The Universidad del CEMA started 20 years ago as a small, applied research center. The main focus of research was macroeconomics because at that time the country was courting with stagnation and hyperinflation. During the decade of the 80’s the arithmetic average of the inflation rate was 750% and GDP per capita fell 65% in US dollars. This situation originated in the 1930’s when Argentina started a gradual process of institutional debasement in which democracy and the market were replaced by military rule and the entrepreneurial state.

During those five decades there were short lived democratic spells which did not differ much insofar as economic policy: the prevailing ideology was that of the omnipresent state ruling all aspects of resource allocation within the context of a highly corporate organization.

The industrial lobby plus the trade unions managed to make their way into the system and obtained important prerogatives: subsidized credit, prohibitive tariffs and quota restrictions on competitive imports, a compulsory health care system run by the unions, and a highly regulated labor market. Most economic activity was run by state enterprises that provided little service and ran high deficits in spite of their monopolistic position. Through price, wage, interest rate, and foreign exchange controls, the government also regulated whatever was left private. The saying went that Argentina had socialism without planning and capitalism without markets.

The inefficiency of the corporate economic arrangement implied 30 years of stagnant per-capita income. The resort to deficit financing by the government and its enterprises fueled money creation and inflation. The 70’s and the 80’s were lost decades for generations of Argentines. Those who could emigrated and many chose to get their education abroad. The global inefficiency of the system favored guerrilla
activity, which in turn brought a hard military response. The Malvinas War ended military power in 1982.

With democracy restored in 1983, economic problems came to the forefront. Political parties were not prepared to run a smooth transition to a market economy. The ruling party worsened economic mismanagement and produced the hyperinflation of 1989 that terminated with the corporate management of the economy and the entrepreneurial state.

The decade of the 1990’s saw the most impressive transformation of the Argentine economy under democratic rule. The market economy was restored to its full extent, international trade was opened, state enterprises were privatized and fiscal control was implemented. The result has been price stability with sustained growth.

As an institution CEMA lived through these troubled times and made its small contribution to the change that took place through research and teaching as well as through the continuous presence of many of its members in the press and in the public debate of ideas. Our Research Papers where mainly motivated by our domestic problems and included topics such as the Market Economy, Currency Board, Free Trade, Private Social Security, Privatization of State Enterprises, etc., most of which became realities after the transformation of the 1990’s.

Many of us had obtained our Ph.D.’s in the U.S. and knew that it was difficult to sustain independent research activity without the academic environment provided by teaching. In 1980 we started a graduate program in Economics. Later on an MBA was added, then the college, and in 1994 we became a full fledged University, when a new law allowed for the creation, for the first time in decades, of private universities.

During our first two decades we had a mostly inward looking attitude basically because we concentrated our efforts on the profound problems of our society. Now we are mature and our country has achieved a reasonable degree of institutional development, so we devote much more effort to international interaction.

Today we are participating in a three-day conference whose main topics are “Environmental Economics” and “Macroeconomic Policy in the Globalized
Economy”. Those presenting their work here are distinguished researchers from all over the globe. The proceeds of the conference are published in this, the first volume of the Journal of Applied Economics. The Journal will include original applied research in economics of interest to the international academic community and will be distributed worldwide.

This Conference and the Journal are part of the efforts of the Universidad del CEMA to reach new horizons of communication and intellectual interaction in the globalized world. I thank all of you for your interest in our projects.