

# Determining the Prosperity and Eventual Collapse of Argentina's Economy

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## ABSTRACT

In the early 1900s, Argentina was in the top 10 wealthiest countries of the world; today, it is sixty-ninth; this inquiry aims to answer how and why Argentina went into an economic crisis. The investigation intends to help future countries, analysts, and anyone interested in following a better economic path. The research paper concludes that Argentina failed to maintain a thriving economy because of its financial decisions, institutional and political breakdowns, fear of devaluation, and increased inflation. The paper explores different political leaders and their decisions during the regression's peak. Even though the article delves into multiple topics and on multiple occasions, it focuses the most from 1998 through 2001.

## Introduction

The economic uptrends in a country can help boost its economy by incentivizing small and large businesses; Argentina is not the case. In this investigation, the main focus is Argentina's economic regression. Today, many countries have developed a tremendous and functional financial system; however, for Argentina, it is quite the opposite. Before World War I, Argentina was in the top ten wealthiest countries; today, it is sixty-ninth. In the early 1900s, Argentina was one of the wealthiest countries in the world. Argentina was a huge exporter of goods to countries in Europe and American countries. It had minerals, huge productive lands, meat, and wheat.

On the other hand, Argentina was known as a "super-exporter" since it had low trade costs and trade liberalization. Despite all the good things in Argentina, as the saying goes, "all good things eventually come to an end." By the end of the 1900s (1998), Argentina entered a recession, which in the early 2000s became a depression. The investigation intends to explain and further elucidate why and how it became a depression. In brief, the purpose of writing this research paper is for people to understand and comprehend what happened to Argentina. The paper tries to elucidate why Argentina went on such a dark way economically speaking. The article analyzes different factors that have affected the economy. The article studies political institutions, disasters, political parties, and devaluation crises, among other topics. The article aims to answer the whys and how Argentina went into an economic regression. It hopes it will help future countries, analysts, and anyone interested in not following the Argentine steps if they want a healthy and good economy.

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1. Why and how did Argentina go into an economic regression?

## Review of Literature

The Breakdowns of Argentina

Institutional breakdowns play a massive part in a country's economic downfall; this investigation aims to determine how Argentina went from being such a wealthy country to one that is so underdeveloped. The period covered in the article is 1850–2012. It explains how Argentina became impoverished after becoming wealthy on the eve of World War I. The article analyzes it from economic development in a long-term historical perspective, from its rapid growth in the twentieth century to an underdeveloped one to the present day. The article explains that institutional breakdowns were essential to the economy's downturn. The report builds counterfactual scenarios to analyze Argentina's development without examinations. The paper examines all the different methods and different outcomes. The article's conclusion states that, without institutional collapses, Argentina would have joined countries with economies similar to New Zealand's and avoided the decline of institutional breakdowns. The following article elucidates this argument by indicating that:

Deploying a structural model of long-run development with time-varying de jure and de facto political institutions and a series of time-invariant covariates, this paper estimates the contribution of de jure and de facto political institutions to long-run development conditional on the confounding effects previously identified in the literature. The counterfactual scenario is built by constructing an alternative de jure and de facto institutional series in the absence of institutional breakdowns. The synthetic control and difference-in-differences estimates suggest that had such breakdowns not occurred and had Argentina followed the institutional trends of its nearest-counterpart countries, it would be among the richest countries today. We find that making de jure and de facto political institutions more inclusive for the non-elites is associated with an increase in per capita income between 1.8 and 2.6 percent, *ceteris paribus*. The estimated effect of de jure and de facto political institutions on long-run growth is robust across multiple specification checks, and does not disappear once the confounding effects of physical capital accumulation and human capital investment in the standard Cobb–Douglas production function setup are appropriately taken into account. (Spurk, 2019)

This article is a crucial source for this investigation. The article talks about how Argentina went from being a rich country to an underdeveloped one. It talks about its Constitution and its strong economy after that. However, it also talks about how, after World War I, they went into an economic regression. The article expresses the many possible ways Argentina's economy went downhill. The article's main reason is Argentina's institutional breakdowns. The article argues that Argentina went through institutional breakdowns while other countries did not because Argentina embarked on the path of institutional modernization associated with rapid economic growth; however, unlike other countries, they never finished the transition to open democracy. It also talks about how if Argentina had followed trends established in similar countries, its economy would have improved 45% per capita (average per person) output.

