

Meet the Producer: Exchange Rate Shocks, Media Salience, and the Legislative Importance of Economic Sectors in Argentina

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Abstract: In the last fifteen years, considerable efforts have been directed towards understanding how currency shocks affect the clout of economic actors. Little research, however, has studied how currency shocks affect the salience of key economic actors and their organizations among the public. In this article, we test for the effect of currency shock on the media salience and legislative importance of economic actors. We use a novel empirical design that (i) measures the level of media salience of twenty three Labor, Rural, Business, and Financial Associations and (ii) measures the targets of legislation initiated in key Congressional committees. Results show that currency shocks have moderate effects on the media salience of economic actors and more pronounced policy consequences, reflected on the legislative importance of key economic jurisdictions in Congress.

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“It is easy to run the numbers. I think that is almost a responsibility for all Argentines to rethink this Country from the point of view of the most dynamic sector that is today the engine of Argentina, which is the agro producer” Deputy Maria Del Carmen Alarcon, *Diario de Sesiones*, April 21, 2004.

“Almost 80 per cent of the proposed budget is financed by two taxes: a tax on bank debits and a tax on agricultural exports [*retenciones*]. These agricultural export taxes are legally fragile. I would even consider them to be illegal. But because of fiscal voraciousness, given the perception that the currency depreciation benefited agro-producers and we need to tax those who have the most, we are not even discussing if they were properly or improperly enacted” Deputy Guillermo M. Cantini, *Diario de Sesiones*, December 18, 2002.

More than a decade ago, Frieden and Broz noted that “The exchange rate is the most important price in any economy, for it affects all other prices” (Frieden and Broz, 2006: 587). When the domestic currency depreciates, import competing industries see their profit margins increase and exporters see markets abroad expand. When the domestic currency appreciates, producers of non-tradable goods and owners of financial assets thrive. Changes in the price of the domestic currency, consequently, alter the expected income of economic actors in predictable ways.

Scholars have argued that changes in economic importance are of political consequence as well. In the long run, as the domestic currency depreciates, so should the political clout of producers of tradable goods (Frieden 1994). With greater economic resources comes not only enhanced market power but also greater capacity to lobby policymakers, greater capacity to finance the political aspirations of political allies, or to weaken political foes (Grossman and Helpman 2002, 2004). As the participation of sectors in the total output of an economy increases, so does the capacity to advertise your policy preferences to government officials, the media, and the public. Consequently, as the economic importance of sectors increase, so does the capacity to invest resources to sway politics in their favor, to advertise policy preferences in the written media, and to advance legislative goals in Congress.

Of course, in the short run increased economic importance may also yield increased pressure to redistribute resources from the winners of the new exchange regime towards economically weak but politically entrenched economic actors (Hillman 1982, 1989; Wallerstein and Austen-Smith

2008). Such is the complaint of Deputy Cantini in the opening paragraphs of this article, arguing on the House floor for a reduction in export taxes almost a year after the abandonment of the fix exchange rate policy in Argentina. The end of Import Substitution Industrialization (ISI) in Latin America triggered similar protectionist responses and explains compensatory measures transferring resources towards declining industries (Haggard, Maxfield, and Schneider 1997; Schneider 2004; Evans 1995; Sikkink 1991; Woo-Cumings 1999). Similarly, the loss of competitive advantages among agro-producers in the United States triggered protectionists demands by farmers which were met with preferential credits and subsidies (Bardhan, Bowles, and Wallerstein 2006; Bhagwati 1988; Hillman 1982, 1989). Consequently, newly acquired economic importance that endows actors with the resources to make their voice heard also increases redistributive pressures to take resources away from them. These seemingly contradictory results --an enhanced capacity to invest resources to advance the sector's preferred policies and an increase in redistributive pressures--, jointly explain the increased media and legislative centrality of the beneficiaries of a new exchange rate policy regime.

In this article we take on the task of measuring the media and legislative centrality of economic actors before and after the introduction of a new exchange rate policy regime.¹ Different from previous research, we argue that economic policy changes alter the salience of contentious economic politics in the public sphere. Following Culpepper (2011), we consider that “issues of low political salience are structurally more likely than issues of high salience to be governed through informal institutions –that is, rules made by private actors outside of Parliament” (Culpepper 2011: 54). Therefore, it follows, as the media salience of economic actors' increases so does the pressure to legislate on these high salience economic jurisdictions.

¹ There is little research that analyzes the effect of economic shocks on the economic issue salience of actors. For a notable exception see Culpepper (2011), which describes how differences in issue salience affect corporate governance in Europe and Japan.

While significant research has been devoted to analyze the political implications of currency shocks, little is known about their effect on media reporting and lawmaking. This increased media and legislative attention, we argue, is an important political asset when industries seek to advance policy goals (Grossman and Helpman 2002; Culpepper 2011), organize (Gourevitch 1986; Hiscox 2001, 2002; Rogowski 1989; Wallerstein and Ove Moene 1993), mobilize (Fairfield 2011), and sway policy in their favor.

To measure the effect of economic shocks on media and legislative salience, we collect original media and legislative data in Argentina before and after the dismantling of the fixed currency board known as the “Convertibility” in 2002. We measure reported linkages between economic actors and key government agencies in the written media through text mining techniques; retrieving information on joint appearances by economic and government actors in over 160,000 articles published in Argentina’s two major newspapers (*La Nación* and *Clarín*) over a period of one hundred and forty four months (1996-2007).² We examine whether currency shocks affect the media salience of associations that promote the common interests of industries, workers, agro-producers, and owners of financial assets.

Content analyses of a subset of these articles show that salient economic actors are both praised and criticized, with supporters and detractors seeking to advance very different sets of policies. While the substantive content of these articles is important and gives insight into the policies being implemented, in this article we devote ourselves to analyze the link between exchange rates, media salience, and legislative activity. While distributive conflicts may yield different benefits to the

² *La Nación* (published since 1870) and *Clarín* (published since 1945) are the two most important newspaper in Argentina. *La Nación* is considered a conservative newspaper, with close ties to the church, the military, and businesses, targeted to a relatively wealthier and more conservative constituency. *Clarín* has a less defined political leaning, targeted to wider readership of middle classes and the urban poor.

winner and loser of a new exchange regime, in this article we show that media attention increases regulation of the winning sector's economic actors.

To assess the legislative salience of key economic actors or groups we use information on the number of legislative initiatives reported to and from key Committees in the Argentine Congress since democratization in 1984 (i.e. Agriculture, Labor, Finance, Industrial Policy, etc.). We then measure whether currency shocks alter the rate of initiation and success of law initiatives dealing with different economic jurisdictions. Thus, we evaluate in a first step whether greater income increases the media exposure and the reported linkages between government agencies and economic groups in the written media. Then, following Culpepper (2011), we test whether these linkages translate into greater legislative activity in key policy jurisdictions.

Argentina provides an ideal case to study whether currency shocks affect the media and legislative salience of economic actors and their representative organizations. In the last 20 years, the government enacted major exchange rate reforms in 1991 and 2002. In March 1991, the administration of Carlos S. Menem (PJ) enacted the Convertibility Program, pegging the local currency to the dollar at a fixed 1:1 rate in order to curb out-of-control inflation and maintain macroeconomic stability. However, expansive fiscal policies and high levels of private and public debt were not offset by rapid economic growth and led to a significant appreciation of the currency (Galiani, Heymann, and Tomassi 2003).³ The consequence of the appreciation of the Argentine peso was a dramatic drop in agricultural output and a significant increase in the value of financial assets. The political consequences of currency appreciation in the 1990s were the subject of extensive debates in the media and in Congress. As the currency appreciated, exporters and import competing industries saw their economic output decline. Meanwhile, politics was dominated by the privatization and deregulation of publicly owned companies mostly in the service sectors.

³ Galiani, Heymann, and Tommasi (2003) provide an excellent overview of the Convertibility policies and the causes of its collapse in 2001.

Telecommunications, public utilities, banking, and finance became a dominant area of legislative activity during the Carlos S. Menem years.

In 2001, a run against the peso depleted the central bank reserves, drying up markets and forcing the replacement of Convertibility rules by a floating exchange rate. Thus began a new period characterized by a depreciated domestic currency and sustained by what authors have characterized as a neo-populist policy coalition, financed by agro-exports, industrial exports, and a rapid expansion of the domestic consumption of industrial goods now protected by a depreciated peso (Murillo and Schrank 2005; Etchemendy and Collier 2007; Richardson 2008). As the economic importance of agro-producers, import competing industries, and workers rose, finance and service sectors faded from the public sphere.

