



## Daniel Mitchell

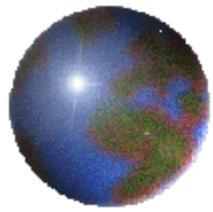
### **'Bidenomics' Producing Disaster in Argentina**

*A discussion of the inescapable cost of bad public policy.*

**From 15.05 to 15.45**

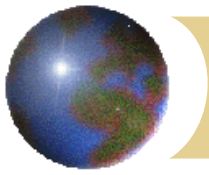
*Further details in the agenda.*

**2023**  
**TAX**  
**ANNUAL**  
**SUMMIT**



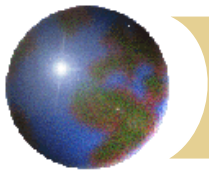
# *Argentina's Economic Decline*

Miami  
November 2023



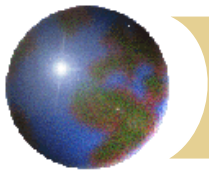
## *The Rise and Fall of Argentina*

- ✚ Argentina was one of the world's richest nations during the first half of the 20<sup>th</sup> century.
- ✚ As recently as the late 1940s, Argentina was one of 10-richest nations.
- ✚ Since then, it has plummeted in the rankings.



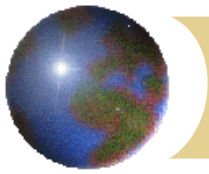
## *What Happened?*

- ✚ Argentina's economy has been suffocated by decades of bad policy.
- ✚ Key thing to understand is that it was incremental bad policy.
  - ▣ Not a communist revolution
  - ▣ Not a socialist revolution
  - ▣ Just a steady drip-drip of bigger government.



## *Some of Peron's “Drops”*

- ✚ Import substitution
- ✚ Exchange controls
- ✚ Rent control
- ✚ Price controls
- ✚ Nationalizations
- ✚ Redistribution
- ✚ Regulation

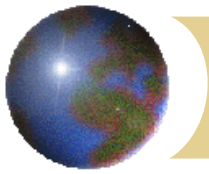


## *Peronism After Peron*

- ✚ Most of Perons' bad policies are still in place.
- ✚ The damage is exacerbated by inflation.
- ✚ Which is related to deficit spending.

**Total Number of IMF Lending Arrangements**

Rank	Country	Total IMF Lending Arrangements
1	Haiti	27
2	Colombia	25
3	Peru	25
4	Honduras	23
5	Philippines	23
6	Uruguay	23
7	Argentina	22
8	Pakistan	22
9	Liberia	21
10	El Salvador	21



# *A Very Dirigiste Economy*

- ✚ Argentina today has very little economic liberty, ranking only #158 out of 165 nations.
- ✚ (Doing better than Venezuela, which is a very low bar)

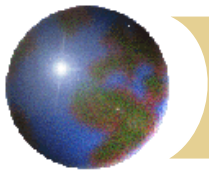
## Argentina

2021 **LEAST FREE**

**158**  
RANK

**4.77**  
SCORE (OUT OF 10)

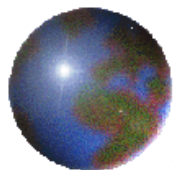
RANK	SCORE (out of 10)	CATEGORY
103	6.21	Size of Government
83	4.98	Legal System and Property Rights
161	4.04	Sound Money
163	3.32	Freedom to Trade Internationally
143	5.30	Regulation



