Critique and Analysis of the Currency Crisis in Argentina

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Between the years of 1999 and 2003, Argentina experienced a financial crisis of unprecedented magnitude. Unorganized governments mismanaging funds joined forces with a history of wild currency fluctuations, inflation, and massive debt to create an environment in the country that bordered on chaotic. The results were devastating leaving the country in financial ruin while the citizenry struggled just to make ends meet. This paper will cover the history as to how the crash occurred by going back and examining the mishaps of the government. We also examine several techniques used by the Argentinean government and its people to fight inflation and bankruptcy as the crisis developed. We do this while keeping in mind that the situation was one that continued to become worse off as time went by. Lastly, this paper will ask several questions along with making its own suggestions regarding the Argentinean problem and make suggestions as to what solutions could have been done. Was there something in Argentina's history that could have predicted this? After walking through policy in detail, the paper will conclude with a summary of initiatives addressing what went wrong. A critique more or less as to how the situation unfolded when presented with different and evasive circumstances followed by alternatives.

INTRODUCTION

Argentina is the second largest country on the continent of South America and exists under the pretenses today of a fully functional economy. High rises mark the skyline of Buenos Aries while mass transit runs through packed market places in Córdoba. By all signs, the world of monetary controls and business exist without problems regardless of where you may be. This, however, was not the case just a short time ago when Argentina suffered from not only the worst financial crisis in the countries long history, but one of the largest crises of recent memory for any developed nation.

When Raúl Alfonsín assumed the role of president in 1983 he took the reigns from what had been a brutal military dictatorship. In doing so inherited a financial system that suffered from excruciating debt loads and lacking knowledge, he was unable to get it under control.[1] Deficits mounted and with the government literally printing money in an attempt to make up for it, they started a tidal wave of inflation that would watch currency evaporate in the streets of the nations cities. By 1989, the price increases in the country were growing at an annual rate of 5000%.[2]

Alfonsín was ousted and he was followed by an era of Carlos Menem beginning in 1991. This period is important for the sake of this paper because of the Menem quick fix approach to an economy suffering from the brutal grip of hyperinflation. His attitude in taking office was one of aggressive and blunt measures and the approach to economic strife would be no different.

A concept was crafted by his chief economist, Domingo Cavallo and it was one that fit exactly what Menem was looking for.[3] The plan was to match the peso with the US dollar in terms of value both domestically and abroad or in other words, an exchange rate of 1 to 1[4]. This was supported by a statement issued by the government stating that no new currency would be distributed within the economy unless it is backed by US dollars in the central bank.

Attempting to recover from suffocating inflation and negative GDP growth would be a daunting task for the leader of any country. The fact that Argentina had suffered for so long was not going to help the situation. With that said however, the wheels were in motion and after dramatically cutting government spending the next efforts (outside of the currency change) were to privatize several industries including oil companies, the post office telephone, gas, electricity, and water utilities[5]. This followed with global faith reinstated in the new leadership and economy which translated directly into foreign investment. This turned the once distant success into a frontline reality.

The next step was groundbreaking and would prove to be historical in nature. MERCOSUR was set up to open trade barriers across Argentina, Brazil, Uruguay, and Paraguay.[6] It would be the largest such agreement ever created in South America and in terms of potential impact, would prove to be a well wrapped economic stimulus package. The move is summed up here with a quote from George Bush Sr. in November of 1991 when addressing President Menem during a White House visit:

"By the end of 1995, the MERCOSUR common market aims to eliminate tariffs between Argentina, Brazil, Paraguay, and Uruguay--linking your economies together in a way consistent with GATT [General Agreement on Tariffs and Trade] to form one of the hemisphere's largest open markets."[7]

This statement was in fact accurate and what would come next is something the Latin American country had long waited for. From 1991-1995 the GDP would grow an astounding 35% along with all but eliminating the cancerous inflation that had plagued it for a decade.[8]

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[1] Lauren Joffrin, "A Rich Country Goes Bust Again; Those Who Ruined Argentina." *World Press Review* Vol. 49, No. 3.
[2] Ibid.
[3] Bill Vann, " Menem invites US to 'dollarize' Argentina," *International Committee of the Fourth International*, Feb 10, 1999.
[4] Ibid.
[5] Mundo Andino, "Carlos Menem Unofficial Biography." The Andean World. http://www.mundoandino.com/Argentina/Carlos-Menem
[6] Pedro E. Moncarz and Marcel Vaillant, "Measuring the role of MERCOSUR on the Regional Pattern of Import of its Country Members." (Working Paper, Universidad Nacional de Córdoba, Argentina, 2006) 1.
[7] US Department of State Dispatch, "Argentine President Carlos Menem visits Washington, DC – remarks at his arrival – transcript," November 11, 1991.
[8] Peter Hudson, "Menem and The Millennium – Argentina's economic future," *Latin Trade*, Oct, 1999.

