate bonds (2001, October 17).[5]

Although the mainline financial narrative eagerly endorsed the IMF's demands for a more rigorous application of fiscal retrenchment, the state was reluctant to press any harder given the political climate and De la Rua's past promises to halt further cuts. In the end, the IMF chose to look past Argentina's failure to meet set targets, as cutting off them off would have led to a default on its outstanding loans, which would in turn adversely affect the IMF's own books. Although Argentina succeeded in calling the Fund's bluff, Ámbito asserted that this did not lessen the need to reinstitute fiscal reforms. Herein, they specifically point to Argentina's poor tax collection efforts along with the projected fiscal overruns, which would necessitate more foreign assistance (Ámbito, 2001, October 17).

October also saw the press and global financial institutions deploy a discourse that sought to preempt any deviation from orthodox ideas and policies. Another Ámbito article tacked on to these fears by citing Moody's downgrade, which the rating agency claimed was due to

[5] The finance minister's proposal would require states to conform to a zero deficit model, which required provincial transfers to be cut by more than half, from 1.9 billion to 900 million.

Argentina's poor long-term outlook, as well as the increasing likelihood that that "non-orthodox" solutions would be embraced. Herein, the coverage expounded on Moody's fears, as it speculated that non-orthodox policies would likely come as either steep haircuts or outright defaults on Argentine bonds (Ámbito, 2001, October 12). Thus, the narrative now sought to warn against the government's potential use of heterodox methods and more specifically the use of inflationary policy, which potentially involved one or more of the aforementioned, wherein floating the peso freely was perhaps the worst-case scenario. La Nación*'s* advice on the matter harkened back to one of its prior narratives as it sought to shore up internal confidence in the market, albeit through deflationary measures and of course with the broader objective stimulating foreign or "global" investors (La Nación, 2001, November 25).

Despite Argentina edging closer towards collapse, Scotiabank Quilmes' head Peter Godsoe remained outwardly optimistic that authorities would continue to make headway on plans seeking to shift tax money towards the new bond swap and of course a redoubling of efforts to cut fiscal expenditures (Ámbito, 2001, November 17). Godsoe noted that the swap itself would bode well for investors and in turn, likely lower the unsustainably high interest rates (Ámbito, 2001, November 17). However, this positive outlook went against a much more pessimistic view held by the treasurers of the major foreign banks who held a meeting at HSBC's Argentine headquarters just weeks before. In this earlier report out of Ámbito, bankers expressed little confidence in the economic ministry's new plan and without any new queues to pick up on, the meeting and the reporting quickly turned into a sort of cathartic group therapy session (2001, November 1).[6] Ultimately, the bewilderment of the bankers who awaited Cavallo's next move would foreshadow the mass uncertainty brought on by the banking freeze initiated on December

[6] Representatives from the following banks participated in the conference: Galicia, Río, BBVA Francés, Scotiabank, HSBC Bank, BankBoston, Citibank y BNL. (172, Nov 2001)

1st, dubbed “el corralito.” also coincided with the first bank to be reacquired by a domestic firm just weeks after, Bansud.

On December 20, the day after Bansud’s sale, Clarín announced the unthinkable— a Domestic bank had reacquired a foreign held bank (Clarín 2001, December 20). Effectively, Macro’s acquisition of Bansud forced the Clarín to accept that Argentina’s domestic enterprises were likely to lead the way for future growth. This was something that the Clarín admitted it had taken as “unthinkable”. Nevertheless, Clarín defended foreign finance by reiterating that Bansud’s failures had stemmed from its *Banco Shaw* acquisition, and not its short-lived foreign stewardship (Clarín 2001, December 20). However, the upshot herein was that the Bansud acquisition effectively turned Macro— whose operations had been concentrated in the northern regions of Argentina— into a national powerhouse. Just a month later, La Nación would follow up noting Marco’s successes as pesofication provided a 45% surge in Bansud’s stock value (Blanco, 2002, January 22). Ultimately, Macro’s acquisition of a foreign-owned institution provided a tangible precedent or axiom that defied the financial press’ narrative, which suggested that economic growth would come from global capital.

6.4 Collating the results of the discursive analysis

Anatol von Hahn’s first task upon entering the Argentine market focused on educating consumers and Scotia’s workforce. From the content analysis undertaken in this chapter it becomes evident that the press was a key channel for this “education process.” Nevertheless, the narrative set forth by both financial executives and the press was by no means focused on highlighting the microeconomic efficiencies offered by either Scotiabank or any other foreign financial institution for that matter. In fact, the reporting’s cumulative product was a narrative that treated market upswings as endogenous to the financial sector’s microeconomic efficiencies, while the evermore frequent downturns were externalized or "globalized" (i.e., occurring outside of finance, the markets, and even the Argentine state). However, criticism as well as potential solutions were not focused on reforming private finance, but rather on the state's capacity to both prop it up and attract FDI via across-the-board liberalization and fiscal retrenchment aimed at suppressing inflation. While sustaining the 1:1 peso-dollar convertibility came at a great economic cost it nonetheless, allowed Argentine capital outflows to remain profitable.

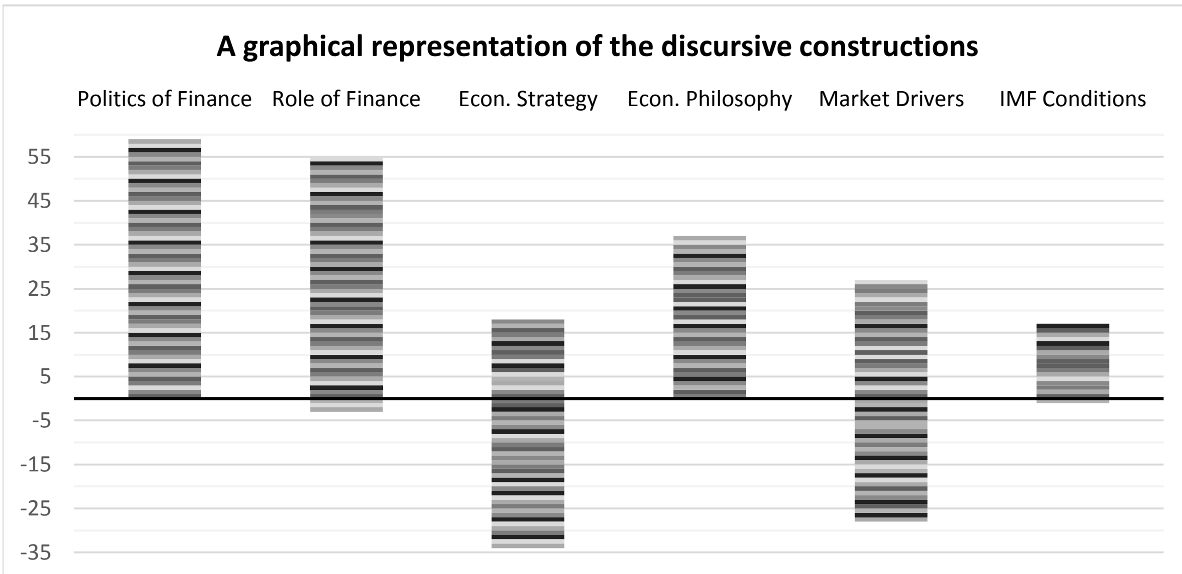
By the close of 2001, it was clear that the appeals of the late 90s, which hailed foreign banks as the vehicle to financial modernization and accesses to virtually limitless pools of credit from global capital markets — were at best naively optimistic forecasts. What the press' narrative had done was make a spurious correlation between the stability of foreign financial institutions and the stability of their positions within Argentine markets, as these institutions turned out to be even more risk averse than their domestic counterparts. Moreover, the capital flight that was belatedly capped off by the 'corralito' proved that financial firms operated on a different circuit than the broader economy. Furthermore, the entry of foreign finance did nothing to stop Argentina's upward trajectory of interest rates— culminating in a technical cessation of lending.[7] Furthermore, in the lead up to their exit what foreign finance did offer was a consistent message that externalized their losses, while beckoning on the state to intervene on their behalf— through liberalization schemes and bank rediscounts that were to be underwritten through the intensification of fiscal discipline.

Overall, La Nación's coverage of Scotiabank and Citi between 1998 and 2001 presented a narrative, which effectively promoted neoliberal globalization (see figure 1). Nearly all the

[7] The technical cessation in lending due to the rate of interest was a major focus of reports from May to July of 2001.

reports saw global finance itself as an external phenomenon that was by and large out of the control of local politics. Out of the 61 reports examined 58 concluded or were written with the inherent assumption that global finance and the constraints it imposed on economic and fiscal

Figure 1. Biases within La Nación's communicative discourse (1997- 2001)



(Source: authors own)

matters were politically inexorable. Moreover, just 3 of the 61 reports in question saw the role of Argentina's internal markets as critical to its overall stability.

Although the survey sought out reports, which presumably chronicled the operations and performance of foreign financial institutions, namely those of— Citibank and Scotiabank, the content therein actually focused more on the role of the state. Specifically, these reports zeroed in on how the state could better implement policies of the economic orthodoxy in order to attract external capital. At first glance figure 1 appears to exhibit a balanced bias in terms of economic strategy and what drove markets. However, 21 out of the 34 times that writers pressed the state to actively intervene it was in order to explicitly push for neoclassical or supply-side measures, such as the liberalization of either finance or labor, or fiscal retrenchment.[8]

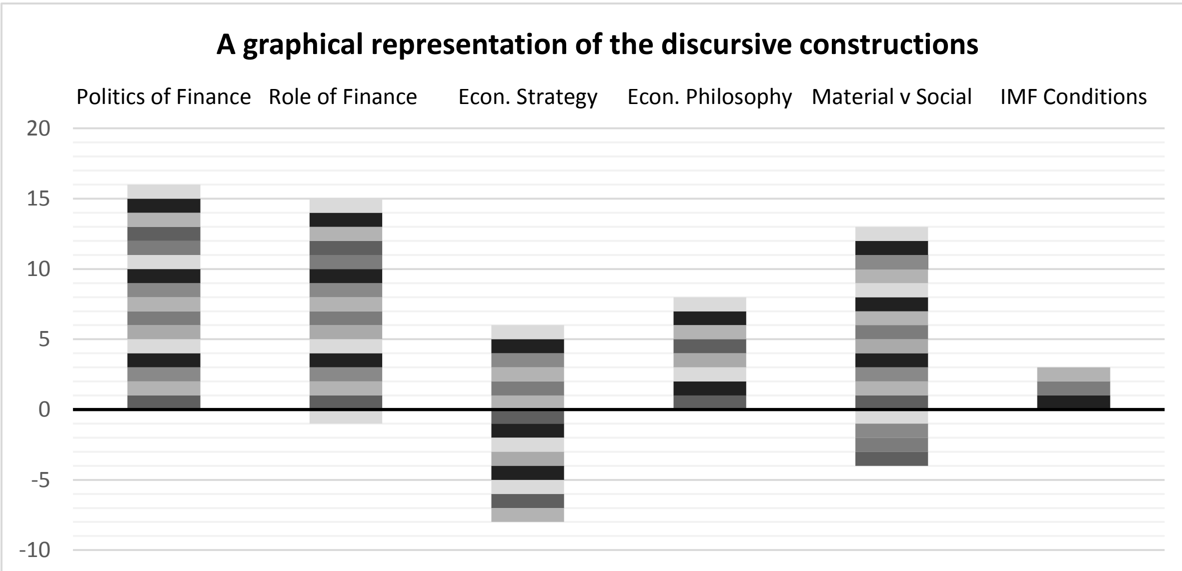
A significant breakthrough in the *communicative discourse*— that coincided with or confirmed the social constructivist position— was that both financial executives and pundits explicitly acknowledged that market dynamics are not simply dominated by material factors, but rather that ideas or social “perceptions” are equally, if not more important (Hay, 2011; Hay & Rosemond, 2002; Schmidt, 2010; Smith, 2005). Specifically, La Nación’s reports appeared to be divided over whether the market was understood to be driven materially or through more intersubjective understandings (see figure 1).[9] One report went as far as noting that any relative gains from its austerity itself came second to the potential windfall from global capital inflows from the perception of stability they conveyed (Olivera, 2001, August 6).

Additionally, opinions as to what was the fundamental economic driver fluctuated during periods of boom or bust, as losses were externalized to “global” pressures, while market gains were chalked up to the acumen of financiers. For instance, during the faint market rallies of 2001, La Nación*’s* reporting displayed a tendency to key in on material or technical aspects rather than market sentiment. In other words, markets rallies focused on showcasing the financial sector’s acumen, while minimizing the effects of political factors as well as the state’s own initiatives (Blanco, 2001, January 10; La Nación, 2001, Jan. 13, Cortina 2001, Jan. 14; Blanco, 2001, Feb. 1). Conversely, during downturns La Nación*’s* writing took its emphasis off material factors and instead turned to discourses that looked for ways to stimulate market sentiment (Blanco, 2001, February 21; La Nación, 2001, Feb 27; 45, Rabasa, 2001, April 16; Blanco, 2001,

[8] It is important to note that not once during the period examined did the writers entertain demand-side policies (see figure 1).
[9] Herein, 60% of reports saw material factors as driving markets, while 40% cited intersubjective or social factors.

May 9). The most popular means to shore up market confidence was via state intervention.

Figure 2. Biases within Ámbito Financiero's communicative discourse (1997- 2001)



(Source: authors own)

Nonetheless, this was irrespective of the fact that neoclassical prescriptions were always the preferred means.[10]

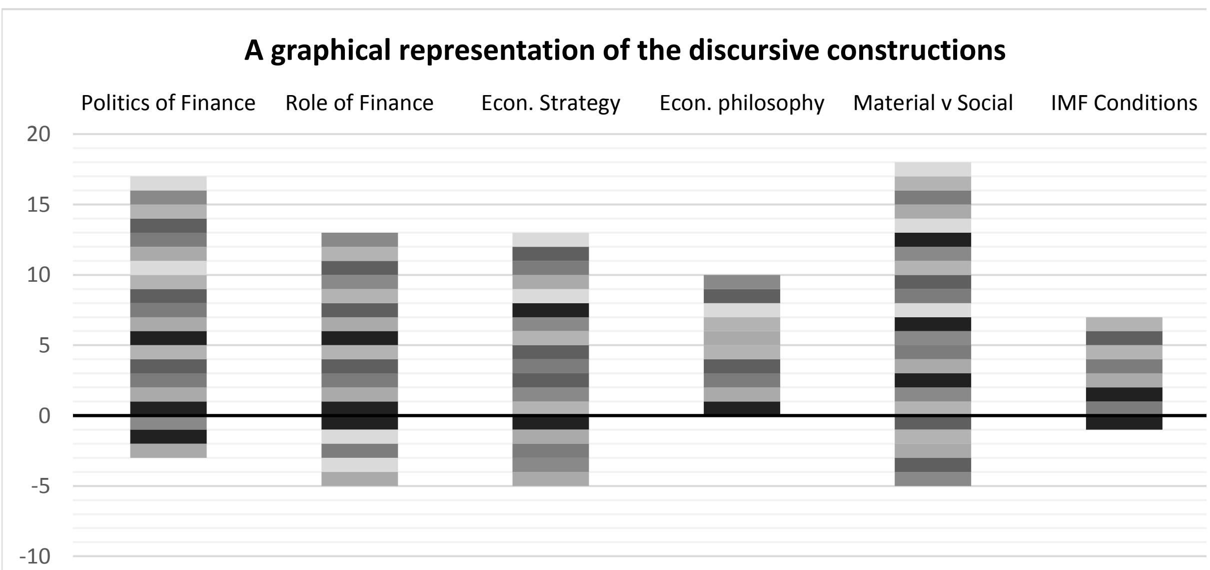
Ámbito *Financiero's* 2001 coverage also provided a *communicative discourse* wrapped in the logics of neoliberal globalization, which again treated global finance as politically inexorable and externally driven (Hay, 2004; Hay & Smith, 2005; Schmidt, 2008). In fact, out of the 18 reports covering the banks in question, not one proved to be critical of their operations or performance (see figure 2). Additionally, figure 2 shows that 14 of 18 either implied or directly posited that external markets played the decisive role in the direction of the Argentine economy. Unlike La Nación however, there was no marked preference in economic strategy as the reports were split between those that sought to defer to the market and those that appealed for state

[10] A regression coefficient of .7379 demonstrated a strong degree of linear correlation, as reports that were deferential to markets had a tendency to present markets in positivist terms, while reports that beckoned for market intervention appealed to market sentiment with greater frequency.

interventions. In all, 8 of the 18 reports called on the state to intervene, albeit in 6 of these occasions it was in order to explicitly impose a neoliberal economic philosophy (see figure 2). Ámbito was also much more inclined to present the market in a much more materialist or mechanical form, unlike La Nación*'s* more nuanced writings, which straddled both positivist and interpretivist understandings.