In each of these different currency regimes we find evidence of changes in the salience of economic actors, both in the written media and in the targets of legislation proposed to Congress. We find that agricultural producers and their associations gain prominence when the currency depreciates while bankers' associations wane. Industries see bursts of legislative activity when the currency depreciates, only to be soon forgotten when the Argentine peso appreciates. Overall, results provide evidence that exchange rate shocks have significant effects on the attention that the media and Congress devote to economic groups. In particular, we demonstrate that policy attention by legislators is extremely responsive to changes in the economic importance of different groups.

This article is presented as follows: in next section we revisit prior literature describing the effect of exchange rate shocks on the political and economic salience of economic actors and their organizations. In the second section, we describe prior research on the relationship between currency prices and political coalitions in Argentina. In the third section we measure changes in the centrality of economic actors in the Argentine media. Using the toolbox of social network analysis, we compare economic networks before and after the collapse of the fixed exchange rate regime in 2001. We then measure the changes in media attention to the linkages between interest groups

and the President and the Ministry of Economy conditional on the exchange rate regime. In the fourth section we analyze Congressional data, measuring legislative activity in key committees in response to changes in the value of the currency. We conclude in the fifth section.

1. Distributive Consequences of Exchange Rate Shocks

Almost fifteen years ago, as market-friendly reforms spread throughout the world and tariff barriers collapsed, considerable research efforts sought to measure the effect of higher exposure to trade on the formation and maintenance of political coalitions. A number of different agendas emerged from this renewed interest in the politics of open economies, some of which focused on the distributive effects of taxes, tariffs, and subsidies (Hillman 1982; Hiscox 2001; Magee 1982; Midford 1994; Rogowski 1989) while others concentrated on the distributive consequences of currency shocks (Bernhard and Leblang 1999; Frieden and Broz 2006; Frieden 1994; Frieden 1995; Rose 1999).

A general model to understand the distributive consequences of exchange rates was proposed by Jeffrey A. Frieden in his 1994 article “Exchange Rate Politics: Contemporary Lessons from American History.” In this article, Frieden takes advantage of the well-known trade-off between monetary independence and exchange rate flexibility in economies where capital is mobile (Mundell 1961); to describe the utility preferences of actors with varying sensitivities to currency prices and flexible monetary policies:

[while] the net effect of overall national welfare is very hard to calculate, the level of the exchange rate has clear distributive consequences domestically. Export and import competing industries lose and domestically oriented (non-tradable) industries gain from currency appreciation (Frieden 1991). Domestic consumers/voters also gain as the domestic currency price of imported (and tradable) goods falls, lowering the cost of living. Currency depreciations have the opposite effects, helping exporting and import competing industries at the expense of domestic consumers and non-traded industries (Frieden, 2006: 594).

While considerable debate exists as to the extent to which governments can control real currency prices over long periods of time, the distributive consequences of currency shocks yield

predictions that can be empirically tested. These predictions describe the effect of currency appreciation and depreciation on actors with varying levels of exposure to trade, different demands for foreign denominated currency, and different sensitivity to declines in domestic consumption.

The political consequences of economic policy change, however, are far from straightforward. For example, changes in the contributions of different economic actors and sectors to the overall welfare of a country may generate interest in policies to safeguard profits and promote broader investment. However, they may also increase pressures to redistribute profits and reallocate investment. Consequently, electorally minded politicians may advance very different legislation with distinct constituents in mind.

Alternatively, increased economic clout may allow groups and associations to outbid other economic actors, financing the career of politicians willing to promote the sector's preferred policies. Grossman and Helpman (2002) make this point forcefully as they describe two different approaches that figure prominently on the existing literature:

One approach stresses political competition between opposing candidates. In the work of Stephen Magee et al. (1989) and Hillman and Heinrich Ursprung (1988), competing parties announce trade policies that they are committed to implement, if elected. Organized lobby groups evaluate their members' prospects under the alternative policy proposals and contribute resources to the party that promises them the highest level of welfare[...]. The second approach, pioneered by George Stigler (1971)[...] sees economic policies as being set by an incumbent government seeking to maximize its 'political support.' The 'political-support function' has as arguments the welfare that designated interest groups derive from the chosen policies and the deadweight loss that the policies impose on society at large (Grossman and Helpman 2002: 112).

In both approaches, changes in economic power alter the content of the policy agenda publicized to voters and the targets of public policies implemented by incumbents. As candidates advertise their programmatic goals and interest groups finance the campaign of friendly politicians, media content and the targets of legislation change as well.

In the last twenty years, a significant research has emerged describing the effect of issue salience in the political arena. In the study of political campaigns, for example, issue salience and

issue ownership are routinely used to describe why politicians decide to make public their positions on issues. More importantly, while ownership explains why politicians specialize in different issues –each of them advertising only issues they already own—, issue salience increases dialog as politicians are force to address them in the campaign (Zaller and Feldman 1992; Niemi and Bartels 1985; Petrocik 1996).

A similar argument is made by Pepper Culpepper (2011), who argues that: “When an issue area achieves sustained political salience, this means that voters consider it an important area, relative to other political issues they care about. This creates a powerful incentive for politicians to develop the tools to intervene, so that they can be seen to respond to the concerns of voters” (Culpepper 2011: 54). Increase salience, consequently, leads to a flurry of legislative activity to regulate areas of interest to the economic sectors that benefit under the new exchange rate rules. In other words, increased economic importance is then followed by increased media centrality and a more intense pressure to legislate sectoral policy, either to ensure the long term benefits and/or to satisfy the redistributive demands that emerge in this new economic environment.

2. Currency Shocks and Economic Networks in Argentina

Almost forty years ago, Guillermo O’Donnell noted that exchange rate policies were intimately linked to the formation of two different types of political coalitions among Argentina’s economic actors (O’Donnell 1973, reprinted in O’Donnell 1997). In his classic article “State and Alliances,” O’Donnell describes the formation of a coalition of big businesses and landowners during periods of currency depreciation –mostly under military rule-; followed by a coalition of big businesses and labor during periods of currency appreciation –mostly under democratic rule-. Guillermo O’Donnell described the historical cadence of these alliances as a pendulum, with big businesses aligning with agro-producers under authoritarian rule and defecting to form populist coalitions with labor under democracy. Such populist administrations actively promoted currency

appreciation, favoring higher real wages and domestic consumption to the detriment of agro-producers and bankers. The model of a pendulum reinterpreted the relationship between currency appreciation and political coalitions for the particular case of Argentina.

The economic cycles of appreciated and depreciated currency also resulted in extensive policy reforms. Indeed, Spiller and Tommasi (2007) describe high inter-temporal transaction costs that result from frequent and extensive policy change.

The Convertibility Program

The cycle of authoritarian coups favoring a depreciated peso and democratic rule favoring an appreciated peso of the Argentine peso concluded after democratization in 1983. By the early 1990s, in Carlos S. Menem introduced sweeping market-friendly reforms which included extensive privatization of publicly owned utility companies,⁴ utility sector deregulation, a reduction in tariffs and subsidies, and extensive deregulation (Acuña 1995; Corrales 1998; Edwards 1995; Frieden 1991; Gibson 1997; Murillo 2005; Murillo 2001; Schamis 1999; Stokes 1999).

In 1991 the Minister of Economy Domingo Cavallo designed a new fixed exchange rate policy, the Convertibility Program, pegging the Argentine Peso to the US Dollar. Within a few months, the fixed exchange rate policies tamed inflation, allowing Menem to gain broad support among voters and all but assuring his reelection in 1995. However, the Convertibility also led to a significant appreciation of the currency. As market-friendly reforms eliminated trade barriers and subsidies, currency appreciation had an immediate negative impact on industrial production and investment. Trade reform, "without anesthesia" - as it was described by Menem - exposed the producers of tradable goods to intense competition; significant losses in industrial production; and the unfettered entry of imported consumer goods.

⁴ See Murillo (2005) and Murillo and Gallardo (2007) for an excellent analysis of the process of privatization, deregulation, and re-regulation of the utility service markets in Latin America.

However, price stability and currency appreciation restored access to credit for both industries and the middle class, who also gained access to a variety of consumer goods previously unavailable under the prior protectionist regime (Baker 2003, 2005). Popular among Argentine consumers, the new strategy of trade liberalization and currency appreciation was instrumental in allowing President Menem to win a second term in office with comfortable majorities in the House and Senate.

Lack of fiscal discipline, heavy borrowing, and currency appreciation eventually made the fixed exchange rate policies unsustainable (Spiller and Tommasi 2007; Galiani, Heymann, and Tommasi 2003). In December of 1999, as the newly elected President Fernando de la Rúa was sworn into office, poor macroeconomic performance and high levels of public and private debt led rating agencies to downgrade government bonds. As a run against the peso triggered massive capital flight, the government attempted to sustain the fixed-exchange rate (Convertibility) policy by freezing all bank deposits.