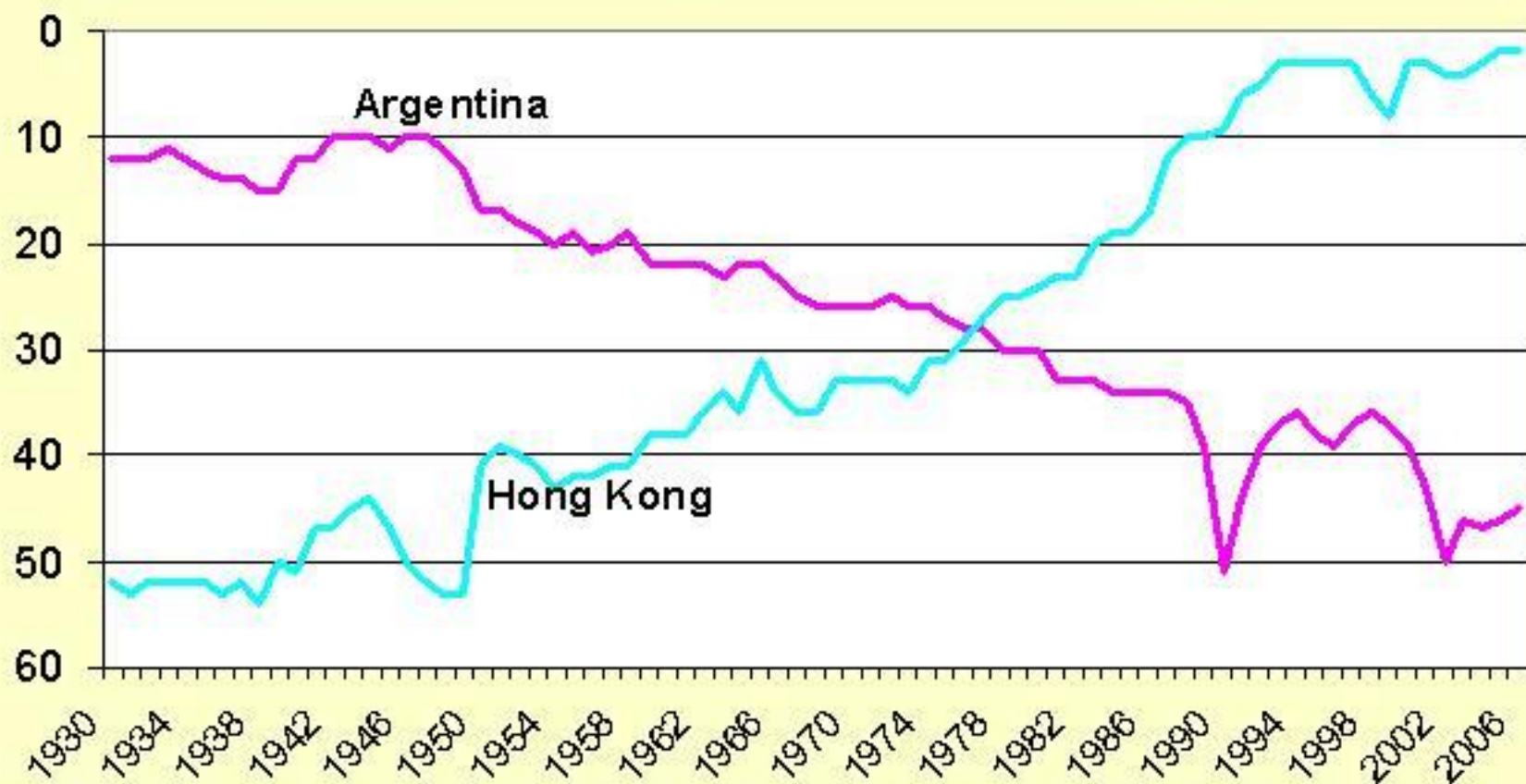
## *Economic Decline, in Pictures*

- ✚ Decline is defined in relative terms.
- ✚ The people of Argentina are richer today (on a per-capita basis) than they were in the late 1940s.
- ✚ But dozens of other nations have become richer at a much-faster pace.
- ✚ Let's look at some visuals.