Clarín*'s* discourse on the operations of Scotiabank and Citi's subsidiaries between 1997 and 2001 maintained that these foreign firms produced a net positive impact on the Argentine economy, despite the country spiraling into a depression. Nevertheless, their reporting treated the politics of finance as a moot point. In fact, much like La Nación and Ámbito, the reports from Clarín demonstrably showed that writers either argued for, or began from the point of view that finance was both politically inexorable and externally driven. Indeed, over two thirds of the reports in question (17 out of 26) saw finance as politically inexorable (see figure 3). Conversely, 3 reports entertained the political nature of finance, while another 6 reports made no mention of

Figure 3. Biases within Clarín*'s* communicative discourse (1997- 2001)



(Source: authors own)

the issue.

Clarín*'s* reporting did set itself apart by displaying a slightly stronger degree of faith in the ability of the market to clear itself. Herein, calls for state intervention occurred 5 times within the four year span covered. As figure 3 illustrates, this classical or Austrian predisposition was also carried over into a predominantly positivist understanding of market dynamics, as 18 out of 26 reports chose to emphasize material factors to just 5 that spoke to intersubjective or social understandings. Unlike like Ámbito and La Nación, the Clarín did not make any appeals for supply-side easing, instead their writing promoted the use of austerity and deregulation in the spirit of liberal, free-market principles.

6.4.1 Conclusion

In the three years that lead up to the December 2001 banking freeze known as "el corralito", all three major periodicals put forth a *communicative discourse* that not only failed to call into question the role of global financial institutions within the Argentine liquidity crisis, but actually perpetuated their views and demands within the narratives it constructed (Schmidt, 2008). From the beginning, their writing not only welcomed the banks, but went as far as claiming that their entry would, both modernize Argentine finance and also stimulate the economy by allowing for greater access to credit. In other words, their discourse presented global finance in a neoliberal frame wherein it was "unambiguously positive" and thus desirable (Hay & Smith, 2005).

When the foreign banks failed to live up to their billing and conditions began to deteriorate, the press took its focus off of the banks themselves by employing an externalizing narrative. In other words, the focus on exogenous factors allowed for the obfuscation of endogenous ones— in particular the reluctance of banks to extend credit at rates that maintained a stable level of demand. In a similar manner to how globalization has been deployed in different contexts, as a logic of economic compulsion, the externalizing narrative also served to depoliticize the use of neoliberal monetary and fiscal policy initiatives (Hay, 1999, 2004; Watson & Hay, 2003). Specifically, the narrative put forth effectively obliged the Argentine government to bailout insolvent institutions via massive Central Bank rediscounts that were to be underwritten by the promise of greater fiscal discipline. In all, the financial sector's representatives and the cadre of embedded reporters kept their faith not in the acumen of these global financiers, but rather on the state's willingness to intervene on their behalf.

Chapter 7

7. Discourses during the Argentine Great Depression: capital controls and Scotiabank's default

This chapter carries forward this section's examination of the *communicative discourses* of the press on the subject of international banks operating in Argentina (Schmidt, 2008). Specifically, the focus herein is on analyzing the discursive constructions of the Argentine press, who served as the principle interlocutor between both the public and the financial executive's calls for state intervention, in the form of bailouts, as well as the issues surrounding the banking freeze, known as the "corralito". Again, the aim herein is to examine the *communicative discourses* in order to examine if, how, and when the logics and conditions of neoliberal globalization were deployed in attempts to either constrain or affect certain normative constructs (Hay & Smith, 2013).

Interestingly, one preliminary observation was that although international banks had already reduced their investments and liquid holdings within Argentina, the press' discourse maintained its attention on the government's role and the subsequent shortcomings with respect to the banking freeze. Another observation was that in the face of illiquid international banks, the press' externalizing narrative appeared to have been intermittently jettisoned, in order to make appeals for the application of active (albeit supply-side) policies, which saw the state underwriting the recapitalization of these banks who had refused to import further capital from abroad. Therefore depending on the matter, both the press and the financial executives they cited would arbitrarily shift between a narratives that externalized the economy's locus of control to one that emphasized endogenous factors wherein the role of the state was at the center of Argentina's woes.

On December 1, 2001, the Argentine government implemented its retail banking freeze known as the "corralito". [1] This caused banks to experience a spike in the creation of new current accounts as the freeze capped cash withdrawals at 250 pesos a week, forcing Argentinians to conduct transactions above the monthly limit with the bank as the intermediary (i.e., through checks, debit cards or wire transfers). With over 50,000 new current accounts opened within the first two days of the freeze, the Clarín began to question the efficacy and transparency of the new payments system, which had now come under total control of the banks (2001, December 5). While the Clarín*'s* report bared its apprehensions, Ámbito Financiero took a much more proactive approach by publishing the customer service numbers of all major banks amidst the ensuing confusion and severe bottlenecking (2001, December 10).

The high costs of maintaining the peso's convertibility lead to the "corralito"— a wholly dysfunctional currency scheme. In effect, the banking freeze was an attempt to implement a virtually cashless payments system. The Clarín reported that De la Rua's week-long banking holiday had led to bottle necks, wherein automated tellers and debit cards were failing customers (2001, Dec. 28). Moreover, debts owed in US dollars, including the abovementioned dollar denominated mortgages, could not be paid as there was no way for Argentinians to convert their pesos. Reports also surfaced that banks had refused to exchange pesos for dollars outright (Clarín, 2001, Dec. 28).

In an almost kneejerk reaction, international credit rating agencies further downgraded Argentina's sovereign debt as well as foreign banks operating within. La Nación*'s* coverage concerning the banks' downgrade remained free from much editorializing, although it did

[1] In theory this corralito would allow the financial sector to stave off further bank runs while shrouding its payment system within the opacity of electronic, fractional reserve banking, where the debit and credit system could run at an exponentially greater factor than that of circulating cash, which was particularly important due to the limited supply of dollars on reserve.

present the rationale of both Standard and Poor and Fitch. Here they cited the government's initiative as exacerbating the poor economic conditions by forcing the payments system to work with even less paper in circulation, while the latter noted that these initiatives signaled an eventual default (La Nación, 2001, December 4).

By narrowly framing the *communicative discourse* around this state initiative the press minimized the role of private banks within the liquidity crisis (Schmidt, 2008; Cameron & Palan, 2004). Specifically, the press' coverage moved forward with cautious optimism, as it kept the debate tethered to the banking freeze and its "technical benefits" (La Nación, 2001, Dec 15). Consequently, this brief uptick was covered outside of the context of the deadly riots and the persistent protests. Javier Blanco went even further highlighting that the recent weeks' rally of over 48% was the biggest in the past 8 years, although he qualified the optimism noting that it still was not enough to regain the epic losses of 2001. Nonetheless, he maintained his focus on the technical aspects of the economy while also posting that the materialization of further market gains depended on the government's ability to stabilize its monetary policy, as well as restructuring its public debts and reaching accords with the IMF (Blanco, 2001, December 29).

While coverage of the upticks citied mostly technical data, as in the previous chapter, the more intersubjective notion of "confidence" was again tapped— this time as a rationale for Argentina's credit downgrade. Specifically, the rating agency Moody's and La Nación blamed the downgrade on the lack of confidence in the new interim president, Eduardo Duhalde who chose to devalue the peso (La Nación, 2002, Jan 15). Again, this emphasis on how the Duhalde's administration was perceived by foreign investors lent further credence to arguments posed by social constructivist, especially those that highlight the importance of normative understandings and broader social constructs within the broader field of political economy (La Nación, 2002, Jan

15; La Nación, 2002, Jan 16; also see Hay, 2011; Adler, 1997; Hay & Rosemond, 2002; Schmidt, 2010; Smith, 2005).

Overall, what began to form was a recurring discursive tract which went as far back as the late nineties (see chapter 6). Herein, press writers were stuck a manic-depressive cycle of neurosis, wherein coverage during upticks perseverated on showcasing the microeconomic gains of private banks. In contrast, reports during downturns took on an intersubjective dissonance, which shifted attention onto how the state could instill confidence within the macroeconomy. This last omission in particular struck at the ontological core of neoliberal globalization's positivist underpinnings (Adler, 1997). And this same ebb and flow would repeat throughout the crisis period.

7.1 Chronicling the press' deferred connection between finance and public protests

The *communicative discourse's* inability to connect foreign banks to the liquidity crisis is one example of how global financiers continued to be framed in the most positive manner (Cameron & Plan, 2004; Schmidt, 2008). In fact, it was not until the major street protests known as the "*cacerolas*" that Scotiabank or other financial institutions were mentioned alongside the crisis.[2] In fact, while the major protests began in December, the thesis found that it wasn't until January that the Clarín admitted that the anger on the streets was directed at foreign banks. In this particular article, they noted that in the city of *Liniers* protestors' surrounded branches in an attempt to impose "corral" of their own (2002, Jan. 17). The Clarín cited the protest organizer Eduardo Slutzky, who urged account holders to take their money to domestic banks while also suggesting that the 3% debit transaction fees be earmarked for Argentina's social security system

[2] The *cacerolas* or *cacerolazos* was the name given to growing masses of working and middle-class protests known for banging pots and pans. The protests kicked off with the start of the banking freeze in December of 2001 and continued well into 2002, despite setting off a state of emergency, which culminated in 20 dead protestors on the 20th of December 2001.

(2002, Jan. 17). By citing several protestors, this article offered to contextualize some of the anger. Through several interviews it recounted the frustrations of the protestors who had been barred from accessing their current accounts and whose savings had been turned into fixed-term, bond like instruments— that offered no recourse outside of their 1,000 peso monthly allowance (Clarín, 2002, Jan. 17).

Nevertheless, a second article from Clarín began to shy away from this more contextualized account, taking its focus off of the protestor's grievances and instead highlighting the technical aspects of the freeze. This approach was closer to what La Nación*'s* coverage had done thus far. Moreover, this latest article not only backed off of protesters grievances, but also appeared to criminalize them by focusing on the potential threat to public safety and the rule of law. In this case, they focused on a Scotiabank branch that had been sprayed with graffiti reading, "We loot here from 9 to 2" (Clarín, 2002, Jan. 26). The article further reported that none of the 15 arrested were part of any organized group, which insinuated the existence or potential for organized criminal or terroristic activity in connection with demonstrators (Clarín, 2002, Jan. 26).

Stocks maintained their gains through the New Year perhaps because of— rather than in spite of— the unpopular banking freeze, which capped cash withdrawals and virtually eliminated the circulation of paper currency. However, Instead of examining the links between the freeze and the hostile public sentiment, La Nación*'s* financial reporting maintained its focus on the gains being made, as daily transactions were forced onto banking ledgers (Alconada, 2002, January 5; La Nación, 2002, January 5).[3] Nevertheless, instead of questioning the broader

[3] The banking freeze caused a systemic shift in the payment system, as the massive influx of new accounts caused an 18 fold increase in retail clients for the state owned, *Banco Nación*.

implications of the freeze, the article pointed to the need for banks to resolve the growing backlog in the clearance of checks, which was driven by the massive influx of new account holders. Given that La Nación*'s* prior writing had acknowledged the role of market sentiment, it is interesting that this wave of reports, despite the trends, made no mention of Fernando De la Rua's abrupt abdication on December 21st 2001, nor the violent protests and the general anarchy in the streets.

Javier Blanco took this a step further noting that one of the positive by products of the "*corralito*" was that investors piled cash into stocks in order to avoid both, the freeze and the coming devaluation their accounts. Although Blanco kept most of his attention on the percentage gains of bank stocks, he did acknowledge that the surge was due to the government's move to devalue— albeit that the gains came at the expense of savers (Blanco, 2002, January 22). However, Blanco's statements lead readers to a sort of naïve optimism that bordered on contradiction when juxtaposed with an article out of Ámbito on the 10th of January—12 days prior— which warned that foreign banks had threatened to pull out of Argentina if the government failed to inject more US dollars. Precisely, this Ámbito article alleged that two unnamed, but "important foreign banks" were threatening to exit if the Central Bank upheld its new policy that ended government funded liquidity injections. To their credit, Ámbito did note the state's rebuttal, which argued that to date it had provided 8 billion USD in rediscounts (2002, January 10).

A follow up article 4 days later would confirm these threats, as Scotiabank's vice president was quoted urging the government to quickly enact a financial rescue package, otherwise a pullout would remain a viable option (Ámbito, 2002, Jan 14). In all, Ámbito*'s* emphasis was on the potential for this confrontation between the state and private finance to exacerbate the crisis— should the state not capitulate to needs of the macroeconomy, which were at present, best met through the support of the financial sector. In tune with the social constructivist focus on normative dynamics, this unwillingness of international finance to recapitalize its own banks, let alone lend, speaks to the heart of Minskian understandings of the business cycle, wherein agents and institutions are understood to be driven foremost by factors endogenous to the state as well as intersubjective norms of the agents within (Adler, 1997; Minsky, 2008).[4]

The Clarín took a different turn in the midst of all the frustration as Monica Garcia wrote two articles on personal internet banking. The first read more like a public relations piece. It focused on the strides being made by banks seeking to widen their array of online services and accessibility. Herein, she highlighted Citicorp's move to facilitate online, interbank transferring, as well as Scotiabank and BankBoston's ability to gain online access via ATMs. In her view this made remote banking accessible even outside of the crowded branch offices (Garcia, 2001, December 19).

The second article served as a quasi-public service announcement attempting to usher online, both protestors and those queuing at brick and mortar banks. Here, she went through the nuts and bolts of online banking and setting up an account, which back in 2002 was a relatively novel phenomena (Garcia, 2002, January 23). Although Garcia blithely wrote of online banking as a viable solution, World Bank data showed that in 2002 only 10.8% of the Argentine population could be considered as internet users. Either Garcia was an innovator at heart or wrote

[4] In this sense, money is not just a means to store wealth, as it also serves as a multiplier of it— causing an economy to grow or constrict as well as accelerate and decelerate (Keen, 2011: 344-346). Perhaps most importantly, this endogenous view of finance begins to uncover the behavioral dynamics, which showcases the pro-cyclical nature of money, and why loose monetary policy alone (i.e., low interest rates or quantitative easing) does not necessarily lead to recovery. This is especially the case during a "hedge phase"— that is a period of deleveraging— wherein the state can play a pivotal role in reigniting the economy as prudent financial actors are too risk averse to provide the necessary liquidity to stimulate demand, and thus return the "faith" to markets (Minsky, 2008).

the article from the perspective of one of the foreign the banks' parent countries, such as the US and Canada— where by these same World Bank measures internet users in 2002 represented slightly over 60% of the population (World Bank, 2016). To put this further into perspective, in 2013 Pew research estimated that 51% of adult Americans, representing 61% of internet users actually use online banking services, finally breaking the majority threshold by 1% (Fox, 2013).

7.1.1 Devaluation and inverting the protest coverage

The Clarín remained positive in the face of the devaluation thanks in part to its byproduct— the massive stock market gains in the banking sector.[5] One anonymously cited banking executive even admitted that the end of the dollar parity effectively saved the financial sector from a total collapse (Clarín, 2002, January 22). Contrarily, Ámbito noted that foreign investment had sunk, just as private lending, which dropped 5%. This particular Ámbito article continued its bearish breakdown noting that its two biggest investors— the United States and Spain made up the bulk of its FDI approximately 53% (2002, January 28). The article went further noting that Argentina's public sector, including its state owned financial institutions, had suffered the most from the drop in FDI (Ámbito, 2002, January 28). Nevertheless, the key point herein is that, as an axiomatic matter of fact, Argentina significantly rebounded via heterodox measures and without the help of international investors. Ultimately, this served as an empirical refutation of the press' *communicative discourse*, wherein the only way forward was via the logics of neoliberal globalization (Hay & Smith, 2013; Schmidt, 2010).

Up to this point in the content analysis, the building pressure to devalue was something that the press' discourse steadily resisted via the invocation of external consequences, which

[5] The Argentinian owned, Bank of Galicia was cited as the biggest winner with its stock surging 51%. Other notable mentions included Bansud— now back in Argentine hands— which gained a whopping 42% and Suquia—a subsidiary of the Credit Agricole— who's stock saw a 19% increase.

consequently fit within the broader logics of globalization (Hay, 1999, 2004; Watson & Hay, 2003). Specifically, its appeals for further propping up the pegged foreign exchange rate via austerity and state intervention in the guise of constructing a more business friendly environment all fit within policy logics of globalization, as well as its *communicative discourse* (Schmidt, 2008). However, in January, an official devaluation plan finally emerged that the press and the financial sector could support (Quiroga, 2002, Jan 25). This initiative would exclusively "pesofy" or devalue savings and current accounts. However, bank assets— including outstanding claims on debt— would remain denominated in US dollars. Effectively, this plan called for an asymmetric devaluation that put the interest of banks and international debt holders ahead of Argentine savers. Thus, the primacy of this "global" space remained intact (see Peck & Tickell, 2012, 2002; Jessop 2000, 2006).

