**The Developmental State is Dead, Long Live the Developmental Regime! Interpreting Néstor Kirchner’s Argentina 2003-2007**

*Christopher Wylde*

*University of York*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Abstract:** The post crisis administration of Néstor Kirchner (2003-2007) saw significant changes in the political economy of Argentina. After characterising these changes this article attempts to place the evidence within an appropriate meta-theoretical interpretation. The article concludes that whilst elements of historical forms of political economy exist in Néstor Kirchner’s regime – elements of populism, elements of neoliberalism – in its entirety one must look to other explanations not traditionally associated with Latin America, i.e. the developmental regime. Such a conclusion facilitates both an enhanced understanding of post-crisis Argentine political economy, and an opportunity to further develop a developmental regime approach.

**Key Words:** *Kirchnerismo*, developmental state, developmental regime, Argentina, political economy.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Introduction**

The post-crisis (2001-02) political economy of Argentina represented a watershed moment in its history. The neoliberal project of *Menemismo*, led by president Carlos Menem (1989-1999), was rejected in favour of a developmentalist ideology dubbed *Kirchnerismo*, led by the president Néstor Kirchner (2003-2007). *Kirchnerismo* facilitated impressive post-crisis growth through a judicious mix of domestic policy and international circumstance. Such a developmentalist agenda must be understood, like development in general, as an historical change process (Thomas, 2004). For that reason analysis of the suite of policies that facilitated robust post-crisis growth should be balanced by an investigation of the social relations that underpin those policies, and how those relations have changed over time. Furthermore, in an era of increasingly globalised and integrated trade and capital markets, one cannot adequately capture the full nature of any developmentalist project without complementary analysis of how state policies intersect with global capital. In other words, consideration of the role of international factors in an era of globalisation is essential (Wylde, 2011: 437).

Any analysis of the processes of development should be conducted in the context of debating and applying theories of social change at local and global levels in order to make sense of and understand those processes. However, the characterisation of *Kirchnerismo* within existing meta-theory of the political economy of development is problematic. This article contends that in order to interpret *Kirchnerismo* and its reform of Argentina’s regime of capital accumulation during the post-crisis period, existing meta-theoretical narratives must be re-addressed and re-examined. Whilst elements of historical forms of political economy exist in *Kirchnerismo*  – elements of populism, elements of neoliberalism – in its entirety one must look to other theoretical interpretations not traditionally associated with Latin America, i.e. the developmental state (DS) and the developmental regime (DR).

This article is therefore split into five main sections. The first will deal with *Kirchenrismo*, briefly outlining its main characteristics. The second section will then address the meta-theoretical interpretation of this regime, demonstrating that traditional literature that examines developmentalism – the DS literature – is insufficient to capture the nature of post-crisis Argentine development. Indeed the tools it offers are unable to explain much beyond the postwar development of Japan and a number of East Asian countries. This has often been to the ‘frustration of the comparativist’ (Schneider, 1999: 279). The third section will show that a DR approach (Pempel 1998; 1999) overcomes many of the traditional weaknesses associated with DS theory. Section four will demonstrate that the application of the DR approach provides the analytical leverage with which to accurately capture and reflect the principles of *Kirchnerismo* in terms of political economy. A fifth and final section will offer conclusions to this analysis, showing that characterisation of *Kirchnerismo* within a DR framework both enriches the understanding of post-crisis Argentina and, symbiotically, helps to further develop a meta-theoretical narrative able to overcome traditional weaknesses associated with the DS.

## Post Crisis Argentina and *Kirchnerismo*

Analysis of the post-crisis administration of Néstor Kirchner will be undertaken through an examination of three related ‘developmental dichotomies’: the ‘state-market’ dichotomy, the ‘state-society’ dichotomy, and the ‘national-international’ dichotomy (Wylde, 2012). The state-market dichotomy encompasses an important debate present throughout the history of political economy about the nature of government intervention in the market, and therefore in the development process. This analysis is complemented by the state-society debate, which seeks to understand how domestic society interacts with the state in order to produce government policies that influence the developmental process. Finally the national-international dichotomy is important as it recognises the role and influence of international capital in the development process in an era of globalisation, influences that often interact with the other dichotomies to produce results that can only be understood when all three are considered jointly in the analysis.

Examination of Argentine post-crisis economic policy (the state-market relationship) must be complemented by analysis of the social relations that underpin those policies (the state-society relationship). This must in turn be imbricated with an understanding of the role of globalisation in shaping and moulding the post-crisis developmentalist agenda in Argentina (the national-international relationship). In their totality these relationships represent the basis of *Kirchnerismo*. Organisation of the material in this fashion is also intended to highlight fundamental weaknesses in the DS literature. Sections that follow this will demonstrate that the DS literature provides clarity to analysis of the state-market relationship present in post-crisis Argentina, but not the state-society and state-international relationships. To achieve the necessary analytical clarity in these areas and thus facilitate a complete understanding of *Kirchnerismo* one must apply the concept of the DR, itself a meta-theory, which builds and develops on the DS literature.

State-market

Detailed considerations of the specific state-market relationship under Néstor Kirchner can be found elsewhere (see for example, Wylde, 2012; Wylde, 2012a). However, a summary of these findings can be reproduced here in order to provide appropriate context to the following theoretical argument and focus of the article.

By 2007 the Argentine economy was some 25 percent larger than the pre-crisis peak in 1998 (CEPAL 2008: 105). This is even more impressive given the profound nature of the 2001 crisis and the fact that it was driven by widespread trouble in the financial sector. Historical precident tells us that recovery from a financial crisis is long and arduous. For example, the contemporary developed world’s L-shaped recovery in the aftermath of the 2007-08 global financial crisis. Argentina seemed to confound this precident.

The policies that facilitated this spectacular recovery can be broadly grouped under two categories: macroeconomic policy, and industrial policy, which collectively represent a shift in the management of the Argentine economy since 2003. In terms of macroeconomic policy, the maintenance of a SCRER (Stable and Competitive Real Exchange Rate) was key (Frenkel and Rapetti, 2008; Gerchunoff and Aguirre, 2004). The SCRER was justified as an application of the infant industries argument and facilitated strong growth in export orientated industry in both the primary and secondary sectors (Frenkel and Rapetti, 2008; see also figure 1), in particular the automobile sector (personal interview by author 18 July 2011). In addition, this policy led to the accumulation of a large amount of foreign exchange reserves and large tax revenues. These tax revenues were used to help draw down national debt, fund large scale government infrastructural programmes, and to help fund industrial policy. This has led therefore to significant reductions in Argentina’s debt profile, consistent fiscal surpluses, and sustained GDP growth. In summary, macroeconomic policy in the post crisis period produced twin surpluses in the current account and fiscal account; something that had never before been achieved in Argentina in the context of sustained GDP growth (Chudnovsky, 2007).

Figure 1: Imports and exports of goods and services (US$m)

**SOURCE:** Daniel Heymann, ‘Notas sobre la evolución macroeconómica de la Argentina’, (2007), unpublished material presented during interview by this author.

Argentine industrial policy has centred on what Heidrich terms a ‘competitive change’ (Heidrich 2005). This has led to the encouragement of industrial production over finance (Ferrer 2005: 370-371). Consequently, large public works programmes (especially in the provinces), selective protective tariffs, the promotion of *PyMEs* (SMEs), negotiations with banks to improve credit facilities for these enterprises, subsidies, technical assistance, and promotion of the export sector (especially manufactured exports), combined with its SCRER policy, have all been central planks of Argentine industrial policy (Baruj and Porta, 2005; Ortiz and Schorr, 2009: 5).

Two considerations must be highlighted in terms of industrial policy. The first is the debate as to whether the path followed by Kirchner was more the result of endogenous shifts in the Argentine economic environment rather than a deliberate independent strategy. The second concerns the role of the exogenous impact of record international commodity prices. For example, Ortiz and Schorr (2009: 3) characterise Kirchner’s industrial policy as ‘bounded in its effects and poorly coordinated’. In addition post-crisis industrial policy has not substantially changed the relationship between different production linkages within the industrial network (Santarcángelo, Fal, and Pinazo, 2011: 103). It was the change in the exchange rate and the associated decreased cost of labour that encouraged the development of activities which had been historically neglected. Meanwhile the vast majority of exports continued to remain in the primary sector and so benefited from high global prices.