## Disasters and Their Evidence

Disasters are essential in a country's economic development; the source justifies how they affect the economy. They estimate the impact of disasters on economic growth at the district level in Argentina. The article uses sources such as night maps reported by the United States National Oceanic and Atmospheric Administration (NOAA). The source also talks about different kinds of things. It mentions the effects of hydrological disasters. The Disaster Inventory System (DesInventar) records are also cited and used. To describe this further, the following source indicates that:

We use three sources of information in this paper. In the first place, we use the night light records provided by NOAA (2014) for the period 1992–2013 as a proxy for economic activity (GDP) and its growth rate. These registers provide a luminosity scale of 0–63 (digital numbers based on radiance estimates). For each pixel on the map this scale ranges from 0 (minimum brightness) to 63 (maximum brightness), and each value has an accuracy of 30 arc seconds (equivalent to 1 km<sup>2</sup> close to equator). The 0–63 scale is defined by NOAA considering that each pixel stores data in 6 bits (26), that is, up to 64 positions. (González et al, 2021)

The relevant data within this source outlines how the article discussed the different disasters affecting economic growth. The report states various sources, such as the GPD and NOAA. They also found an additional catastrophe associated with a small though statistically significant reduction in the district's economic growth rate. They say that hydrological disasters mainly impact it. The article analyzes the disasters in the period 1992-2013. They combined two different data sources and constructed a panel of 350 districts.

## Politics and Its Effects

Politics can be the biggest, if not the biggest, part of a country's economic development. The inquiry covers the political history and development of Argentina. The question here is about Argentina's breakaway from Spain in 1816. It explains how, a century ago, Argentina was among the top ten wealthiest countries in the world despite being ranked sixty-fifth currently. In the article, politics are also covered. The leaders of various political parties are mentioned. The report analyzes the different parties in Argentina and how they affected the country. It discusses leaders such as Juan Peron and Juan Bautista Alberdi. It mentions how the two presidents affected Argentina's economy the most. It also talks about President Raul Alfonsin, who governed from 1983 to 1989. He tried to account for who had disappeared during the "Dirty War" – an eight-year period in which a right-wing government purged Argentina of left-wing "subversives." In conclusion, it says that Argentina best illustrates terrible politics and lousy economics:

Argentina has always vacillated between two models of economic organization. The oldest tradition is state interventionism, dating to the days when the Argentine was an outpost of the Spanish empire. This tradition has survived well into the twentieth and twenty-first centuries with the legacy of Juan Perón (1895–1974). The other model is a classical liberalism grounded in the work of Juan Bautista Alberdi (1810–88). The divergent paths of these two Juans remain the two possibilities facing Argentina today. Juan Perón represents the closed autarkic economy of the demagogic collectivist. Juan Alberdi represents the free market and a political order that respects individual rights. ... The difficulties facing Argentina are enormous, and market reforms will not be achieved easily. A century ago, Argentina was the tenth wealthiest nation on earth; today, the World Bank ranks it sixty-fifth, slightly ahead of Romania and Gabon. A century ago, Argentine GDP per capita was on par with Australia's; today, it is less than a quarter of Australia's. Are there lessons for the United States in the Argentine experience? (Renice & Campbell, 2010)

The importance of this source concerning this investigation is that the report states how Argentina went from being one of the top 10 wealthiest countries to being sixty-ninth today (2023). The article analyzes Argentina from the colonial period to the 21st century. The article talks about Argentinian politics and the different political parties. It relates bad economics to bad politics. The report also compares Argentina to the United States and how what happened to Argentina could also happen to them. The article ends off by asking questions that should be answered in the research: "Should we cry for Argentina?"