Although Duhalde officially devalued the peso on February 2nd, the situation on the ground remained tense as bank branches were operating with a shortage of paper money. On February 5th, the Clarín published an article that noted that banks were seeing shortages in the morning hours, however that by the afternoon cash notes had once again been restocked (2002, Feb. 5). In essence, this report focused on the plight of those looking for cash, from branch to branch— rather than the protestors themselves—who were actually chided as a hindrance to both banks and its struggling customers (2002, Feb. 5). In a sense then, by emphasizing the plight of the bank's less vocal clients— the Clarín had found a subset of the crisis' victims it could support. In turn, the press was able to characterize the protestors as not only a nuisance, but potentially dangerous, and even criminal.

A separate follow-up article dedicated to covering the potential damage of private property reported that banks had in fact been boarding up their windows and installing steel panels in order to keep "invaders" from damaging private property (Clarín, 2002, Feb 8). This shift by Clarín from covering the technical aspects of the freeze to the potential for damage to private property, allowed them to construct a narrative that completely sidestepped any kind of contextualization of the protestor's grievances. Moreover, these protestors were not just depicted as a threat to private property, but they were also partially blamed for the continued failures of the financial system.

La Nación's coverage also contextualized the protests in a similar manner. Like Clarín, they excused the protracted operational failures, as well as its customer's frustrations as a result of the persistence of *cacerolazos* outside of bank branches (La Nación, 2002, March 5). However in a conflicting twist, this same article simultaneously acknowledged the lack of public support for the banking sector's practices while also questioning its efficacy. Specifically, it brought attention to the lack of consumer demand as well as the apparent reluctance of banks to adopt government initiatives to relax the banking freeze, which was evidenced by their tally of closed or empty branches (La Nación, 2002, March 5). Asides from the abovementioned, the article appeared to side with the government's initiatives to actively intervene in bank operations, which was atypical of La Nación*'s* reporting that to date had presented an opinion that was deferential to private sector. Nevertheless, this lonely piece could be surmised as too little, too late as the downright anarchical political economy of Argentina— which had even turned deadly during the December protest—was now in its fourth tumultuous month.

In light of the unsettled economic and political dynamics, the Argentine government attempted to insert itself into the financial system's operations through a subsidized lending scheme, which sought to stimulate demand for automobiles and home mortgages. However, the results of a survey conducted by Clarín attempted to shoot it down by noting that although loan inquiries were on the rise, actual lending had yet to materialize. The article also elaborated on other complaints from borrowers who claimed that that many banks had yet to offer the subsidized loans (Clarín, 2002, March 5). Nevertheless, the article attempted to balance its negative tone by noting that the comparable private sector offerings remained available, such as fixed-term savings accounts known as "*plazos fijos,*" as well as bond swaps. Although this quick shift from lending to savings appears a bit illogical— especially within heterodox logics— it does parallel the thinking of orthodox equilibrium models wherein savings and lending are not exactly taken as mutually exclusive concepts (Clarín, 2002, March 5).

As the implementation of this latest government initiative to spur demand failed to catch on with the private banks, the press revisited the chaos at the ground level, albeit from the point of view of the bank teller. The nuance and empathy found in the article's coverage of the plight of bank operators was in stark juxtaposition to the unfriendly characterization of the pot-banging protestors— many of them bank customers and even employees— who it attempted to blame for the prolonged malaise. This article even linked the levels of stress being observed to those of a catastrophic event or warzone— essentially making the case that bankers—exclusively— had suffered from post-traumatic stress disorder (PTSD). One peculiar wrinkle was that asides from the protests themselves, all of the events cited as stress triggers were government initiatives. Specifically, the article pointed to both iterations of the banking freeze that exponentially increased checking transactions as well as the added confusion, which accompanied the many regulatory changes within different organizational layers (La Nación, 2002, March 19). Thus for La Nación, the government's policies were the cause of the financial sector's woes rather than what could be more accurately described as a reflexive, yet ineffective response to the systemic breakdown, which actually began long before the state's initiatives were even fathomed.

While the narrative formed by the press included caricatured actors such as the overworked branch workers, the bungling heads of state, and troublesome protestors; the role of high net worth investors and wholesale finance— which were responsible for most of the capital flight— was unaccounted for (See chapter 2). The contrast in coverage was quite dramatic as the press treated Argentine officials and protestors with disdain, while financial executives were not only extensively cited, but some were even given a broader platform via op-eds and public relation pieces (see Garcia, 2001, December 19; Garcia, 2002, January 23; Rabasa, 2001). Furthermore, although it lionized the work ethic of bank employees, it failed to cover or by and large acknowledge those who had joined the ranks of the protestors, mostly to fight for their jobs as branches continued to close down.

7.1.2 Constitutionality in question: the press' reaction to judicial investigations and injunctions

In January, the Argentine courts stepped in to the Argentine financial crises with two major motions. The first was a sweeping criminal investigation of the heads of foreign finance on suspicions of fraud. The ultimate goal of this investigation was determining whether the banks had indeed caused or facilitated the capital exodus. The second, court action was an injunction on the freeze on the basis of constitutionality. Although the press' narrative treated them as occurring independently of one another, the protests themselves created much of the political space for the courts' interventions. Two of the most active presiding judges were Mariano Bergés and Maria Servini de Cubría.

The criminal investigation marked a major point of inflection, as it forced the press' *communicative discourse* to entertain the legality of how foreign banks were operating (Schmidt, 2008). Specifically, Citibank, Scotiabank Quilmes, Galicia, and Bank Boston were all suspected of fraud in connection with the "*corralito*". Yet despite this criminal investigation, the press' discourse was not just deferential, but offered a platform for the point of view of the banks. One article by La Nación provided a sort of preface to the ongoing investigations by quoting several financial executives. The article quoted various heads of finance who declared that the court's inquiry was nothing more than "a smear campaign" or "self-destructive witch-hunt," which only added further instability to the already weak financial conditions (La Nación, 2002, February 22). Ultimately, the role, efficacy, and even the idea of global finance as an inexorable constraint was being forcibly challenged and politicized by the Argentine courts (Hay & Smith, 2005).

The court ordered injunctions stemmed from legal suits that challenged the constitutionality of the banking freeze, as well as the ethics behind them. Essentially, elderly and infirm claimants pleaded for the release of their funds on the basis of the hardship imposed due to special needs, typically medical conditions. Ultimately, the court's rulings, which sided with the claimants who could demonstrate hardships became a hot button issue better known as "*amparos judiciales*". However the fear of those upholding the banking freeze was that by challenging its constitutionality, these cases had the potential to nullify the freeze across the board. Although this was a leading issue in the press, connections to the banks were much less pronounced. For instance, the Clarín kept its narrative focused on the immediate effects without much discussion of the banks role. Nevertheless, its coverage did acknowledge that the freeze caused hardships for people, whether it was those on prescription drugs whose customary co-payments were to be paid in cash, or families with children (2001, Dec. 5; 2001, Dec. 28; 2002, Jan. 17).

In contrast to the Clarín*'s* approach, Ámbito Financiero and La Nación took a deferential stance that was all but in defense of the plight of finance. In terms of coverage of the initial rulings, the paper presented the point of view of financial sector economists who argued that although the banking freeze had been ruled unconstitutional, it was essentially moot, since banks simply did not have the cash to pay back savers (Ámbito, 2002, February 2). Banks unwilling to tender cash found themselves in contempt of Argentine court, which lead to court ordered raids of the headquarters of BankBoston and Galicia, which Ámbito covered in a brief manner. Although Ámbito provided many reports that presented and elaborated on the point of view of the financial industry in respect to the judgments, it expended exactly 179 words to cover the raids (2002, February 19). In all, the writing remained atomized as it failed to relate the rationale of the cases *vis-à-vis* the role of the banks and by the same token, the point of view of any the 50 claimants, their attorneys, which lead to the judge's ruling. Overall, the effect of the press terse coverage gave the judge's orders an air of arbitrary abruptness.

Less than a week later, Ámbito decided to weigh in on the court rulings when it published a piece, which proclaimed that "a logical judge [Luis Zelaya] had emerged in the case against bankers" (2002, February 26). The title was an obvious affront at Mariano Bergés' rulings, which had come down hard on banks. The article went on to question the court's jurisdiction on the matter, while further suggesting that the cases should be remanded to federal courts. However, the press' criticism did not slow down Bergés as he broadened his extensive probe of the financial sector by ordering yet another raid, this time on the offices of the Argentine Central Bank. With regards to this unprecedented act, Ámbito*'s* coverage was again nothing more than a sparse wire update. However, the wire like brief did manage insert an air of triviality by re-iterating that the court ordered raids had stemmed from a suit by a saver claiming a mere 15 thousand US dollars (Ámbito, 2002, Feb. 28).

When the courts barred 20 high profile banking executives from leaving the country, the Clarín*'s* coverage once again reverted to putting forth scant reports that refrained from any sort of contextualization (2002, Feb. 21). The Clarín carried of its wire-like releases as it reported on

Scotiabank's executives William Sutton and Alan McDonald who were now set to testify. This particular report consisted of exactly 80 words (2002, March 6). In like manner, Ámbito*'s* coverage also took on a minimalist style with regards to the criminal inquiry of Scotiabank's executives, as well as the 20 million dollar foreign travel bond placed on Citicorp's Peter Baumann, which effectively prohibited him from leaving Argentina (2002, March 11; 2002a, March 13).

During the month of March, one of the few reports that did provide some context to the criminal investigation against the bankers actually aimed to discredit the court rulings. Specifically, this report by Ámbito dismissed the courts' inquiries as an opportunistic fabrication that ineptly attempted to politicize the economic crisis (2002b, March 02). The article went further as it also attempted to debunk the theory that the banks had facilitated or played a role in the capital flight (Ámbito, 2002b, March 13). The report closed by emphatically opining that the Argentine criminal courts had no legal jurisdiction, let alone moral authority over the operation of finance (Ámbito, 2002b, March 13). In all the press' coverage up to this point converged on a narrative that challenged not only the court's rulings, but its jurisdiction in attempting to scrutinize the operations of global banks within Argentina.

7.2 Duhalde's attempt at rapprochement vis-à-vis the demands of its creditors

By mid-March the interim Argentine president, Eduardo Duhalde appeared to be signaling for a truce between the government and heads of foreign capital. The Clarín covered the sit-down between President Duhalde and banking heads, who voiced their biggest concerns— namely, curbing Judicial powers, strengthening the banking freeze, and establishing an explanation for the peso's current losses *vis-à-vis* the dollar (Clarín, 2002, March 20). Overall, Clarín interpreted

Duhalde's meeting with the heads of multinational corporations as a conciliatory exchange. The article itself opened with a direct quote from Duhalde, wherein he argued that although there was a growing frustration with foreign banks and other multinationals amongst the public, profitmaking remained the driver of economic prosperity and thus should not be demonized (Clarín, 2002, March 20).

In contrast to Duhalde's more amenable demeanor, La Nación presented the demands of foreign firms in a much more authoritative manner, which reaffirmed their narrative wherein, the role of global finance was effectively a non-negotiable economic imperative (Hay & Rosamond, 2002). This specific article effectively relayed finance's demand to its readers, which were presented as prerequisites to an economic resurgence including: an adherence to the notion of legal certainty, the removal of capital export restrictions, and a subsidized monetary scheme that would cover the marginal losses of foreign-held liabilities due to the devaluation (La Nación, 2002, March 14).[6] Therefore, in contrast to La Nación*'s* more prescriptive discourse, the Clarín's coverage— while remaining pro-business— carried a more conciliatory tenor.

The interim government continued its courtship of international finance when the Argentine economic minister, Jorge Remes Lenocov met with the secretary of the US treasury, Paul O'Neill. While Remes met with the American delegates, Duhalde gathered with the premiers of Spain and Canada. The discussions— at least at an elite level— revealed the creeping flow back towards the reestablishment of neoclassical convention. The Clarín noted that much of the back and forth between the foreign heads of state involved Argentina's reaffirmation of "business friendly" practices, with a particular focus on curbing judicial activism in the guise of protecting the interests of the foreign banks (Curia, 2002, March 22).

[6] "Legal certainty" was a term used for initiatives or bills that would do away with the ongoing judicial investigations.

The Clarín*'s communicative discourse* again channeled ideas of global capital's economic primacy and inexorability when it praised the Argentine government for being able to "assimilate to [external] pressures" (Curia, 2002, March 22). This paper also concurred with O'Neill' who estimated that Argentina would likely start to see a recovery within the next three months (Curia, 2002, March 22). Of course, the caveat for this tempered optimism was that Argentina first had to recommit itself to the neoclassical doctrine. Once again, the way forward was through a set of pro-market measures, which would require a greater resolve to curb fiscal expenditure, the liberalization of finance, as well as a floating rate for the peso. In an apparent Freudian slip, the Clarín took it upon itself to explain why the meetings failed to discuss the responsibility of foreign finance in the economic collapse, let alone its potential role in the recovery by simply noting that this was not the appropriate forum for such discussions (Curia, 2002, March 22).

As prominent public figures began taking market friendly stances, the press could now throw its support behind their views rather than act as a lone critic of the growing populist movement and its burgeoning policies. Precisely, Ámbito took this opportunity to support this new offensive when Remes came out publicly against the "law of economic subversion".[7] The law itself was taken as the legal basis for the judicial investigations. Remes' remarks were positively received in an article whose title roughly translated as "a bit of good news" (Ámbito 2002, March 14). The article lent credit to Remes' argument noting that it was not only convincing, but encouraging for the prospects going forward. Additionally, Ámbito agreed with the crux of Remes' prescriptions, which called for a return to a more business friendly environment, which also required the cooperation of the courts (Ámbito 2002, March 14).

[7] What is commonly referred to as the "law of economic subversion" was in fact a 1974 executive order from Isabel Martinez de Peron, Argentina's 41st president, which was more accurately translated as the "law of national security." Moreover, much of the initial controversy stemmed from amendments added under the military dictator ship of 1976, which expanded the prosecutorial power of the courts and military tribunals.

Ámbito*'s* negative coverage of the judiciary gained some traction when it reported that the Argentine courts of appeal had—in their view— "logically" overturned two of Judge Bergés' orders. The first nullified a ruling that barred Scotiabank executive Carlos Pace from traveling abroad. The second effectively exempted the company's president, Alan McDonald, from any prison time that might have resulted from the investigation. More broadly, the paper deemed the judicial investigations as "unusual" and even labeled them as an infringement on civil liberties. The article even went as far as citing the Magna Carta, as the reversal of the judge's rulings was portrayed as a triumph for the country's egalitarian values (Ámbito 2002, March 22).

Both Remes' comments as well as Duhalde's meetings with both the banking executives and the heads of private finance served to telegraph their conciliatory posture ahead of their slated IMF meetings. The Clarín*'s* coverage of the negotiations relayed the IMF's demands, which also coincided with those of private finance. Herein, they called on the Argentine authorities to put an end to the judicial exceptions to the freeze and its criminal investigations of financial executives (Bonelli, 2002, March 22). Taking the side of the IMF, the article predictably failed to offer up the court's rationale for investigating allegations of financial malfeasance. Yet, it did awkwardly turn its attention to the role of domestic banks by presenting a conspiratorial theory, which alleged that these domestic firms sought to deepen the crisis in order to acquire remaining public sector assets (Bonelli, 2002, March 22).

With state actors taking a more conciliatory and openly pro-business stance, the press was able to deploy a much more authoritative and ancillary discourse that was even peppered with derisive language. With the financial investigation remanded to federal courts, Ámbito ratcheted up its *ad hominem* attacks by first describing Judge Bergés as an "incredible" and "controversial" figure, while labeling his investigation as "absurd" (2002, April 9). They also reiterated earlier assertions wherein they argued that banks were not at the root of the financial collapse, but rather it was the state that had imposed the banking freeze (2002, April 9). Up to this point, the post-crisis discourse of the press and financial executives had very little political support to draw own, as they were by and large alone and on the defensive as they attempted to stave off populist undercurrents. Yet, despite the political elite's attempt to put forth an air of détente and the more authoritative tenor of the financial press, the judicial injunctions continued through April as the courts ruled in favor of 200 savers who were deemed to be facing undue hardships due to health conditions or their status as retirees. Nevertheless, the Clarín*'s* coverage refrained from editorializing on this outcome (136, April 3 2002).

7.3 Scotiabank's suspension: the ultimate shell game?

On April the 18th of 2002, the Argentine Central Bank issued a 30 day suspension of Scotiabank Quilmes. The Clarín once again reverted to a wire like updates reporting that Scotiabank would not make any additional capital injections into its Argentine operation. Within the brevity it did manage to leave open the prospect of state intervention by mentioning that negotiations with the Central Bank remained ongoing and that there could be a resolution on the horizon (Clarín, 2002, April 18). A lone opinion piece was put forth the next day now blaming Scotia's default on the judicial injunctions, which they vaguely and disingenuously described the need based injunctions as simply leading to the "release vast amounts of capital" (Clarín, 2002, April 19). Ámbito and La Nación also followed similar narratives (Ámbito, 2002, April 19; La Nación, 2002, April 18).