The political crisis that ensued led to the resignation of President Fernando de la Rúa and the subsequent designation of Peronist strongman Eduardo Duhalde as interim president of Argentina. In just a few months, confronted by an unprecedented retraction of the economy, Argentina defaulted on its foreign debt and scrapped the Convertibility program in favor of a floating exchange rate regime. The social and political consequences were equally dramatic. Voters responded to soaring unemployment and a very large decline in real wages with extensive demonstrations and massive electoral disengagement.

Floating Exchange Rate and Agro-Exporters

By the time Peronist Eduardo Duhalde took office in January of 2002, Argentina had defaulted on its foreign debt and a run against the peso depleted the Central Bank deposits. Without foreign denominated reserves to maintain the convertibility, President Duhalde proposed new

legislation to abandon the fix currency board and allow the peso to float. Within a few days, the Argentine peso depreciated fourfold.

The end of the convertibility had dramatic redistributive effects, as different economic actor –lenders, debtors, workers, producers- saw their assets converted to Argentine *pesos* at different rates. While the nominal value of the dollar increased fourfold, contractual debt obligations were legally converted at a rate of 1.4 pesos per dollar -close to 1/3 of their actual market value-. Individuals who derived income solely from wages –not adjusted by the floating exchange rate- saw a dramatic decline in purchasing power. Within weeks real wages collapsed, domestic consumption reached historical lows, and companies redirected all their marketing efforts to markets abroad (Schneider 2004).⁵

By the end of 2003, as Nestor Kirchner was inaugurated into office, a neo-populist export oriented strategy of depreciated currency was gaining support among political and economic elites. As unions became more active, attempting to recoup some of the wage losses from prior years (Etchemendy and Collier 2007), the new administration tried to maintain a balance between real wages and currency levels to sustain the competitive edge of the new exchange rate regime (Etchemendy and Collier 2007; Murillo 2005; Richardson 2008).

The Argentine case provides the ideal setting to test for the effect of currency shocks on the media salience and legislative attention to economic actors. As described before, periods of currency appreciation and depreciation follow the implementation of the Convertibility and its collapse. Currency appreciation between 1991 and 2001 benefited financial actors, consumers, and producers of non-tradable goods. Currency depreciation after 2002, in turn, benefited agro-exporters and producers of tradable goods.

⁵ The rise in the price of commodities has transformed the relationship with China, which has become one of Argentina's main trading partners.

3. Assessing Saliency of Economic Actors and the Government in the Media

In this section, we seek to test whether currency shocks also explain changes in the saliency of economic sectors as captured in the written media. A number of scholars have shown that news media coverage provides valuable information on the saliency of political and economic issues (Culpepper 2011; Tifft and Jones 2000; and Kollman 1998). Media coverage, we argue, can capture linkages between political actors and interest groups related to salient issues (Culpepper 2011). In the following section, we evaluate the frequency of joint mentions of interest groups and key government agencies conditional on exchange rate policies.

We use a computer guided technique to retrieve dyads (ties) of political and economic actors from articles published in the two most important Argentine newspapers, *La Nación* and *Clarín*. To retrieve dyads describing the network centrality of actors in Argentina we compile a dictionary listing 121 key economic and political actors (industries, government agencies, and associations). Using the text mining package TM in R (Feinerer 2008), we retrieve monthly matrices describing whether subject i (rows) was mentioned in article j (columns) in over 161,000 articles published from January 1996 to December 2007 (about 76,000 from *Clarín* and around 85,000 from the economy section of *La Nación*). The cross-product of these monthly matrices creates 144 symmetric affiliation matrices for each newspaper.⁶ In each affiliated matrix, diagonals describe the number of articles in which a group is mentioned and off-diagonals report joint mentions for each pair of actors. The first 77 matrices describe monthly ties between actors in the period preceding the 2001 crisis while the last 67 matrices describe monthly ties after the crisis.

Each pairwise combination allows us to assess not only how frequently each actor is mentioned in the media but, more importantly, how frequently they are mentioned together. We lack information about the positive or negative disposition described by each dyad. Consequently, our strategy does not allow us to distinguish whether more frequent ties result from conflict or

⁶ Affiliation matrices are symmetric matrices describing the number of ties of a subject i with all other individuals in a network.

collusion. However, since the media tends to focus on salient events, our strategy provides meaningful information about the salience of economic actors in the media. Similarly, the description of ties between actors and the government provides meaningful information about the media centrality of actors. Nevertheless, we examine two extensive periods (pre-crisis and post-crisis) with abundant data.

A number of different statistical strategies can be used to evaluate the salience of actors in economic networks retrieved from media data.⁷ In this article, we follow two different strategies: (1) we provide network plots and measure the centrality⁸ for each member of the network; and (2) we use as dependent variables the individual level dyads connecting economic groups and associations to key government institutions to explore the determinants of higher or lower levels of association. In particular, we explore the dyads connecting economic groups and associations to the Minister of Economy and the Ministry of Economy.

Economic networks before and after the 2001 Crisis

As mentioned before, the Convertibility period was characterized by an appreciated domestic currency that penalized producers of tradable goods. After 2001, as the Argentine Peso collapsed and unemployment soared, real wages declined dramatically further depressing domestic consumption. As the peso depreciated, the rising prices of commodities in international markets made Argentine exports more competitive while protecting import competing industries.

Politically, the new economic environment was accompanied by a return of Peronists to government. However, the neo-populist leadership quickly distanced itself from the conservative

⁷ Nodes in economic networks represent the different individual agents, which in this study represent interest groups and key government agencies, and where links between the nodes represent their interactions. The socioeconomic perspective has emphasized understanding how the strategic behavior of the interacting agents is influenced by relatively simple network architectures (Schweitzer et al. 2009).

⁸ Centrality is defined as the number of links incident upon a node (i.e. the number of ties that an interest group has).

policy-making of former Peronist president Carlos S. Menem. President Duhalde sought the advice of the developmental Phoenix Group,⁹ appointing a heterodox economist, Roberto Lavagna, to the Ministry of Economy. While the neo-developmental strategy of the government favored industrial exports and proactive employment policies to restore economic growth; agro-export producers quickly reasserted themselves as the main beneficiaries of the new economic environment. In particular, exporters of soy and its byproducts in Buenos Aires, Entre Rios, and Santa Fe, saw a windfall of profits as commodity prices rose, the local currency lost value, and domestic wages stalled.¹⁰

Did such economic changes affect the media attention to the linkages between the government and the associations representing these economic actors? To provide a first approximation to the political change brought about by the new economic environment, we draw a network plot describing ties in the news articles before the crisis of December 2001,¹¹ and compare with the network drawn from ties reported since January of 2002. We focus on the main interest associations in Argentina (workers, industries, retail, commerce, agro-business, etc).¹²

<<Insert Figure 1>>

<<Insert Figure 2>>

⁹ The Phoenix Group included a number of local economists who sponsored an abandonment of the pegged currency policy, more flexible monetary management, and a pro-industry economic strategy.

¹⁰ The increase of commodity prices was strongly influenced by a robust Chinese demand, especially in the prices of soy and its byproducts (Song, Marchant, and Xu, 2006).

¹¹ The articles from the Economics section of *La Nación* provide more reliable data than dyads drawn from *Clarín*, since the economic news usually contain more relevant information about meetings, agreements, and exchanges among economic actors. Political news, by contrast, contains editorialized information and considerable more noise. While we consider *La Nación* to provide more reliable economic information, we also use all news from *Clarín* to assess the robustness of our findings.

¹² It is important to note that we include dyads up to December of 2007. Therefore, our analysis does not include (and is not affected), by the highly publicized conflict between agro-producers and the government in regards to the change in *retenciones* (tax fee) proposed by the *Decree 125* in 2008-2009. Explaining the determinants of this conflict over this particular policy is beyond the scope of this paper. For an analysis of the agro-conflict in 2008 see Fairfield (2011).

These network plots provide a wealth of information about the media exposure of the linkages between the government and the most important business, agricultural, and labor associations. During the pre-crisis period, the densest area of the economic network is within the nodes of the peak industry association UIA (*Unión Industrial Argentina*), the main association of retail businesses (*Cámara de Comercio*), and the main association of construction businesses (*Cámara Argentina de la Construcción*). The peak labor association (CGT) and the association of exporters, on the other hand, were closely connected to the UIA. Finally, all agricultural associations were close to each other, proximate to the government, but showing limited connectivity to most other economic actors.

After 2001, however, economic networks changed significantly. In contrast to the pre-crisis period, the densest region in the economic network revolves around the most important agricultural (agriculture and farming) association (*Sociedad Rural*);¹³ which is also closer to the Minister and Ministry of Economy. Meanwhile, the labor association shows more direct ties with the Ministry of Economy (and weaker ties with industry), than in the preceding period. It is important to highlight that, as real wages collapsed, the level of salience of the linkages in the media between Labor and the government might decline. However, media salience between Labor and the government grew under the neo-populist administrations of Eduardo Duhalde and Néstor Kirchner supporting other studies' assessments (Murillo and Schrank 2005; Etchemendy and Collier 2007; Richardson 2008).

