

From Sovereign Default to Delayed Correction: Lessons Learned from the Argentine Monetary Policy

22:45, június 26, 2014.

[Ábel Czékus](#)

PhD student, Doctoral School of Economics, University of Szeged, Campus Hungary Research Fellow - Buenos Aires, Argentina

Published in: Public Finance Quarterly 2014/2 (p. 242-257.)

Summary: This paper examines the background of the considerable depreciation of the Argentine peso in late 2013 and early 2014. Our hypothesis is that the unsettled crisis of 2001 is responsible for the vulnerability of the Argentine currency, and the exchange rate correction is a belated consequence of this. Our inquiry is based on a dual approach: on the one hand, we provide a brief overview of the circumstances of the sovereign default, the role of the Currency Board and the IMF, and the direct consequences of the default. On the other hand, we highlight the most important lessons learned from the debt restructuring together with the favourable trends of international trade that had allowed repeated postponements of an adjustment in Argentine economic policy. Although in respect of contemporary Argentine economic policy we should not ignore the interwoven nature of the country's fiscal and monetary policies, it appears that the international money market will compel a further depreciation of the peso and the launch of economic reforms.

Keywords: Argentine sovereign default, IMF, exchange rate correction

Journal of Economic Literature (JEL) kód: E02, E44, F34

[Download full text here](#)