La Nación*'s* reports presented a similar wire-like posts that sided with Scotiabank. However, this particular cable blamed the suspension on the Central Bank's own reluctance to issue a rediscount of 170 million dollars in order to compensate Scotiabank for the estimated 50 million dollars the bank lost due to the court ordered injunctions (La Nación, 2002, April 18).

This article puts into perspective the magnitude of Scotiabank's own capital extraction, as both Clarín and La Nación *blamed* the suspension on 50 million dollar judgement, which was a far cry from the 338 million the bank had recently repatriated to its Canadian headquarters (Clarín, 2002, April 19; La Nación, 2002, April 18). Scotiabank had veritably cashed out of the Argentine market, a cost of over 6 times that of the injunctions and somehow none of the major papers managed to connect the lack of liquidity to this massive pullout. Altogether the bank experienced a total capital extraction of slightly over a third of a billion dollars in just a few months, the bulk of it obviously coming from its own decision to divest from the Argentine market.

Ámbito also sought to blame Scotia's woes on the Argentine Central Bank's failure to backstop the 50 million USD that had bled out during the week that lead up to the suspension. However, unlike Clarín or La Nación they acknowledged that Scotiabank had already received 177 million in rediscounts throughout the past month (Ámbito, 2002, April 19). Perhaps coincidentally, an additional 170 million dollars in Central Bank rediscounts would have put them at approximately 347 million— a figure just above what the bank was estimated to have repatriated.

While the press urged for further assistance to foreign banks it had become explicitly apparent— at least to the Clarín— that these entities were taking active measures to impede the injunctions. One such article that evidenced this awareness cited the Central Bank, which noted that much of the money they provided to banks in the form of rediscounts had indeed gone to payout those who received injunctions. However, they noted that one American bank, which it chose not to name, was now taking "defensive measures" by offering claimants just 37% of their frozen accounts' value. The bank's even threatened those still seeking full recompense with the possibility that their entire account could end up as 10 year bond (Clarín, 2002, April 19).[8]

Another report put out the day after the suspension gave Scotiabank's chief the last word. His point of view closely followed the press' narrative, while again avoiding any mention Scotiabank's 338 million dollar repatriation. Instead he reasoned that the suspensions were due to the difficult economic environment created by the banking freeze, the subsequent devaluation, and the ultimate failure of the Argentine Central Bank to provide the necessary liquidity needed for its recapitalization (La Nación, 2002 April 19; 2002, La Nación, April 19; Blanco, 2002, April 19; La Nación, 2002, April 25). Two days later, Ámbito would relay Scotiabank's press release wherein its executives argued that Argentina should begin to treat its foreign and domestic banks equally. These calls for equality were specifically in regards to access to additional rediscounts, which were still being extended to domestically owned institutions (Ámbito, 2002, April 20).

In support of Scotiabank's decision to pull out, Ámbito reported that its stock had risen to an annual high, in part due to its "prudent" refusal to inject capital into Argentina (Ámbito, 2002, April 20). The Clarín also vouched for Scotiabank in another wire like announcement that pointed to its gains in the Canadian stock market. However, this Clarín report went a step further than Ámbito's when it flaunted Scotiabank's pullout out of the 338 million during the final months of 2001 and January of 2002, which they credited as serving to shield its "global performance" (Clarín, 2002, April 20). This was quite an about-face from Ámbito*'s* prior

[8] Consequently, these maneuvers uncannily paralleled the bond exchange program (Bonex II) being proposed to congress. Bonex II was a failed plan brought to congress on April 20th 2002 by Argentina's economic minister, Jorge Remes Lenicov. This congressionally rejected bond exchange proposed a series of 10 year, low to no yield government bonds in the guise of recapitalizing illiquid banks. These government bonds would in turn, be swapped for all interest-bearing bank deposits— namely, savings accounts and certificates of deposits, as well as underperforming loan portfolios.

writings, wherein there were no mentions connecting the 338 million repatriated to Canada to either Scotiabank or the suspension. A faulty journalistic logic appeared to be at play here, as Scotiabank was not only known to be unwilling to invest further funds, but had already unwound a large proportion of its exposure to the Argentine crisis. Yet despite these facts, financial writers called on the Argentine Central Bank to recapitalize Scotiabank's coffers with funds that would ultimately come from further sovereign debt bankrolled by international creditors— namely, the IMF.

7.3.1 Saving Scotiabank: The IMF and bond exchanges angles

Ámbito put itself ahead of the curve when on the day of Scotiabank's suspension it made a plea for the immediate implementation of the proposed bond exchange program known as *Bonex II*. Their rationale was that the court rulings along with the current political climate had placed undue pressure on illiquid, yet—by their account— solvent banks (Ámbito, 2002, April 18). The writers also urged the Argentine authorities to defer to Canada when it came to the resolution of Scotiabank's predicament due to their presiding role in the G7, as they reasoned that an unfavorable outcome for the suspended bank might hinder the state's own debt negotiations with the IMF (Ámbito, 2002, April 18). Altogether, Ámbito called for the immediate recapitalization of Scotiabank through the implementation of the proposed bond exchange program.

The Clarín did not take long to chime in on this angle as two days later it would cite the words of the head of the Argentine Central Bank, Mario Blejer, who noted that although the bond exchange would provide some relief what the Argentine economy needed most was the IMF to provide "a shock of confidence" (2002, April 20). The writers posed that the solution to Argentina's woes ultimately boiled down to their ability to come to terms with the Fund. Nevertheless, they reminded readers that this called for an adherence to orthodox principles, which included further efforts to cut spending and reduce inflation. Therefore the crux of the matter would be in how further adjustments were presented and tempered given the hostile political climate (Clarín, 2002, April 23). With Ámbito and the Clarín concurring that the way forward was via the appeasement of the IMF by adhering to its rigidly orthodox and "globalizing" policy demands, their message was clear— letting Scotiabank fail was out the question (see chapters 3-5).

In contrast, Javier Blanco's presented the bailout of Scotiabank as an economic imperative for stability, as he warned of the potential "global" or external consequences of not acting, which would come in the form of speculative attacks upon Argentine capital markets (Hay & Rosamond, 2002). Adding to the anxious narrative, he further posited that the damage to Scotiabank's reputation might already be beyond repair. Like the abovementioned works, Blanco also praised Scotiabank's decision not to inject added liquidity from abroad, as he speculated that it could perhaps be a cunning political maneuver to pressure the Argentine parliament into drafting some iteration of a bond exchange program, ala Bonex I, which had led the way to Argentina's initial dollarization scheme (Blanco, 2002, April 19).[9] Another La Nación article covered the IMF angle, citing Scotiabank's appeals to the IMF in Washington, while also planting the suspicion that the suspension itself was a maneuver from the ACB to push through the proposed bond exchange plan (La Nación, 2002, April 25). Thus, for La Nación all roads lead to the only sensible resolution, a bond exchange program that would recapitalize the technically insolvent bank.

[9] This was a reference to Bonex II, which was rejected by congress just a day after this particular article was published. The ultimate failure to pass Bonex II, lead to the resignation of then economic minister, Jorge Lenicov Remes, who was replaced by Roberto Lavagna.

As the Scotiabank situation appeared to reach an impasse, Ámbito argued that Argentine law needed to be rewritten in order to curb a judiciary that it saw as intent on punishing foreign banks (2002, April 26). Ámbito continued to Argue against the efficacy and fairness of the court injunctions against the freeze knowns as the "*amparos*". Herein, the paper suggested of the claimants privileged nature noting that although 90% of current accounts held under 30,000 dollars, the average account holder bringing forward a suit against banks was 38,000 USD (Ámbito, 2002, April 26). For Ámbito this meant that *Amparo* rulings were not only bad for finance, but also unfair.

Overall, the press' *communicative discourse* of the economic crisis made a 180-degree pivot as financial institutions began to feel the full force of the depression (Schmidt, 2008). No longer were the conditions stemming from exogenous forces, but rather the blame was laid squarely on the government's actions. Moreover, the press' discourse emphasized the idea that government intervention was the only viable way out of Argentina's financial gridlock. In May, as negotiations neared their limit, La Nación noted that with the reluctance of the Argentine Central Bank to provide liquidity, the only viable option left for Scotiabank's survival was to seek a diplomatic resolution that would involve Argentine and Canadian authorities, something the press had anticipated as early as the day of the suspension (La Nación, 2002, May 7; Ámbito, 2002, April 18).[10] However, the idea of once again bailing out a foreign institution— especially one as maligned as Scotiabank had become politically (and perhaps economically) unfeasible (Hay, 1999, 2004; Watson & Hay, 2003). Therefore, what had become clear was that *communicative discourses* appealing to globalization's logics had run their course, as neither

[10] It should be noted that in June, Scotiabank's Argentine headquarters were raided on court orders.

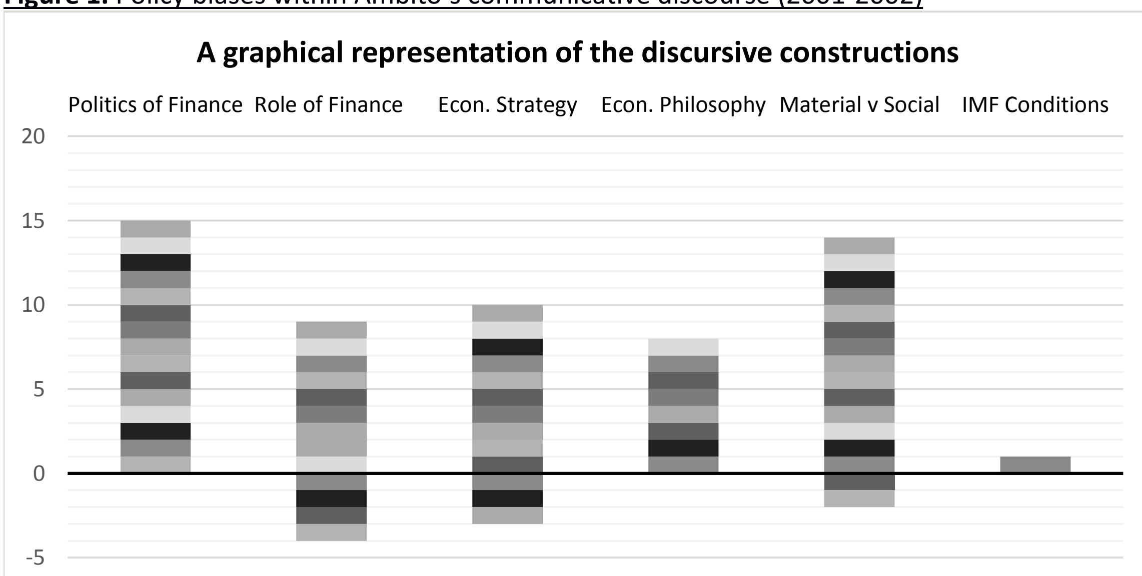
Scotiabank, the Canadian government, nor global institutions wielded any real power (either material or ideational) within Argentina (Marsh, 2009; Schmidt, 2008).

7.4 Collating the results

Ámbito *Financiero's* coverage of the financial failures proved quite nuanced. Nonetheless, figure 1 shows that 12 of 17 articles covering the banks treated global finance as an inexorable constraint on economic policymaking (Hay & Smith, 2005). Effectively, this served as the rationale for several initiatives supported by the press— namely, Scotiabank's bailout, the end of banker prosecutions, and lastly the end of exemptions to the freeze, irrespective of costs borne by the infirm and elderly. Yet, during this period the externalizing discourse did not completely dominate the narrative since writers were forced to engage with internal dynamics of the "*corralito*" banking freeze and the subsequent "*amparos*" (i.e., need based injunctions), which they ultimately blamed for the poor performance of international banks. In turn, these 4 occasions wherein the press' favored economic strategy focused on endogenous factors were in connection to how the abovementioned initiatives would affect Scotiabank. Herein, Ámbito*'s* coverage cited either the state's decision to end liquidity injections or the judicial injunctions as the primary cause of the financial sector's trouble (2002, January 10; 2002, January 14; 2002, February 20; 2002, February 26). In other words, Ámbito perpetuated the narrative that the state was ultimately responsible for the financial collapse.

Ámbito tended to defer to markets, however on two out of the three occasions wherein it proposed state intervention it was explicitly for the state to implement supply-side measures (2002, January 10; 2002, Jan. 14). The other occasion wherein intervention was called on, essentially pleaded on behalf of the banks to maintain the freeze retail accounts (Ámbito, 2002, February 22). In terms of economic philosophy, there was absolutely no mention of demand-side initiatives. Overall, Ámbito*'s* discourses weaved a narrative, which was not only staunchly pro-

Figure 1. Policy biases within Ámbito's communicative discourse (2001-2002)

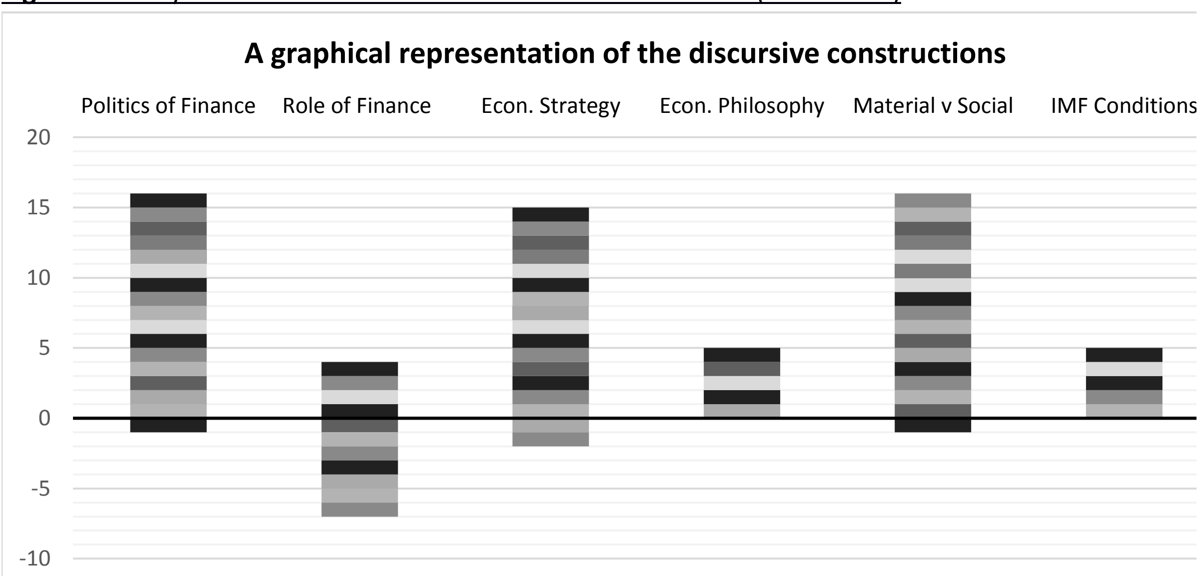


(Source: authors own)

global finance, but staunchly neoclassical.

When it came to Clarín*'s* policy biases, once again, the press treated finance as an inexorable constraint on Argentina's political economy. As shown in figure 2, 16 out 25 articles that dealt with the existential role of international finance saw it as a precondition for economic stability. Interestingly, and for the first time, one of the periodicals in question put forth a narrative that favored internal dynamics when it came to the role of finance and future growth. Precisely, a total of 7 articles focused on the internal market dynamics— compared to 3 that externalized Argentina's economic drivers. While 3 of these 7 predictably focused on the ill effects of the state's initiatives; the other four articles were more varied, with reports covering the failures of Scotiabank's and Bansud's strategies, their operational shortcomings, and the

Figure 2. Policy biases within Clarín's communicative discourse (2001-2002)



(Source: authors own)

subsequent protests, as well as the positive effects the devaluation had on the industry.

In terms of the Clarín*'s* favored economic strategy, 15 articles were identified as explicitly deferring to markets. Comparatively, column 3 shows that the Clarín*'s* coverage had just two articles in support of state intervention (see figure 2).[11] Although Clarín*'s* discourse seemed to shy away from economic logics of stimulus, 4 articles did make explicit calls for supply-side measures. Lastly, Clarín's running narrative presented markets as being strictly driven by "fundamentals," rather than intersubjective dynamics. In all, there were 16 instances where the Clarín focused on gains and losses from a strictly materialist perspective. The lone article explicitly citing normative, social dynamics in connection to the performance of markets suggested that reaching an accord with the IMF might provide a need 'shock of confidence' (Clarín, 2002m).