Results show a significant shift in media attention from Labor, Industry, and Commerce in the pre-crisis years, to Agro-Producers since 2002. As shown in Figure 2, Capital and Labor are connected with each other on the upper left corner while agricultural associations are grouped together in the lower part of the network. In the aftermath of the crisis denser ties connect capital

¹³ Today, soybeans have replaced beef and wheat as the country's leading export (Richardson 2008).

and agricultural associations on the right side of Figure 3, while labor is further removed on the upper left corner of the plot.

<<Insert Table 1>>

Table 1 reports the *centrality rank* of interest associations before and after the 2001 crisis. Consistent with the information in Figure 1 and Figure 2, Table 1 shows an increased centrality of agro-businesses and a decline in Retail, Industry, and Construction. Thus, agro-business interest groups' connectivity with the rest of the economic network rises.

Measuring the Media Saliency of the Linkages between Economic Actors and the National Executive

While suggestive, the descriptive information reported in the previous section hardly provides more precise information on the marginal effect that changes in the value of the currency price have on the media saliency of linkages between economic actors and the government. To this end, we turn back to our original dataset and take advantage of the full panel information in the 144 monthly matrices retrieved between January of 1996 and December of 2007. We reshaped the original matrices in long form, with counts reporting the number of ties between each interest group and two government nodes (the President and the Ministry of Economy). We selected all interest groups associations, but eliminated information of individuals and firms. The data, reshaped in long form, includes counts describing monthly ties between the two government institutions (the President and the Ministry of Economy) and 23 interest group associations.

The main independent variables

Our models explain the number of times (counts) that the government and each interest group association are mentioned in the written media.¹⁴ To explain the number of monthly ties, we include four main variables. First, a variable that describes (i) the *type* of interest group association

¹⁴ It is worth reminding readers that a dyad indicates that two actors are mentioned in the same article. We do not include information on how many times they are mentioned in the same article.

(e.g. business associations, finance associations, agricultural associations, unions, etc.). Second, we include a variable describing the (ii) real exchange rate of the US\$ dollar in Argentina, with higher real exchange rates describing a depreciated Argentine peso and lower real exchange rates describe an appreciated Argentine peso. Consequently, we expect media and legislative salience of agro-producers to be positively related to the real exchange rate. We expect the salience of the association in the media between the government and economic groups to increase/decrease with the real exchange rate as described by Frieden (1994) and Culpepper (2011).

We also include a (iii) dummy variable taking the value of 1 for observations collected after the collapse of the Convertibility regime in December of 2001 (crisis) and 0 otherwise. Finally, we include a variable that measures the economic power of different economic sectors, interpreted as (iv) changes in the relative share of Gross Domestic Product (GDP) for the agricultural, finance, and business sectors. For labor, this variable was computed measuring changes in the relative share (of GDP) of the total amount of real wages.

Our model specification includes interactions between the variables describing the type of economic actor and the variables describing changes in the exchange rate (the log of the real exchange rate or the dummy variable crisis). We interpret positive estimates as reporting on increased media salience of the linkages between an association and the government. Descriptive information about the variables and their definitions can be found in the Online Appendix.

Because our dependent variable uses monthly counts of dyads, its distribution violates the usual assumptions of normality in two different ways: first, density plots show that the Poisson counts are overdispersed. Second, errors in our cross-sectional panel data will likely correlate within groups. To correct for these problems, we include as control the lag of each model's dependent variable and estimate population average negative binomial models, with sensitivity analyses using data from two different newspapers.

Results

Two tables report our results regarding the salience of the association in the media between financial, agricultural, and labor groups and key government actors, with the base category distinguishing industry and retail Associations. Table 2 measures the change in the media dyads connecting interest groups and the ministry of economy. For these models, we use the variable "crisis" to distinguish changes from the pegged to the floating currency regimes. In Table 3 we measure the effect of the real exchange rate (logged) on the number of media ties between the government and each interest group.

<<Insert Table 2>>

<<Insert Figure 3>>

Results in both tables are consistent with the expectations described in the second section. Estimates describe more frequent ties between the government and agricultural associations after the crisis and the depreciation of the Argentine currency (e.g. as shown by the positive interaction of the variable crisis and the dummies for the agricultural associations). The effect of regime change or increases in the real exchange rate contributed to increase the number of ties between agricultural associations and the government. This effect is positive and statistically significant.¹⁵

Figure 3 provides a graphic representation of model estimates, with joint effects with proper confidence intervals to compare the change in media centrality before and after the crisis. Tests of significance and the confidence intervals of Figure 3 show a statistically significant difference between the dyadic counts for Agriculture before and after the crisis. In the newspaper *La Nación*, the number of ties in media articles increases from 2.8 before the crisis to 5.4 after the crisis. In the newspaper *Clarín*, the number of media ties triples, from 1.9 to 6.8 before and after the crisis. By contrast, our results find no statistically significant change in the number of dyads

¹⁵ Gains in network proximity are particularly pronounced for estimates from *La Nación* and more moderate for *Clarín*. Such results are to be expected, given that data from *La Nación* includes economic articles while news from *Clarín* includes also political articles which often editorialize events.

between the associations representing finance and the Government before and after the crisis. Results also show a decline in the ties to industry/retail, as expected.

An interesting result is the increase in the number of dyads between labor and the government. Results show an increase in the media salience of the linkages between labor and the government under the neo-populist economic strategies of Duhalde and Kirchner, even as real wages and consumption declined (Etchemendy and Collier 2007). These results are robust to alternative specifications and effects are particularly significant in assessing the media salience between labor and the President. In general, increased economic power has a positive and significant effect on the number of media ties reported by the media.

<<Insert Table 3>>

<<Insert Figure 4>>

Table 3 shows very similar results using the monthly change in the exchange rate. All estimates behave as in the regime models of Table 2. However, especially interesting are the results in Figure 4 which maps the marginal change in the media ties between agriculture and the president as the currency depreciates. As it is possible to see, a very appreciated peso results in moderate counts for agriculture in *La Nación* and much lower counts for *Clarín*. However, at its maximum, a depreciated peso results in similarly high reported media ties in both *La Nación* and *Clarín*. This results conforms with the accepted view of *La Nación* as a more conservative newspaper with closer ties to agro-producers.

4. Currency Shocks and the Targets of Economic Policy Initiatives

In the previous section we provide significant evidence that exchange rate shocks in Argentina significantly altered the number of media ties between interest group associations and

the government. As argued in the introduction, we expect that changes in media salience will also be accompanied by an increase in legislative activity (Culpepper 2011).

To address this question we follow a different strategy, taking advantage of a very large dataset that includes all bills referred to standing committees in the Argentine House between 1984 and 2006. In particular, we examine the level of legislative centrality of economic jurisdictions by measuring targets of legislative activity in the Argentine House of Representatives.¹⁶

Every year, close to 8,000 initiatives are proposed to the House and referred to one or more standing committees. Committee referrals, consequently, summarize the rate of introduction of legislation pertaining to different economic jurisdictions. Almost 90% of law initiatives and 70% of symbolic bills die in committee. Consequently, committee reports discharging legislation to the plenary floor are a clear sign that legislation is of importance and likely to succeed.¹⁷

In this section, we analyze all bills proposed to Congress between 1984 and 2006. We then conduct further statistical tests including only bills successfully reported from committee. We analyzed in greater detail legislation reported to committees with jurisdictions on relevant economic areas, such as Labor, Farming (*Agricultura, Ganaderia y Pesca*), welfare (*Acción social*), Finance, Consumer affairs, Energy, Industry, Small and Medium Industries (*PyMES*), Mining, Regional, Public Works, and Municipal Affairs. To facilitate comparison with the analyses in the previous section, we collect monthly counts of initiatives referred to these committees (all initiatives) as well as monthly counts of initiatives successfully reported from committee to the plenary floor (successful initiatives).

Table 4 reports the share of legislation reported to the different committees with jurisdiction on economic issues. Consistent with the results from the previous section, legislative data shows that an increased share of legislation was reported to and referred by the Agriculture

¹⁶ Data to analyze the content of executive law initiatives is also available from the authors and posted in <http://www.bsos.umd.edu/gvpt/calvo/>.