Argentina is a country that has, over the last 3 decades, not been able to get out of its own way when it comes to fiscal responsibility and management. True to form, Menem and his establishment would only be able to ride their new found success so far. When the initial decision to pair the peso with the dollar was issued it was an aggressive, smart move and at that time the dollar just happened to range from holding steady to slightly slipping in value. Exports increased and the country was competing and gaining on the majority of those it shared the continent with. Agriculture was at a peak and the country had been allowed to feel a sense of normality. Unfortunately for Argentina, this trend would not continue.

Multiple factors were coming into play outside the country, each proving to be a looming threat regarding the financial well being of the economy. While each was somewhat damaging in its own right, the combination of circumstances was forming what could only be adequately described as the perfect storm. Below is an outline of the 3 most relevant problems that steered the turnaround of what had been an economic celebration for several years.

They are as follows:

A. The US dollar began to take an upturn and gain value to the tune of 35% from 1995-2001.[9] For the US economy at the time, they were happy to reap the rewards of the newfound buying power. Argentineans on the other hand were seeing exports slowly loose the attraction they so desperately needed to maintain a steady cash flow into the country. The idea was to strengthen the peso for security, not price out those looking to spend money.

B. In 1999 Brazil devalued the *real* in an attempt to garner more control over its own financial situation.[10] Not only did it work, but in the eyes of its neighbors the policy worked too well. Considering both countries operate with extremely similar large quantity exports (mainly beef and wheat), the world turned its attention away from Argentina and started shopping the Brazilian markets. Both economies had been, up to this point, considered to be rising in interest and attention with respect to global exports. A change of such significance proved to be extremely damaging.

C. Debt would act as the proverbial straw that would break the back of the financial system. Money owed to the outside world was weighing heavy on the struggling economy as Menem had accrued tremendous amounts of debt through foreign loans. Despite underperforming on its fiscal targets in the early 1990's, the IMF continued to loan Argentina money through 2000.[11] At its worst, it couldn't afford to even pay the interest on the loans.

In October of 1999, Carlos Menem was replaced and Fernando de la Rua took over the financial mess.[12] As mentioned before, Menem had privatized several industries with the idea of bringing stability to the economy. The idea was one that worked in the earlier financial plan however, this time Rua would use them for a different purpose. He started hiking prices in order

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[9] Marc Cooper, "Blame the IMF Crowd," *Los Angeles Times*, December 30th, 2001. Main News.

[10] BBC News, "Q & A: Argentina's Economic Crisis," BBC Website. http://news.bbc.co.uk/2/hi/business/1721061.stm

[11] Timothy Geithner, "Lessons from the Crisis in Argentina," *IMF Policy Development and Review Department*, (2003).

[12] Clifford Krauss, "Party of Peron Loses its Hold on Argentina," *New York Times*, October 29, 1999, FP.

to compensate for the acquired debt but businesses who could not afford the higher operating costs began to close.[13] Unfortunately, the tax revenues were deteriorating instead of making up ground and Rua needed a plan.

