

Example of report on argentina

[Economics](#), [Trade](#)



Affiliated School

As an employee of the World Bank, you have been asked to research 1 economic concern in a South American country and write a report on your findings. Select a South American country to research. Select one of the following economic concerns to research:

Argentina is one of the greatest countries in South America, this is not only because it has people who are greatly talented in Football like Maradona, it is a country rich in culture that is ever attracting people to go there for vacation. Full of nice and wonderful people who are friendly, Argentina is a place to make sure that you visit during a holiday. We will focus on inflation in Argentina. Inflation is the steady increase in the average prices of goods and services and has many effects (Brooke, 1989).

Currently Argentina is ranked as the country experiencing the highest levels of inflation at 25%, and this has been happening for a several years now. The current government of President Fernandez insist that inflation is actually below that, in fact they state that it is at 12. 2%. This is however not true because anybody who is found by the government stating otherwise is highly reprimanded (Nash, 1991). The world is now concerned about the cost of operations in Argentina, this means that business will be going down. This has caused the IMF bank to give Argentina conditions, this is because the government is not transparent on the issue and this means it cannot be sorted out. The country's trade policies are very restricted on international trade and this has led to a decrease in the level GDP.

The effects of the inflation are seriously being felt by the producers in the country, the biggest company in Argentina called YPF, has experienced a 12.

4% decrease in the level of profits earned in 2012 as compared to in 2011.

The percentage of dividends earned also decreased and the output will consequently decrease. Looking at the CPI of the country, as per April this year it had a base of 100 and it is mostly made up of food, beverages, transport, communication and clothing, this makes up 49.7% of the consumer basket. The increase in the CPI has been 9.8% (Luna, 2011). This was data that was collected on twenty four districts in the country and was seen as the average of the entire country.

Currently the rate of unemployment in Argentina is at 14 %, while the GDP is projected to decrease by 3.5% by the end of this financial year. The government has been trying to implement strategies to help the situation, this is by decreasing the salary of all civil servants by 12% and increasing the tax rate by 2.5%, this has had negative effects as the decrease in disposal income has reduced the purchasing power of the people and a decrease in aggregate demand has led to decrease in production and employment (Krauss, 2012).

The Argentina economy has been experience a down fall since 1999, this is because it was the beginning of an inflation that is still affecting the country up to now. The gross domestic product GDP, of the country has been on a steady decrease, this is despite the fact that in 2002 it has increased, it still decreased again. This has led to increase in the national debt and this is the reason why the IMF bank is ready to put the country in sanctions because they have not been able to repay their debt (Weisbrot, 2007).

There has also been a great decrease in the aggregate supply of commodities this is because the cost of production has become too high.

This in turn has led to an increased level of unemployment and the per capita income has been on a down fall. The economy, prior to these tough economic times, used to have a fixed exchange rate against the dollar and this had seemed to work in their favours, but it collapsed and now the exchange rate is controlled by the forces of the market (Luna, 2011). When the inflation started sky rocketing the dollar appreciated very much and this led to the President stating that she wanted the international trade controlled and stopped the exchange with the dollar.

The people of Argentina are now tired of the situation and they have been riots and retaliations. The banking system in Argentina is also failing as people no longer have confidence in it. They have withdrawn all their money from the banks and now there is a currently a limit in the amount that one can withdraw. There is also a high rate of disparity between the rich and the poor, this is because currently 20% of the population control 80% of the resources in the country while the rest 80% of the population only have control of the remaining 20% (Luna, 2011).

Argentina is currently working on ways of reducing the inflation rate, this is because it shows that there is too much money running after too little goods. There are incentives to allow the producers to increase in the aggregate supply and it will lead to ultimate end of the inflation (Weisbrot, 2007).

References

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