¹⁷ Roughly 50% of the legislation reported from Committee is later approved on the plenary floor.

committee after the 2001 crisis. For example, before the 2001 crisis, 5.5% of all legislation was referred to the Agriculture committee and 5.1% of all reported legislation had a committee report from the Agriculture committee.¹⁸

Data shows an increase in the number of bills referred to the Agriculture Committee after the 2001 crisis, from $\approx 5.5\%$ to $\approx 8\%$, and an increase in the projects reported from the Agriculture committee, from $\approx 5\%$ to $\approx 13\%$. It is important to highlight that the change in overall importance or attention (introduction) is considerably more moderate than the importance or attention to successful bills (reported from committee to the plenary floor). In effect, while the increase in the rate of introduction was moderate (from $\approx 5.5\%$ to $\approx 8\%$), the increase in the share of reported bills that emerge from the agriculture committee more than doubled (from $\approx 5\%$ to $\approx 13\%$). Strongly supportive of Frieden's model, the legislative attention to Finance and Labor declines after the crisis, while the legislative attention to Agriculture increased. Legislative attention to Industry and Small and Medium Industry also increased, but significantly less than the rise associated to Agriculture.

<<Insert Table 4>>

Descriptive information on the monthly evolution of the real exchange rate since 1984, as well as information on the share of total legislation that was reported by a selection of important committees is in Figure 5. As it is possible to observe, the data clearly distinguishes three different exchange rate regimes in the upper plot of Figure 5. Before 1991, a controlled exchange rate with high inflation led significant currency depreciation (higher exchange rate) which became more pronounced as hyperinflation set in the 1988 to 1991 period. From 1991 until 2001, a fixed exchange rate policy 1:1 led to significant appreciation of the currency (lower exchange rate) until

¹⁸ Notice that legislation can be sent to multiple committees. Consequently, there is no "undercount" in the data. If a bill is relevant for industry and agriculture, the bill will be sent to both of them.

the collapse of the Convertibility in 2001. Finally, we observe a period of depreciated domestic currency (higher exchange rate) in the aftermath of the 2001 crisis.

<<Insert Figure 5>>

Also in Figure 5, the non-linear splines ($k=7$) describing the share of legislation reported from committee is suggestive. Increases in the share of total legislation that was reported from the Agriculture committee can be observed in the period of accelerated inflation (1987-1991) and after the 2001 crisis. A similar although more moderate pattern is observed in the reporting of bills from the Industry committee. By contrast, reporting from the Labor and Finance committees is highest in the late 1990s, coinciding with the lowest exchange rate level in 1997-2000.

To compare changes in legislative responsiveness across different legislative jurisdictions, we replicate our strategy in the prior section, this time using as a dependent variable the monthly count of projects reported from committee from 1996 to 2006. We consider for our analysis the monthly counts of projects reported from the committees of Agriculture, Labor, Public Works, Mining, Industry, Small and Medium Industry (*PYMES*), and Finance. As in the previous section, we use a negative binomial design for cross-sectional time series data, allowing for over-dispersion, with Agriculture as the baseline committee.

As in the previous section, we include dummy variables to distinguish mean reporting rates for all committees (fixed effects). We also include the variable “crisis,” to distinguish the period after the 2001 crisis, as well as the log of the real exchange rate. Finally, we interact the committee and exchange rate variables to assess the different sensitivity of committee reporting to changes in the value of the currency. Finally, we run three different specifications, modeling the (i) effect of the 2001 crisis on the reporting rates from the different committees, the (ii) effect of the real exchange rate on the reporting rate from the different committees, and the (iii) effect of the real exchange rate on the reporting rate from committee controlling for the currency regime (variable Crisis and exchange rate).

Results

Results of the analysis are presented in Table 5. In all three specifications we observe that a depreciation of the currency (higher real exchange rate) results in an increase on the reporting from the Agriculture Committee (positive baseline coefficient for variables Crisis and Real Exchange Rate in all three models). In Model 2 of Table 5, the different interactions show that currency depreciation results in lower reporting rates for all other committees. The joint effect of the baseline and interaction shows the effect of the exchange rate to be positive and significant for the Small and Medium Industries (PYME) and Mining, to be statistically insignificant for Industry in general, and to be negative and statistically significant for Public Works.

<<Insert Table 5>>

Results are stronger in Model 3 of Table 5. Controlling for the period before and after the crisis, a higher real exchange rate (depreciation) significantly increases reporting for Agriculture, Mining, Industry and Small and Medium Industries (PYMES). By contrast, reporting rates decline for Labor and Finance. The decline is both substantively and statistically significant, rendering strong support for Frieden's model of coalitions under different exchange rate regimes.

5. Concluding Remarks

Theories on the political effects of exchange rate regimes have proposed important hypotheses that characterize the winners and losers of currency shocks. In this article we take changes in economic power as our point of departure, and inquire on the extent to which economic shocks also result in changes in media attention and in legislative activity. Following Culpepper (2011), we expect that increased salience generates demands to legislate the issue areas of those sectors that benefit from the new currency regime.

Different from existing research, we seek to explore the degree to which changes in economic power explain changes in media and legislative attention. We expect that sectors that benefit from the new policy regime will see an increase in their reported centrality in the media as well as an increase in the legislative effort observed in Congress. Overall, results of the paper align with these hypotheses. While changes in the targets of legislation were quite dramatic, results of increased centrality in the media were more moderate.

This article also provides new methodological strategies to explore the effect of currency shocks on policy-making. Our empirical design allows us to measure the level of media centrality and legislative responsiveness to economic shocks over a critical period of exchange rate adjustment in Argentina. Finally, these methods can be employed to assess political realignments over short or long periods of time. Although this paper focuses on the effects of changes in the exchange rate regime on political realignments, these methods could also help assess the effect of other important exogenous shocks related to other relevant economic or political events.

Table 1: Network Centrality by Association, before and after the 2001 Crisis

Actor	Ranking Precrisis	Ranking Postcrisis	Change in Ranking after crisis	Type of Actor
Ministro de Economía	1	1	0	Government
Ministerio de Economía	2	2	0	Government
Sociedad Rural	3	3	0	Agricultural
Confederaciones Rurales Argentinas	5	4	1	Agricultural
Federación Agraria Argentina	6	5	1	Agricultural
Unión Industrial Argentina	4	6	-2	Business
Confederación de Asociaciones Rurales	13	7	6	Agricultural
CARBAP	12	8	4	Agricultural
ABA	9	9	0	Finance
Cámara Argentina de Comercio	7	10	-3	Business
ADEBA	11	11	0	Finance
Cámara Argentina de la Construcción	8	12	-4	Business
CTA	18	13	5	Labor
Confederación General del Trabajo	16	14	2	Labor
Cámara de Exportadores	14	15	-1	Business
ABRA	10	16	-6	Finance
Confederación General Económica	17	17	0	Business
Consejo Empresario Argentino	15	18	-3	Business
Consejo Empresario Asesor	>20	19		Business
Federación Argentina de Supercadenas	>20	20		Business

TABLE 2: DEGREE OF MEDIA ATTENTION TO THE LINKAGES BETWEEN THE PRESIDENT, THE MINISTER OF ECONOMY, AND THE MINISTRY OF ECONOMY

Variables	Degree of Closeness with the President		Degree of Closeness with the Ministry of Economy	
	La Nación	El Clarín	La Nación	El Clarín
Dependent Variable (lagged)	0.10** (0.01)	0.18** (0.02)	0.08** (0.01)	0.35** (0.05)
Crisis	-0.26** (0.07)	-0.33** (0.11)	-0.41** (0.06)	-0.01 (0.14)
Finance (Banks)	0.94* (0.47)	0.67 (0.43)	0.68 (0.41)	0.89* (0.39)
Finance*Crisis	-0.09 (0.13)	0.22 (0.20)	0.15 (0.12)	-0.03 (0.25)
Agricultural	1.06** (0.40)	0.64 (0.38)	0.54 (0.35)	0.13 (0.40)
Agricultural *Crisis	0.63** (0.11)	1.22** (0.19)	0.66** (0.10)	0.84** (0.27)
Labor	0.57 (0.58)	1.57** (0.44)	-0.30 (0.53)	1.03* (0.44)
Labor*Crisis	0.57** (0.17)	0.44* (0.19)	0.59** (0.17)	-0.04 (0.27)
Total Dyads (Ln)	0.004** (0.0003)	0.002** (0.0002)	0.003** (0.0002)	0.006** (0.0006)
Change in Economic Power	0.04** (0.01)	0.002 (0.01)	0.03** (0.01)	0.01 (0.02)
Constant	-1.56** (0.29)	-2.64** (0.29)	-0.99** (0.24)	-3.42** (0.33)
Observations	3,289	3,289	3,289	3,289
Number of groups	23	23	23	23

Note: Baseline of the model is retail and industry before the 2001 crisis. Joint linear effects with significance are reported in Figure 3 and also available from the authors. Significant reports are as follows: *statistically significant at the 5%; **statistically significant at the 1%

TABLE 3: DEGREE OF MEDIA ATTENTION TO THE LINKAGES BETWEEN THE PRESIDENT, THE MINISTER OF ECONOMY, AND THE MINISTRY OF ECONOMY, BY USING THE REAL EXCHANGE RATE