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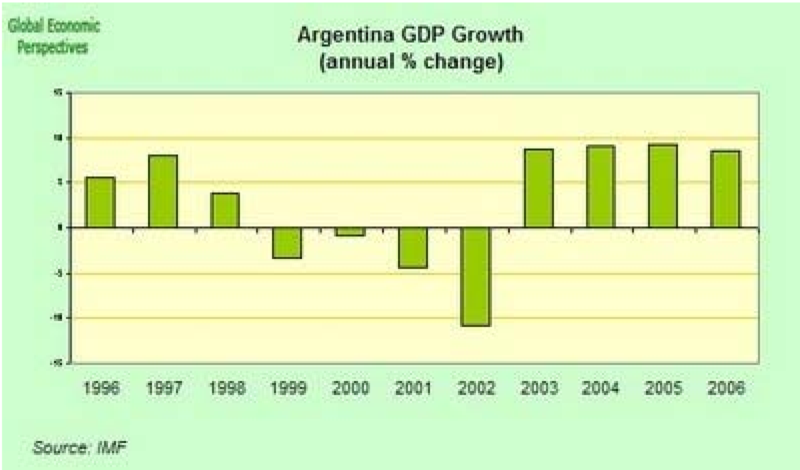
The strong currency, low exports, and debt all came together in a whirl wind of financial turmoil. The strengthened currency had restricted exports making it impossible for Argentina to pay its foreign debtors. This outstanding balance, mostly owned by central and provisional governments, reached an unbelievable 50% of Argentinean GDP by 2001.[14]

GRAPH 1
ARGENTINA GDP GROWTH



Throughout the entire year, the country and its leadership would make several attempts to stifle the inevitable. The International Monetary Fund extended its financial olive branch even further attempting to force success considering it was so heavily invested in the situation while at a domestic level, billions of dollars worth of bonds were sold in an attempt to generate funds to restructure public debt. It would unfortunately all be in vain as reports showed GDP was down -3% and the debt to GDP ratio had risen to over 60%.[15](Fig. 1)

Near the end of November 2001, the population had been on the sidelines long enough. With the government struggling, a country all too familiar with large scale currency devaluation panicked and made a run on the banks withdrawing $3.6 billion (6% of the deposit base) in just 48hrs.[16]

In reaction, the government imposed an immediate *corralito* (Spanish for a “freeze” on accounts) which limited withdrawals along with other regulations. This of course only escalated tensions amongst the populous. Argentineans became increasingly restless and started to rally and protest in the streets against the newly enforced policies.

[13] Peter Katel, “Argentina’s Crisis Exposed,” *Time Magazine*, Dec 20, 2001.
[14] Martin Feldstein, “Argentinean Crisis,” *Foreign Affairs*, March 2002.
[15] Ibid, IMF Report.
[16] Ibid.

"A RICH COUNTRY GOES BUST AGAIN."[17] That was only one of many headlines to start appearing on papers around the world starting in 2001. Argentina was officially in crisis which would peak on December 20th-21st when stores were looted by thousands in the streets, fires burned in buildings, and most shockingly 20 people would loose their lives as a result of the violence.[18]

The country was at rock bottom and Rua would be forced to resign as a result of the violence. The heads of state would struggle for not only a replacement, but someone willing to step in and take the job. It reached extremes with the government swearing in and saying goodbye to a total of 5 new presidents within the next 3 weeks.[19]

They finally settled on Eduardo Duhalde and what he had inherited would be envied by no one. The main contingent set up by the IMF was that the deficit finish the year between -2.5% and 0 in order to begin stabilization. When the numbers finally came in on 2001, they read as follows:

a. Overall deficit -4.5%
b. Economic activity down -18%
c. Construction down -36%
d. Imports down -50%
e. Tax revenue down -17%
(all numbers are year over year) [20]

Despite the negativity attached to the annual numbers, the same categories from November and December of 2001 are exponentially worse. As a result, the government would officially announce a default on its loans and begin the process of rebuilding. This is so severe that a drawn out and messy restructuring of Argentina's debt, especially if it were repeated in other countries, could dry up the IMF lending pool for emerging-market countries.[21]

Regardless, Argentina would begin the suffering in brutal fashion via their unattractiveness regarding the business circles of the world along with having to recover from a devastated infrastructure. Even initially, the country would erode at the base when foreign currency reserves started to decline. With its ability to borrow overseas blocked by the defaults, the country started immediately feeling a cash crunch. Argentina's foreign reserves in May 2002 were eroding by as much as $200 million a day despite the freeze on most withdrawals from bank accounts instilled since December 2001.[22]

Overall, the backlash would drag out over the next two years with inflation and GDP taking the brunt of the load. This South American country was considered to be one of the opportunistic and upcoming markets in the global economy during the 1990's. How is it possible that it could have taken such a turnaround in such a short period of time? Mounting pressure from outside world along side botched domestic policy were key factors as it steered toward an inevitable meltdown but along the way, the government was given opportunity after opportunity to right the