## Argentina's Crazy Diversity in Finances

In Argentina's history, numerous different, similar, and opposite decisions have been made in its finances. This research aims to establish a comprehensive quantitative assessment of the relative importance of Argentina's collapse. The publication acknowledges that several other historians have determined Argentina's destiny. However, it also asserts that research still needs to attempt a comprehensive quantitative assessment of their separate relevance. This essay aims to pinpoint and close that disparity. It uses the power-ARCH structure with annual data dating back to 1896. The source also covers the differences in per capita income across several years. Ultimately, the source draws two conclusions: first, it highlights the importance of diversity, and second, it looks at financial development and institutions. The following source goes into detail by stating:

The econometric results below refer to four different types of effects, namely direct (on mean economic growth), indirect (by way of volatility), dynamic (short and long-run) and structural break effects. Regarding the direct effects on economic growth, in the multivariate analysis we find evidence for a positive effect of the development of

financial institutions (private and savings banks deposits to GDP) and a negative effect of the instability of informal political institutions (guerrilla warfare and general strikes) as two of the main drivers of growth in Argentina since the 1890s. These results are explored in more detail in Campos, Karanasos, and Tan (2012) using a much broader set of measures for these two key variables than that used in the current article. The relative importance of financial and political institutions in explaining the Argentine puzzle is confirmed. While financial and political institutions in our analysis emerge clearly as first-order explanations, our results also suggest an important role for other two reasons (namely trade openness and international financial integration) and, to a lesser extent, to inflation and public deficits. (Nauro F. Campos et al, 2016)

The data extrapolated from this source shows the different effects caused by financial decisions in Argentina. This article will help the investigation. The article discusses the comprehensive quantitative assessment of the relative importance of Argentina's downfall. The source provides more details about Argentina's institutions and economy. The article analyzes different critical points of Argentina using the power-ARCH and annual data since 1896. The source also mentions the different incomes per capita in the different years: 1900, 1950, 1973, and 1987. The article also analyzes the relationship between financial development (domestic and international), public deficits and inflation, trade openness, and political institutions. The source comes up with the conclusion that the financial and political institutions had first-order effects.

### Argentina's Phobia of Devaluation

Argentina did not devalue its currency sooner due to fear. The article discusses the Argentine crisis, particularly the causes of the postponement of currency depreciation. The source covers the Argentine situation. The author looks at the fixed exchange rate and significant foreign debt. The article goes into further information about the currency and why it was not devalued sooner. The paper concludes with three justifications for not devaluing the currency sooner. An investigation conducted in PLACE showcases the following:

To keep the peso-dollar peg intact as the economy became less competitive, Buenos Aires tightened macroeconomic policy, raising interest rates and pushing the economy into recession. But despite unemployment rates of close to 15 percent, wages did not decline and competitiveness did not improve. The fixed exchange rate made it impossible to increase competitiveness by a traditional currency devaluation (as a variety of countries did, ranging from the United Kingdom in 1992 to South Korea in 1998 and Brazil in 1999) and the resistance of unions to lower wages prevented a fall in production costs that could have achieved the same real devaluation without a change in the exchange rate. The inevitable result was increasing current-account deficits, which reached nearly five percent of GDP, and therefore mounting foreign debt. (Feldstein, M. 2002)

The source was crucial to the investigation. The article was able to elucidate and explain the main reasons why Argentina did not devalue its currency sooner. First, it was because of the fear of inflation. Second, the fear of widespread bankruptcies and personal defaults. Last, they hoped that the situation would get better. The author also examines an overvalued fixed exchange rate and excessive foreign debt. The author also believes that there are three main lessons that other countries can learn from Argentina. A fixed-exchange system is terrible since it can lead to an overvalued exchange rate, a currency crisis, and widespread defaults. Second, substantial foreign borrowing in the dollar is a risky strategy. Third, opening the economy to trade, encouraging foreign direct investment, and privatizing state-owned firms are desirable policies.

