



This report was issued by TGS Buenos Aires, with inputs from Paul S. It covers the period from June, 1946 to 2011

I. HIGHLIGHTS/KEY PRIORITIES

- Argentina is in the process of recovery, but it's still not as economically good as it could be noticing the agricultural areas of the pampas and the golden era between 1900 and 1930
- Argentina's economy started crashing with Peron's policies
- Most recently the crisis in 2001 made Argentina's economy crash

II. Situation Overview

Argentina lost a lot of its economic strength over the last centuries. Its GDP (purchasing power parity), **the Gross Domestic Product, which is the total amount of money gained from all goods and services in a given time period**, grew over the last years, but it's still isn't as high as it could be noticing the agricultural area of the pampas. **10%** of its GDP comes from the **agricultural sector** with products as "sunflower seeds, lemons, soybeans, grapes, corn, tobacco, peanuts, tea, wheat; livestock," **30,7%** from the **industrial sector** with products as "food processing, motor vehicles, consumer durables, textiles, chemicals and petrochemicals, printing, metallurgy, steel" and **59,2%** from the **service sector**. It's at 709,7 billion USD, 2011 it was at 657,2 billion USD and the year before at 602 billion USD, so Argentina is **21st rank** on the global GDP (purchasing power parity), but is still very low compared to the 5 highest ranks Germany with 3139 billion USD, Japan with 4497 billion USD, India with 4515 billion USD, China with 11440 billion USD and the United States of America with 15290 billion USD. Argentina's GDP (official exchange rate) is at 435,2 billion USD. Additionally, its **GDP - real growth rate recovered a lot in 2010** with 9,2% instead of 0,8% as the year before. Now it's at 8%, so it's **going down again**. But its **GDP per capita is growing**, in 2009 it was 15,000 USD, 2010 16,200 USD and in 2011 **17,400**. However, it's still not very high, it's the **largest in South**

America right before Chile, but it's low compared to countries as the United States with 49,000 USD, Germany with 38,400 USD and the United Kingdom with 36,600 USD. Additionally, **30% of the population is below the poverty line**, but this data is based on private estimates. This is, compared to European and American states, as Switzerland with a poverty rate of 6,9% and France with 6,2%, very high, but it's low compared to other South American countries, as Paraguay with a rate of 34,7% and Columbia with 37,2%. But fortunately, the **unemployment rate decreases**, so there were 7,8% of the population unemployed in 2010, but in 2011 there were only 7,2% left, however, there is unfortunately a big unemployment in youth ages between 15-24 with 21,2%. That means more than **every 5th teenager is unemployed**. Unfortunately, there is also a huge increasing **inflation rate with 16%** in 2009 and 22% in 2010, that is a lot compared to France and the United States with inflation rates of 2,3% and 3,1%. There is also a deficit in Argentina's Budget with revenues of 105,8 billion USD and expenditures of 113,3 billion USD, while the revenues are 25,1% of the GDP; the deficit is **2% of the GDP**. Argentina also imports more Natural Gas and Electricity than it exports. However, it exports more Oil than it imports and all together it exports more than it imports. Anyways, Argentina has **external debts of 136 billion**, 8 billion more than the year before, but it's **economy is recovering** in many different aspects, for instance the unemployment rate is constantly decreasing and it's GDP per capita is the highest in South America.

III. Humanitarian Needs and Response

The process of the collapse of the Argentine economy **started with Peron**, the former president of Argentina in 1949. His **pro working class policies** caused **serious problems** for the economy by letting the inflation increase and the exports decrease. After that **many presidents and dictators followed**, trying to solve the economic problem in many different ways, for instance by attacking the Falklands under the military dictatorship between 1976 and 1983.

The **huge collapse** started with a recession in Argentina by **October 1998 under president Carlos Menem**, because of **external events**, which were the **currency crises in Russia**, which made investors from developed countries frightened about investing in developing countries as Argentina, and in **Brazil**, the main trading partner of Argentina, and the **unusual strong dollar**. One year later in **1999**, the former president **Fernando de la Rúa** ended the budding recovery of the country by **increasing the taxes**. On **May 29th in 2000 Fernando de la Rúa** announced **1030 million USD** in spending cuts, a few days after that 20,000 people protested. One month after that, the Argentine Economy minister frustrated the country even more by telling that the cuts are not enough. But in December the Government **fortunately announced an aid package of 45 billions USD largely secured by the International Monetary Fund**.

But 1 year later, in **March 2001, Argentina had 3 different economy ministers** in one month. Additionally 6 other officials resigned during **March and de la Rúa's coalition broke** over discussions about the economy.

A few months later in **July, the Argentine stock went to a 28-month low** after rumors of the resignation of the Argentine president de la Rúa. Additionally, many rating agencies reduced Argentina credibility, so the interest rate became too high and Argentina went on a **"debt trap"**. Later the year in November Argentina had to face **heavy capital and payments of their debts**. December depressed the country and its stock with a lot of negative news as a high jobless rate of almost 19%, spending cuts for 2002 of almost 20%, the unsustainability of Argentina's

Economy policy in January, the resignation of the Economic minister and several other ministers, the resignation of President Fernando de la Rúa because of protests and riots that were caused by the “contamination” of the private sector by the government by establishing different economic policies, as “**bank-freezes**”. **In 2002 the economy shrank further, reaching it’s low at 28% below the peak of 1998.**

IV. Contacts

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