



## Sovereign debt default and financial crisis in Argentina 2001

By Mark Schopf

GRIN Verlag Dez 2010, 2010. Taschenbuch. Book Condition: Neu. 212x147x20 mm. This item is printed on demand - Print on Demand Neuware - Seminar paper from the year 2010 in the subject Economics - Economic Cycle and Growth, grade: 1,7, Otto-von-Guericke-University Magdeburg (Internationale Wirtschaft), course: Seminar on financial crisis, language: English, abstract: In order to understand the causes of the Argentine economic crisis one has at least to know something about the Plan Cavallo which was established in Argentina in the year 1991. At the end of the 1980s the country suffered from hyperinflation with prices increasing above 3000 percent per year. This currency crisis was accompanied by an accumulated decrease of GDP between 1988 and 1990 of about 10 percent. After several failed attempts to stop this development the newly appointed minister of economic affairs, Cavallo, established two laws which improved the situation. First, the Ley De Convertibilidad came into effect that fixed the exchange rate between the Argentine currency and the U.S. dollar. Second, the Ley de Carta Orgánica del Banco Central emerged which obligated the central bank not to finance budget deficits anymore. These two laws became generally known as the Plan Cavallo. The incentive was to...



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