A structural decomposition of imports in Argentina: the role of autonomous demand, income distribution and productive integration (1953-2018)

Topic: Structural Decomposition Analysis
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The lack of foreign currency can be one of the most significant constraints on growth for a small open economy. We study importsâ€™ growth, the main source of demand for foreign currency, by applying a novel structural decomposition analysis to Argentinaâ€™s input-output matrices based on a Sraffian supermultiplier growth model for the period 1953-2018. We find that the main long run determinant of imports is autonomous demand, through its influence on output. Income distribution does not play a significant role in the long run, but it does so in the short run. The deindustrialization process started in the mid-70s deepened the impact of autonomous demand on imports, reducing the external space to boost output through government spending and/or higher real wages.