From this it is clear that industrial policy in post-crisis Argentina has been a far cry from the efforts of MITI in Japan in the 1970s and 1980s for example. Nevertheless the series of measures outlined above (public works, credit expansion etc.) helped Argentine industry expand into new markets that became economically attractive as a result of the macroeconomic restrucuring of the Argentine economy and benign international environment in the wake of the crisis. Kirchner’s administration was still able to harness these forces to maximum benefit, as well as the fact that a significant proportion of the economic growth seen during the period 2003-2007 was in the manufacturing sector and independent of the reversal in terms of trade during this time (Bezchinsky *et al.* 2007).

The main structural shift in the post-crisis Argentine economy that these policies produced was in the volume of exports and its relative contribution to GDP growth. Figure one shows how a relatively stagnant level of exports of goods and services in the 1990s was followed by significant and sustained increases from 2003 onwards. Figure two shows that these increases led to a rebalancing of the Argentine economy with exports now representing a significant contribution to GDP than compared to the time period before 2001. Whilst it is true that a proportion of this increase is due to the collapse of other areas of the economy in the immediate post-crisis period, and the statistical effect of the weakening of the peso, the change has been large enough to suggest that Heidrich’s identification of a ‘competitive change’ has a quantitative basis.

Figure 2: Coefficient of exports to GDP in constant US$

**SOURCE:** Daniel Heymann, ‘Notas sobre la evolución macroeconómica de la Argentina’, (2007), unpublished material presented during interview by this author.

Despite this shift in emphasis, large structural continuities prevailed, such as the prevalence of primary commodities among Argentina’s export base. This maintained both a relative lack of value-added production and the continued partial reliance on buoyant international commodity prices for economic growth. Azpiazu and Schorr (2010: 136) have suggested that these reforms have not resulted in any drastically different insertion of Argentina into the international division of labour. Whilst clear changes have occurred in the post-crisis Argentine state-market relationship, there were also continuities. The Kirchner administration did not express hostility to markets, on the contrary, they were largely embraced, albeit under rather severe guidance (Tussie & Heidrich 2007: 9). The macroeconomic framework was still conducive towards paying Argentina’s debt; and the national economy remained open and integrated with the global economy (Gambina *et al.* 2005: 30).

*Kirchnerismo* was a strategy for growth based on selective protectionism in the manufacturing sector and targeted state intervention through public works and credit expansion. This was combined with macroeconomic stability as a result of the SCRER, a large accumulation of foreign exchange reserves that created confidence in the domestic economy (Grugel & Riggirozzi 2007: 97-98), significantly reduced levels of debt, and broad price stability (at least until 2007). The result was economic growth through stimulation of an export industry and limited diversification away from traditional reliance on agro-exports. In summary, the state took on the responsibility for economic growth, and specifically facilitated this through the SCRER policy and industrial policy, thus stimulating exports (Frenkel & Rapetti 2008) in a benign international economic environment.

State-society

The previous section gave a brief account of the areas of continuity and change in the state-market relationship in post-crisis Argentina. It is the purpose of this section to highlight the changing social relations that underpinned these changing policies. This task has been conducted in detail in previous work (see Wylde, 2011), but again a summary of these findings is appropriate in order to provide empirical detail for the theoretical discussion in subsequent sections.

The fundamental reformulation of the state-society relationship during Kirchner’s administration was concerning the link between citizenship and social welfare. As Grugel & Riggirozzi (2007: 88) suggest: ‘[p]eronism changed the terms of citizenship in Argentina by establishing the *pueblo*, made up of unionised workers the urban poor, and the lower-middle classes, as a political actor with rights to economic and social inclusion’. Consequently, traditional Peronism ‘was unable to construct a social consensus around the principles of nationalist/statist development’ (Grugel & Riggirozzi 2007: 89; Panizza 2005; Roberts 2007; Riggirozzi 2009: 102). As Riggirozzi (2009: 90) concludes: ‘the nationalistic rhetoric and the political economy of Peronism redefined citizenship in terms not of individual rights but as economic rights and social inclusion’ (Hershberg & Rosen 2006).

Kirchner did not engage in widespread social programmes, rather he targeted specific social groups (Grugel & Riggirozzi 2007: 98; Petras 2006: 283; Beccaria *et al.* 2007). In contrast to Perón’s policies of providing social protection and political patronage through clientelism for the urban working classes as a whole, *Kirchnerismo* has much more in common with a neoliberal style safety-net model of social welfare; a model that is designed to catch individuals and prevent them from falling into complete poverty and destitution (Beccaria *et al.* 2007). Accordingly, poverty was not systematically addressed by Néstor Kirchner’s administration (Beccaria *et al.* 2007) and resulted in the continued prevalence of relatively high poverty and inequality levels.

Whilst anti-poverty programmes existed in the 2003-2007 period, such as *Planes Trabajar* and *Plan Familias*, these were relatively small and narrow in scope. Furthermore the main policy of *Plan Jefes y Jefas de Hogar*, initiated in the immediate aftermath of the crisis by then president Duhalde, was deliberately run-down by blocking the programme to new entrants (Beccaria et al., 2007; personal interview by author 27 April 2007). Despite this lack of a coordinated and comprehensive anti-poverty strategy the figures significantly decreased from the stratospheric highs of the crisis. In 2001 36.5 percent of households in urban areas (where the most reliable figures are to be found) were considered below the domestic poverty line, a number that had reduced to 23.1 percent by 2007 (Ministry of Economy and Production, 2009). However the point is that this was achieved through sustained econmic growth and the employment that this created, rather than comprehensive welfare programmes as seen in its Peronist past or in contemporary social democracies in Europe.

*Kirchnerismo’s* relationships with business and the trade unions possesses qualitatively different characteristics from old Peronist relationships, such as the top-down associations and institutional links between Perón himself, the PJ (the Peronist Party), and trade union movements. Etchemendy & Collier (2007) have termed *Kirchnerismo’s* distinct approach as ‘neocorporatism’, or, more specifically, ‘segmented neocorporatism’. This is defined (Etchemendy & Collier 2007: 366) as ‘a pattern of peak level negotiation in which monopolistic unions, business associations, and the government coordinate on inflation-targeted, sector-wide wage agreements and minimum wage floors, which apply to a substantial minority of the labour force’. It is corporatist due to the tripartite nature of the relationship (government, organised labour, and business), it is ‘neo’ due to the redefinition of this relationship, and it is segmented due to the fact that the agreements reached only applied to a minority of the workforce (formally employed, organised labour). In addition there has been change in the other aspect of the tripartite relationship, that between the government and the business community. The ‘genuine participation of business’ (Etchemendy & Collier 2007: 382) in these tripartite negotiations stands in contrast to the governments of Perón, where the genuine involvement of business participation in tripartite negotiations were rare.

These shifts in the state-society relationship can be clearly linked to the discussion of the previous section. The targeting of specific social groups rather than universal welfare was partly a function of a desire to maintain fiscal responsibility. Continued fiscal surpluses represented a key plank of macroeconomic stability in post-crisis Argentina, and were the result of deliberate policies of the administration. In addition the new principles adopted in the segmented neocorporatist relationship can be traced to the Kirchner administration’s desire to contain inflation. This overriding concern to protect Argentine economic growth contrasts with traditional Peronism, which as a result of sustained wage increases for organised labour led to sustained periods of systemic inflation that ultimately eroded any wage gains as well as growth (Chudnovsky, 2007). In contrast Kirchner used both negotiations with the unions to suppress wage increases and negotiations with the business community that led to a series ofprice controls to reduce inflationary expectations and prevent a wage-price spiral (Etchemendy and Collier, 2007: 381; personal interview by author, 13 March 2007). This helped protect the market driven economic growth that formed the centrepiece of his political economy (Wylde, 2011: 443).

National-international

Argentina’s relations with international capital fundamentally changed under the post-crisis administration of Néstor Kirchner. The sovereign debt default after the 2001 crisis altered the national (Argentine)-international capital relationship and the administrations actions between 2003 and 2007 served to cement these changes. This section will briefly outline those changes and how they related to both shifts in the mechanics of the Kirchner administration’s economic policy and the social relations that underpinned those policies.

