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Aninat on Argentina and Chile

Interview with Dr. Eduardo Aninat / *Ámbito Financiero*

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“Real inflation is double-digit and unruly”

So said Chilean economist Eduardo Aninat, former sub-director from the IMF

“True inflation in Argentina is double-digit and unruly, elevated unemployment and the GDP growth rate has been going down in every period,” said Eduardo Aninat, the Chilean economist that was number 3 at the IMF. For that he suggests that the “Chilean model is an interesting paradigm to follow, with almost full employment and annual inflation below 1.8%.” Living in France today, where he works for the UNIPAC foundation, Aninat believes that “with economic news improving in the U.S., with Chinese growth still strong and sustained (something more than 7% a year), the rest of Asia converging, and emerging economies growing strongly, the only cloud in 2013 would be comparative weakness of the Eurozone.”

Here are the highlights of the interview this newspaper had with Eduardo Aninat from París:

Reporter: *Are you among the economists that suggest that Argentina should take the Chilean example?*

Eduardo Aninat: We Chileans don’t like to brag about the “Chilean model”. But after almost three decades of uninterrupted growth, and under macro and political stability, many think that Chile and its model are a very relevant and interesting paradigm to observe and follow. The Finance Ministry has announced a short time ago that unemployment had gone down at the national level to 6.2% - which is a level of almost full employment – with annual inflation less than 1.8%, and with solid international reserves. These numbers are impactful if one considers a world in crisis or the regional context of Latin America.

Regrettably, we cannot affirm the same about Argentina, because we know that true inflation is double-digit and unruly, elevated unemployment, the GDP growth rate has been going down every period. One only has to highlight that there are two strategic factors, clear and precise, to uphold the sustained development reached by Chile: the quality and strength of economic and social institutions, the high effective grade of consensus that the political plane is living on. There is nothing determinant in those factors. With seriousness and effort in Argentina the same or more can be achieved. But that would mean putting a lid on populism and clientelism.

R.: *What do you expect from our region – and from Argentina in particular – this year with the existing international context?*

E.A.: With economic news improving in the U.S., with Chinese growth still strong and sustained (something more than 7% a year), the rest of Asia converging, and the emerging economies growing strongly (including Africa), the only cloud in 2013 would be the comparative weakness of the Eurozone. But at least it is estimated that this zone is not going to get worse in 2012. It will be equal or a somewhat better in 2013. With some expectation for sure. It will then be the third year of comparative strength for emerging economies - especially in Latin America - and of many good opportunities for



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effective producers of commodities like Chile, Argentina or Colombia. It's unimaginable that a country so blessed with natural resources like Argentina is again lagging, and doesn't come to take advantage of this magnificent opportunity that history is bringing us.

R.: *Which should be the countries or commercially-allied blocks for the strengths that they will present this year?*

E.A.: Even when the alliances or agreements between countries help elevate the factor of scale and reduce barriers and distortional taxes, etc., the key factor is on the other side. We can classify them in two big groups of countries in the world: those that believe they can position themselves to take advantage for their citizens and their future and the globalization of trade and investment (like Chile, Germany, China); those with autarkic obsession that dream of the old past and antique rhetoric, countries that the reader of the newspaper could name by himself alone.

R.: *How do you believe that the European crisis will evolve in 2013?*

E.A.: The first that is worth mentioning is that the euro will subsist, and it's to stay indefinitely. Germany, France, Italy and the Netherlands are in it and with great strength and political and economic performance. The second is to recognize that this European crisis is very difficult and requires long efforts and long years of adaptation, strong reforms, and adjustments. In Europe we have only lived through the total period of crisis, and 2013 still will be a complex year. Perseverance, social justice, work and surety of law is the recipe used.

R.: *In the UNIPAC foundation, where you're working in France, how do they see the Argentine economic scenario for business development?*

E.A.: We are convinced that we cannot aspire to achieve justice and development without ethics and without values. The future is built with trust and with faith. They are values that provide a personal anchor for political and business leaders to not deviate in their career. The businessman that lives, believes and practices social responsibility in his company and in his surroundings is the true sustainer and innovator. One of the most beautiful challenges for our leaders today and tomorrow is to begin to believe to start to grow as people and as investors. The search for transcendence is a beautiful and permanent job. In that we are cooperating.

R.: *How do you evaluate the steps that Argentina is following in the conflict with the vulture funds in New York?*

E.A.: I have not followed the case recently. I can only hope that it is resolved in the most rational and cooperative way possible.

Interview by Florencia Lendoiro.

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