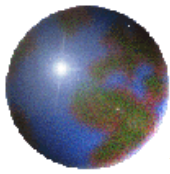




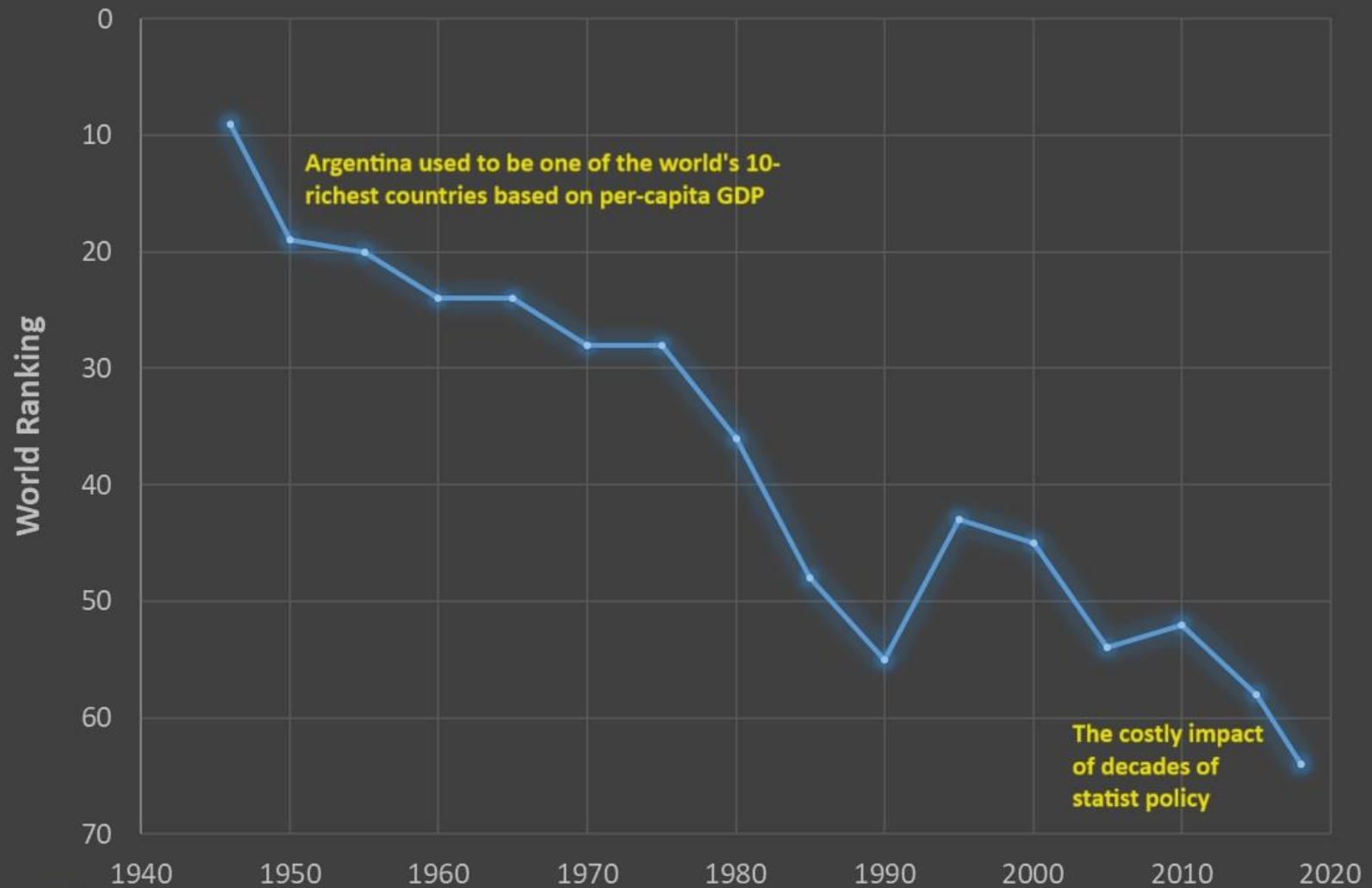
## World Per Capita GDP Ranking

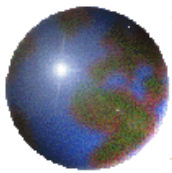


Source: Angus Maddison



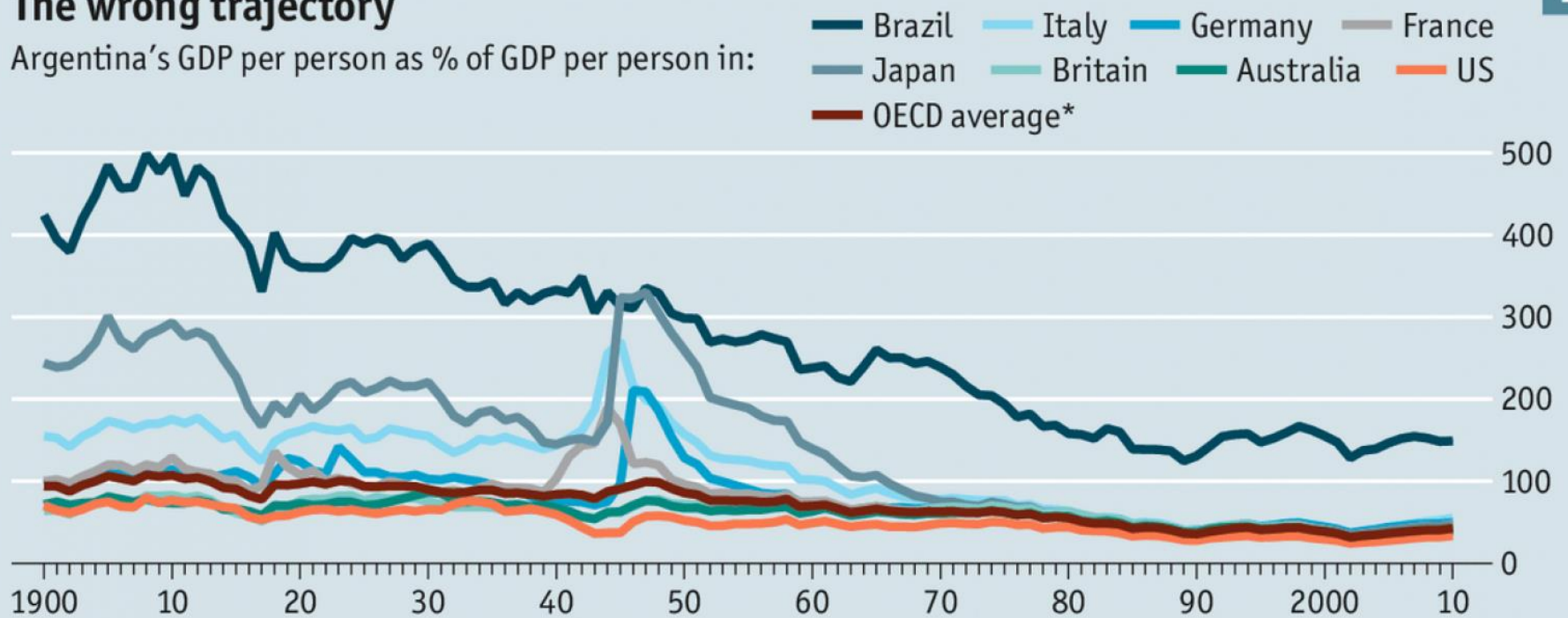
## Argentina's Decline





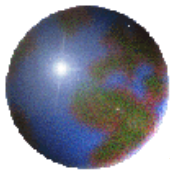
## The wrong trajectory

Argentina's GDP per person as % of GDP per person in:



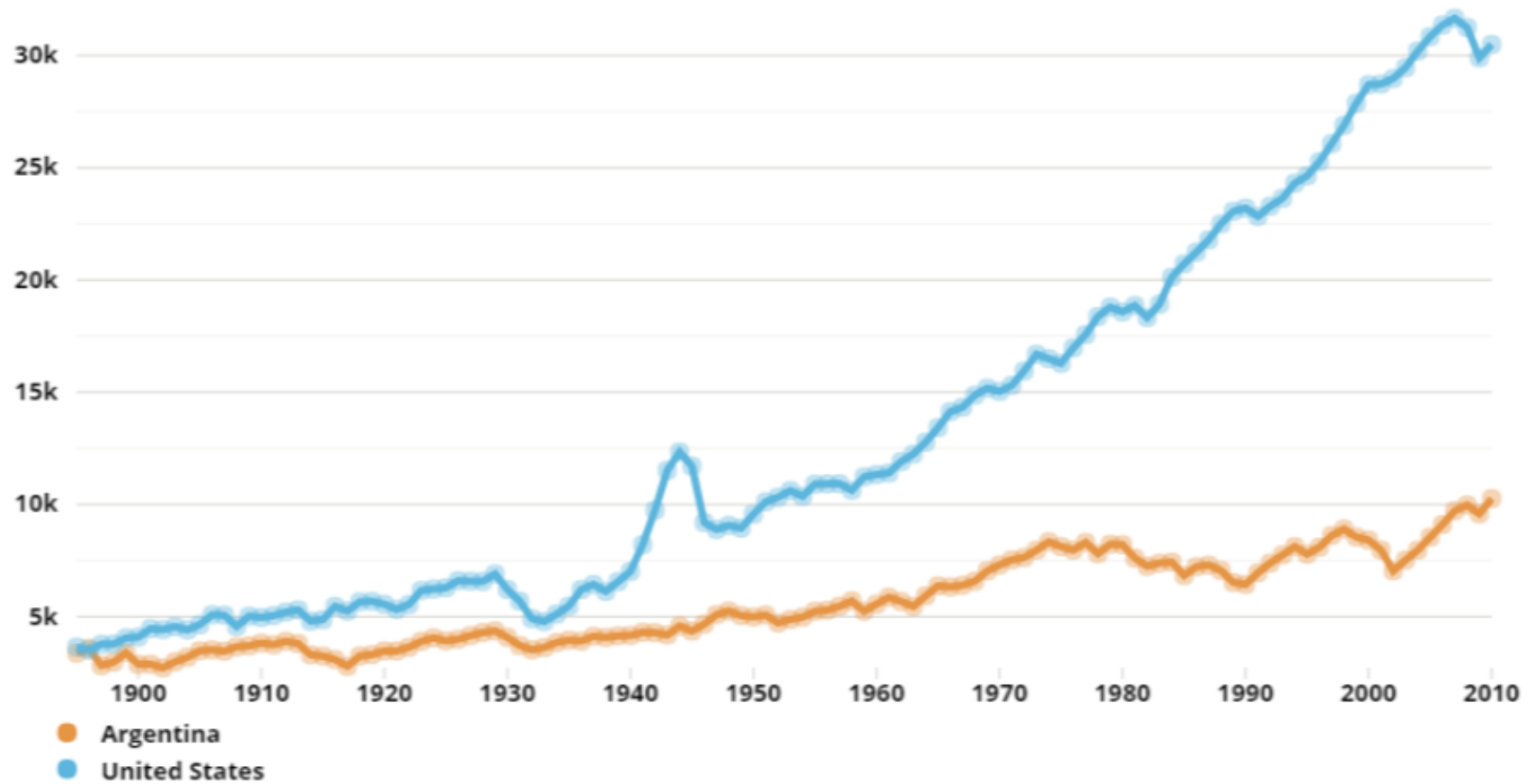
Source: Maddison Project

\*Of 16 OECD countries: Australia, Austria, Belgium, Britain, Canada, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Norway, Sweden, Switzerland, United States

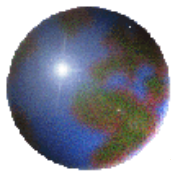


HumanProgress.org

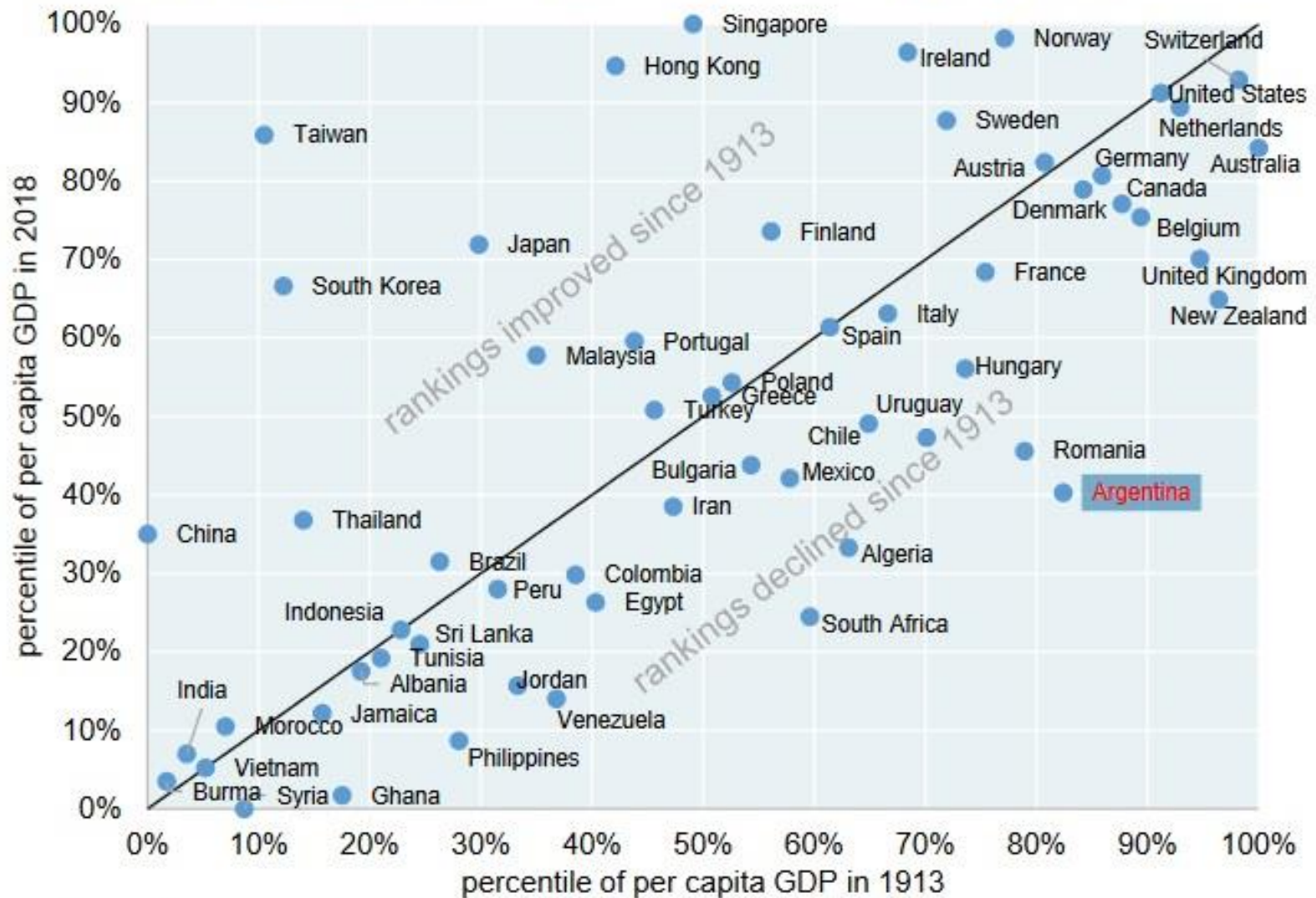
### GDP, per person, 1990 international dollars



