Why does productivity fall during a financial crisis? The case of Argentina 2001

Guido Sandleris, Mark L. J. Wright
UTDT, UCLA
February 1, 2010

Abstract

Output falls during emerging market financial crises are large. These declines are not explained by declines in the supply of factors of production, and hence measured as declines in total factor productivity. Why does productivity decline during a crisis? This paper uses establishment level data for Argentina during the financial crisis that began at the end of 2000 to assess the ability of some common theories of the decline in productivity.