The issue of external debt was a major concern for Kirchner’s administration. Debt was used as a way of funding the current account deficit throughout the 1990s, and having recently experienced the largest debt default in history (at that time) in 2002, it was clear that Argentina required a major reappraisal and restructuring of its international debt portfolio. The Kirchner administration managed to negotiate a significant ‘haircut’ (i.e. a partial cancellation) of its outstanding debt and a favourable restructuring of interest and maturity (Damill, Frenkel, & Maurizio, 2007; Kosacoff, 2008: 39). This 2005 deal resulted in the *mega canje* (mega swap) where the government issued US$35.2bn of new debt, which resulted in a 43.5 percent nominal reduction, or US$67.3bn (Damill, Frenkel, & Maurizio, 2007: 22), the biggest haircut in recent history of debt restructurings (EIU, 2007). This deal was accepted by 76.2 percent of holders of defaulted debt (EIU, 2007). Furthermore the new debt was issued on much longer terms, maturing in 26 years instead of 12, and with a lower interest rate – around 6 percent instead of 11 percent. Much of the new debt (about 44 percent) was denominated in local currency, which reduced Argentina’s exposure to exchange rate risk (Damill, Frenkel, & Maurizio, 2007: 24). Overall the restructure reduced the outstanding public debt nominated in foreign currency from 97 percent to 63 percent (EIU, 2007).

Negotiation of a significantly favourable restructuring of its public external debt represented one of the key pillars of the solid macroeconomic foundations in post-crisis Argentina. Economic recovery allowed the administration to then continue to pay down debt levels further, to the extent that external debt as a percentage of GDP had fallen from 153 percent in 2003 to 62 percent by 2006 (CEPAL, 2007). In addition there was early repayment of the entire outstanding US$9.8bn debt facility that Argentina had with the IMF in 2005. This meant that the Fund’s influence, a factor shaping Argentine international relations since the end of Perón’s first administration in the 1950s, all but disappeared. All of this played a siginficant role in helping the administration maintain a fiscal surplus, which as analysed earlier, represented one of the key planks of the administration’s economic success.

The cornerstone of *Kirchnerismo* and the associated economic recovery rested on the development of Argentina’s export economy, largely facilitated through the maintenance of an SCRER (Wylde, 2011: 448; Frenkel and Rapetti, 2008). However Grugel & Riggirozzi (2007: 106) identify the key challenge of ‘how to manage fiscal and monetary policies in order to sustain Argentina’s export successes, in the context of a globalised economy and historically vulnerable commodity prices.’ The administration’s policies have gone some way in addressing these needs. For example, an average of 11.1 percent growth in the 2003-2006 period has been experienced in the manufacturing sector (with the automobile sector being especially buoyant), and has begun a process of decoupling of the trajectory of economic growth from commodity price fluctuations. Furthermore Kirchner’s debt policies have served to reduce external vulnerability through the stabilisation and rationalisation of Argentina’s debt burden. This has reduced Argentina’s external vulnerability by reducing the potential pressure of a traditional currency/balance of payments crisis. Finally the accumulation of large reserves as a result of the SCRER policy has also served to give Argentina a cushion against falling export prices or volumes.

The default of 2002 and subsequent restructuring in 2005 froze Argentina out of international capital markets. However the administration was careful not to preside over a total rupture with the international community. This is demonstrated not only through the increasingly export driven nature of the Argentine economy but also in the administration’s relationship with foreign business – or Trans National Corporations (TNCs). The administration was happy to accommodate foreign companies that had existing interests in the domestic economy. Although it is true the administration was more hostile towards TNCs looking to initiate interest in Argentina (Heidrich, 2005: 5; personal interview by author 10 April 2007). Such an approach by Argentina was also mirrored in the financial sector. Whilst Kirchner maintained links with the sector in order to help his plans to expand personal credit to facilitate the consumer boom, and there has been no hostility towards the banks in particular (personal interview by author 9 May 2007), there has not been the active promotion of their interests as experienced during the Menem years through institutional links with the state such as personnel in the administration or the central bank. For example, one commentator (personal interview by author 17 May 2007) suggests that ‘there are not the kind of people in the financial sector who move in government circles and can therefore be in a position to influence policy anymore…’.

In its totality *Kirchnerismo* has facilitated a greater degree of independence for Argentina from international capital. This has helped facilitate the impressive GDP growth witnessed during the period. Reducing debt and placing the overall debt to GDP ratio on a downward trajectory, building up foreign exchange reserves, paying off all outstanding IMF loan facilities early, limiting foreign TNC investment, and diversifying Argentina’s export profile away from being solely focused on commodity exports to manufactured goods further up the value-added chain have all served to realise independence and subsequent growth. One must be careful not to overemphasise this independence; afterall increasing exports actually increases Argentina’s dependence on international demand and by extension links Argentina’s economy more with the international system. However, given the rise of China and Brazil as important export markets, Argentina has demonstrated an ability to diversify the geographical destinations of its exports and has reduced its dependency on relying on growth and prosperity in any one part of the world in order to ensure its own.

*Kirchnerismo* as Twenty First Century Peronism for a Globalising World

This fusion of national relationships and policies with a distinct international strategy based around reducing debt, a reformulation of the relationship with the IMF, and political preference for national industry should be labelled as a twenty first century Peronism for a globalising world (Wylde, 2011: 449).

*Kirchenerismo* is Peronist because of some of the key socio-economic bases for its support, maintained through Kirchner’s rhetoric. It is Peronist also due to the key elements of continuity with ‘traditional’ forms of Peronism. It is Twenty-First Century in recognition of the changing nature of Peronism throughout Argentine history, and its ability to adapt to changing circumstances. This is represented partially through elements of continuity with *Menemismo* but also through his adoption of key policies that originate from neither traditional *Peronismo* or from *Menemismo* (for example, his SCRER). It is also Twenty-First Century in recognition of the changing circumstances in which *Kirchnerismo* operated. These changing circumstances are due to the context of both neoliberal restructuring in the 1990s under Menem, and the longer term impacts of the crisis of 2001-2002. Finally it is ‘for a globalising world’ due to recognition of the important role of globalisation in shaping domestic political agendas and shaping the ‘limits of the possible’ (Santizo 2006), which are the result of the imperatives of competitiveness and free markets. Such imperatives facilitate changes in the environment in which nation-states operate, changes that lead to global processes of greater flexibility and informalisation of the labour market. Kirchner’s harnessing of these forces in order to achieve domestic development reveal important characteristics of the existence of a clear *Kirchnerismo*, while also bringing into focus further differences with Peronism and Menemism (Wylde, 2011: 449-50).

**Theorising *Kirchnerismo***

In terms of the state-market dichotomy analysed in the previous section, the political economy in Argentina has been based on intervention in the market to facilitate economic development. This is broadly congruent with that of DS theory. This article is not the place for an aetiology of the DS concept, but the main principles contained within this theory appear to represent a persuasive meta-theoretical interpretation of *Kirchnerismo*, and deserves closer examination.

DS theory emerged as a counter-critique to the neoclassical development paradigm and the neoliberal revolution of the 1970s and 1980s through a reinterpretation of the East Asian (the ‘Newly Industrialised Countries’ or NICs) development experience (Öniş 1991: 110; Shaikh 2005: 48). Although its origins lay outside the traditional left, it became popular amongst that community due to the fact that not only did it offer a critique of the neoclassical model, but it also placed the state at the centre of the analysis (Rapley 2008: 135). A new critique of the neoclassical model and the Structural Adjustment Programmes (SAPs) of the 1980s emerged that was not rooted in the traditional leftist discourse of structuralism and dependency.

The central thesis of this body of literature (see for example, Johnson 1982; Deyo 1987; Amsden 1989; Wade 1990) is clearly linked to List (1841/1983) and Gerschenkron (1962) and stipulates that ‘late development’ should be understood as a process in which states play a strategic role in harnessing domestic and international forces to work for the national interest. Key to rapid industrialisation is a strong and autonomous state, providing directional thrust to the operation of the market mechanism, and it is this synergy between the state and the market which provides the basis for outstanding development experience (Öniş 1991: 110). Chalmers Johnson (1982) in his book *MITI and the Japanese Miracle* termed Japan a ‘developmental state’, thus becoming the pioneer of this concept. In this article he emphasises that Japanese institutions constituted a system that was favourable for economic growth, with the crucial ingredient being the role of the state in planning and guiding economic activity through what came to be known as industrial strategy (Vogel & Barma 2008: 240).

