

## Methodological Alternatives for the Analysis of Financial Constraints in Argentina

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### ***Abstract***

Financial constraints affect firms' financial and productive decisions generating substantial macroeconomic implications in terms of investment, economic growth, inflation and income distribution. Despite its relevance, financial constraints are not directly observable. However, empirically contrastable propositions can be derived in some particular theoretical framework. We use this possibility with, basically, two objectives. First, we aim at evaluating the relative importance of alternative theoretical approaches, using a non balanced panel for Argentina build up from balance sheet information of 71 non financial publicly traded companies for the period 1990 to 2004. Financial constraints faced by firms are thus evaluated in several dimensions: including "its relevance", differential scope (between different groups), sensitivity to the estimation method (and the underlying theoretical model), evolution through time and macroeconomic determinants. Finally, a second objective is to select a simple and appropriate methodology to monitor the evolution of firms' financial constraints, since it would be useful to evaluate the effect of different financial policies.

*JEL Codes:* G12, G15, G14, E44, O54, O16, C23.

*Keywords:* Credit rationing, Investment, Cash Holdings, Financial Constraints, Panel Data, Simultaneous Equations.

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