[17] Ibid, Joffrin.
[18] Wikipedia; The Free Encyclopedia, "Argentine Economic Crisis (1999-2002)," Wikipedia Encyclopedia, http://en.wikipedia.org/wiki/Argentine_economic_crisis_%281999-2002%29#The_crisis
[19] Ibid.
[20] Ibid, IMF Report.
[21] Jonathan Fuerbringer, "Analysts Worry of Ripple effect In Argentina's Latest Debt Plan," *New York Times*, November 1, 2001, Int'l Bus.
[22] Larry Rohter, "Argentina's Foundation Keeps Crumbling," *New York Times*, May 14, 2002, Int'l Bus.

ship. We will take the next pages as an opportunity to discuss what mishaps took place and what other ideas could have been presented in an attempt to avert disaster.

ANALYSIS AND CRITIQUE

In looking back over the crisis, any given economist could draw any number of inferences and suggest alternatives worthy of consideration. But outside of the analytical approach, how was it that several finance ministry personnel from both inside and outside the country weren't better able to assess the situation? We will take a look below at some situations that were grossly misjudged and as a counterbalance we'll look at some that were possibly overzealous in their assumptions.

Fixed Rate

With respect to the fixed currency rate, it is safe to say that the original concept of an attachment to the US dollar was sound considering the outlandish behavior of the peso. However, would a fixed timeline for this policy have been beneficial as well? After all, Argentinean frustration was rooted in their lack of control over the currency and so the question must be asked: Why relinquish full control to the movement of another currency, indefinitely?

True, this would provide an immediate sense of stability taking into consideration the strength of the US dollar. But the economic objectives and fiscal policy of the United States are not going to correlate with that of a developing South American country. In the same conversation and as an example of truth to this statement, it could be pointed out that the elasticity associated with the movements (in this case strengthening) on the dollar proved to be extreme in Argentina while retaining a marginal effect in the US.

In a second extension of this analysis, the Currency Board of Argentina is well documented to have violated multiple rules that are associated with the establishment of a fixed rate, some of which are listed here:

- A currency board maintains absolute, unlimited convertibility between its notes and coins and the currency against which they are pegged, at a fixed rate of exchange.
- A currency board's foreign currency reserves must be sufficient to ensure that all holders of its notes and coins can convert them into the reserve currency (usually 110–115%).
- A currency board has no discretionary powers to affect monetary policy and does not lend to the government. Governments cannot print money, and can only tax or borrow to meet their spending commitments.
- A currency board does not attempt to alter interest rates by creating a discount rate like a central bank. The peg with the foreign currency tends to keep interest rates and inflation very closely aligned to those in the country against whose currency the peg is fixed.[23]

Again, Argentina broke all of these rules at some point or another. Each time the motivation centered around one thing and one thing only; a need for hands on fiscal policy concerning currency. Paying close attention to the third listed, "*no discretionary powers to affect monetary policy…*" is a tough place to be for a country under monetary duress. Now consider the following; "*Governments cannot print money, and can only tax or borrow to meet their spending*

[23] Wikipedia; The Free Encyclopedia, "Argentine Currency Board," Wikipedia Encyclopedia, http://en.wikipedia.org/wiki/Argentine_Currency_Board

commitments." This is a sound policy for someone who doesn't need excessive control on levels of money supply going in and out of the country. But for an emerging market, this kind of regulation can put tremendous pressure on the management of imports and exports.

Keeping in mind, the suggestion here is not that a floating exchange rate should have held but rather, that a set timeline should have been enacted with policy goals introduced as motivation. The amaranthine vision of the dollar created an obnoxious number of problems as the country started to deal with serious adversity and as a result, the handling of it was severely compromised.

Debt Management

This issue of Argentinean debt management could provide enough material for a paper by itself and several books to follow. For the sake of space, we'll take a closer look at the IMF and the role specifically played by them in the crisis.

The basis of the IMF concentration rests in the curious lending practices during the years leading up to the 2001 collapse. Many of the decisions by the institution, considered as one of the most influential in the world, are worthy of discussion and debate. Additionally, some of those discussions surround the idea that the IMF may be directly responsible for the final collapse of the South American nation.