In terms of state-society relations, the DS literature discusses the need for a successful DS to have ‘strength’ (Rapley 2008: 155). This strength should arise less from crude power and more from a marriage between a technocratic state and a well organised indigenous capitalist class. To effectively guide economic development a state must enjoy the power to direct society and lead it through traumatic changes. Bureaucrats must be able to draft policies that promote national development, not the advancement of private lobbyists. Government may have to enact unpopular or even harsh policies in the name of development.

This concept of strength (or ‘capacity’) incorporates the fundamental principles of the nature of the institutional system, the business-state relationship, and the role of authoritarianism. Analysis in the DS literature centres on capacity not just being brute force but the specific ways in which the state is linked to and permeated by society as well as itself inflitrating society (Evans 1995; Weiss 2003; Rapley 2008: 162). What determines strength or capacity is less the degree but the character of inflitration; a strong society is a *prerequisite* of a strong state because the state needs to have an equally organised, predictable set of social actors with which to relate. In consequence states need not be authoritarian or remote from society in order to enact or institute development. From this one can deduce that government must develop a consensus in favour of reform or economic growth (Haggard & Kaufman 1992).

Traditional DS theory views the state to be necessarily separate from society in order to insulate it from competing interests, and those who may bear the costs of economic development incurred due to the lack of perfect mobility of factors of production (see, for example, Johnson 1982). Further work was conducted, chiefly by Peter Evans (1995), which led to a characterisation of the state-society relationship within a DS as one of ‘embedded autonomy’. Evans takes as given the necessity of state intervention in the economy, and concludes from this that state involvement in economic transformation has two significant implications. First, the state becomes involved in the process of capital accumulation, and second, the role of the international system as a division of labour and the state’s place in that division is highlighted. From this Evans derives two ‘ideal types’ of state, characterised by the nature as well as the results of their intervention: the ‘predatory state’ and the ‘developmental state’ (Evans 1995: 12). Whilst the predatory state extracts at the expense of society and undercuts development, the developmental state presides over transformation that it arguably played a role in.

In identifying the characteristics necessary for a successful DS, Evans concludes that the most appropriate central feature is ‘embedded autonomy’. Evans emphasises the role and character of the state’s bureaucracy at the expense of other explanatory factors. His argument suggests that a Weberian style bureaucracy in the sense of selective, meritocratic entrance requirements and independent long-term career rewards provides them with ‘autonomy’. However, here he departs from Weber and suggests that far from being insulated from society, ‘they are embedded in a concrete set of social ties that binds the state to society and provides institutionalised channels for the continual negotiation and renegotiation of goals and policies’ (Evans 1995: 12). For Evans this embedded autonomy facilitates best the state’s role in industrial transformation; yet he reduces the basis of legitimacy for this intervention to bureaucratic links with industrial capital.

Post-crisis Argentina witnessed dramatic economic recovery characterised by limited industrial transformation. This transformation was promoted by a developmentalist state which did not demonstrate this kind of embedded autonomy relationship. Bureaucratic links with industrial capital in Argentina during the period 2003-2007 were not congruent with Evans’ concept. The Kirchner administration fostered many of the historic Peronist clientelistic links with both (organised) labour and national business elites (Svampa, 2008). This led to political and sectoral interests permeating state bureaucracies. Perhaps the most famous example has been the systemic manipulation of the inflation index at INDEC (the government statistical agency) as a result of direct presidential pressure (The Economist, 23 Feb 2012). In addition this also manifested itself in a number of political appointments to key positions in the state bureaucracy. For example, the appointment of trade union officials to the state office controlling health policy (Etchemendy and Collier, 2007). There are clear problems associated with locating *Kirchnerismo* within this framework of embedded autonomy.

In summary, the possibility of legitimacy based on forms of state-society relationship other than embedded autonomy, or indeed multiples and combinations of different relationships, is not considered in Evans’ analysis. Social relations can produce a broader variety of developmental processes and mechanisms. Without the tools to theorise and understand these different constellations of state-society relationship the developmentalism of *Kirchnerismo* cannot be adequately captured. Whilst the state-market relations of post-crisis Argentina can be chararacterised within DS theory, its state-society relations cannot be adequately understood by the work of DS theorists such as Evans. Furthermore, the failure to integrate an international focus into the theory has meant that the concept of a DS has become bounded to some post-colonial East Asian states, rendering it less useful as a *general* theory of development.

The next section will focus more on these theoretical shortcomings of the DS. In the process it will highlight an alternative that allows for adequate theorisation of a wide variety and combinations of state-society relationships. An alternative that also successfully integrates an international focus; facilitating its use as a general theory of development. This alternative is the developmental regime (or DR).

#### Limitations of the DS approach and the ‘developmental regime’(DR)

The term ‘regime’ here is used to demonstrate a break with the DS. This is in order to overcome three main areas of weakness highlighted by the case of *Kirchnerismo*. The first main area of weakness is that as a general theory of development, the DS has an inadequate or incomplete understanding of state-society relationships. Pempel’s (1999: 157) analysis captures this well when he critiques the DS literature for privileging the political and economic role played by state bureaucrats. This is because they are treated as totally de-politicised, socially disembodied, and in rational pursuit of a self-evident national interest (Pempel 1999: 144). In the words of Chalmers Johnson (1982: 356) ‘politicians merely reign, whereas the bureaucrats actually rule’. This led Bruce Cumings to suggest that the state then emerges as a ‘web without a spider’ (Cumings 1999: 61). This can be critiqued through the observation that ‘if not from the politicians from whom do bureaucrats get their sense of direction?’ (Cumings 1999: 145). Bureaucracies may well be rational, but in whose interests are they rational? One answer could be the national interest, derived from the possible interests of the politicians or at least of those in power. This opens the door to the possibility of multiple capitalisms and many varied versions of economic development. Or, in other words, many different capitalisms or forms of development, each promoting the interests of different specific socioeconomic groups (Pempel 1999: 145). As a result, different developmental regimes are possible, based on different constellations of socioeconomic interests rooted in state-society relationships.

The second main area of weakness is derived from the first as it concerns DS theory’s preoccupation with the insulation of state bureaucrats as key to economic development. As Pempel (1999: 147) suggests, ‘…bureaucratic autonomy and mandarinate competence in the absence of numerous other conditions are thin reeds on which to rest a strategy of economic development.’ In a critique of the DS literature in terms of its analysis of bureaucracies, Woo-Cumings (1999: 31) contends that ‘trimming some bureaucratic fat off the developmental state does not mean the end of the developmental state; rather, it is a requirement for survival’. Through integration of state-society analysis Pempel’s DR concept overcomes this critique as it facilitates a more appropriate analysis of socio-economic relationships and coalitions present in the process of development.

The third area of weakness is the lack of a complete discussion and understanding of the international political environment within the DS concept. Overcoming this weakness is key to ensuring that any model is able to travel across both geographical regions and time. Most DS literature focuses on the domestic context, yet the modern state, like the mythological Janus, has two faces: one looks inward toward domestic society, the other turns outwards towards the international arena (Pempel 1999: 147). The fundamental goal of a DR is the improvement of national economic conditions; any country aspiring to development must choose its strategy within the broader context of regional and international power balances. For that reason economic conditions will be highly contingent on the broader external arena within which any developing nation must operate (Pempel 1999: 147).

**The Developmental Regime, Time, and Space**

The DR approach, unlike the DS, draws attention to all three developmental dichotomies and provides an excellent framework for understanding the administration of Kirchner in Argentina (2003-2007). This section will outline the DR approach, in the process demonstrating how it builds upon the DS literature. A subsequent section will apply this to an analysis of *Kirchnerismo*.

The use of the term regime is crucial both in the sense of representing a break with traditional DS theory, but also due to the implications of the word itself. ‘Regime’ involves a sustained fusion among the institutions of the state, particular segments of the socio-economic order, and a particular bias in public policy orientation (Pempel 1999: 157). Regimes are based on the interactions of specific social sectors and key state institutions (Pempel 1999: 158). In turn, these ‘fusions of state and society are reflected in specific public policy profiles’. This results in the character of a regime being ‘determined by the societal coalition of that state, and the institutionalisation and bias of the public policies that result’ (Pempel 1999: 158).

