

# Should we cry for argentina

Business



Should we cry for Argentina? Should we cry for Argentina? In the 1990's, Argentina was considered the star of Latin America. However, the debt the country incurred after the new millennium spelled trouble to the nation. This is as the country's president then declared. The country was in a lot of debt in a way no other country had, or has ever been. The loss of value of the Argentinian peso made it frighteningly difficult to trade with other foreign markets. Many local and foreign businesses found it hard to engage in business activities with Argentina. Stringent measures were taken to ensure Argentina's economy did not collapse entirely with all that was happening around them. In recent times, Argentinians have suffered from the decline in economic standings (Farzard, 2010). This paper will review the crisis the country faces, and what they are doing to ensure they get through the situation.

Local companies present at the time can attest to the situation that existed. They could not send money abroad for many of their financial activities. This was because the central bank had to give approval on these transactions in order to maintain some of the country's capital. The blame game continued between the government and financial agencies while the economy continued to plummet. As the Argentinian peso was losing its value, it became obvious that the situation was getting from poor to worse. Some of the stringent measures included seizing the citizens' cash in order to regulate how they withdrew money from their bank accounts was introduced (Farzard, 2010).

This led to countrywide protests against such moves by the government, and what it meant to their freedom. Business operations were brought to a standstill through all the commotion as banks were attacked. The raising of <https://assignbuster.com/should-we-cry-for-argentina/>

taxation through government policies made it harder for businesses to grow and expand. This implied that all those involved in the transportation of goods and services, whether local or foreign, were affected immensely (Farzard, 2010). Coming across funds to pay foreign suppliers became harder for the local traders, and their businesses. This led to the dipping in the local market for local goods.

The collapse of the economy brought plenty of trouble for the Argentinian government. It became hard to fulfil the needs of the people as many more people seemed to suffer from poverty. Inflation levels grew to a high level and employment was for only a few people in Argentina. As all these problems continued to engulf Argentina, their hope to get themselves out of debt was dwindling. This is as their debt was converted to another currency because their peso no longer had a market value. It, therefore, became more expensive to cover their debts (Farzard, 2010). To date, Argentina is still trying to battle the effects of a sunken economy, and increase in poverty. In conclusion, government and financial agencies in Argentina did not do an exceptional job in reverting the fall of the economy. The debt that they accumulated over the years does no justice to the Argentinian people, and all the businesses conducted in the country. Foreign investors are scared of taking some of their subsidiary businesses to Argentina due to these reasons (Farzard, 2010). Local businesses are experiencing stunted growth, and this situation will take longer than normal to rectify. Understanding what happened to Argentina can prevent the fall of many other powerful economies in the world.

#### Reference

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Farzard, R. (2010). Should we cry for Argentina? *The International Financial System*, 4, 258.