Variables	Degree of Closeness with the President		Degree of Closeness with the Ministry of Economy	
	La Nación	El Clarín	La Nación	El Clarín
Dependent Variable (lagged)	0.10** (0.01)	0.18** (0.02)	0.08** (0.01)	0.34** (0.05)
Finance (Banks)	1.05 (0.99)	-0.18 (1.41)	-0.41 (0.85)	1.23 (1.79)
Agricultural	-2.31** (0.90)	-6.29** (1.41)	-3.16** (0.76)	-4.45* (1.95)
Labor	-3.08* (1.47)	-0.10 (1.32)	-4.26** (1.35)	2.41 (1.89)
Real Exchange Rate (Ln)	-0.36** (0.10)	-0.29 (0.15)	-0.51** (0.08)	0.15 (0.19)
Finance*Exchange Rate	-0.04 (0.17)	0.19 (0.26)	0.23 (0.15)	-0.07 (0.33)
Agricultural *Exchange Rate	0.74** (0.14)	1.48** (0.25)	0.80** (0.13)	0.99** (0.35)
Labor*Exchange Rate	0.78** (0.22)	0.38** (0.24)	0.84** (0.22)	-0.27 (0.35)
Total Dyads (Ln)	0.004** (0.0003)	0.002** (0.0002)	0.002** (0.0001)	0.006** (0.0006)
Change in Economic Power	0.04** (0.01)	0.003 (0.01)	0.03** (0.01)	0.01 (0.02)
Constant	0.06 (0.52)	-1.35 (0.76)	1.39** (0.40)	-4.20** (1.06)
Observations	3,289	3,289	3,289	3,289
Number of groups	23	23	23	23

Note: Baseline of the model is retail and industry before the 2001 crisis. Joint linear effects with significance are reported in Figure 3 and also available from the authors. Significant reports are as follows: *statistically significant at the 5%; **statistically significant at the 1%

TABLE 4: Percentage of Initiation Bills per each Selected Committee, All Projects and Approved Projects, Pre-Crisis (1996-2001) and Post-Crisis (2002-2006)

Selected Committees	All Projects		Projects Successfully Reported From Committee	
	Pre-Crisis	Post-Crisis	Pre-Crisis	Post-Crisis
Agriculture and Farming	5.50%	7.98%	5.15%	12.76%
Finance	4.50%	3.59%	2.06%	1.96%
Labor	6.00%	5.66%	5.29%	4.23%
Welfare (Acción Social)	11.20%	10.52%	9.43%	7.56%
Municipal Affairs	2.51%	1.60%	2.25%	1.17%
Consumer	4.08%	5.35%	2.15%	3.78%
Regional Development	4.25%	2.18%	3.04%	2.48%
Education	7.14%	6.38%	7.62%	6.17%
Energy	3.75%	4.39%	1.59%	3.22%
Industry	3.04%	3.48%	2.57%	3.67%
Mining	0.30%	0.61%	0.30%	0.64%
Public Works	9.15%	5.48%	6.25%	5.37%
Small and Medium Industry (PYMES)	0.56%	0.64%	0.40%	0.53%
Budget	15.76%	19.41%	3.48%	5.04%

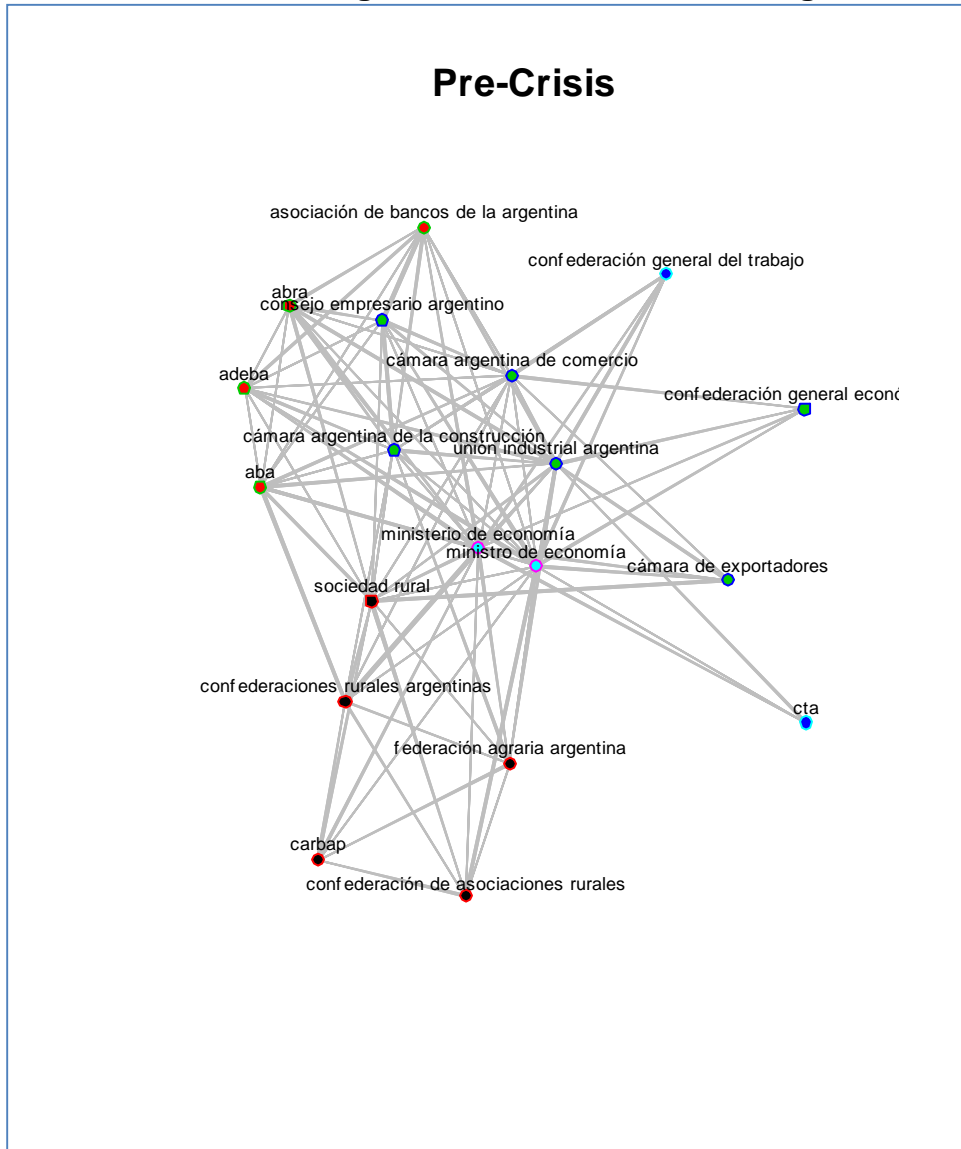
Note: Estimated with data from the Secretaría de Información Parlamentaria, Argentine House.

Table 5: Legislative Initiatives Reported From Key Committees

	Model A	Model B	Model C
Total number of Initiatives (LN)	1.20*** (0.04)	1.13*** (0.04)	1.19*** (0.04)
Small and Medium Industry (PYMES)	-2.57*** (0.39)	-0.90 (1.97)	-0.44 (2.04)
Labor	0.11 (0.19)	2.70*** (0.90)	3.22*** (0.91)
Public Works	0.01 (0.18)	3.25*** (0.90)	3.91*** (0.91)
Mining	-0.68 (0.43)	1.13 (1.465)	1.57 (1.49)
Industry	0.21 (0.22)	2.54*** (0.93)	3.09*** (0.92)
Finance	-0.19 (0.24)	2.76*** (1.07)	3.31*** (1.07)
Crisis	1.10*** (0.10)		0.59*** (0.07)
PYMES *Crisis	0.75** (0.33)		
Labor *Crisis	-0.76*** (0.14)		
Public Works *Crisis	-1.13*** (0.15)		
Mining *Crisis	-0.29 (0.24)		
Industry *Crisis	-0.62*** (0.14)		
Finance *Crisis	-0.54*** (0.16)		
Real Exchange Rate (Ln)	-0.21*** (0.08)	0.55*** (0.13)	0.28** (0.13)
PYMES *Exchange Rate		-0.16 (0.39)	-0.31 (0.40)
Labor *Exchange Rate		-0.49*** (0.18)	-0.66*** (0.18)
Public Works *Exchange Rate		-0.64*** (0.18)	-0.85*** (0.18)
Mining *Exchange Rate		-0.33 (0.30)	-0.46 (0.30)
Industry *Exchange Rate		-0.45** (0.19)	-0.60*** (0.18)
Finance*Exchange Rate		-0.57*** (0.22)	-0.72*** (0.21)
Constant	-5.92*** (0.43)	-9.35*** (0.65)	-8.24*** (0.66)
Number of Observations	1,673	1,673	1,673
Number of Committees	7	7	7
Log Likelihood	-3005	-3071	-3032