Source: Angus Maddison

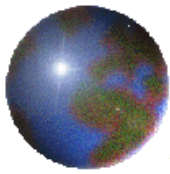


## Reversals of fortune: changes in per capita GDP rankings since 1913



Source: Conference Board, University of Groningen, J.P. Morgan Asset Management

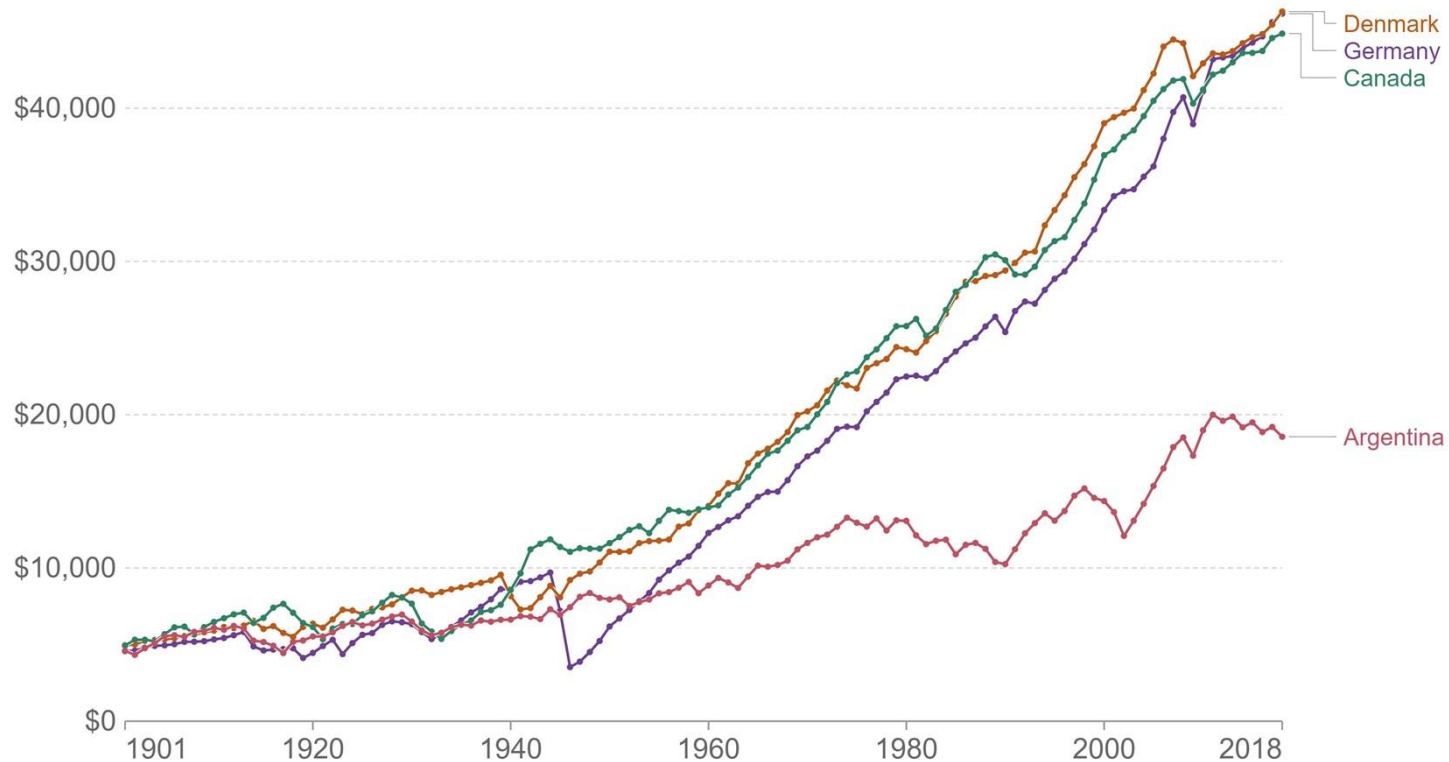




## GDP per capita, 1901 to 2018

Our World  
in Data

This data is adjusted for inflation and for differences in the cost of living between countries.