Red flags attached to IMF policy regarding Argentina start going up in the early 1990's, shortly after Menem had taken office. It was here where the economy had been not only able to steady its feet, but make increasing progress in the category of "emerging markets." Despite the success, the country still required funds to build and stabilize its newly developed infrastructure and several lenders including the IMF were willing to help. This willingness however, would curiously sidestep some traditional concerns typically given more attention by a lender the size of the IMF. In several cases, the Fund would end up providing for and supporting programs that were not proven to be structurally sound and more importantly, lacked any concrete benchmarks of achievement.

As an example, throughout the 1990's the Fund had requested significant steps be taken to implement labor market reforms in order to secure loans. Yet while the issue was clearly stated, absolutely no conditionality or measures of implementation were attached to the money.[24] This trend would continue in financial negotiations going into 1998 and while the Argentinean government repeatedly lagged behind in any sort of labor reform, the Fund did nothing more than express concern. Under any banking practice, terms of an agreement are discussed and enforced prior to any money exchanging hands. The fact that this was taking place without these standards and at levels where the risk is enormous should take the focus of this discussion. **How is it that such large amounts of money weren't being coupled with strict policy goals and threat of stoppage were they not to be met?**

Playing off this question it should be noted that in the Funds own report following the incident of 2001-2002, text substantially more disturbing is brought to light.

The IMF cites the following:

"Less attention was paid to other standard issues that, arguably, were equally important to the flexibility of the economy—notably, those related to trade policy and governance. The structural aspects of fiscal policy, including tax administration and fiscal federal issues, were also given insufficient emphasis."[25]

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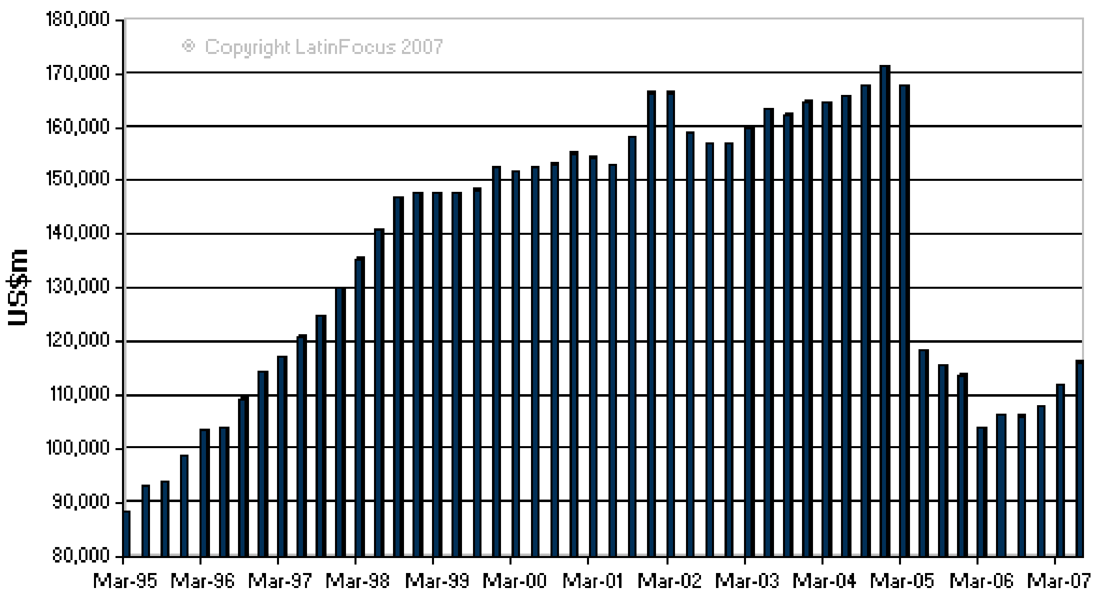
[24] Ibid, IMF Report.
[25] Ibid.

Though the dialogue is scripted to lessen the impact, it reads extremely clear: They were loaning funds to a country with a heavily volatile infrastructure and doing so with sufficient knowledge of that fact. Rather then stick to a framework built around sustainable development with scripted and enforced policy, the Fund gambled on an economy that "seemed" to be doing well despite some internal setbacks. The brevity of the situation was not only undermined by the IMF, but one could argue that it played a major role in the events that would eventually lead Argentina into ruin.