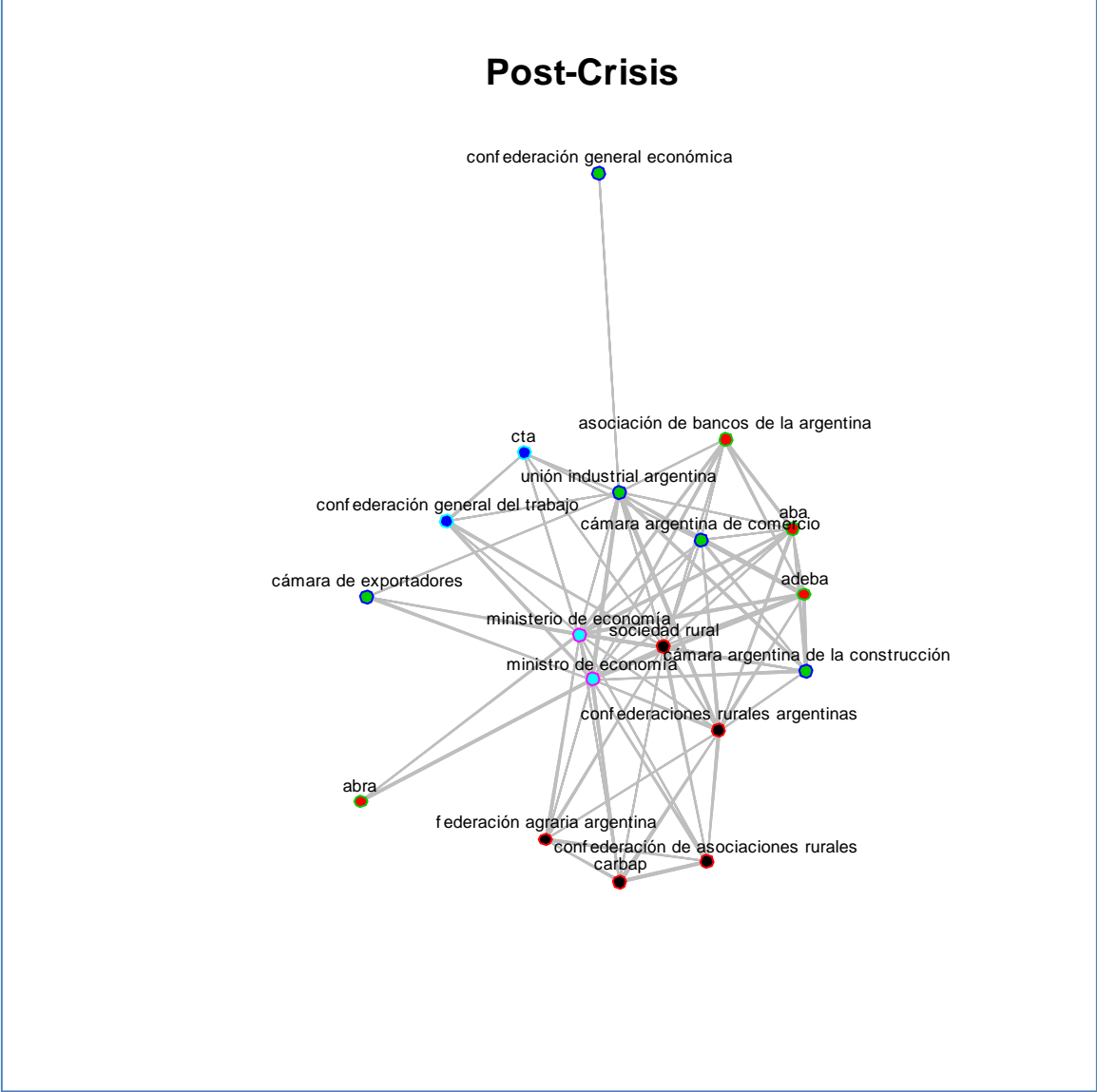
Note: Dependent variable is the monthly count of legislative initiatives successfully reported from the committees of Agriculture, Small Industry, Labor, Public Works, Mining, Industry, and Finance. Estimates describe unexponentiated estimates drawn from Negative Binomial Models for panel data.

**Figure 1: Network of Business, Labor, and Government Actors.
 Dyads of Industrial, Labor, and Agricultural Associations in the Argentine Media, 1996-2001**



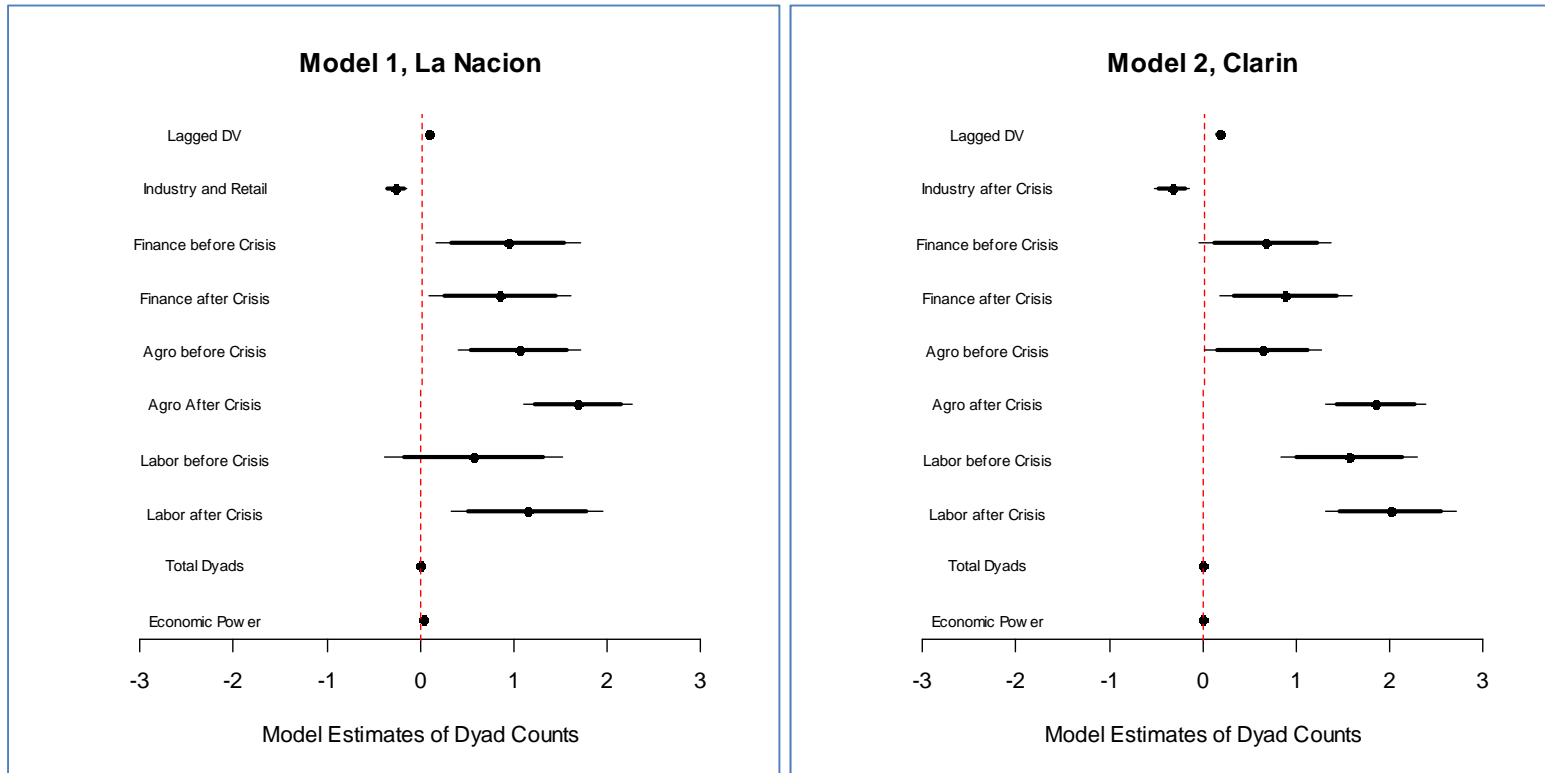
Note: Plots drawn with the gplot option, library SNA in R, with distances retrieved using the "fruchtermanreingold" layout algorithm. Data retrieved from La Nación. Labels identify the sectoral associations by their original name, given that English translations would make it difficult for readers to identify the target association described in the media network.