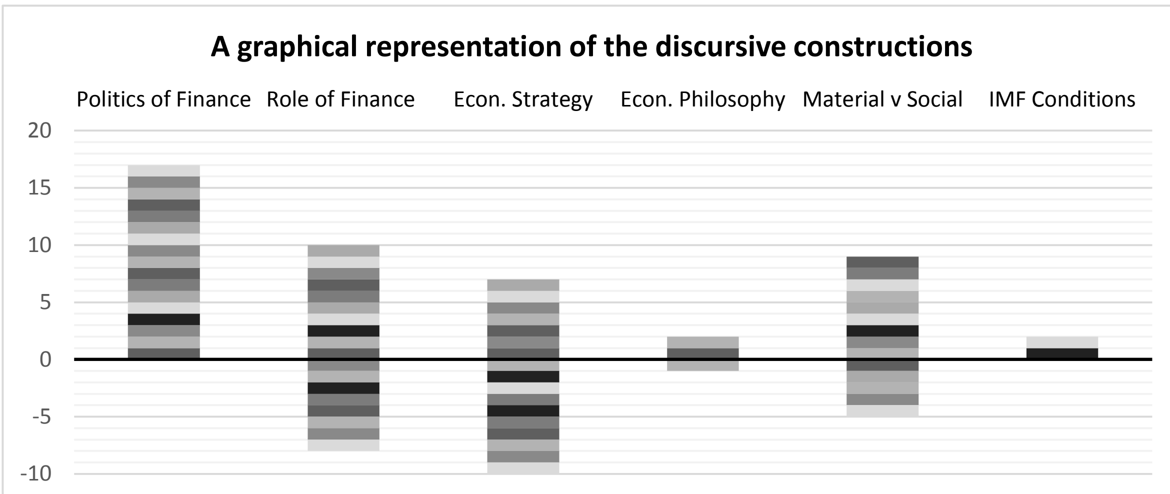
Overall, the Clarín constructed a narrative that was by and large favorable to international finance. Not once did it politically challenge the efficacy of finance or its role within Argentina. Its narrative also largely excluded heterodox ideas, as it never entertained demand-side theories or policies, nor the social dynamics of markets. Altogether, the Clarín*'s communicative discourse* formed a quite narrow view of international finance that not only foreclosed on the space for heterodox policies, but promoted a hyperglobalist view of globalization via its support of neoliberal policies.

Like Ámbito and Clarín— La Nación*'s communicative discourse* presented private finance as an essential, and nonnegotiable prerequisite for economic stability and future growth (Hay & Smith, 2005; Schmidt, 2008). Precisely, 17 of 19 articles discussing the existential role of global finance treated it as wholly indispensable. In terms of what was said to have propelled financial and economic growth— La Nación*'s* externalizing narrative was still very much present; however, domestic acquisitions from Macro along with the actions of state, including

[11] The first, praising the stock market gains due to the devaluation of the peso (Clarín, 2002a). And the second in the form of a direct call for the repeal the "law of economic subversion," which served as the legal basis for the injunctions of the banking freeze and the criminal investigation of financial executives (Clarín, 2002g).

those of the economics ministry, the judiciary and the Central Bank forced it to look inwards. As a result, in 7 out the 8 occasions wherein La Nación*'s* narrative considered endogenous factors it was in critique of the abovementioned state actions. The other sole mention was in regard to its acknowledgement of Macro's growing role within Argentine banking.

Figure 3. Policy biases within La Nación's communicative discourse (2001-2002)



(Source: authors own)

In terms of the economic strategy preferred by the writers, state intervention was surprisingly the more dominant. Three reports explicitly posited that the devaluations benefited the stock market, as it not only brought offsetting gains, but an influx of cash from those seeking to protect their savings. However, La Nación*'s* position waivered when Moody's decided to downgrade Argentina's sovereign debt on the basis of the devaluation and the banking freeze. Henceforth, the narrative shifted towards emphasizing the importance of recapitalizing Scotiabank with Central Bank funds, which also ticked off their support of supply-side initiatives.[12] In terms of the market dynamics, the reporting appeared split as both material and intersubjective interpretations were identified. Notwithstanding, a minor trend began to materialize as La Nación*'s* rationale for the state bailout of Scotiabank began making appeals that factored in intersubjective factors—namely, the systemic implications a major default would have on "market sentiment" with respect to stocks and new FDI. This last point again showed the importance of ideas, which speaks to the social constructivist focus on normative and discursive dynamics (Adler, 1997; Hay, 2011; Schmidt, 2010; Smith, 2005).

7.4.1 Conclusion

Within the context of the bank failures, the *communicative discourse* of all 3 periodicals surveyed failed to challenge the role of international or "global" finance. Remaining true to form, the press maintained a pro-finance stance throughout its post-crisis coverage. As noted above, the financial press writers avoided linking protest coverage to that of finance, which produced a compartmentalized narrative that attempted to obscure their obvious sequential relationship. However, the void left from turning away from an externalizing narrative to explain the economic crisis— wherein economic growth and stability depended on the influx of international or "global" finance— lead to a much more acute focus on the failures of the state to empower or appease these global forces. In turn, the press now emphasized the shortcomings of the Argentine state, which deflected attention from the failures of private financiers to capitalize their institutions and also extend credit to potential borrowers.

Ultimately, there were multiple factors, which forced the press to set aside its externalizing narrative of the inexorability of global finance (e.g., the protests, the judicial

[12] A total of 5 articles in 2002 dealt directly with the recapitalization of Scotiabank via Central Bank funds (La Nación, 2002g; La Nación, 2002h; Blanco, 2002b; La Nación, 2002i; La Nación, 2002j).

injunctions, criminal investigations of financial executives, the calls on the state to recapitalize foreign banks, and even the reemergence of domestic banks seeking to acquire the now distressed assets of global banks) (Hay & Smith, 2005). All of the above forced the press' discourse to not only look inwards, but appeal for a more active economic policy, albeit exclusively via supply-side initiatives, that would restore the financial system, and the balance sheets of foreign banks. Ultimately, this shows how "real" or tangible interests (e.g., the interests of the banks and financial institutions) can deploy ideas themselves to sustain their own, existential essence or material reality, which harkens back to the bi-directionality Marsh reading of constructivism alluded to (Marsh, 2009; also see Bailey, 2008; Jessop, 1991, 1997, 2000).

In this sense, the calls for Central Bank easing were primarily concerned with the profitability of international banks operating within Argentina, rather than the viability of its domestic economy. Herein, the primacy and privileged position of international banks and their capital flows effectively occupies a socially constructed, "global space," which nonetheless carried tangible consequences (see Brenner, Peck, & Theodore, 2010; Dicken, 2015; Peck & Tickell, 2012; Jessop, 2006). In this time of crisis, the *communicative discourse* of the press effectively made appeals that rationalized the use of the Argentine state's powers, which it had previously downplayed— paradoxically— to materially sustain global finance's presence within Argentina (Schmidt, 2008). In other words, the externalizing constructions of the globalization discourse were— at least temporarily— set aside so that the state could come to the rescue of something that until now had been explained as beyond its purview.

Ultimately, by identifying this fluid bi-directionality between material and ideational factors, this chapter in particular demonstrates the importance of Marsh's calls for balance between the two within constructivist thought (Marsh, 2009). Nonetheless, Schmidt's analytical framework, which split policy constructing discourses (coordinative) from those focused on spreading ideas (communicative) isolates and accentuates how ideas can lead to policy change, as well as how material interests or structures can push certain ideas or agendas, respectively (Schmidt, 2008).

Chapter 8

8. Discourses in default: chronicling the collapse of Scotiabank and Crédit Agricole

Chapter 8 is the final empirical chapter of this thesis' second section, which analyzes the biases of the *communicative discourses* put forth by the Argentine press (Schmidt, 2008). This chapter focuses on the press' discourses on the exit of foreign finance, as well as the ensuing period of reform (2002-2006). One of the key themes within this chapter is on how these *communicative discourses* can crowd out the space for alternative views by privileging certain issues of finance over others. For instance in this chapter it becomes evident that the Argentine press spent most of its editorializing on making appeals for the recapitalization and subsequent recompense of "global" financial institutions that had already proven to be all but defunct within the Argentine market. Moreover, these rich and very nuanced appeals were in stark contrast to the pithy wire-like coverage, which obscured more critical issues involving foreign banks— namely, the divestment strategies of foreign banks *vis-à-vis* the growing role of public and domestic financial institutions, the steady stream of protests of account holders and disgruntled employees, and lastly, the various lawsuits and judicial investigations of foreign bankers. Ultimately, the result of the press' cognitive filters or framing of the aforementioned, was the construction of a narrative that effectively precluded the space for ideas, theories, and policies that interfered with its own constructed "reality" (Cameron & Palan, 2004; Schmidt, 2010; Hay & Marsh 1999).

As a result, the press' *communicative discourse* continued to put the needs of private finance over that of its own clients (Schmidt, 2008). And once again, the narrative followed a neoliberal logic that served to rationalize the proposed recapitalizations of banks (i.e., bailouts) which were to be underwritten via austerity imposed on the wider publics (Hay & Smith, 2005). Specifically, these discourses focused on the plight of the banking sector, as the press made its case for additional liquidity injections along with appeals for maintaining and strengthening the freeze on current and savings accounts.

Although the banking freeze had paralyzed an economy that was already sputtering from the cessation in lending, the press subordinated these largely endogenous macroeconomic conditions as mere details within a narrative that kept the focus on exogenous factors, such as the potential loss of profits for the subsidiaries of foreign finance (Widmaier, Blyth, Seabrooke, 2007). Perhaps the biggest contradiction or lapse within the narrative's logic was that the failure of these foreign banks would lead to chaos within the Argentine economy. In fact, the banks had long since technically defaulted. Moreover, the political and economic steps to revive the illiquid banks were the root cause of the state of anarchy that had racked Argentina— beginning with the imposition of capital controls in December of 2001. If anything, it had become quite clear that just as the peso, foreign finance could not continue to be propped up at the expense of the Argentine economy.

During the last few days of April, Clarín put out three consecutive blurbs expressing optimism that the ongoing meetings between Scotiabank and the Argentine Central Bank (ACB) would lead to additional rediscounts. The posts were terse wire-like updates that clung to the hope that Scotiabank would remain in Argentina despite its reluctance to recapitalize its bank's branches (Clarín, 2002, April 26, 2002, April 27, 2002; 2002, April 29). On May the 3rd, the Argentine *Banco Galicia* was recapitalized via central bank funds. Although this was perhaps seen as a positive sign, it turned out that Scotiabank — due to being foreign owned—would not receive additional Central Bank rediscounts beyond the 177 million USD it had received in 2002. In May, the Clarín was forced to break with its positive narrative when it reported that Scotiabank had been put up for sale, as its suspension was extended for another 180 days (2002, May 7). Ámbito chose to immediately blame the departure of Scotiabank on the deadlocked negotiations between the ACB and its Canadian headquarters (2002, May 7). Although on its face the report came across as a return to a more evenhanded account, it made no mention of the bank's adamant refusal to cover any of the capital it had repatriated from its Argentina subsidiary.

An editorial by Gustavo Bazzan in May engaged Duhalde's plan to "thaw" the banking freeze. The article was very much against any relaxation in the freeze, which essentially parroted the position of finance, which suggested that without the capital controls in place pesos would be quickly diverted to forex markets in exchange for dollars (Clarín, 2002, May 8). A follow up article published a day later ran a headline that overtly misquoted the Argentine president, which translated as "Duhalde says [foreign] banks may leave." (Clarín, 2002a, May 9). However, Duhalde's actual quote translated to:

> Banks need to fulfill their obligations. As the risk for Argentina is that they might leave without repaying their customers. (Clarín, 2002a, May 9)

In truth, Duhalde was not jettisoning the banks, but rather warned that banks should not be allowed to exit without fulfilling their obligations to its accountholders. Interestingly, within the body of this article the abovementioned quote could be found in full, although it carried on as if Duhalde was unceremoniously throwing the banks out. Moreover, it even went as far as comparing his words to those of Union head, Luis Barrioneuvo who had allegedly called for people to vandalize bank branches (Clarín, 2002, May 9). Once again, this discourse went along with the narrative that global finance was not only beneficial, but must be actively accommodated (Hay & Smith, 2005).

8.1 At a loss for words: coverage of Scotiabank protests, Santander, and the collapse of Crédit Agricole

As protest directed against foreign finance once again flared, the press reverted to its familiar pattern of keeping reports to pithy wire updates. A method that had proven effective as a means to keep the narrative from drawing even implicit links between the role of foreign finance and the economic dysfunction. Although it came in the form of a 33 word memo, the Clarín finally managed to provide some nuance by acknowledging that even Scotiabank employees had joined the protestors to voice their frustrations with the intransigence displayed by both their corporate executives and the ACB (Clarín, 2002, May 8). Another terse wire offered a bit more detail, insofar as it managed to provide some attention to the motives behind the manifestations taking place in front of the Spanish and Canadian embassies. Herein, the Clarín noted that bank employee grievances stemmed from both Scotiabank and Santander's decision not to inject further capital into its Argentine branches, which they estimated as putting 20 to 30 thousand finance related jobs in jeopardy (Clarín, 2002b, May 9).

On the 17th of May, another news brief summarized the events leading up to the suspensions along with the ongoing protests, wherein account holders continued to demand access to frozen assets, as well as disgruntled employees who were still waiting for their April pay checks (Clarín, 2002, May 17). Although this newfound candidness on the part of the Clarín served as an ostensible as a shift in the wider narrative, it appears more as a coming to terms with the reality that the two banks were no longer interested in remaining in the country and thus, no longer defensible. Nevertheless, it appears that the narrative did not actually change, but rather redirected its attention to Crédit Agricole, which was now on the verge of becoming the 3rd major bank to abandon its Argentine holdings.

The press' narrative portrayed Crédit Agricole's troubles as an unexpected shock when its subsidiaries Bisel and Suquia were forced to close their doors finding its branches without cash in the midst of a full-on bank run. La Nación*'s* reporting did not venture deeper than blaming the bank run itself for the failures (La Nación, 2002, May 11). In like manner, a follow up article turned its attention to the Central Bank and its palliative efforts to replenish Crédit Agricole's subsidiaries with pesos (La Nación, 2002, May 11). This article also attempted to rekindle hope in the passage of some iteration of the bond exchange program as it speculated that rumors of a bank closure could have stemmed from the executive as a means to strum up support for a bill. Nevertheless, they qualified their theories by noting that the most likely scenario was that Suquia simply closed its doors due to its lack of available cash (La Nación, 2002, May 11).

With Scotiabank's closure and Crédit Agricole slated to pull out on the 19th of May the momentum for another massive bond scheme similar to that which had been implemented in the early 90s was all but lost. It was clear amongst the press and law makers that bankrolling the proposed Bonex II would require even deeper fiscal cuts, which were already acknowledged to be politically untenable. In a final hurrah, the reporting attempted to downplay this caveat in order to reemphasize the potential contagion that could result from not recapitalizing these illiquid banks. Herein, Ámbito warned of a potential surge in withdrawals as well as the possibility of the collapse of additional banks. This article also acknowledged the political complications that would accompany the necessary fiscal cuts that such a project required—albeit for a worthy cause, in Ámbito*'s* view (2002, May 11). Ultimately, these last-ditch appeals were unable to break through the political aversions to further easing.

With the bond swap out of reach, the press attention was centered on Crédit Agricole, whose Argentine holdings were on the verge of collapse**.** The press as well foreign banks were essentially waiting on the ACB to define the terms of the suspension and what would happen with the assets (Ámbito, 2002, May 17). Ámbito noted that Crédit Agricole's reluctance to capitalize Suquia would force the Argentine authorities to move forward with the bank's liquidation. However, they reluctantly admitted that the more likely scenario was that it would be absorbed by the public banks, *Cordoba* and Banco Nación (2002, May 17). The Clarín reports coincided with Ámbito's, as well as the ACB's argument, which asserted that although Bisel and Suquia were technically insolvent, Bersa remained relatively stable. However, Clarín reiterated that the underlying problem across the three institutions was Crédit Agricole's reluctance to inject fresh capital (2002, May 18).

While Ámbito and Clarín appeared to soften in terms of their staunch support of foreign banks, La Nación displayed its resolve as it continued to put the onus strictly on the ACB. Their reports carried on the anxious narrative that was used to press for Bonex II. Specifically, this report now raised fears that Crédit Agricole's two illiquid branches Bisel and Suquia might set off an immediate contagion effect, which could take hold in a matter of days if the authorities did not step in (La Nación, 2002, May 18). Another La Nación article cited anonymous sources with links to Crédit Agricole, which alleged that the Central Bank "failed to persuade executives against its planned pullout" (La Nación, 2002, May 18). In other words, Crédit Agricole's decision to default was blamed on the Central Bank's reluctance to recapitalize it.

With Crédit Agricole's exit now etched in stone, the efficacy of its externalizing *communicative discourse* evaporated (Widmaier, Blyth, Seabrooke, 2007; Schmidt, 2008). Precisely, the press' focus now swung towards how the ministry of the economy and the ACB would manage the exit. La Nación, an obstinate supporter of private finance would now eat its own words, as it was forced to admit that the state owned, Banco Nación was the only bank up to the task of absorbing the 3 illiquid institutions (La Nación, 2002, May 19). Taking a step further, the Clarín proclaimed that the internationalization of the financial system was effectively on trial (Clarín, 2002, May 19).