The three essential elements of a regime are: socio-economic alliances, political-economic institutions, and a public policy profile (Pempel 1998: 30). ‘Underpinning any regime is a specific set of relationships among important socio-economic sectors’ (Pempel 1998: 22). The sectors and groups that underpin any regime are those that empower, and are empowered by, the public policy profile. Typically, the prevailing public policy mix sustains and reinforces the dominant socioeconomic power base as well as a particular set of political and economic institutions (Pempel 1998: 21). There is a complex interrelationship between these three elements, which can be in flux over time. Consequently, regimes may have little or no enduring stability. In order to further elaborate on the regime concept each of these three elements will now be examined in more detail.

The idea that socio-economic alliances underpin, and are underpinned by, the state is not a new concept. At a theoretical level Marxist analysis of the state as (in its most basic form) the executive committee of the bourgeoisie reflects this opinion well. This is also equally true of Weberian pluralist analysis which emphasises perhaps more social alliances as well as economic ones. At an historical level this has also been demonstrated. For example, Alexander Gerschenkron demonstrated that authoritarianism in Germany was derived from the alliance of ‘iron & rye’ (read: Saxony/Rhineland industrialists and Junker landlords) (Gerschenkron, cited in Pempel 1998: 23), or Collier & Collier’s work on showing how labour’s inclusion or exclusion from such alliances shaped the political evolution of eight Latin American countries (Collier & Collier, cited in Ibid.). The first leg of any regime tripod is thus a set of state-society relationships. These relationships are underpinned and reinforced by policies of the state, policies that are themselves products of those relationships.

The second leg of the tripod is institutions. For the purposes of Pempel’s regime analysis these can be defined in terms that are congruent with political science, i.e. the formal organisations of the state and society. Pempel outlines three types of institution that are important to a regime: government institutions, economic institutions, and those that connect government, economy and society (Pempel 1998: 23-26). Government institutions include areas such as the civil service, courts, parliaments, cabinets, the military, and the police. Economic institutions broadly express how the state interacts with the market, both domestically and internationally. A highly individualistic market driven agenda will produce different economic institutions to those that express extensive concentration and coordination of market power by the state. Such constellations will be reflected in areas such as central banks, corporate structures, legal economic frameworks, and patent regulations. Institutions that connect the government, economy, and society include areas such as electoral systems, interest associations, party systems, and economic policy networks. Historically such institutions have been prominent mainly in theorising relations described as corporatist, but other constellations are possible such as more fluid structures based on grass roots movements in civil society.

Institutions regularise the organisations of decision-making through which the regime channels and manifests its power. Such institutionalisation of a regime is essential to ensure longevity beyond any single administration. Whilst a regime can, and indeed must, begin with one administration, its longevity beyond a single administration relies heavily on the continuity facilitated by the presence of institutions. Institutions ensure ‘organisational mechanisms that remain relatively invariant in the face of turnover of individuals and relatively resilient to the idiosyncratic preferences and expectations of individuals’ (Pempel 1998: 23). Such continuity and relative invariance of organisational mechanisms at the government, economic, and societal levels reflects the presence of a regime.

The third, and final, leg of any regime is the presence of a public policy profile. In the short run, a regime’s public policies (both in the political and economic spheres) are ‘tangible manifestations of the regime’s power configuration’ (Pempel 1998: 27). These supporters in turn form the basis of the regime’s power; they are manifested in socio-economic alliances of their own, and support the regime not only through electoral politics but also through the other conduits by which state power is exercised. In the longer run ‘they reinforce and solidify institutional arrangements and coalitional alliances, guaranteeing systemic and semi-permanent rewards’ (Pempel 1998: 27). Thus, public policies play a critical role in the constitution of any regime as they represent the glue for socio-economic coalitions and institutions (Pempel 1998: 27). Through such an interaction public policies can become more than just policies, as they become interwoven within, and characteristic of, the state-society, state-market, and national-international relationships.

In summary, the character of a regime is reflected in the three legs of a tripod: socio-economic alliances, institutions, and the public policy profile. As these three elements are wide-ranging, theoretically they could generate a wide range of possibilities, as well as the fact that regimes can experience little or no enduring stability. As a theoretical tool the concept of regime remains useful due to the analytical clarity that it brings to characterising the complex nature of state-market, state-society, and national-international dichotomies.

One regime possibility is the concept of a DR. In defining a DR Pempel (1999: 140) highlights a characteristic that he calls ‘the primacy of politics’. This allows analysis to concentrate on how economic development results from a politically constructed project. This is the result of three key observations. First, political power can contribute positively and effectively to a nation’s economic well being. Second, political representatives can be key shapers of economic transactions. Third, they can think in a longer-term (developmental) perspective. Analysis can now move away from explanatory factors such as national culture, as was the problem with early DS theory in its discussion of the NICs. In addition the role of the international can be drawn into the analysis of the politics that shapes a state’s options. Pempel thereby moves away from traditional DS literature and analysis by integrating an understanding of the dynamics of the international sphere.

A DR has four characteristics (Pempel 1999: 157). First, it must forge a socio-economic support coalition that commands more in the way of politically relevant resources than the coalition(s) supporting its opponents. Second, a regime must be able to define the central issue in politics and set the content of the nation’s agenda. Third, it must put forward a legitimate ideology that plausibly presents the interests of its supporters as general or common interests. Fourth, it must be able to deliver benefits to its supporters that reward them for their support. A regime is sustained to the extent that these supporters are given long-term benefits, not simply short-term profits (Pempel 1999: 178).

The DR model interprets state-society relations as potentially being based on forms of legitimacy outside of the embedded autonomy of bureaucracies. Greater scope is given for alternative conceptions of legitimacy based on socio-economic relations and coalitions of interest within the social contract of any given state at any given time. In addition by integrating the state-international dichotomy more fully into the model, the DR approach adds an extra layer of crucial complexity. This complexity facilitates a more holistic approach that provides a framework to analyse the interactions between the state and international capital.

The DR model then becomes a useful tool for the comparativist seeking to analyse state-driven developmentalism. A concern with the state-society dichotomy allows for an understanding of the state that goes beyond an embedded, autonomous bureaucracy. Instead it should be seen as the product of social relations, processes that can produce a much wider range of outcomes than are to be found in the post-war Asian DS model. In addition, the DR model can take into account different patterns of external conditions that are inevitable when moving across geographical and temporal boundaries. Consequently the completely different history of decolonisation in Latin America compared to East Asia, the history of how these different regions became integrated into the global economy, and their respective positions in the contemporary international division of labour can be drawn into the analysis. This produces a framework for understanding the national developmentalist project of post-crisis Argentina and, by extension, help identify similar projects across the globe in the past, present, and future.

## *Kirchnerismo* as a Developmental Regime

As outlined in previous sections, the state-market relationship under Kirchner can be best encapsulated by the term ‘developmental’, and interpreted through the DS literature. For example, the stimulation of an export industry through an SCRER policy, combined with an industrial policy centered on production and work, represents an interpretation of key DS tenets. However developmentalism is much more than simply an economic strategy based around growth. As Fine’s (1997: 3) critique suggests, the DS concept is in danger of being reduced to the statement that ‘[w]herever there is or has been development, there must have been a developmental state’. Developmentalism must be an approach to development that is reflected in both state-society and national-international relationships in addition to state-market relationships. Evans’ concept of embedded autonomy does not account for social relations in a DS that goes beyond links between government bureaucrats and business elites. What is needed is an approach that allows for the possibiliy of social relations that are different to embedded autonomy yet still produce successful developmental outcomes through state intervention.

Pempel’s concept of the DR generates this nuanced and complex understanding of these relationships present in Argentina in the period 2003-2007. The following section will complement and build upon previous analysis of the DR concept by analysing *Kirchnerismo* through its lens. Such a course of action will both contribute to the understanding of Argentina under Kirchner (2003-2007), and enrich the DR concept itself (Pempel 1998; 1999).