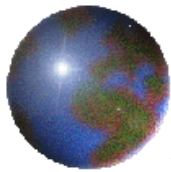


**Data source:** Maddison Project Database 2020 (Bolt and van Zanden, 2020)

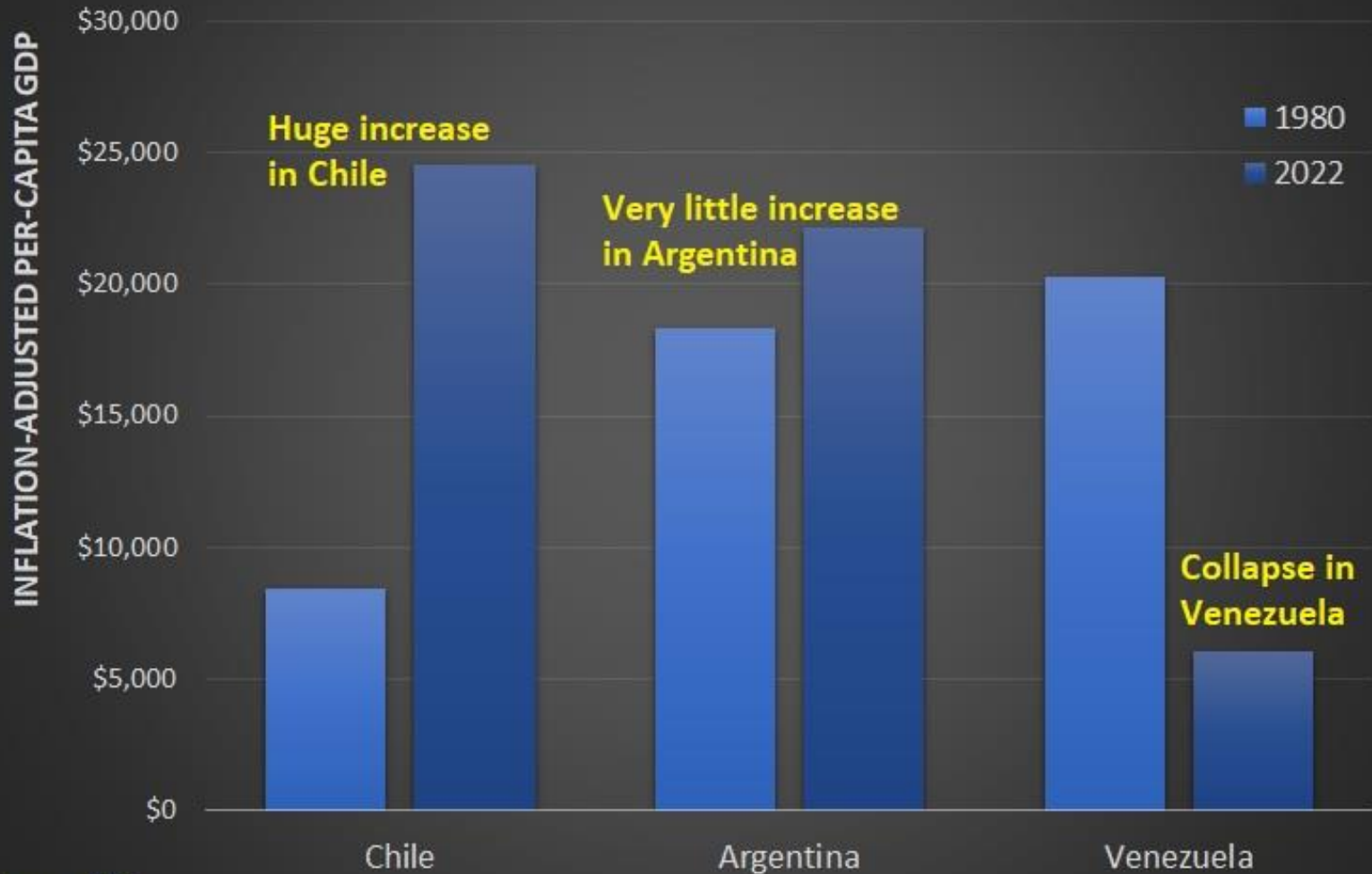
**Note:** This data is expressed in international-\$<sup>1</sup> at 2011 prices.

[OurWorldInData.org/economic-growth](https://OurWorldInData.org/economic-growth) | CC BY

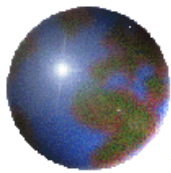
**1. International dollars:** International dollars are a hypothetical currency that is used to make meaningful comparisons of monetary indicators of living standards. Figures expressed in international dollars are adjusted for inflation within countries over time, and for differences in the cost of living between countries. The goal of such adjustments is to provide a unit whose purchasing power is held fixed over time and across countries, such that one international dollar can buy the same quantity and quality of goods and services no matter where or when it is spent. Read more in our article: [What are Purchasing Power Parity adjustments and why do we need them?](#)