However, the banking sector had already been on trial since January of 2002. Moreover, during this period the press including the Clarín had come down hard on the side of finance (See Chapter 7). In addition, this realization also came a bit late as the capital pullout had begun almost a full year prior to this apparent epiphany (see chapter 7). Nevertheless, this article brought the Clarín's narrative full circle as it began to confront those prior claims made in the late 90s (including its own), wherein they touted the entry of foreign finance as a boon for borrowers and the long-term stability of Argentina's financial sector (Clarín, 2002, May 19; see chapter 6).

8.2 Coverage of the state's role in default: the limits to Central Bank easing

The liquidation of Crédit Agricole's was handled quite differently to that of Scotiabank, whose remaining assets were frozen and up for sale. In Fact, on May 19th all three of Crédit Agricole's subsidiaries were placed into receivership under the control of Banco Nación, Argentina's largest public bank. In a rare occurrence, the Clarín's initial report praised the efforts of the ACB, as it explained that compared to Scotiabank, Crédit Agricole's larger operational footprint necessitated the state's active intervention. In particular, Clarín noted the importance of Banco Bisel, which held nearly 90% of all agricultural accounts operating out of Rosario's port (Clarín 2002b, May 20). Nonetheless, the Clarín quickly segued from these initial praises into a more familiar narrative, wherein it appeared to be piecing together both, a strong moral defense of Crédit Agricole's choice to leave Argentina and a case for its compensation.

Just a day after Crédit Agricole's receivership, the Clarín put forth a piece, which suggested that mitigating the losses of its foreign stakeholders was the most important task for the Argentine authorities. However, they did recognize that this task would require the concerted efforts of the provincial and national governments, as well as the Central Bank (Clarín, 2002, May 20). An editorial by Gustavo Bazzan rationalized Crédit Agricole's departure by positing that it was merely a question of the bank reaching its limit in terms of losses (Clarín, 2002a, May 20). The Clarín again continued to find excuses, noting that foreign banks were at a considerable disadvantage, as they stood last in the pecking order for rediscounts— behind both public and private institutions owned by domestic interests (Clarín, 2002, June 6; 2002, May 18).

Although Argentina found itself in the final throes of a massive financial unwinding, wherein the recovery now hinged on the state's ability to rehabilitate the accounts of abandoned banks, the press' *communicative discourse* continued to make appeals for the compensation of these estranged foreign financiers (Schmidt, 2008). Thus, the narrative began to shift from emphasizing the "dire consequences" external of not bailing out the banks to one that simply lobbied for their compensation. One unnamed editorial published by La Nación actually attempted to absolve bankers by putting forth the notion that the liquidity crisis was not the responsibility of the private sector, but of the state. Paradoxically, the article blamed the state's efforts to curb the bank run as the reason for the collapse (La Nación, 2002, May 26).

Not only was this simplistic narrative circular in its logic, but it also obscured the complexity of the economic collapse by omitting many of the endogenous factors that accelerated Argentina's crisis— namely, the privatization projects massive unemployment, as well as the deflationary pressures caused by the convertibility scheme the cessation of private lending. These endogenous factors were ultimately compounded by the external, yet nonetheless, subsequent effect of the repatriation of capital by these foreign entities. Nonetheless, this editorial's solution to the crisis was for authorities to repeal any and all regulatory powers at the state's disposal, especially the *law of economic subversion*— and in its place renew its commitment to fiscal restraint and greater private property rights (La Nación, 2002, May 26).[1] However, the irony herein was that the press was now contradicting its externalizing narrative by suggesting that these global banks were at actually at the mercy of the state (Widmaier, Blyth, Seabrooke, 2007).

With the ACB's reluctance to recapitalize foreign banks setting in, a Clarín article published at the end of May unexpectedly presented inflation as a way to keep a second wave of major banks (Santander, Bilbao, and BBVA-Frances) from pulling out. Citing a report by Solomon Smith Barney, the Clarín took to promoting inflation as a beneficial workaround to the liquidity crunch (Clarín, 2002, May 26). However, deliberately implementing an inflationary monetary policy is a characteristically Keynesian solution, which by definition would increase or ultimately aim to generate an excess of liquidity, which was the financial sector's most pressing concern.[2] Nevertheless, finance's aversion to a general monetary inflation was that it would not only dilute their accounts receivables within Argentina, but also devalue their liquid assets, relative to their foreign currencies.

On June 12th Roberto Lavagna officially declared before the Argentine congress that there would be no more financial assistance for private banks. The Economic Ministry also prohibited banks from converting current accounts into bonds at their own discretion, effectively

[1] The law of economic subversion was repealed on May 30th, 2002.

[2] In his treatise on the gold standard, Keynes posits that an appreciation in the stock of money only benefits the holders of paper, which comes at the expense of not only borrowers— whose outstanding debt burden is increased— but also the slowdown of productive sectors of the economy since "stock and raw materials will steadily depreciate" (Keynes Essays 102-103). In turn, deflationary effects incentivize people to hoard cash in the hopes of garnering higher returns on interest and greater purchasing power.

ending their ability to arbitrarily bail-in their clients. While Lavagna sought the end of this form of easing, Alejandra Gallo of Clarín, counter posed his congressional decree with that of the ACB, which remained in favor of maintaining a credit policy that allowed banks to be recapitalized (2002, June 13). However, in a technical sense the state's reticence to provide further rediscounts to foreign institutions had already altered the financial landscape while also setting the precedence for this formalized change. Nonetheless, the press would now play up the tensions between these two important financial institutions.

8.2.1 Disputes over the control of money: the Economic Ministry versus the ACB, and the financial sector's self-professed synergies vis-à-vis *criminals, thieves and confiscators.*

Irrespective of intentions, the result of Clarín's decision to play up of the public squabble between Argentina's Ministry of the Economy and the ACB was that it allowed the focus to be kept on the role of these institutions, which in turn deflected attention away from the externalities arising from the private sector. In other words, this acute focus on institutional differences kept the discourse away from what the protests had really been about: the mass unemployment from the privatization of state assets, the banks' reluctance to lend, and their role in the repatriation of billions of dollars, which had culminated in a banking freeze and bail-in. In the first of such reports, the Clarín spent a great amount of time debating and counter posing the subtle differences in approach between the ACB and the Ministry of the Economy, which did nothing more than showcase various hues of neoclassical policy. In between, they did manage to note that the 17.8 billion in total rediscounts tendered to the private banks was an unprecedented figure that had divided the Argentine populace (Clarín, 2002, June 6).

In the ACB's opinion, the only thing causing an increase in the circulation of capital [the money velocity] was the cash trickling out the banking freeze due to the judicial injunctions. In other words, they were all for the continuation of monetary easing for the financial sector, so long as the state put an end to the injunctions and other "leaks" (Clarín, 2002, June 6). However, in their view additional easing would require the suppression of economic activity outside of high finance, which was already at a veritable standstill. Mario Blejer, the head of the ACB would again find himself at odds with the Ministry of the Economy, when he sought judicial immunity for Central Bank officials in charge of providing re-discounts to the illiquid banks (Clarín, 2002, June 14). This move to indemnify the ACB not only further distanced the bank from the Economic Ministry, but showed its own fear of the potential criminality of its actions.

In the summer, Ámbito took a bit of a retrospective turn in order to reiterate its view, which posited that the bank failures were in fact the product of the government's 2001 sovereign debt default, the end of convertibility and the subsequent devaluation (2002, June 4). This was a familiar narrative that periodically reinforced the view of private financiers, which placed all responsibility for the crisis on the state. Like the other papers, Ámbito continued to anxiously appeal for the compensation of international banks, despite the possibility that the state would not be able to follow through, as it now faced another sovereign debt crisis (2002, June 4; 2002, July 18). This new leg down was amplified by the effects of the asymmetric *pesofication*, wherein bank assets and outstanding liabilities were maintained at a 1:1 parity while "pesofied" deposits were forced to take a haircut against the dollar, at an initial ratio of 1:1.4.

However, Ámbito went further as it attempted to resuscitate its externalizing *communicative discourse* by questioning the integrity of the domestic banking sector citing its illiquidity, negative cash flows, deteriorating loan portfolios (Ámbito, 2002, June 4; Schmidt, 2008; Widmaier, Blyth, Seabrooke, 2007). Although this attack leveled against domestic financial institutions gave the impression that they were in no position to fill the void left by the long-term exit international capital it was emphatically negated by the strong domestic demand to acquire the abandoned assets. Ámbito continued making its own case for the appeasement of foreign finance. In July, it wrote another article that showcased the storied relationship between Argentina and Citibank, which dated back to 1914. The article argued that although its investments in Argentina made up less than 2% of its entire portfolio, its economic impact within the state was massive. Although the article itself was brief and wire like, it was mostly concerned with highlighting the company's massive scale and the relative insignificance of the Argentine market to its global portfolio.[3] Moreover, its timing served to heighten Citibank's importance in the midst of the ongoing banking exodus, which had now lead Citibank to announce a downsizing of its own Argentine holdings. In other words, Ámbito presented a narrative that Argentines had much more to lose than Citi itself (2002, July 24).

As the remaining foreign institutions began closing branches, Ámbito noted that only the state acting as an intermediary could reverse the financial sector's unwinding (2002, July 31).[4] Specifically, this article by Sergio Datillo asked financial executives if the state could still act to reverse the damage. In response this cadre of anonymous bankers urged for the state to compensate for the devaluation of the peso, as well barring court orders that skirted the banking freeze. One anonymously quoted banker went as far as to suggest that a recent rash of thefts and kidnappings could encourage Argentinians to deposit much of the 8 to 10 billion dollars, which remained outside of the Argentine banking system in the form of cash holdings (Ámbito, 2002,

[3] This article tersely focused on presenting Citi's Argentine operations, which included a workforce of 5,000, 6 billion USD in outstanding loans as well as a 22% stake in its offshoot Citi Group Holdings (CEI) which concentrated its investment strategy in private media (Ámbito, 2002, July 24).
[4] Citibank closed 84 branches, Banco Rio closed 270 of its banks, and BBVA Frances 310 of its 320 banks.

July 31). Datillo would close by adding that cash outside the banking system would return in due time, as he estimated that threat of be thieves and kidnappers continued to outpace Argentinians' aversion of the government and at risk banks (Ámbito, 2002, July 31).The choice for Argentinians was a grim one, either take their chances and brave the dire conditions on the street or willingly surrender their cash to the banks, where the likelihood was high that these newly frozen assets would be subject to further devaluations.

The abovementioned reports once again presented a skewed narrative. Firstly, Scotiabank was unwilling to work with the ACB to equitably recapitalize its Quilmes subsidiary, yet Ámbito positively spun its impetus to exit. Moreover, with international banks making a mad dash out of Argentina, it was more than obvious that the financial recovery would have to be led by domestic and state run banks. Although the press questioned the sustainability of domestic banks, less than a month later the very institutions it doubted would absorb Scotiabank's abandoned assets. Ultimately, rather focusing on the new set of economic circumstances, Ámbito's externalizing *communicative discourse* perseverated in its attempts to sustain the narrative that foreign banks needed to be compensated immediately (Schmidt, 2008; Widmaier, Blyth, Seabrooke, 2007).

8.2.2 towards discursive continuity Scotiabank's liquidation highlights domestic finance

The first mentions of the domestic banks' (Banco Comafi and Banco Macro) negotiations to take over Scotiabank's assets came in early August—just a week before the deal was finalized (Clarín, 2002, Aug. 10; Clarín, 2002, Aug. 14; Clarín, 2002, August 15; 2002, Aug. 16). La Nación was the first to report on Comafi's initial 275 million dollar bid (La Nación, 2002, August 9). However, this first formal offer by Comafi was deemed as completely unacceptable, since the firm sought to do away with all of its personnel, many of whom continued to assemble in protest outside the Canadian Embassy. Of note was La Nación and Clarín*'s* editorial silence, which came despite citing the numerous objections to the offer by the House of Representatives.

Editorializing remained equally absent from protest coverage, which carried over into what would be the final weeks of Scotiabank's sale. Javier Blanco's coverage provided very few remarks outside of noting what was already clear— that Scotiabank would be sold. Nevertheless unlike past work, his column was much more focused on the details of the horse race rather than opining on broader implications of the sale (La Nación, 2002, August 10). In rare form, Ámbito acknowledged that before word had spread of Comafi's bid, Scotiabank employees were indeed protesting in front of the Canadian embassy, albeit in the hopes that the bank's subsidiaries would somehow be recapitalized (197, August 10, 2002). Less than a week later, the congress was able to negotiate and approve a more palatable deal with Banco Macro, which stood to keep 1,200 of the 1,700 Scotia employees. And although La Nación's initial reaction remained conservative, a follow up introduced themes of nostalgia, national pride, all of which had been absent from prior reporting to date (2002, August 15; 2002, August 16). This move away from an externalizing discourse contrasted sharply with its claims from June— wherein the paper questioned the viability of the domestic banking sector (Ámbito, 2002, June 4; Watson & Hay, 2003; Widmaier, Blyth, Seabrooke, 2007).

In September, Ámbito reported on the fraud lawsuit filed by Argentine investors in Paris in attempts to recover 2.2 billion dollars in losses to their current and savings accounts. The coverage maintained its distance as it remained descriptive and devoid of editorializing (Ámbito, 2002, September 20). However, this would change in October when a piece in the Clarín showcased the headway being made by domestically owned and national banks. Surprisingly, it even admonished Crédit Agricole's decision to exit Argentina adding that it "literally abandoned" its three Argentinian subsidiaries, while local and national banks continued expanding (2002, October 9; 2002, October 20). October proved to be a busy month as the Italian owned, Sudameris was absorbed by another local bank, this time Banco Patagonia. However, the Clarín kept coverage of the acquisition brief, but did make a point to note that no state funds, nor ACB assistance was involved (2002, October 9).

The discourse continued its pivot to the growing might of domestic financial institutions as contagion fears no longer posed a credible threat. Moreover, domestic firms began to portray the fallout as a golden opportunity for the burgeoning domestic banking sector, which in fact aggressively expanding through the acquisition of these distressed financial assets. Clarín quoted the head of Macro, Jorge Brito who boasted that further bank defaults simply provided an opportunity for the growth of the locally owned banking sector. Brito's own institution, Macro, continued to aggressively expand with the acquisition of Bansud and now there were rumors that the bank would be making a bid for Crédit Agricole's assets (Clarín, 2002, October 20). Clarín's general disposition had indeed changed as they now lavished praise on the bullishness of Argentine private finance, who they credited with righting those banks abandoned by European and North American firms.

With ideas and discourses of globalization in full decline, the IMF attempted to assert control over Argentine political economy by way of material factors, which spoke to the balance first brought up by Marsh (Marsh, 2009). Specifically, the IMF took exception appeared to take exception to the new order of Argentine finance, which was now dominated by public and domestic private banks. Yet, rather than siding with the Fund's loan conditions, the Clarín voiced the perspective of the domestic financial executives. Herein it cited the head of the state run

Banco Ciudad, Roberto Faletti who railed against the IMF's new demands, which called for an immediate restructuring of financial system.

Faletti argued that the IMF simply did not want state banks to lead the financial system, as the public banks share of total deposits grew from 39.9% in 2001 to 51.1% near the end of 2002 (Clarín, 2002, October 30). Faletti went further, declaring that due to the reticence of foreign banks to inject capital it was self-evident that only public banks could be trusted as lenders of last resort (Clarín, 2002, October 30). Despite publishing Faletti's strong statements, this Clarín article hedged itself by concluding with the World Bank's disparaging assessment of *Banco Ciudad*, which alleged that it operated with an unfair advantage as its ability to raise revenue through taxes allowed it to offer rates below market price to its customers (Clarín, 2002, October 30).[5]

8.2.3 The Economic Ministry and the ACB's ideological rift

The Ministry of the Economy and the Argentine Central Bank would again butt heads on how to proceed with the sale of Crédit Agricole's abandoned assets, which were now in the custody of the state-run *Banco Nación*. The Clarín's coverage expressed its support of the Ministry's plan to sell Crédit Agricole's assets through the exchange rather than have the Central Bank broker a deal behind closed doors. The Clarín was keen to explain that although prior sales had been

[5] However, the Word Bank's logic appears problematic as it did not account for the rediscounts extended to foreign, much of which had tapped the same fiscal funds that it claimed public banks had unfair access to. Moreover, the World Bank's account completely sidestepped the fact that in order to hedge their exposure to Argentina's weak macroeconomic and monetary conditions many private banks had entered a stage of deleveraging. This hedge phase not only brought about a sharp curtailment in lending, but also spurred the massive capital outflows, as well as the unprecedented move to simply abandon its assets (Minsky, 2008). Naturally, due to their strategic and operational structure the public banks were by their very nature better able to buffer the vicissitudes of the market because of their greater tolerance to running to either break even or a loss, as well as their geographical constraints. As noted in chapter 7, the public Banco Nación did lead finance with its initiatives, which allowed Argentinians access to credit at a time when private sector rates had priced out most customers seeking mortgages and auto loans. In all, the World Bank's problematic logic at the very least reveals its bias for private sector finance, while also peering into the potential theoretical limitations of some of its apparent neoclassical inclinations.

handled exclusively by the ACB, the Economic Ministry now prudently insisted on taking part of transactions that required or requested state funds (Clarín, 2002, October 31). The article even concluded by citing the secretary of the Argentine stock exchange (Merval) who of course concurred with Lavagna's plan to list them on the exchange, noting that such a move not only provided transparency, but the chance for smaller investors to also participate (Clarín, 2002, October 31).