### The Regime Tripod in *Kirchnerismo*

*Socio-Economic Alliances (and the state policies that underpin them)*

Néstor Kirchner forged an alliance between the old Peronist working-class base, the consuming middle-classes, lower-middle class elements of the new poor, and local bourgeoisie and big business (chiefly domestic manufacturing business). This realignment of the Argentine social contract was achieved by the Kirchner administration through policies that delivered benefits to each of these groups in the wake of the political upheaval of the 2001-02 crisis.

Kirchner’s policy of segmented neocorporatism has led to broad union support. Giving unions preferential access to the state during negotiations has allowed them to engage in effective collective bargaining and thus influence policy in areas such as wage demands. This has resulted in (limited) wage gains for formal sector labour and increases in the minimum wage. In addition the unions also made other organisational gains: ‘...favourable institutional inducements such as union-enhancing changes in the labour law, appointments in the state office that oversee the union-controlled health system, and specific benefits to the largest unions such as transport subsidies to truck drivers’ (Etchemendy & Collier, 2007: 366). Whilst Kirchner has by no means acquiesced to all union demands – especially in wage negotiations – the neocorporatist structure in place has given them a seat at the table in negotiations.

Domestic bourgeoisie within Argentina were also able to articulate their needs to the state through this neocorporatist relationship constructed by the Kirchner administration. These negotiations were more systematic than during previous regimes in history, with both the sector-wide wage agreements and the minimum wage agreements of 2005, 2006, and 2007 enjoying the support of the most important sectoral and national business associations (Etchemendy & Collier, 2007: 382). In giving business and its associations an influence over labour and incomes policy the Kirchner administration was able to foster support from the business comunity and incorporate elements of this socio-economic group into the *Kirchnerismo* regime.

The SCRER policy served a number of key interests within Argentine society. Exporting elements of the domestic bourgeoisie clearly gained from the deliberatly weak peso, as did the rural oligarchs who exported huge quantities of primary products. Many other groups have benefited from the growth and employment that this expansion created. Trade union support was further cemented by this policy; as was the support of the working classes. In addition those elements of the middle classes that were atomised into the ‘new poor’ as a result of both neoliberal restructuring in the 1990s and the effects of the crisis in 2001-02 have also benefited from expanding employment opportunities created by *Kirchnerismo*.

The new poor were people who used to have employment in the public sector (the civil service), or in public sector enterprises, and also in some private domestic enterprises; with relatively high degrees of educational attainment or highly skilled and originally from Argentina’s traditionally large middle class. Mostly from 1994 onwards they lost their jobs as a result of the ‘changing rules of the game’ (Chudnovsky, 2007). These changing rules can be defined as privatisation of SOEs, the increasing propensity of the Argentine economy to import, the increased competition in the domestic market as a result of trade liberalisation, and deregulation of the labour market. Many of these new poor were highly qualified engineers or scientists, and often over the age of 40. They swelled the ranks of the unemployed over the 1990s, and remained unemployed as they were unable to operate in the newly reformed economy. Whilst some jobs were being created during the period by foreign companies, they were for the younger, more flexible, qualified workforce who could be educated on the job. Much of the older, generally skilled, middle classes, with some savings, entered the ranks of the lower middle classes as they could only find work in relatively unskilled sectors such as taxi drivers or in the *trueque* barter clubs (if they could find work at all) (Chudnovsky, 2007).

The Kirchner administration’s concern with stability and inflation manifested in a number of specific policies that further benefited a number of different elements of Argentine society. The domestic bourgeiosie, both exporting elements as well as those catering to the domestic market, have been able to trade and invest in a stable macroeconomic environment – especially in the context of the 2001-02 financial crisis. This has stimulated economic growth and also profits for these elements, which has further cemented their stake in *Kirchnerismo*. Furthermore those elements of the middle classes that seek to save have once again been able to do so in the context of macroeconomic stability and the controlling of inflation (at least up until 2006). Even with inflation accelerating after 2006, in the context of 8-9 percent GDP growth and the hyper-inflationary episodes present in Argentina’s recent past it did not represent a phenomena that would break the support of this element of the middle class. In addition the price caps negotiated by the government were part of a wider strategy to help contain inflation expectations, and directly benefited consuming middle classes and working classes in the sense that they were protected in certain areas from rising prices. This policy was especially popular, due to one area of price caps in the utility sector, which benefited poorer elements more due to the relative price inelasticity of demand in that market.

The administration’s policy towards Argentina’s debt generated further support. First, negotiations in the wake of the 2002 default that led to the *mega canje* of 2005 (see earlier sections for details) resulted in very favourable terms for Argentina. This was a consequence of hard negotiating tactics by the administration, tactics that resulted in widespread support domestically across the socio-economic spectrum – especially the poor and working classes, the middle classes broadly defined, and the trade unions. Second, government policy after the restructuring was to continue to draw down overall levels of debt and consolidate the fiscal position of the state. This was all part of the central desire to foster stability and economic growth in the wake of the 2001-02 financial crisis. Concern with stability and growth led to support amongst key elements of the consuming middle classes and domestic bourgoisie, who represented a key pillar of support for the regime. Further policy was an early repayment of all outstanding (post-restructured) IMF held debt in 2006, partly the desire to further consolidate the state’s fiscal position and partly the result of continued pressure from different fractions of society to see the continued assertion of Argentine national interests on a global stage. Mirrored in his political rhetoric, Néstor Kirchner was thus able to use the IMF as a mechanism for shifting much of the blame for the crisis away from domestic politics and thus generate further support for his developmental regime.

The administration’s emphasis on ‘production and work’ represents a further set of policies that has delivered benefits to key socio-economic groups. Kirchner’s political party, the *Frente para Victoria*, emerged in the post-crisis period as a splinter of the PJ (Peronists), and its core of support was derived from its Peronist roots. ‘Production and work’ delivered support from trade unions and working class sectors through not only the political rhetoric associated with the policy but because of the policy outcomes themselves. Emphasis on job creation in general, and in the manufacturing sectors in particular, through industrial policy and the SCRER policy helped deliver impressive employment growth from which these socio-economic groups have directly benefited.

The minimum wage steadily increased throughout the 2003-2007 period, which resulted in a level of 100.4 percent of a (inflation adjusted) basket of goods considered to represent a basic standard of living in Argentina by 2007 – having risen from 29.9 percent in 2003 (Ministry of Economy and Produciton, 2009). This was a policy that directly benefited the poor in employment and sectors of the working class on low salaries. Whilst overall wage levels in the economy grew slowly this was as a result of Kirchner’s desire to control both the rate of inflation and inflation expectations as well as the state’s fiscal accounts. The administration was able to raise minimum wage levels but limited general and higher public sector wage increases. These concerns feed into the discussion above on Kirchner’s desire for economic stability in the aftermath of the 2001-02 crisis.

A final area of policy was the way in which he more selectively engaged with international capital in general and TNCs in particular. This facilitated support from the domestic bourgeoisie elements of the middle class as they could expand production and employment into areas that would otherwise have been occupied by transnational capital. Limited degrees of protection through tariffs and non-tariff barriers were a factor but the main boost in competitiveness came from the administration’s macroeconomic policy, especially the SCRER. Nevertheless, the support of key domestic bourgeoisie elements was further cemented by this policy mix.

*Institutions*

The myriad of socio-economic relations that formed the basis of support for *Kirchnerismo* were also reflected in institutional structures. The segmented neocorporatist approach to state-labour and state-business relations (Etchemendy & Collier 2007) was partially institutionalised through the creation of conduits of communication between the state and key interests. Regularised meetings between the administration and key union groups such as the CTA and CGT became the norm (personal interview by author, 2 April 2007). In addition the administration allowed these organisations to maintain traditional patronage networks, such as using those unions as the mechanism by which to channel relief payments made under the *Plan Jefes y Jefas de Hogar*. Another example has been the passing of successive amendments to minimum wage law, increasing its level to the point where it was commensurate with the minimum basket of goods deemed appropriate for a minimum standard of living. This has facilitated the continued support of both key labour elements as well as the trade unions. More recently from the administration of Cristina Fernández de Kirchner, there has been reform of the constitution of the Central Bank. Its new mandate is ‘to promote, to the extent of its ability and in the framework of policies established by the national government, monetary stability, financial stability, jobs and economic growth with social fairness’ (cited in the Economist, 29 March 2012). Whilst the Economist worries about an erosion of Central Bank independence as a result of this change, it can also be interpreted as an attempt by the regime to institutionalise its particular form of social contract; characterised by economic growth blended with mild social justice reform.