## Free Economy, Mixed Economy, or Statism

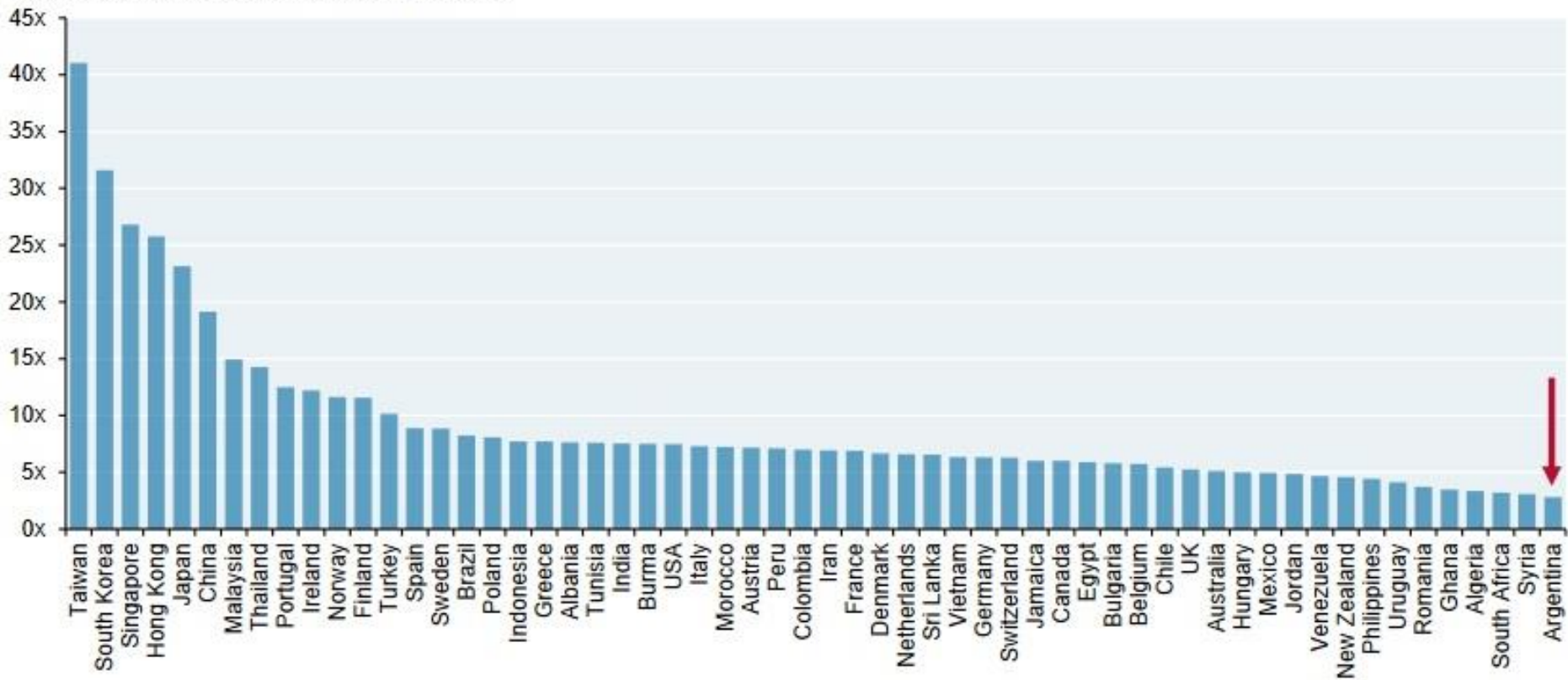


Source: IMF



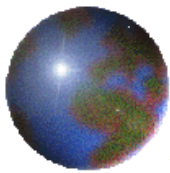
## Argentina's per capita GDP has barely doubled in over 100 years

Ratio of real per capita GDP, 2018 vs 1913



Source: Conference Board, University of Groningen, J.P. Morgan Asset Management. 2018.

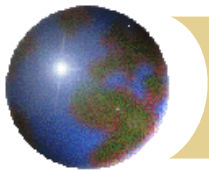




## Convergence vis-a-vis Advanced Economies (PPP-adjusted real GDP per capita)

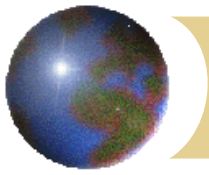


Source: WEO.



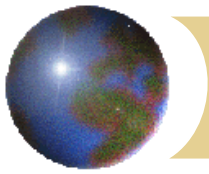
## *A Lesson for the United States?*

- ✚ According to Economic Freedom of the World, the United States (on a 0-10 scale) has dropped from 8.84 to 8.14 since 2000.
- ✚ Interestingly, if the U.S. had maintained its 2000 score, it would today be the world's most economically free nation.
- ✚ By a wide margin.



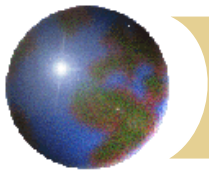
## *Bipartisan Statism*

- ✚ Bush increased the burden of government.
- ✚ Obama increased the burden of government.
- ✚ Trump increased the burden of government.
- ✚ Biden is increasing the burden of government.



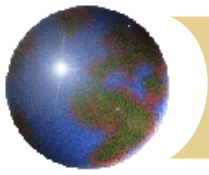
## *Little Reason for Optimism*

- ✚ Spending burden expected to increase.
- ✚ Inexorable pressure for higher taxes.
- ✚ Both parties favoring industrial policy.
- ✚ Both parties supporting protectionism.
- ✚ More and more red tape.
- ✚ Boom-bust monetary policy (and CBDC?).
- ✚ Declining rule of law.