Figure 2: Network of Business, Labor, and Government Actors. Dyads describe Industrial, Labor, and Agricultural Associations in the Argentine Media, 2001-2007



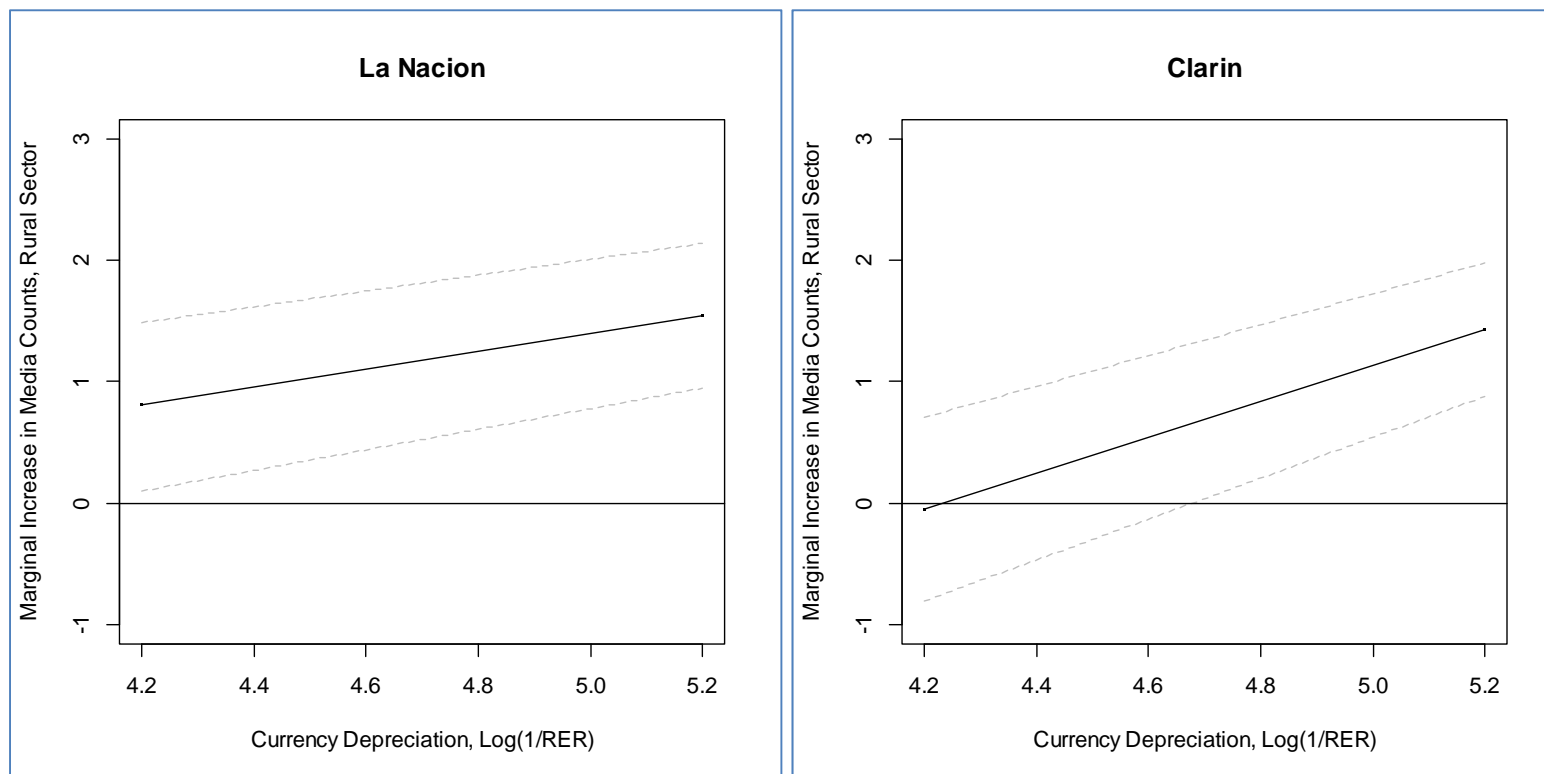
Note: Plots drawn with the gplot option, library SNA in R, with distances retrieved using the "fruchtermanreingold" layout algorithm. Data retrieved from La Nación. Labels identify the sectoral associations by their original name, given that English translations would make it difficult for readers to identify the target association described in the media network.

Figure 3: The Effect of the New Exchange Regime on the Government-Economic Actors' Dyads



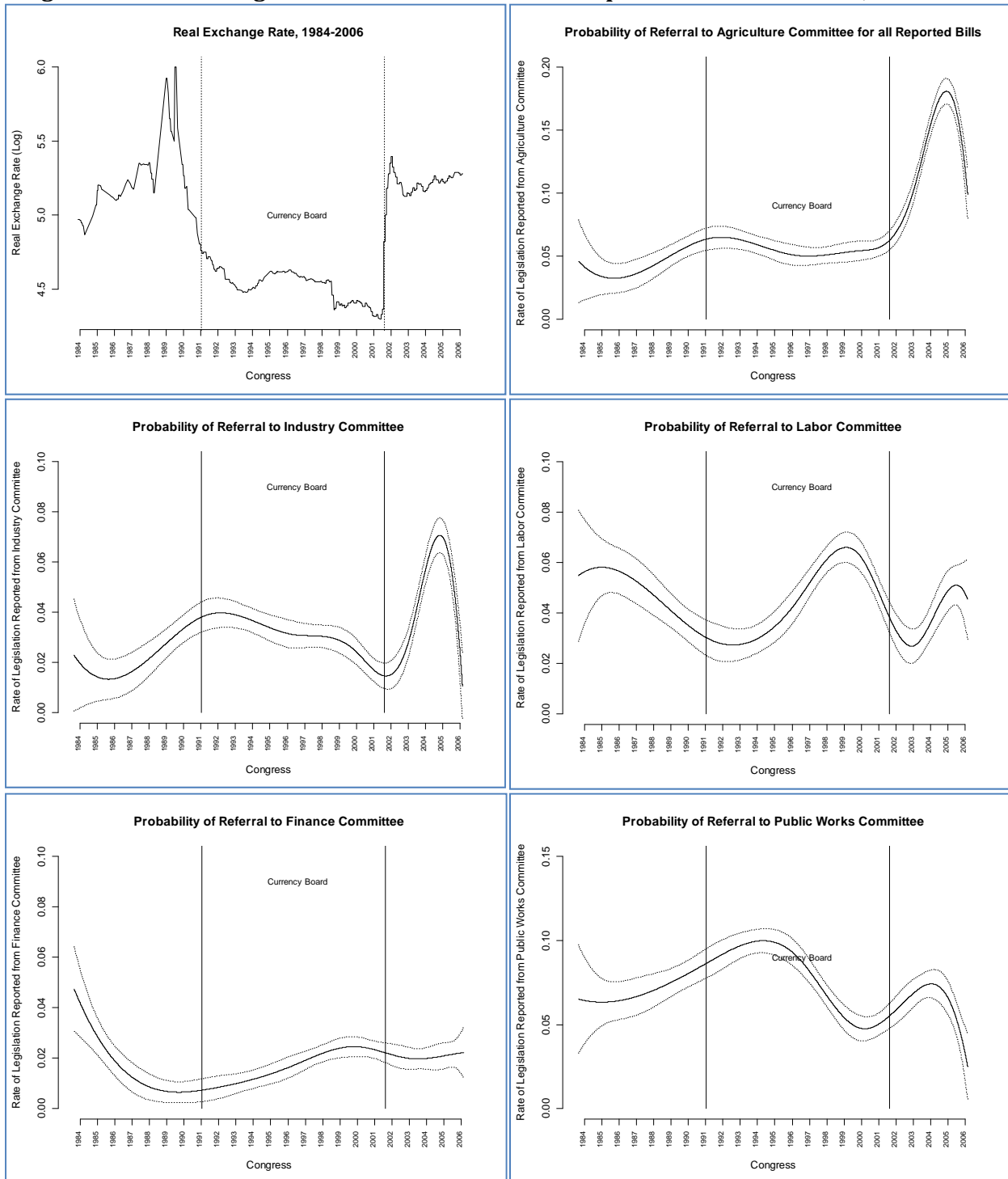
Note: Estimates from Table 1, Models 1 and 2. Estimates “after” the crisis describe the joint marginal effects with proper confidence intervals. Baseline of the model is retail and industry before the 2001 crisis. Consequently, a negative coefficient for the “industry after crisis” describes a decline in the media salience of retail in industry from the baseline.

Figure 4: Currency Depreciation and the Increased Media Counts of Rural Associations and the Ministry of Economy



Note: Estimates from Table 3, Models 1 and 2. The mean line describes the number of media ties between the President and the rural associations conditional on currency depreciation, with 90% confidence intervals in dotted lines.

Figure 5: Real exchange and Rate of Law Initiatives Reported from Committee, 1984-2007



Note: Plots describe probabilities (k-splines=7) that bills will be successfully reported from Committee to the plenary floor.

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