Nevertheless, there are just as many examples of key policy areas that form the basis of *Kirchnerismo’s* approach to development that have not shown levels of institutionalisation that would fully embed and secure the DR in Argentina. Key pillars of Argentina’s post-crisis DR, such as the SCRER policy or consistent fiscal surpluses, are policies that were pursued due to the personality of Néstor Kirchner himself, and have not been reflected in the political and economic institutions of Argentina. The ability to maintain fiscal discipline and a low exchange rate throughout his administration was due chiefly to the personal interventions of Kirchner. His style of leadership and government was very personal and highly centralised. Hw took many day-to-day decisions himself and ruled often through Presidential Decree. Such a style of leadership and associated lack of institutionalisation of such practices leaves Argentina’s embryonic DR vulnerable to potentially harmful fluctuations in the public policy profile. These fluctuations could lead to an alternative path being followed, or to a different regime being constructed.

*Public Policy Profile*

The final leg of a regime tripod as defined by Pempel (1998; 1999) is that of a public policy profile. The public policy profile of a regime is the glue that binds together the institutions and socio-economic alliances of that regime. The first part of this section outlined the administrations policies and how they attracted support from different social groups. A public policy profile is more than just different sets of policies, it is a ‘legitimating ideology’ (Pempel, 1999: 156). This means that the regime puts forward an ideology that plausibly promotes the interests of its supporters as a general or common interest. As such it must be able to define the central issue in politics and set the content of the nation’s agenda, defining and pressing its own issues at the expense of its opponents (Pempel, 1999: 158).

Néstor Kirchner was able to forge a development based ideology that focuses on economic growth (Wylde, 2010: 436). This is what is meant by the term *Kirchnerismo*. Elements of populism and elements of neoliberalism were interwoven to create a twenty first century Peronism for a globalising world. Stimulation of export industries through his SCRER policy, the expansion of domestic credit to facilitate a consumer boom, and measures to curb inflation that included low public sector wage increases and price caps, have all served as policies to define this central issue and characteristic of *Kirchnerismo*. Furthermore the nature of the Kirchner administration’s decision-making structures, and his relationship with the media, are useful here. Kirchner’s strong grip on the government apparatus and highly centralised decision-making processes are not unique to this period of Argentine history. However they have allowed Kirchner to set a strong and unified agenda. Combined with his relationship with the media, i.e. the almost exclusive use of supportive popular media to express his message, this allowed Kirchner to dominate and set the national agenda. Political opponents were few and far between, due to both Kirchner’s ability to dominate the agenda as well as the virtual destruction of the main traditional political opposition, *Los* *Radicales* (the Radicals), due to the events of 2001-02.

*Kirchnerismo* represents the articulation of an alternative for the Argentine people that has represented their interests and generated benefits for them. However Argentine society has not been a passive beneficiary of a set of top down policies implemented by a charasmatic strongman. Whilst some sections of Argentine society were unable to access the state such as elements of the new poor (Ozarow, 2012), many policies can be traced to demands articulated by different elements of Argentine society during, and in the wake of, the economic and social upheaval of 2001-02. For example, the widespread feeling across Argentine society regarding the role of the IMF in exacerbating the crisis of 2001 led to combative rhetoric from the Kirchner administration as well as early repayment of outstanding IMF loans. Organised labour in the form of peak-level associations (the CGT and CTA) and unemployed and informal labour representations from *piqueteros* led to favourable changes in labour law and increases in the minimum wage for example. However this was balanced by the interests of the consuming middle classes and bourgeoisie. These groups demanded access to their savings (frozen as a result of the *corralito* policy during the crisis) and a stable environment in which to invest and consume. The administration responded with a blend of macroeconomic policies designed to do just that, which included limiting public sector wage gains for middle and higher incomes, and fiscal discipline through maintaining a surplus.

In summary, the neoliberal project in the 1990s and the subsequent crisis of 2001-02 created numerous losers in Argentine society. The post-crisis administration sought to address the issue of declining incomes and increasing poverty through the pursuit of economic growth balanced with limited social reform. This represented the central issue in Argentine post-crisis politics, leading to a package of interrelated policies that can be characterised as a developmentalist public policy profile.

### Conclusion: *Kirchnerismo* and the contribution of the DR approach

The DR approach helps to both interpret *Kirchnerismo*, providing analytical clarity to its different characteristics, and enriches the DR as a theory of development. Rather than viewing the policies of Kirchner as simply a series of decisions made in reaction to events, or as opportunistic pragmatism, the DR framework provides the analytical leverage with which to interpret *Kirchnerismo*. Furthermore such leverage facilitates an understanding not simply based on broad concepts of populism, nor on overly narrow interpretations such as traditional DS theory, but on an holistic interpretation of the three interrelated and mutually reinforcing developmental dichotomies of state-market, state-society, and national-international.

Kirchner’s DR facilitated sustained economic growth, with the level of GDP exceeding pre-crisis highs by the end of 2004. A significant amount of this new growth was in the manufacturing sector, and therefore represents diversification away from Argentina’s traditional export base of agricultural commodities. This serves to help remove the fortunes of the Argentine economy away from the cycles of commodity prices, although not from the international economy in general (indeed, on the contrary perhaps) due to the fact that much of this new industrial growth has been in export sales. Geographical diversification of export destination (such as the rise of Chinese demand) mitigates this risk somewhat. The long term benefits and prospects of this growth are healthy due to a stable macroeconomic environment, and sustained growth and increased investment. Although key investment bottlenecks, in the energy sector in particular, could well result in limiting economic growth in the future. Increased profitability and decreased dependency on international commodity prices has also been facilitated by a highly beneficial debt restructuring and repayment. Collectively this has led to increased growth in the manufacturing sector. However it must be stressed that this is a process that has not yet reached completion, and the Argentine economy is still dominated by the agricultural export industry.

Interpretation of the different components of *Kirchnerismo* through the lens of the DR have shown the systematic way that the different elements of the relationships between all three developmental dichotomies have consistently been characterised within a developmentalist paradigm. The DR approach has helped to demonstrate that *Kirchnerismo* is a project that is necessarily rooted in all three of the developmental dichotomies, and can only be wholly interpreted through such an approach. Pempel’s investigation and integration of complex understandings of state-society and state-international relationships provides the analytical clarity necessary and appropriate for investigating *Kirchnerismo*.

This investigation has enriched the DR approach itself. First, through tracing the origins of the DR from the DS literature this article has been able to highlight where the DR effectively addresses traditional weaknesses in the DS literature, resulting in a meta-theory that is more capable of travelling across time and space. Second, in applying this framework to a specific case study this article has contributed to the DR approach by expanding the empirical base upon which it is built and its deductions tested. This article shows that the DR framework represents a powerful hermeneutical device for interpreting *Kirchnerismo*. Third, this implies that such a framework could be used to analyse future administrations of Argentine presidents; investigating whether they also represent regimes, developmental or otherwise. In overcoming the spatial and temporal constraints inherent within the DS literature the DR can move beyond the East Asian context in which it was formed, thus opening possibilities for new research agendas in the field of comparative political economy. Such studies could seek to further develop the theory itself as well as provide effective interpretation of the relationship between the developmental dichotomies in other spatial and temporal contexts.

**Bibliography**

Amsden, A.H. (1989) *Asia’s Next Giant: South Korea and Late Industrialisation,* New York: Oxford University Press.

Azpiazu, D. And Schorr, M. (2010) ‘La industria Argentina en la postconvertibilidad: reactivación y legados del neoliberalismo’*, Problemas del Desarrollo*, 41 (161), 111-139.

Baruj, G. and F. Porta (2005) Politicas de Competitividad en la Argentina y su Impacto Sobre la Profundizacion del Mercosur*.* Santiago de Chile: CEPAL

Beccaria, L., Esquivel, V. & Maurizio, R. (2007) *Crisis y recuperación. Efectos sobre el mercado de trabajo y la distribución del ingreso’,* Argentina: Universidad Nacional de General Sarmiento.

Bezchinsky *et al.*(2007) ‘*Inversion extranjera directa en la Argentina. Crisis, reestructuración y nuevas tendencias después de la convertibilidad’*, CEPAL.