Regrettably, there is an even larger concern with respect to the work going on between the International Monetary Fund and the country of Argentina. Though 2001 signaled the year of the collapse, it was the events of the two years prior that deserve an equal amount of attention.

As mentioned earlier in this paper, there was a combination of several things that led to the ultimate demise of Argentina. Most notably was the fact that the debt of the country had reached extravagant levels and paying it back under the current circumstances (strengthening dollar / Brazilian *real*) was all but impossible. However, also playing a role was the fact that the debt load itself kept increasing exponentially and not just because of the accruing interest, but because Argentina was still accepting loans.

GRAPH 2
ARGENTINEAN FOREIGN DEBT OWED



Despite the ever deteriorating economic situation, the IMF kept coming to the conclusion that this struggling market still deserved billions in additional support.

Take into consideration (Fig.2) from 1995-2007: In the graph above, we see a trend that is of major concern. We know that the economy starts its downward spiral in the late 1990's; most notably the large GDP decline from 1997 to 1998 followed by the move into negative territory during 1999 (See Fig. 1). Coupled with the information listed here, debt leading into 2001/2002 continued to skyrocket creating an atmosphere that would enable the collapse. The clear symptoms of recession were taken into consideration by the IMF but ultimately ignored. This then brings us to another major concern of this paper: **Why would such a powerful and knowledgeable financier continue to fund and dump money into a system that is destined to fail?**

One of the main concerns of the IMF was that the country reaches a zero deficit spending standard for the year 2001. Again we are presented with a policy that suffers from horrendous timing. Were this instilled during the years of mild prosperity then it would be easier to manage and something that could have helped build a foundation for a sound economy. But under the circumstances, how could one justify taking billions out of the demand for pensions and pay-checks when they have an application submitted for billions in supply just to keep the peace? Just like many of the policies issued by the Fund, this one was not built with full competence and would not set the standard for a market correction.

As disturbing as it may sound, in the summer of 2001 members of the IMF were once again meeting to discuss sending more money to the country. $8billion was being considered in order to simultaneously boost reserves and confidence. [26] At a time of system breakdown, excruciating debt loads, un-payable interest, and negative growth the Fund went ahead with the loan.

Barry Eichengreen, one of the world's foremost academic experts on financials crises wrote the following just days after the announcement;

"The local stock market, the Merval, jumped eight percent on the news. By the next morning the familiar mood of melancholy resignation had returned. The realization had dawned that the IMF package offered no magic formula for getting growth going again. And without growth, it is hard to see how political support for paying the foreign debt can be sustained."[27]

This statement helps segue into an extremely black and white assessment of the situation; the Argentinean economy would not be able to pay debts of which carried rates higher than its own growth. And when reviewing the case of Argentina, one can only wonder how it is that this wasn't incorporated into the lending practices associated with this case over the last decade?

Toward the end of 2001, much of the argument going on behind closed doors at the IMF entertained the concept of "pulling the plug" and essentially shutting down the Funds participation altogether.[28] Looking into what has already been outlined it is quite clear that saving the country at this point bordered on impossible, so why would the Fund consider anything other than an immediate halt on outgoing funds and all discussions pertaining to it for that matter?

The International Monetary Fund strived to maintain above all things a reputation showcasing competence. In doing so, it would loan Argentina the money it requested so that it could offer up the *idea* that it did everything in its power to stave off the impending crisis. Considering this, any failure following would then be assumed as the responsibility of the country receiving the money.

Shortly after collapse, Argentinean Chief of Cabinet Atanasof addressed this issue by stating; *"We're not saying the blame for what's wrong should be pinned on the Fund; what we are saying is the bureaucracy of the Fund has promoted the policies that put us in this situation. No one can ignore that."*[29] These feelings weren't limited to members of the Argentinean government as John Welch, chief Latin American economist at West LB in New York points out; *"The fund*

[26] Paul Blustein, *And the Money Kept Rolling In (And Out)* (US: PublicAffairs, 2005), 153.
[27] Ibid, 140.
[28] Ibid, 141.
[29] Cynthia R. Rush, "Argentina Crisis Now Hits IFM, World Bank," *Executive Intelligence Review*, December 27th, 2002.

doesn't want to have to deal with a default on itself. It is desperate to be seen as a constructive force in Argentina."[30] Clearly, sentiments were not running high concerning the behavior of the IMF approaching December of 2001.