The Clarín also chronicled the disagreement on how to proceed by revealing that the Economic Ministry had indeed attempted to address the Central Bank's biggest concerns, which was its desire to vet bidders and also shroud the sale from the broader economy. Specifically, this article voiced the Central Bank's concerns, which posited that the state could not risk putting the banks on offer and risk receiving no bids, as this could result in another bank run (Clarín, 2002, November 4). However, the Clarín rebutted by citing Argentine resolution 480, which called for transparent transactions that were open to all investors for sales or mergers and acquisitions requiring state participation (Clarín, 2002, November 4). Ultimately, the Ministry and the ACB would compromise by jointly overseeing the liquidation of the banks, which would be handled directly through the state owned, *Banco Nación* who currently held the assets under receivership.

In March of 2003, Ámbito wrote a retrospective piece on Crédit Agricole chronicling its performance during the last two years via a peculiar use of its externalizing discourse. Quite awkwardly, the article tried to downplay the bank's failures in Argentina by focusing instead on its global position and its strong performance in France (2003, March 13). This positive piece failed to mention the ongoing lawsuit, nor did it discuss the French bank's unwillingness to compromise with the ACB in order to recapitalize its branches— as it chose to simply abandon its holdings. Four months later, Ámbito would revert to its wire like coverage— focusing on the legal basis of the case without any sort of editorializing (2003, June 24). The lawsuit against Crédit Agricole carried on until January of 2005. Once the courts handed down its ruling against Argentina's disgruntled savers, Ámbito again refrained from editorializing or expounding on the case, instead providing a scant 171-word wire of the unsuccessful lawsuit (2005, January 13).

8.3 Chronicling the fate of Crédit Agricole's assets (Suquia, Bersa, and Banco Bisel)

The sale of Suquia was not finalized until December of 2004. And it would take Bisel another two years thereafter to be sold. Ultimately, both banks were absorbed by the *Banco Macro*, which became Argentina's largest financial institution after its 2006 acquisition of *Bisel*. Compared to the rich and highly positive coverage that the international banks had received to date, the archives of all three major periodicals hardly even made record of the sales. In fact, La Nación's archive just had one wire-update of the Suquia transaction (La Nación, 2004).

The sole mention of Suquia's sale on Clarín's archive came on February 9th, exactly two months after the finalization of the sale. The article itself was focused on the rising interest from domestic banks in the upcoming sale of Bersa, which remained under state control (Clarín 2005, February 9). Ámbito's coverage was the most nuanced as it blithely quoted the president of Macro-Bansud, Jorge Brito who proclaimed that his bank's mission was to support the growth of regional industries as well as meeting the needs of everyday Argentinians. Brito went on, touting that banks do not just exists to make mega deals, but should also be expected the demands of its community, whose own economic success was tied to his firm's future growth (Ámbito, 2004, December 24).

In June, La Nación reported that *Banco Nación* had officially offered Bersa up for sale and noted that seven domestically owned banks had shown interest in entering the bidding process including: Banco Credicoop, Banco Hipotecario, Banco Galicia, Banco Santiago del

Estero, Santa Fe, Macro-Bansud, and Comafi (La Nación, 2005, June 8). The press kept the news of the actual bids brief, as it reported that 3 major banks had ultimately bid on Bersa. The highest bidder was reported as Enrique Eskenazi's Bank of Santa Fe, which came in with an offer of approximately 172 million USD. They also mentioned that the two other competing from Bank of Santiago and Comafi who made respective bids of 121 and 98 million USD (La Nación, 2005, June 9; Ámbito, 2005, June 9). Javier Blanco's column added that Banco Nación and the Economic Ministry would require approximately a week to vet the bids (La Nación, 2005, Jun 9).

As the vetting process moved on, La Nación made several brief updates chronicling the litigious bidding process as both the bank of Santiago and Comafi challenged the Eskenazi Group's bid on technical grounds. However, La Nación rebuffed the allegations that Eskenazi's offer failed to outline how it planned to retain Bersa's personnel (2005, June 14; 2005, June 16). In an 88 word wire, La Nación confirmed that the Eskenazi group, the majority shareholder of the bank of Santa Fe bid had its bid for Bersa approved by the ACB (2005, August 12). A virtually identical wire like update published in both, La Nación and Ámbito cited the new owner of Bersa, Enrique Eskenazi who was quoted promising to support Argentina's export industry as well as its medium and small businesses (La Nación, 2005, August 25).

It would be another 7 months before Banco Nación along with representatives from the Economic Ministry and the ACB commenced the auction for Banco Bisel, which came on the 13th of March of 2006. This same day La Nación ran a piece by Javier Blanco wherein he announced the bank's availability and its newfound attractiveness (2006, March 13). For La Nación, this quite detached and mostly objective report by Blanco would be followed up by a series terse updates on the status of the bidding process (La Nación, 2006, March 14; 2006, March 27; 2006, April 9; 2006, April 29; 2006, May 10; 2006, August 12; 2006, August 13). The Clarín noted that there were 7 parties showed interest in the bank including *Macro-Bansud*, The Eskenazi Group, Banco Hipotecario, Banco Galicia and the Macri Group (2006, March 18).[6]

In April, Clarín and Ámbito's reports noted that that only two out of the seven firms that showed interest actually followed through with a bid on Bisel. Macro-Bansud offered a bid of 830 million while Banco Hipotecario trailed with its 608 million dollar bid (Clarín, 2006, April 4; Ámbito, 2006, April 4). Ámbito further noted that the bids stipulated that Bisel's 1,800 staff would remain employed (Ámbito, 2006, April 4). The following day, Ámbito confirmed that the highest bidder, Macro-Bansud would likely come away with Bisel, although the offer remained contingent to the pending review by both Banco Nación and the Economic Ministry. It further noted that the acquisition of *Bisel* stood to add an additional 1.3 billion USD in deposits across 157 branches, spanning 7 of Argentina's 23 provinces, making Macro-Bansud the largest bank in the country (Ámbito, 2006, April 5).

In an article that praised Macro-Bansud's economic strength, Javier Blanco cited an anonymous analyst who suggested that the economic crisis had indeed "purified" Argentine finance, although he argued that the apparent success of Macro-Bansud and the other banks making acquisitions came from the fact that their operations to date had limited exposure to current accounts— were much of the financial turmoil was concentrated (Blanco, 2006, April 5). Moreover, the anonymous source qualified Macro's strong offer by noting that in a technical sense the bids did not actually represent a purchase price, as nearly all of the money would go to

[6] The sole non-banking entity was the Macri group, which saw the acquisition of Bisel as an opportunity to expand its payment transfer service into a full-fledged bank. Run by the family of the current Argentine president, the Macri Group had also made unsuccessful bids for both Suquia and Bersa.

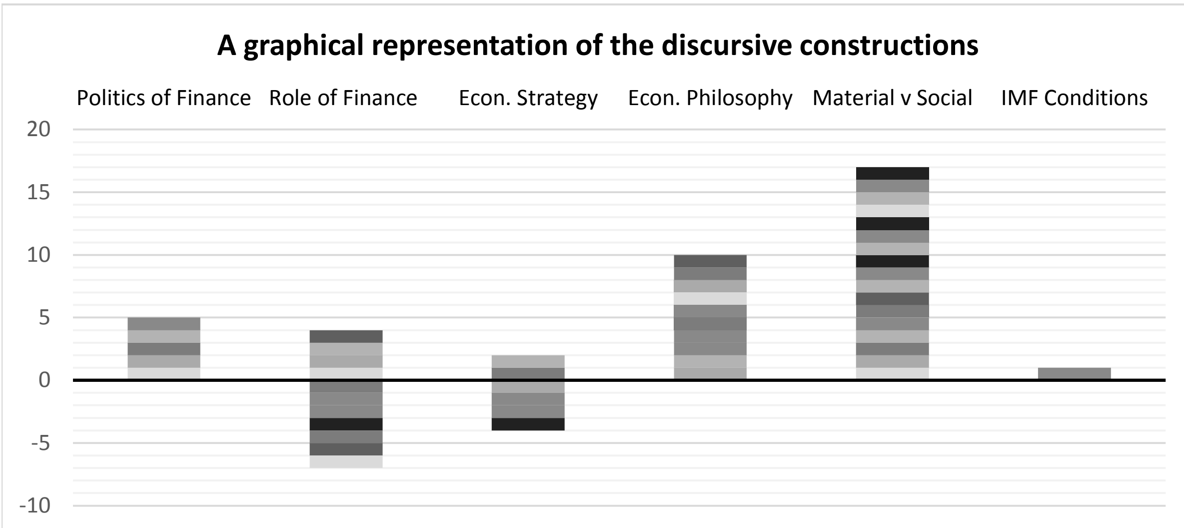
recapitalize Bisel, which allowed the acquiring bank to recoup its cash once it absorbed the intuition (Blanco, 2006, April 5).

On May the 9th Ámbito reported that Banco Nación had approved the sale of Bisel to Macro-Bansud, pending the approval of the Argentine Central Bank. Asides from some making note of the size of the merger, this report remained conspicuously terse (Ámbito, 2006, May 9). Similarly, La Nación kept a low radar reporting only pithy updates on the massive acquisition that made Macro the largest bank operating in Argentina (2006, April 29; 2006, May 10). On August 11th, La Nación reported that Banco Nación officially transferred control of Bisel to Macro. Again, the minimalist trend in reporting continued (La Nación, 2006, August 11).

8.4 Collating the discourses

This analysis found that the press' coverage simply refrained from editorializing the sale of both Scotiabank and Crédit Agricole, as its coverage reverted to one of the press' recurring tactics of presenting very terse and strikingly objective updates that did away with any sort of opinion or broader speculation. The tactic of presenting wire-like updates was present throughout this section— especially with regards to the coverage of the protests, as well in minimizing the context of the judicial injunctions on the freeze. However, the editorials examined herein, just as in the aforementioned instances presented a narrative that accommodated international finance. Following this trend, early editorials served to herald the initial entry of foreign banks. Later, the press' narratives not only appealed for deepening the liberalization of the economy, but also attempted to sell Argentinians on the need for incrementally deeper bouts of austerity measures in the guise of supporting high finance. Lastly, the need to recapitalize and recompense these foreign firms was also justified via the press' *communicative discourse* (Schmidt, 2008). And once again, as the foreign banks exited, all three major periodicals in question simply set aside their exogenous narrative in favor of a strikingly terse and objective writing style (Watson &

Figure 1. Biases within La Nación's communicative discourses (2002-2006)



(Source: authors own)

Hay, 2003; Widmaier, Blyth, Seabrooke, 2007).

Overall, La Nación's neoliberal slant continued through the foreign banking exodus. However as figure 1 shows, just 5 out of the 38 articles explicitly presented the politics of global finance as an inexorable constraint (Hay & Smith, 2005). Yet, their silence cannot be conflated with an actual shift in the discourse, as La Nación never outwardly refuted its longer running narrative on the efficacy and ultimate inexorability of global finance. This was also true in the post-crisis period, which now obviated the folly treating the presence of international banks as an indispensable component of economic growth or stability. However, the role of finance was a bit more nuanced, as La Nación played up the external ramifications of not bailing out both Scotiabank and Crédit Agricole. As column 2 illustrates, the discourse was mixed in that it presented a case for saving global banks in the guise of economic stability and future growth via

FDI (see figure 1). After the fact, reports briefly took to replacing the moot threats of a pull out of foreign capital and cessation international aid with other threats— namely, of political sanctions, which included an international economic embargo (La Nación, 2002a, June 13).

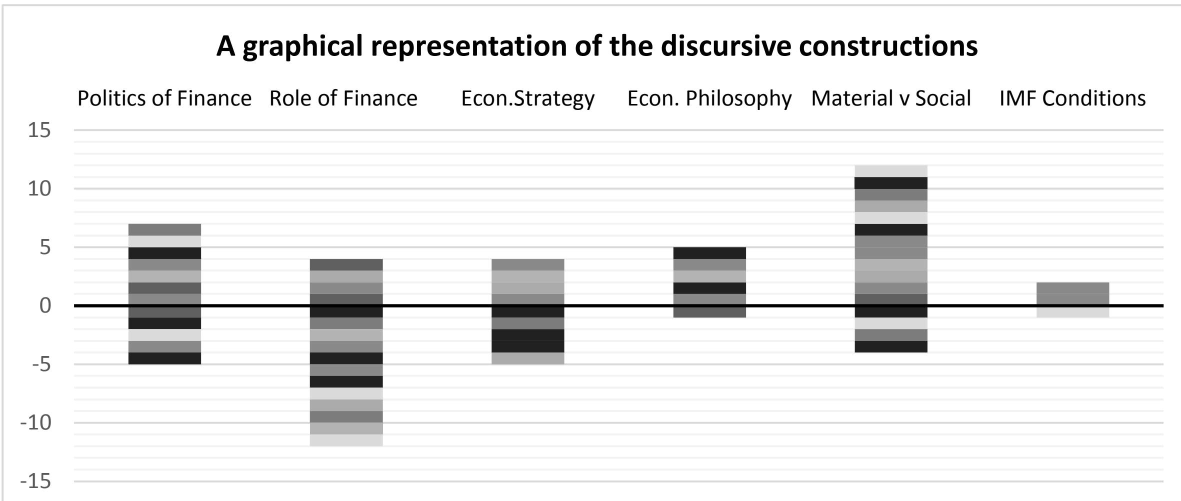
In terms of reports that supported an interventionist economic strategy, 3 out of the 4 did so in the guise of carrying out neoclassical measures (see figure 1). The one outlier was an article that discussed how the banks would be sold, but presented no explicit mention of its economic inclinations. However, it is noteworthy to point out that none of the articles questioned the soundness of the neoliberal economic philosophy that underpinned the global financial order. Although this study was able to gather a significant sample of the reporting from La Nación it was limited insofar as many of their articles during the acquisition phase of both Scotiabank and Crédit Agricole's subsidiaries chose not to editorialize or comment in their coverage. Overall, out of the 38 La Nación reports in this chapter 21 were wire-like briefs.

The coverage pattern for Clarín was very similar to that of La Nación with the major exception that the Clarín began to outwardly challenge the narrative that global finance was indeed an inexorable force (Hay & Smith, 2005; also see figure 2). In this regard, the coverage was two articles short of drawing even. Clarín was the only periodical out of the 3 to put forth a counter narrative that challenged the longstanding idea that global finance posed a politically inexorable constraint.[7] Another outlier that distinguished the Clarín's coverage was that it actually had 1 article that offered support to heterodox solutions for the financial crisis, which specifically argued that inflation would not only add cash to illiquid banks, but would also reduce the real value of bad debts (Clarín, 2002, May 26). The Clarín's coverage was also much more attuned to Argentina's internal dynamics. Specifically, the Clarín's coverage shed some

[7] Save for 1 sole article by Ámbito Financiero (discussed below),

light on the drivers of the domestic economy and later on, the growing role of Argentine banks. As such, 12 Clarín articles were focused on these endogenous dynamics, which was nearly double that of La Nación's 7, as well as Ámbito's 8 (Figure 2; also see Widmaier, Blyth,

Figure 2. Biases within Clarín*'s* communicative discourse (2002-2006)



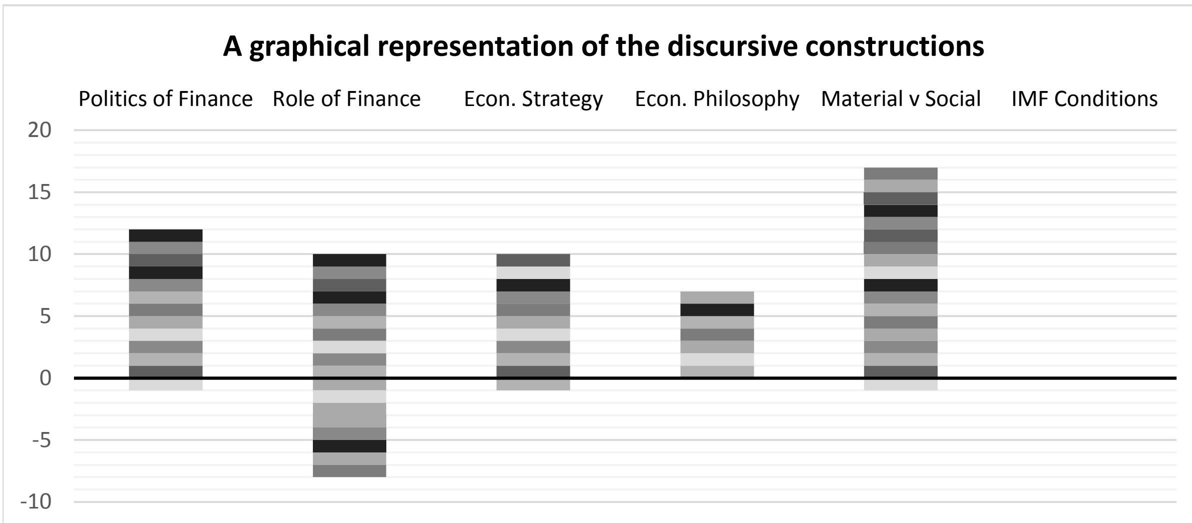
(Source: authors own)

Seabrooke, 2007).