CEPAL (2007) *Statistical Yearbook for Latin America and the Caribbean*, Santiago: CEPAL.

Chudnovsky, D. (2007) *The Elusive Quest for Growth in Argentina*, London: Palgrave.

Cumings, B. (1999) ‘Webs with No Spiders, Spiders with No Webs: The Genealogy of the Developmental State’, in Woo-Cumings ed. *The Developmental State,* 61-93, New York: Cornell University Press.

Deyo, F.C.(ed.)(1987) *The Political Economy of New Asian Industrialism*, Ithaca: Cornell University Press.

The Economist (23 Feb 2012) *Official Statistics: Don’t Lie To Me Argentina*, www.economist.com.

The Economist (29 March 2012) *Argentina’s Economy: PiggyBank*, www.economist.com.

EIU (2007) *Country Report November 2007*, www.eiu.com.

Etchemendy, S. & Collier, R.B. (2007) ‘Down But Not Out: Union Resurgence and Segmented Neocorporatism in Argentina (2003-2007)’, *Politics & Society*, **35** (3): 363-401.

Evans, P. (1995) *Embedded Autonomy: States and Industrial Transformation*, Chichester: Princeton University Press.

Ferrer, A. (2005) *La Economía Argentina*, Buenos Aires: Fondo.

Fine, B. (1997) ‘State, development and inequality: the curious incident of the developmental state in the night-time’,paper to Sanpad Conference, Durban, 26-30 June 1997.

Frenkel, R. & Rapetti, M.(2008) ‘Five years of competitive and stable real exchange rate in Argentina 2002-2007’, *International Review of Applied Economics*, **22**(2): 215-226.

Gambina, J., Garcia, A.T., Borzel, M. & Crivelli, A. (2005) ‘Liberalización de la economía argentina: ¿ruptura o continuidad?’, *Periferias: Revista de Ciencias Sociales*, **9**(12): 7-44.

Gerchunoff, P. & Aguirre, H.(2004) ‘La Politica Economia de Kirchner en la Argentina: Varios estilos, una sola agenda’, *Real Instituto Eleano*, DT No. 35/2004.

Gerschenkron, A. (1962) *Economic Backwardness in Historical Perspective*, Chicago: University of Chicago Press.

Grugel, J.(2009) ‘Basta de Realidades, Queremos Promesas’: Democracy After the Washington Consensus’, in Grugel, J. & Riggirozzi, P. (eds.) *Governance After Neoliberalism in Latin America*, 25-49, Palgrave Macmillan: New York.

Grugel, J. & Riggirozzi, P.(2007) ‘The return of the state in Argentina’, *International Affairs*, **83**(1), 87-107.

Haggard, S. & Kaufman, R.(1992) *The Politics of Economic Adjustment*, N.J.: Princeton University Press.

Hershberg, E. & Rosen, F.(2006) ‘Turning the Tide?’in Hershberg, E. & Rosen, F. (eds.) *Latin America After Neoliberalism: Turning the Tide in the 21st Century?*, New Press: London.

Heidrich, P.(2005) ‘Argentina buscando una salida: Kirchner, el FMI y la renegociación de la deuda externa’, *Chronique des Amériques*, No. 21, 1-8.

Johnson, C. (1982) *MITI and the Japanese miracle*,Stanford: Stanford University Press.

List, F. (1841/1983) *The National System of Political Economy*, W.O. Henderson trans. and ed., 1983,London : Cass.

Ministry Of Economy and Production (2009) *Argentine Economic Indicators*, www.mecon.com.ar (25 March 2009).

Öniş, Z. (1991) ‘Review: The Logic of the Developmental State’ *Comparative Politics*, **24**(1), 109-126.

Ortiz, R. and Schorr, M. (2009) ‘Crisis internacional y alternativas de reindustrialización en la Argentina’, *Documentos de Investigación Social*, IDAES, Número 7.

Ozarow, D. (2012) ‘*Rethinking the “Resources of Poverty”: Sustainable Livelihoods and the New Urban Poor in Post-Crisis Buenos Aires*’, paper presented at the Society of Latin American Studies (SLAS) Annual Conference, Sheffield, April.

Panizza, F. (2005) ‘Unarmed Utopia Revisited: The Resurgence of Left of Centre Politics in Latin America’, *Political Studies*, **53**(4), 716-734.

Pempel, T.J.(1998) *Regime Shift: Comparative Dynamics of the Japanese Political Economy*, London: Cornell University Press.

Pempel, T.J**.** (1999) *‘*The Developmental Regime in a Changing World Economy’ in Woo-Cumings, M. ed. *The Developmental State*, New York: Cornell Paperbacks.

Petras, J.(2006) ‘Centre-Left Regimes in Latin America: History Repeating Itself as Farce?’ *Journal of Peasant Studies*, **22**(2), 278-303.

Rapley(2008) *Understanding Development: Theory and Practice in the 3rd World*, London: Lynne Rienner Publishers.

Riggirozzi, P.(2009) ‘After Neoliberalism in Argentina: Reasserting Nationalism in an Open Economy’, in Grugel, J. & Riggirozzi, P. eds. *Governance After Neoliberalism in Latin America*, 89-113, Palgrave MacMillan: New York.

Roberts, K. (2007) ‘Latin America’s Populist Revival’, *SAIS Review*, **27**(1), 3-15.

Santarcángelo, J.E., Fal, J., and Pinazo, G. (2011) ‘Los motores del crecimiento economic en la Argentina: rupturas y continuidades’, *Investigación económica*, vol. LXX, 275, 93-114.

Santiso, J. (2006) *Latin America’s Political Economy of the Possible: Beyond Good-Revolutionaries and Free-Marketeers,* London: MIT Press.

Schneider, B.R. (1999) *‘The Desarrollista State in Brazil and Mexico’*, in Woo-Cumings ed. *The Developmental State,* 276-305, New York: Cornell University Press.

Shaikh, A. (2005) ‘The Economic Mythology of Neoliberalism’, in Saad-Filho, A. & Johnston, D. eds. *Neoliberalism: A Critical Reader*, 41-50, London: Pluto.

Svampa, M.(2008) ‘The End of Kirchnerism’, *New Left Review*, **53**(Sept.-Oct.), 79-95.

Thomas, A. (2004) ‘The study of development’, Paper presented for session on the ‘Concept of Development Studies’, Development Studies Association Conference, London, November.

Tussie, D. & Heidrich, P.(2007) *Post-neoliberalism and the New Left in the Americas: The Pathways of Economic and Trade Policies*, Unpublished paper presented at ISA conference, Chicago, February 2007.

Vogel, S.K. & Barma, N.H. (2008) *The Political Economy Reader*, New York: Routledge.

Wade, R. (1990) *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialisation*, Princeton: Princeton University Press.

Weiss, L. (2003) *States in the Global Economy: Bringing Domestic Institutions Back In*, Cambridge: Cambridge University Press.

Woo-Cumings, M. (1999) *The Developmental State*, London: Cornell University Press.

Wylde, C. (2011) ‘State, Society, and Markets in Argentina: The Political Economy of *Neodesarrollismo* under Néstor Kirchner, 2003-2007’, *Bulletin of Latin American Research*, 30(4), 436-452.

Wylde, C. (2012) *Latin America After Neoliberalism: Developmental Regimes in Post-Crisis States*, London: PalgraveMacmillan.

Wylde, C. (2012a) ‘Continuidad o cambio?: Política económica argentina posterior a la crisis y el gobierno de Néstor Kirchner, 2003-2007’, Íconos: Revista de Ciencias Sociales, Vol. 43, May.

**Interviews**

Anonymous (17 May 2007) Expert in the banking industry, Buenos Aires.

Beccaria, L. (27 April 2007) Universidad Nacional de General Sarmiento, Buenos Aires.

Carrera, J. (13 March 2007) BCRA, Buenos Aires

Heidrich, P. (10 April 2007) FLACSO, Buenos Aires.

Heymann, D. (18 July 2011) Universidad de Buenos Aires, Buenos Aires.

Finkman, J. (9 May 2007) HSBC Chief Economist Argentina, Buenos Aires.

Mendez, A. (2 April 2007) Bloque Desde Abajo, Buenos Aires.

Tussie, D. (5 June 2007) FLACSO, Buenos Aires.