The International Monetary Fund found itself wrapped up in the ambitions of Argentina once it broke free from inflation and started reaping the rewards of an emerging market. It overestimated the potential of the Menem government and as a result found itself making compromises when it came to lending, especially as the situation began to unravel. Considering the risk/reward ratio, it is hard to imagine an institution of such magnitude willing to move forward under the provided circumstances. Under the circumstances, the Fund had plenty of chances to wield its power and withhold funds pending the implementation of structural goals related directly to lending. Yet as the unorthodox behavior continued, it seemed as though the Fund was following suit in its pursuit of goals that still remain unclear.

Under the many challenging circumstances they had gone through, neither the IMF nor Argentina would benefit from what had been a long and trying relationship.

REFLECTION AND CONCLUSION

In the early nineties, Argentina worked hard to re-establish itself as a country of stability. In accomplishing this feat, it paid an unusual price. The enthusiasm led to negligent decision making that took place both inside and outside the country.

When the first signs of decline were setting in, the country's history and financial infrastructure should have been taken at face value by both domestic and foreign entities attached to the monetary relations of the country. Considering the fact that rudimentary reform was not taking place in staples like labor markets and tax reform (at a time when the country was doing reasonably well), it requires complex thinking as to how greater expectations were presented with even greater consequence attached to failure.

What to Do?

In reflecting back on the situation, a number of suggestions stand out against the back drop as to what could have been done. All along the way the government was given opportunities to at the very least, pull back the reins. However, to the contrary the decisions were made with more of a "double down" approach. The following are a summary of policy recommendations made earlier in this paper:

1. *Exchange Rate:*
   As mentioned earlier, why would a country pin itself to an exchange rate of which clearly didn't share its long term economic vision? Were the country to set a bi-annual assessment concerning the health of both the banking system and the peso, the government would have been able to gradually wane off the dollar attachment without sending the public into a panic. In doing so, the system would have been able to better control the money supply and therefore keep the exchange rate in check. Lagging exports due to high prices were not an overnight issue but rather something that developed over time…this eventually contributing heavily to the ability to repay debt.

[30] Tony Smith, "Power Shift Between Argentina and the IMF," New York Times, July 29th, 2003. Business.

2. *Internal Debt Management:*
   The fiscal policies of the government were detrimental to the recovery of Argentina. Infrastructure guidelines and a cap on government spending are essential if a country is to survive economic crises. In this case, the IMF had requested a 0 deficit leading into 2001. If this was even part of a discussion during a time of ultimate duress, it should have taken place under the oath of the domestic government several years prior when the economy had gained its footing. In addition, we know based on the assumptions in this paper that the country had not adequately padded its reserves during its years of success. The debt was accumulating and the government should have put forth a greater effort to protect against the future consequences of accumulation.

3. *Lending Policy Reform:*
   The point here is clear; the IMF grossly erred in its assessment of the Argentine economy by overestimating its growth potential and underestimating its vulnerabilities. That said, needed corrections are clear:
   a. In moving forward, lending standards for a country emerging from decades of instability should be strict and enforced.
   b. Infrastructure guidelines are of dire importance to the success of a developing country. This as opposed to gambling on a country is essential if a banking system like the IMF is to work.
   c. Restricted lending of any kind in the event a country has a growth rate less then the interest rate attached to money being requested.

Monetary policy is a complicated, well thought out process that adapts to every country, government, and system differently. In the case of Argentina, decisions were made by shooting from the hip, speculation, and optimism. This is neither a legitimate nor acceptable approach when dealing with the lives of an entire country and its citizens.

Up until now, Argentina seems to have recovered. Economic momentum is keeping up a strong pattern of growth, as the deceleration in the cyclical rebound from several years of recession has proved far less pronounced than anticipated. The country is celebrating along side its South American counterparts a renewed global economic interest in the region that is proving beneficial to all. Its people can only hope that the crisis has taught the government to prepare itself now for whatever adversity it may lay ahead and for the first time in its history, offer them a true chance at long term success.

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