Like the other periodicals, the Clarín also appeared to use its editorial silence strategically. Out of the total sample (31 articles) covering the exit of foreign banking, 7 chose to present wire-like briefs instead of the more usual editorial reports. Specifically, 6 out of these 7 were updates were either on Scotiabank's potential sale or the protests. The remaining article was a wire on the slim possibility that the ACB would recapitalize Scotia. All in all, Clarín's coverage although slightly less inclined to neoliberalism, remained conducive to finance and towed its line at the expense of heterodox polices, which nonetheless had one explicit mention.

In terms of the content analysis on Ámbito's bias, the first thing that stands out was that it did not religiously follow the trend of making appeals for the state intervene on behalf of the banks (figure 3). Nonetheless, their reports focused on what it saw as a failure of state policy. In turn, Ámbito outwardly disapproved of all of the state's initiatives dealing with the financial crisis including the banking freeze, the judicial injunctions, the devaluation of the peso, and even the state's decision not to recapitalize foreign banks. This latter point was the sole exception as

Figure 3. Biases within Ámbito Financiero's communicative discourse (2002-2006)



(Source: authors own)

they did staunchly support the bond exchange program that would finance the bailout of foreign finance.

Wire-like reports were also a large part of their coverage. In fact, pithy updates represented 27% of Ámbito's reports. Additionally, like the other two periodicals in question, Ámbito's reporting also presented the economy as driven via material factors. Overall, its writing was very much in keeping with the global financial order— albeit couched within an ostensibly more classical, rather than neoclassical economic narrative.

8.4.1 Conclusion

Overall, the press' insistence on propping up foreign banks at the expense of the macro economy, showed that the communicative discourse was heavily invested in supporting the idea that global finance was a politically inexorable and economically indispensable constraint and benefit (Hay & Smith, 2005; Schmidt, 2008). Precisely, increasing austerity and deflation were the primary means to underwrite the press' costly solution of bailing out the illiquid foreign banks, which came at a time when economic activity was already at a veritable standstill. In the cases of Scotiabank and Crédit Agricole, the press faithfully supported their recapitalization until their respective departures. However, the exit of these foreign banks did not halt their appeals for the earmarking of state funds, as their narrative simply turned to presenting a rationale for the compensation of losses incurred by those entities—who nonetheless, voluntarily abandoned their Argentine holdings. Although the coverage of Citibank fell in line with this narrative, its situation was unique as its executives instead chose to strategically downsize its operational footprint, rather than outright abandon its assets. Despite the fact that Citi's losses— or rather strategic decision to concentrate its operational footprint in Argentina on telecommunications, press, and financial assets, Ámbito (although alone) somehow attempted to make a case for its remuneration as well.

Remarkably, the sale of the foreign firm's assets to domestic banks was covered with a lot less zeal and color, in other words the press' *communicative discourse* consistently magnified "exogenous" factors (Schmidt, 2008; Widmaier, Blyth, Seabrooke, 2007). In fact, in the case of Marco-Bansud's acquisition of Scotiabank just 2 out of 9 reports related to the sale editorialized the events. Similarly, Crédit Agricole's asset sell off was not editorialized by the press, herein 18 out of 22 reports were wire like updates. In all, this study found wire-updates with regards to Crédit Agricole's lawsuit, Macro-Bansud's acquisition of Suquia and Bisel, as well as the sale of

Bersa. Additionally, coverage of the protests directed against foreign finance were also covered through pithy wire updates. Comparatively, appeals for the recapitalization and subsequent re-compensation of these now defunct foreign institutions— covered within the body of this chapter— were couched within a rich, nuanced narrative that not only contextualized the use of austerity and bailouts, but vociferously championed this position.

As a result, this study's findings suggest that the press left virtually no room for heterodox policies, as appeals in favor of the interest's global finance— which were imbued with the logics of neoliberal globalization— dominated the discourses and the overarching narratives (Hay & Smith, 2013). In turn, the way in which the press framed the issues surrounding Argentina's financial crisis, was more akin to a public relations campaign for image management than unbiased reporting, as its narratives attempted to effectively preclude the space for any countervailing ideas, theories, and policies that interfered with its own constructed "reality". However, the results were less than what they expected, as other ideational and material factors— such as the foreign financial sector's own apprehension to invest within Argentine markets *vis-à-vis* the popular backlash against the very intransigence of foreign banks opened the way for the abovementioned reforms and legal recourse. Ultimately, this last observation shows the bi-directionality fluidity or "balance" that exists between ideational and material factors (see Marsh, 2009).

Conclusion

The implications of neoliberal globalization's rigid discourses

At the core of the constructivist understanding of globalization is the power of ideas (Blyth 2003; Hay & Marsh 1999; Smith, 2005). Spread via discourse, the social constructions of globalization and global capital analyzed (chapters 3-8) served in practice as a means to support the neoliberal or neoclassical model. However, for nation states, following this neoclassical path does not mean reducing its role in the economy, but rather redirecting (reflexively and fluidly) monetary, tax, fiscal, and regulatory policies to privilege supply-side initiatives (i.e., capital) in a markedly "variegated" or dynamic manner (see Peck, 2004). As this thesis has shown, discursive spaces (e.g., coordinative and communicative) were critical battle grounds, which were nonetheless dominated by neoliberal ideas and the material interests of capital, which they explicitly sought to uphold (Marsh, 2009; Schmidt, 2008).

Schmidt's dichotomization of *coordinative* and *communicative* discourses helped highlight the apparent bi-directional dialectic that existed between ideas and material factors, (Schmidt, 2008). Precisely, this "bi-directionality" delivered on David Marsh's calls for an awareness of, or balance between, both material and ideational factors *en route* to explaining the dynamics of "stability and change" (Marsh, 2009). For example, the first set of cases (chapters 3-5), which covered 30 years of IMF-Argentine negotiations, found a discursive trajectory that consistently and exclusively promoted a narrative that fell within the method's tolerances for what it operationally defined as "neoliberal," supply-side policies (see chapter 2). Thus, by precluding any discussion of heterodox, demand-side policies or ideas, the IMF's *coordinative discourse* preempted their materialization. The thesis' second set of cases (chapters 6-8), which gauged the biases within the Argentine press' *communicative discourse*— specifically with regards to issues pertaining to international banks operating within its borders—also found it to fall within the thesis' operationalized "logics of global finance" (see chapter 2). Precisely, in its role as an interlocutor between private financiers and the broader public, the press put forth a narrative that consistently emphasized the plight, policy biases, and balance sheets of foreign banks, which ultimately came at the expense of the domestic economy. Together, the empirical analysis has shown that the globalization discourse and the neoliberal policy paradigm it supported faced an existential crisis of its own making within Argentina.

Economic policy options under the rubric of the IMF

Broome and Seabrooke suggested that the IMF took an "experimentalist" approach within its Article IV conditionality reviews, albeit with the conspicuously implicit qualification that this flexibility was nonetheless, within orthodox goalposts (Broome, 2010; Broome & Seabrooke, 2008). However, in branding the IMF as an "experimentalist" institution in such a manner suggests a sort euphemistic misnomer or cognitive dissonance between their conclusions and their empirical findings. Ironically, these findings of a "flexible neoliberalism" tacitly coincide with concepts found within geographical works, which see neoliberalism as a flexible and/or variegated project that nonetheless seeks to privilege supply-side factors above all else (Brenner, Peck, Theodore, 2010; Peck & Tickell, 2002; Jessop, 2006).

Nevertheless, the difference between this thesis' conclusion to that of Broome and Seabrooke's appear to come down to how the empirical findings were interpreted. In contrast to Broome and Seabrooke (2007, 2008), this thesis forwent any sort of "nuanced" interpretation of the collated data in order to make the point that the IMF's deliberation process encouraged and actively appealed for the implementation of a staunchly neoliberal, supply-side monetary, tax, fiscal, and regulatory policy mix—irrespective of its flexibility within the study's neoliberal markers.[114] Precisely, it was the rigidity of the Fund in consistently supporting neoliberal, supply-side initiatives, as well as its inability to react to— in any flexible manner (and much less foresee and avert)— Argentina's financial and monetary collapse, which calls into question what Broome and Seabrooke suggest as its competencies in monitoring and rating economic conditions, as well as its capacity to provide member states a "pool of comparative knowledge on experimentalist governance" (Broome & Seabrooke, 2008: 223).

Ultimately, the results of this thesis' historical tracing qualify any serious notion of an "experimentalist" IMF," both on spatial and temporal grounds. In terms of spatiality, the Argentine case provides evidence that, at the very least, this Latin-American, borrower state did not benefit from a more flexible or "experimentalist" IMF. Additionally, the last IMF-Argentine Article IV consultation took place on July 28, 2006, which— unless flexibility can be positively detected outside of the Argentine case— temporally situates the "experimentalist period" to sometime hereafter, and up until the 2008 global financial crisis (Broome, 2015; Broome & Seabrooke, 2008; Grabel, 2011).[115] In sum, within the *coordinative discourses* of the IMF, not only did the study find that space for heterodox policy was virtually non-existent, but that the adherence to neoclassical policy was in fact treated as an inexorable precondition for Argentina's good standing with the Fund. Thus, one important take-away from the empirics, including that of Broome and Seabrooke's, is that one can expect neoliberalism to spread in a characteristically

[114] However, it should be noted that this thesis did quantitatively account for "policy variation" by measuring the average policy scores of the Article IV deliberations *vis-à-vis* the respective Argentine administrations, which can be found at the end of each chapter. Notwithstanding, the emphasis herein was on the predominance of neoliberal or otherwise orthodox policy prescriptions relative to orthodox, demand-side initiatives, which were all but absent.
[115] Due to its prominence and importance to the Fund, the Argentine case and Argentina itself— the IMF's once model state (Camdessus, 1998) should not be seen as an outlier or "special case," but rather representative of how the IMF performs its self-stated, primary function, which is acting as a lender of last resort for states traversing periods of economic "crisis" (IMF, n.d.; IMF, 2017).

variegated manner. Thus, while an empirical analysis may detect what critical-materialists conceptualize as neoliberal variegation, this should not be conflated with a finding of ideational "flexibility," or more specifically, space for heterodox policies.

The communicative discourses of finance

The neoliberal logics of globalization posit that international capital flows pose, both inexorable and external constraints that physically preclude states from successfully operating outside of the economic orthodoxy. As with the prior case on the IMF, the upshot of this second section is that— far from being a physically inexorable maxim or naturally observable laws— these liberal economic logics had to be explained, lobbied for, and deliberated upon—within institutional setting and the public domain— which reveals their politically contingent nature. In other words, these economic conditions are the result of policies, which are ultimately contingent on their deliberative success— particularly, within *coordinative* and/or *communicative discourses*.

This thesis' second empirical section also demonstrated how material interest can influence or privilege certain ideas and policies via its examination of the operations and opinions of foreign banks, which were nonetheless promoted, rationalized, and even occulted via the press' *communicated discourses*. [116] Specifically, these discourses consistently deployed the logics of neoliberal globalization in order to rationalize the use of fiscal austerity, which allowed the state to redirect funds towards supply-side initiatives such as privatization, deregulation, and even the recapitalization of international financiers operating within Argentina. Altogether, the empirical findings found an apparent interplay or bi-directionality between the ideas

[116] Additionally, as the second empirical section showed (chapters 6-8), ideas can also originate from (or be promoted by) certain interested sectors, organizations, and/or individual agents. Specifically, chapters 6-8 demonstrated that financial executives, which were directly cited as well as those who were provided editorial columns within Argentine periodicals, promoted their firm's interests and positions via the ideas communicated through their discourse.

communicated and the interests of international banks operating within Argentina—be it via policy preferences or calls for direct financial assistance.

As a whole, the *communicative discourse* deployed by the Argentine press set in motion a reflexive, yet long-running narrative, which nonetheless emphasized— for better or worse—the power of globalization's external market forces. Herein, the globalization narrative within Argentina itself can be broken into two parts: First, the initial thrust of the press' discourse on international banks was on selling the liberal reforms that had "opened up" of the Argentine financial sector to global capital markets and international banks. Essentially, the press presented financial globalization as an economically advantageous step towards greater economic freedom and wider access to international pools of credit. However, as the efficiencies promised failed to materialize, the press deployed a second narrative wherein it began to explain these newly established links to global capital markets, as posing "politically inexorable constraints" on Argentina's economic policy options (Hay & Smith 2005).[117] This latter argument would form the logical basis for why Argentinians should endure or support unpopular, supply-side policies that privileged the international banks in question— namely, Citibank, Scotiabank, and Crédit Agricole.

This combination of largess earmarked exclusively for select financial firms, which was to be underwritten by a neoliberal policy paradigm (e.g., one centered on tight monetary controls, austerity measures, and deregulation) not only neglected aggregate demand, but veritably shutdown the supply and circulation of money (Keen, 2009, 2011; Minsky, 1986, 2008; also see

[117] Harkening back to this thesis' conceptual emphasis on the bi-directional dialectic between ideas and material factors, the discourse of the embedded Argentine press' also shows that the concept of globalization can not only catalyze change, but that it can also serve to prevent change, once it has established a footing for the interests of capital (See Marsh, 2009).

chapter 2).[118] Ultimately, the empirical findings established that the Argentine press' narratives were exclusively dedicated to communicating the biases and material interests of finance capital (irrespective of rationality).

As in the earlier chapters on the IMF, how ideas themselves were deployed in order to explicitly foment change was also of importance and relevant to further establishing the concept of bi-directionality. Specifically, chapters 6-8 found that ideas played a large role in not only framing what could be deemed as appropriate policy options, but the analysis also found that—for financial executives— trending ideas or "market perceptions" were also critical factors in both forecasting and actively fomenting market fluctuations (i.e., physical gains and/or losses). Consequently, the frequent omissions by financial executives and the press elaborating on the need to bolster "market sentiment" served as evidence of their own awareness of the bi-directionality or nexus that exists between the ideational and material. Precisely, 20.5% off all the articles examined explained market dynamics as a product of intersubjective understandings (i.e., market sentiment). In effect, the general thrust of these articles was that austerity was not materially effective, but rather that it created the "perception" of efficiency in the eyes of investors. Thus, the goal herein was not, to materially alter market conditions, but rather to manipulate the ideational or intersubjective understandings thereof.

Epilogue

Predictably, the empirical analyses within this thesis found that the discourses of both the IMF and the Argentine press consistently promoted neoliberal, supply-side logics, which tended

[118] This compression of economic activity due to Argentina's monetary policy was flanked by both the reluctance of banks to lend, along with their disproportionate control capital, which together precipitated, or at the very least accelerated, the onset of the Argentine Great Depression (see Chronopoulos, 2011; D'Avella, 2014; Marshal, 2008; 2009).

to see the global capital flows as tangible external constraints on economic policy. Yet, the paradox within the discourses in question was that they were not just deployed in order to passively chronicle or explain these “inexorable economic maxims,” but rather they were actively (and explicitly) engaged in influencing the (re)formation of economic policy within the closed-door sessions of the IMF and the public debates on the “globalization” of Argentine finance, as well as issues surrounding the subsequent Argentine Great Depression. In other words, these discourses show that neoliberal policies had to be implemented and sold endogenously, via deliberations held within ideational and policy constructing spaces. As a result, this neoliberal discursive construction that presented globalization as an immutable and inexorable external constraint, effectively occulted, both the inherently political and contingent nature of economic policymaking, as well as the ideational space for alternatives. This in turn heightens the importance of not only how policy focused discourses are deployed, but also what they promote, and by whom. This last point of emphasis begins to denote the potential bi-directionality that exists between ideas and material factors or interests.

Ultimately, this thesis’ cognizance of the bi-directionality between ideational and material factors drove the study towards an analysis of global financial institutions and international banks operating within Argentina. The logic herein was that by interrogating the potential role played by finance capital in the construction of these “global narratives” that the thesis would provide an understanding of how material factors— in this case the interests of international finance—can influence ideas promoted by discourses on economic policy. Going forward, this thesis’ contribution to debates on globalization, as well as the broader field of IPE, can be found in its analytical emphasis on how capital and/or private sector interests can come to dominate the space for ideas trafficked within policy discourses.

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