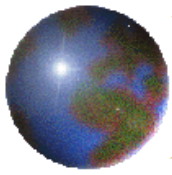
## *Pernicious Role of the IMF/OECD*

- ✚ International bureaucracies want harmonization and centralization.
- ✚ Without jurisdictional competition, it will be easier for governments to impose bad policy.
- ✚ Tax and regulatory cartels will further sap economic vitality.

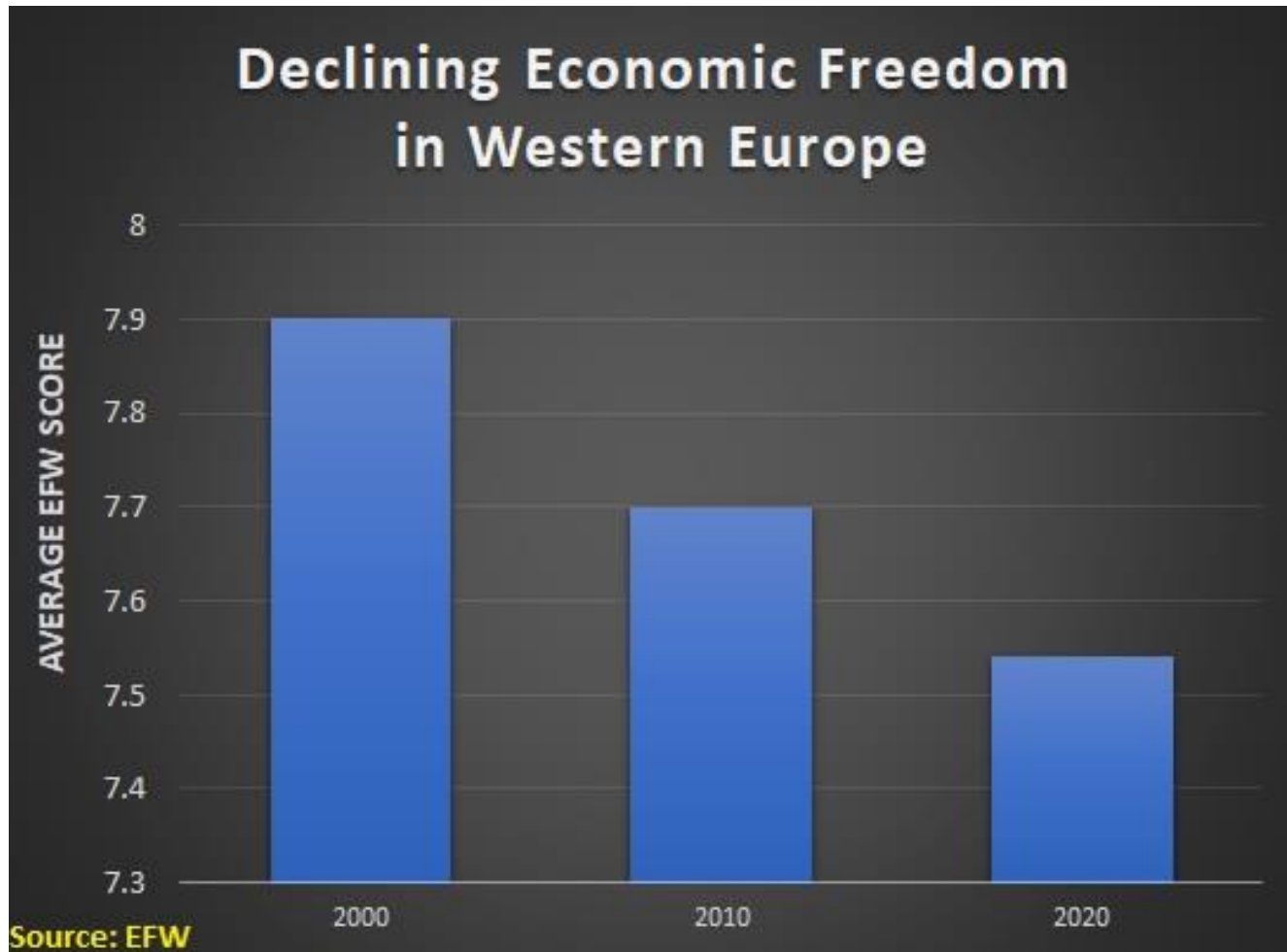


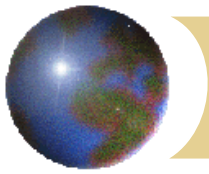
## *The (Not Really) Silver Lining*

- ✚ While policy has worsened in the United States, it is also getting worse in many other nations.
- ✚ The “Washington Consensus” no longer exists.
- ✚ So the relative score of the USA may not drop as rapidly as the relative score of Argentina.



# *Falling Economic Liberty in Europe*





## *Conclusion*

- ✚ Website: [www.freedomandprosperity.org](http://www.freedomandprosperity.org)
- ✚ Email: [mitchell@freedomandprosperity.org](mailto:mitchell@freedomandprosperity.org)
- ✚ Policy videos: [www.youtube.com/afq2007](http://www.youtube.com/afq2007)
- ✚ Twitter: [@danieljmittchell](https://twitter.com/danieljmittchell)
- ✚ Blog: [www.danieljmittchell.wordpress.com](http://www.danieljmittchell.wordpress.com)



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