



ITP Research Form 2006

ITP: **Argentina**

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Paper Title: **The Sisyphus Complex: Placing Argentina's 2001 Collapse in an Economic, Political, and Social Context**

Abstract:

In this essay, we argue that to fully appreciate Argentina's 2001 economic collapse, it is necessary to assess certain aspects of the nation's economic, political, and social landscape. As such, the essay is divided into five parts. First, we summarize the formal mechanics of the collapse, focusing especially on the pattern of myopic economic policies that precipitated 2001's dramatic crisis. Next, we examine Argentina's political environment before, during, and after the crisis. Third, we discuss the collapse's lingering legal ramifications. Fourth, we assess the current state of the Argentine economy, including an analysis of major economic indicators. Finally, we explore the varied social consequences of the crisis. Though the essay has at its core the events of Argentina's recent history, it is equally concerned with Argentina's future. Implicitly, our study has been motivated by the same question that preoccupied so many of the academics, financiers, and attorneys with whom we spoke: Can Argentina truly recover from a national disaster of such epic proportions, or is the nation somehow doomed, like Sisyphus, to perpetually tread the difficult terrain between salvation and damnation?

The future of Argentina is uncertain, however, in general terms, our research indicates, among other things, that Argentina (1) will need to find a way to appease creditors, who lost money as a result of the crisis, and regain the trust of foreign investors (2) should adopt political policies that will aid in its economic recovery and protect Argentina's democracy in the long-term and (3) improve social conditions, which were precipitated and/or worsened by the economic crisis. All of these factors weigh into Argentina's prospects for recovery and risk of suffering another crisis.