

Timeline: Argentina's economic crisis

How did Argentina get into this mess? Here are the key dates in its tale of woe

Staff and agencies

Thursday December 20 2001, The Guardian

Argentina's current economic crisis has been coming for a long time, with the economy having worsened during the current government's two years in power.

The country has been in recession for four years and the situation is deteriorating amid fears it could default on its \$90bn public debt and the currency may need to be devalued.

Here is a timeline of the key events of the crisis that erupted into violent street protests this week.

1999

December 10 Fernando de la Rúa becomes Argentina's president. He campaigned on promises to save the economy and end corruption after the 10-year rule of the Peronist President Carlos Menem.

2000

May 29 Argentina announces \$649m in spending cuts, and two days later 20,000 protesters take to the streets against the cuts.

August 24 The then economy minister, Jose Luis Machinea, says the 2000 deficit will be about \$3.6bn, \$346m more than the original target.

December 18 Government announces \$28bn aid package, largely secured by the International Monetary Fund. Markets react with a strong rally and some optimism creeps in.

2001

March Mr Machinea resigns as economy minister on March 2. Ricardo Lopez Murphy succeeds him and two weeks later unveils a tough \$3bn two-year austerity program with severe cuts in education.

Six officials from the left-leaning Frepaso party, which is a junior player to Mr de la Rúa's centrist Radicals in the ruling Alliance

government resign in protest at the cuts. Mr Lopez Murphy resigns on March 19.

On March 20, Mr de la Rúa appoints Domingo Cavallo, leader of a minor conservative party and a former economy minister in the previous administration, to replace Mr Lopez Murphy.

The next day, Mr Cavallo unveils his Competitiveness Plan, which includes financial transactions, tax and tariffs to shield local firms.

- April 17** Mr Cavallo sends a bill to Congress that would eventually tie the peso to a 50-50 average of euro and dollar.
- June 3** Argentina says it swapped \$20bn of debt, which defers debt service costs of around \$5bn through 2002 and by a total of \$11bn by the end of 2005.
- June 15** Argentina announces a new exchange rate system for exports that expands the currency peg to include euro.
- July 3** Argentine stocks fall to 28-month low after rumours of the resignation of Mr de la Rúa.
- July 30** The government's key austerity bill is passed. A "zero deficit" law aims to end deficit spending and slash state salaries and some pensions by up to 13%.
- August 21** IMF Managing Director Horst Koehler agrees to recommend a \$5.5bn increase in Argentina's \$10bn stand-by loan agreement.
- October 30** Argentina faces heavy capital and interest payments on its debt in November.
- November 1** Mr de la Rúa and Mr Cavallo give details of new economic measures, including a debt swap that would comprise most of the \$90bn public debt and offer boosts to consumer spending.
- November 30** Mr Cavallo says new debt swaps amount to more than \$34.6bn. Analysts said swap of at least \$27bn would be a success. Argentinians withdraw about \$900m from their bank accounts.
- December 1** Mr Cavallo announces sweeping restrictions to put limits on the monies Argentinians can take from

their accounts and stop the "bank run" that some fear could sink the economy. The measures include monthly limit of \$690 on cash withdrawals and caps on offshore transfers.

- December 5** IMF announces it will not disburse \$900m in aid to Argentina this month. That decision pushes Argentina closer to the brink of default.
- December 6** Mr Cavallo says fixed term deposits held in banks by private pension funds will be transformed into treasury bonds or government-guaranteed loans.
- December 13** Government says jobless rate rose to 18.3% in October, the highest since the start of the recession in mid-1998. Major unions call nationwide strike.
- December 17** Government presents 2002 budget, which includes spending cuts of nearly 20%.
- December 18** IMF says Argentina can delay payment on loan of about \$650m due in January, but also says Argentina's economic policy is unsustainable.
- December 19** Government declares state of siege giving it special powers to stop the worst looting and riots in a decade sparked by austerity measures and poverty. The lower house of Congress repeals special powers granted to Mr Cavallo.
- December 20** Mr Cavallo resigns and the rest of the cabinet tender their resignations en masse. A government source says Mr de la Rúa will accept Mr Cavallo's resignation, as well as those of some other unspecified ministers.
- December 21** Mr de la Rúa resigns after thousands take to the streets of the capital to protest at his government's handling of the country's worsening economic crisis. At least 22 people are killed in riots and looting around the country in the worst civil unrest for a decade.