### Argentina's Political Chronology

Examining Argentina's political chronology is the aim of this inquiry. The source looks at the period from 1946 to 2010. This study discusses the several coups and political parties that transpired throughout that time. The article mentions Néstor Kirchner, Fernando de La Rúa, Carlos Menem, and Juan Perón. The essay looks at their decisions while holding positions of responsibility. The cited source can state the following:

1989 – Carlos Menem, a Peronist, becomes president, and embarks on a neoliberal policy that seems far removed from the original Peronism. The Argentinean peso is pegged to the US dollar and national industries are privatized. Corruption is rife. Recession kicks in, unemployment rises and Menem loses the 1999 election. 1999 – The UCR returns under President Fernando De La Rúa. Protests by unemployed workers or piqueteros spread. A large number of blank votes are returned in the 2001 elections. 2001 – The economy plunges deeper into crisis. Bank accounts are frozen to stop capital flight. Riots intensify and security forces open fire on protesters. A state of emergency is declared. De La Rúa escapes the presidential palace by helicopter. Eduardo Duhalde is appointed president. He breaks the peso peg to the dollar. (New Internationalist, 2013)

The significance of this source regarding this research is that it discusses the political parties and decisions made during 1946-2010. The article mentions political figures such as Juan Perón, Cristina Kirchner, Fernando de La Rúa, Carlos Menem, and Néstor Kirchner. The article also gives a summary of what each of them did while they were in power. The source mentions not only political leaders but also different military coups. The source elucidates the Dirty War and the invasion of the Islas Malvinas. The investigation also discusses the different protests made by the people. In conclusion, this investigation gives an all-around summary of the period from 1946-2010.

### The Depression: Argentina

The source describes Argentina's predicament and the reason it went into a depression as opposed to a decline. The article talks about Argentina's predicament and the causes of its four-year depression. The article looks at the period from 1998 to 2001. The study claims that because of the bad economic policies, there was a depression as opposed to merely a typical recession. The story also covers the poverty that Argentinians have faced and still face and how some make ends meet with just \$1 or \$2 a day. In this regard, the following investigation can state the following:

The difficulty the government was having in refinancing its debt led to fear that it would freeze bank deposits, as it had done in 1982 and 1989. During those freezes, the government had in effect confiscated part of the savings of bank depositors to finance itself and pay some foreign debt. After heavy withdrawals of deposits from banks on Friday, November 30, Cavallo announced a freeze of deposits on December 1. The deposit freeze brought much private-sector activity to a halt, because under the rules of the freeze, businesses and individuals could not use their deposits to pay anybody except other depositors at the same bank. The estimate of monthly economic activity calculated by Argentina's national statistical institute suffered a year-over-year fall of 15.5 percent, the biggest since the series began in 1993. The economy plunged from what still might arguably have been termed a very bad recession into a true depression. (Saxton, 2003)

The article is crucial to the investigation because it gives an overall summary of what happened to Argentina. The source focuses on the timeline of 1998-2002. The article claims that Argentina went into a massive depression instead of an ordinary regression because of its insufficient economic policies. This article will help the investigation since it presents a background history of why and how the crisis occurred and what Argentina could do to fix it. The article mentions that many of Argentina's population is poor or unemployed. The source brings up the topic of the Argentinian peso and the respect for property rights. In conclusion, the article will help the investigation because it mentions everything necessary during the depression of 1998-2002.

### Peronism and Its Legacy

Although the article focuses on Peronism, it also briefly touches on Argentina's economic past by mentioning several political parties. The essay discusses the background of Peronism in Argentina. It looks at Juan Perón's political career and what he did for Argentina. The piece also discusses Argentina's ridiculous inflation. Alfonsín's period in office is made clear by the source. Inflation drove Alfonsín to abdicate and hand over power to Peronist Carlos Menem. The essay talks about how Menem was arrested when it became clear that he was corrupt, but it also looks at his tenure after the dollarization of the country. The following excerpt will further discuss this by indicating:

Pegging the peso to a fixed one-to-one parity with the U.S. dollar stabilized the currency but eventually undermined export trade by artificially shoring up the peso, which lost real value in a slow but steady inflationary cycle. Eventually Argentina's beef, grains and industrial goods simply cost too much to attract foreign buyers. Industries fled to Brazil, where labor was cheaper and prices more competitive on the international markets. Fernando de la Rúa, a Radical, won out over the Peronist Eduardo Duhalde in the presidential race of 1999. [...] He was to be the poor dolt who had to pay for the misdeeds, corruption and fraud rampant in the Menem years. [...] Menem eventually went free, thanks to political pressure by the Peronists, and de la Rúa lost control of the economy and political power. In a land filled with rich pampas and mineral wealth, a 20-percent unemployment rate in a total population of 37 million people provoked implacable protest and growing violence. Rioters took to the streets and looters to the supermarkets. The country soon became ungovernable, and de la Rúa not unexpectedly resigned on December 21. In less than two weeks Argentina had five presidents. The peso collapsed, the \$141 billion national debt went into default, the country was excluded from the world financial system, and millions of Argentines faced economic ruin. (Sweeny, 2002)

The article will help the investigation since it summarizes what happened with the government during Argentina's first inflation crisis. The article mentions the government of Juan Perón and his wife Eva (who died at 33), who created the government "Peronism." Eva sympathized with people experiencing poverty and donated to them; Juan made the workers happy by giving them benefits. However, their government divided Argentina's population into Peronism and anti-Peronism. During the first year of his second term of presidency, Perón died; his third wife was left as president but then was overthrown by the military. The military assumed dictatorial powers and started the "dirty war" and the war against Britain for the Islas Malvinas.

After the military, Alfonsín took control; however, he became overwhelmed by the inflation Perón had left, so he gave up the power to Carlos Menem, a Peronist, who dollarized Argentina's economy after inflation had gone wild. In the long run, Argentina had to sell airlines, telephones, railroads, subways, roads, and more control of the petroleum industry, once emblematic of national sovereignty. Menem was lucky his presidential term ended before the economy became unstable. Fernando de la Rúa, a Radical, won the following presidential elections. Rúa had to pay for the misdeeds, corruption, and fraud in the Menem years. By this point, Argentina's unemployment rate was 20%, with a total population of 37 million people. Rúa lost control of the economy and resigned on December 20th, 2001. The peso collapsed, Argentina's \$141 billion national debt was excluded from the world financial system, and millions of Argentine citizens faced economic ruin.

## Inflation and Seigniorage: Argentina's Story

The essay's main objective is to analyze Argentina's inflation income and seigniorage. This article looks at the inflation that happened in Argentina. Multiple Laffer curves are used throughout the essay to illustrate the results. This article examines three periods: 1978–1981, 1982–1984, and 1984–1989. The article draws comparisons and differences between Argentina's Austral plan's pre- and post-implementation stages. The essay also discusses substantial seigniorage, which could be funded gradually. The following source showcases the following:

The numbers presented in Table 1 indicate that between 1978 and 1981, Argentina was experiencing high inflation by world standards (around 7 percent per month), but there was no risk of hyperinflation. Seigniorage was large, but it could be financed in a stable fashion. In contrast, for the period 1982–84 seigniorage exceeded 7 percent, which is above the levels that can be sustained by a stable rate of inflation. This means that in all likelihood the economy was on an explosive hyperinflationary path [of the type described by Kiguel (1989)]. This is supported by the fact that inflation doubled in 1983, and again in 1984. The Austral plan in 1985 was a clear attempt to avoid a full-blown hyperinflation and to bring back seigniorage (and inflation) to sustainable levels. When seigniorage became excessive for the second time in 1989 (it reached around 9 percent of GDP), the government was not able to control a full-blown hyperinflation. (Kiguel & Neumeyer, 1993)

The source will help the investigation since it discusses inflation and security in Argentina. The article analyses three periods: 1978-1981, 1982-84, and 1984-89. The article also mentions the pre- and post-Austral periods in Argentina. It uses different Laffer curves and tables to present the evidence. The article analyses the “tablet” period (1979-1981), which was distinguished by the preannounced path of the exchange rate. From 1981 to 1989, it was characterized by more restrictions on capital flows, giving the authorities more control of the money supply. The article concludes by saying that the increase in inflation has been associated with the increase in inflation tax. The revenue-maximizing inflation rates are high, around 20 percent per month during the tablet and the post-Austral period and 30 percent per month from the pre-Austral period (the actual revenue was 7 percent of GDP). Finally, it ends by stating that the Austral Plan in 1985 was an attempt to avoid full-blown hyperinflation and bring back security and inflation to a sustainable level. After the seigniorage 1989 reached 9 percent of GDP, the government could not control a full-blown hyperinflation.

