Argentina: On Future Monetary Reform

Barbara Khol

Follow this and additional works at: https://digitalrepository.unm.edu/notisur

Recommended Citation

Argentina: On Future Monetary Reform

by Barbara Khol
Category/Department: General
Published: Tuesday, July 2, 1991

On June 21, Argentine Economy Minister Domingo Cavallo on Friday proposed that the austral be replaced by a new peso in 1992. He denied reports of plans to introduce currency devaluation: "We are not going to touch [the relationship between] the dollar and the austral at a time when 100% of the money supply is backed by gold and hard currency reserves in the Central Bank." Under legislation introduced in April, the austral-dollar exchange rate was fixed at 10,000 per dollar, and a new currency is expected in January or April next year. The peso would be exchanged at one per dollar. Cavallo told the business daily Ambito Financiero he favored April 1, 1992 as the currency conversion date because "we likely will have finished renegotiating the foreign debt and we would launch the new peso at a time of Argentine insertion into global capital markets." The minister said he was optimistic that "as soon as we finish renegotiating the foreign debt which we have targeted for the first quarter of next year," Argentina would begin to see the foreign investment and financing benefits seen in Mexico and Chile. (Basic data from AFP, 07/21/91)

-- End --