### Brazil v. Argentina: Why Did One Move Forward and The Other One Did Not?

The investigation aims to clarify why, despite Argentina and Brazil experiencing a comparable currency problem, Brazil managed to progress while Argentina could hardly go ahead on one leg. The article compares and contrasts the crises faced by Brazil and Argentina, noting that whereas Argentina's crisis required longer to resolve, Brazil's was resolved sooner. The essay examines every variable that helped Brazil and explains why it did not assist Argentina. The article explains how Argentina was accused of being "hyper-presidential," whereas Brazil was seen as "disorganized." The article's conclusion claims that the political systems of the two nations were the primary cause of their differences. To exemplify this further, the following source stated the following:

The concept of policy players enables us to look at the actual process by which policy ideas are proposed, resisted, adopted, and implemented. It also gives us a way to think about politics in developing democracies, many of which continue to have policymaking processes in which informal institutions are at least as important as the formal legal arrangements. Finally, and as a very rough first approximation, we may begin from the working hypotheses that (i) the greater the number of policy players, and the more transparent and obvious their participation (through being reported in the daily press, for example), the more likely is the national policymaking process to be considered democratically legitimate by the population, and (ii) the greater the number of policy players, the harder it will be to get them all to agree, thus, at a minimum, complicating the achievement of consensus. However, and this distinction is important, we explicitly have not said that all policy players have veto power. In fact, very few do. (Faucher & Armijo, 2003)

The article compares Argentina and Brazil. The source discusses how Brazil could move forward even after a similar crisis, and Argentina was not. The article deduced three explanations for the Brazilian success and the Argentinian defeat. First, the article indicates that the IMF treatment was the same in both countries. However, they say that Brazil was lucky their crisis was in the context of spreading international financial “contagion.” Second, they state that Argentina’s Currency Board had created additional socioeconomic interests in Argentina compared to Brazil. Third, they remarked, an examination of the institutions of the decision-making environment encountered by the chief executive in each country. Finally, the article agreed that the thing that had the most value in the differences was the political institutions.

### Methods

This investigation utilized a computer with an internet connection and an internet browser (Google Chrome). In order to find the sources required for this investigation, the Google Scholar and EBSCO Host search engines were paramount for pinpointing the necessary sources to elucidate the research question. Although the internet connection was unstable at times, it proved sufficient to conduct all the required constituents of this investigation. All of the sources were peer-

reviewed or approved by the investigation mentor. All these components working in tandem created the optimal conditions for the consummation of this project.

This investigation was completed utilizing a documentary analysis design. To populate this research, it was necessary to specify the purpose of each of the ten sources used. Furthermore, it was essential to recognize the source's design and approach, indicate the target audience, highlight their limitations, and determine the recommendations and findings in each. An analytical component outlining the significance of the data presented in the inquiry was generated, so a descriptive content analysis methodology had to be utilized for this investigation.

## Results

The utilized search engines (EBSCO Host and Google Scholar) proved most beneficial for the selected sources of this investigation. One of the sources was recent (2019), and it dealt with information regarding Argentina's institutional breakdowns. The second source was very recent (2021). It discussed information regarding disasters that affected the country's economy. The third source was not recent (2010), indicating that bad politics equals terrible economics. The fourth source was not recent (2016), and it analyzed the numerous financial decisions Argentina made. The fifth source was not recent (2002), and it delved into the fact that Argentina did not devalue its currency sooner, mainly because of fear. The sixth source, which was not recent (2013), demonstrates Argentina's political chronology. The seventh source was not recent (2003), and it validated that Argentina went into a depression instead of an ordinary decline for many reasons. The eighth source was not recent (2002), and it elucidated that the decisions made in the Peronism era regarding finances are still trying to be solved. The ninth source was not recent (1993), and it illustrated that inflation and seigniorage were getting bigger and bigger as time passed. Finally, the tenth source was not recent (2003), and it clarified that even though countries have gone through similar crises like Argentina, some can move forward.

In order to complete the intention of the investigation, the triangulation process indicated that an interview would be beneficial. The interviewee is a Director of the Financial Sector at IDB (International Development Bank) Invest in Argentina. The participant's first language is Spanish, but the bilingual fluency of the principal investigator of this research allowed this approach, so the following responses were translated to provide linguistic continuity. The main question that guided the interview was, "What were the main reasons for Argentina's economy to collapse?" The interviewee responded, "The Argentine economy knew how to be one of the most thriving in the world. Towards the beginning of the 20th century and due to the successive world wars (first and second), it became a world power thanks to its agricultural production. This primary production was accompanied by growing industrialization. Towards the middle of the 20th century, Argentina was not only considered the world's breadbasket. However, it had become a country with growing industrialization, highlighting heavy industries such as steel and automotive, accompanied by the oil and mining industries. Towards the beginning of the 1970s, Argentina was able to supply itself with the primary raw materials needed for development. This development is very similar to young countries far from world wars, such as Australia, which is very similar to Argentina in geography. During the 1970s, the country's economic and social debacle began. The prevailing economic policies during that stage, which sought free trade, forcing Argentine products to compete with the incipient Chinese industry, resulted in the closure of many industries.

Additionally, during this decade and as in most Latin American countries, the beginning of military dictatorships (which sought to fight against communist ideas) caused social instability that prevented the development of Latin American countries, such as Argentina. During that time, the country's external debt began, which became an anchor for economic development in subsequent years. The return of democracy in the country brought with it various economic crises resulting from bad administrations and debt crises due to the high indebtedness that grew during the last 40 years. The globalization of the world, the consolidation of China as the main exporting power, and the lack of attractiveness for investments caused Argentina to fall behind in economic terms about its main comparables in Latin America."



## Discussion & Conclusion

The presented sources were able to elucidate how Argentina went from being such a rich country to being such an underdeveloped one. Moreover, this investigation delineated how disasters have affected Argentina's economic regression. In addition, evidence was provided on the historical context of Argentina and its political development. The process revealed some limitations, which might be resolved by more investigation, such as lack of information on specific topics. It also showed limitations, including questions such as why societies fall into breakdowns and how long it will take for them to recover. In a general sense, it would have been beneficial if the sources could outline more information on how citizens have managed the regression and how Argentina has been operating to solve such issues. All things considered, the sources presented a vignette on Argentina's economic regression by showing how the different types of breakdowns affected one part of the economy, how the numerous disasters affected another part, how the inflation and seigniorage grew, and how the politics finished destroying it. Different sources were able to show the inflation in Argentina. A timeline of the different crises was explained under the section "Argentina's Political Chronology". One of the best sources used was source number eight (under the section: "Peronism and Its Legacy"). The article presented an in-detail paper on the different political parties and their decisions made during the depression of 2001. The section "The Depression: Argentina", shows the reasons why Argentina went into a depression instead of an ordinary regression. For upcoming continuing research and data analysis, recommendations include securing more years of data and requesting more study resources. For future research, a mixed-method field observation type of investigation is recommended. In the final analysis, this investigation aimed to answer what made Argentina go from being such a rich country to being such an underdeveloped one. Sources converged to provide an answer, which is the many institutional breakdowns that occurred, the wrong political decisions they encountered, all the disasters they suffered, the inflation growing and growing, and all the bad financial decisions are what caused Argentina to go from such a rich country to such an underdeveloped one.

## Limitations

For the investigation to come to fruition, the scope of the research question had to be more encompassing to find more information on the subject, which permitted the optimal conditions to answer the research question. If the original research question had not been changed, the essay would not have been written as well, given that the research question would have been challenging to complete. Additional internal threats had to be mitigated to preserve the investigation's internal validity, such as changing various sources that did not meet the quality threshold to elucidate the problem surrounding the conducted research correctly. Moreover, multiple external threats had to be addressed to preserve the inquiry's external validity, such as the institution's Internet connection instability, a limited database, slow computers on occasion, and lost methodological resources.

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