

**An Examination and Evaluation of Carlos Menem's First Term
as President(1989-95) and the Democratic
Consolidation Process in Argentina**

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Historical Overview of Argentina: 1946-1983

Argentina, once just another Latin American nation struggling to claim its place among the more developed nations of the Northern Hemisphere, is now one of the most developed nations in what was once called the "third world".

Development comes in many forms, and any evaluation must take into account not only economic development, but political and social development as well.

Argentina's recently implemented free market economy, while definitely having its difficulties, is but one example of the nation's remarkable turnaround. It is

Argentina's political system, which may be approaching status as a full-fledged democracy, that provides a quite impressive example of progress. The greatest evidence for this is not necessarily where the country is in its development when considered alone but when taken in the context of where it was just fifteen years ago and the precarious position in which it found itself only eight short years ago.

Although this paper will seek to examine and evaluate the last eight years of progress and development in Argentina, such an effort would be inadequate without providing a historical context and a foundation with which to begin.

To examine Argentina before 1946 would be to place too much emphasis on the past for this subject, but any historical discussion of the country must at least begin in that year. February 1946, Juan Peron was elected President of Argentina. Peron, former Vice-President and Secretary of Labor simultaneously, won a military-supervised election with the massive support of the working class (Palermo

09 Oct 1996). He had been imprisoned the previous October 9 by military officials who opposed him and feared his supporters but was released on October 17, 1945, when hundreds of thousands of those supporters gathered in the Plaza de Mayo to protest his imprisonment (Snow 13). For nearly the next thirty years, Peron would effect a direct influence on Argentine politics, and though he is long dead, his name still has great influence in the political realm of Argentina.

Peron, along with his wildly popular wife Eva (recently portrayed by Madonna in the controversial, biographical film, *Evita*), became a hero to the working class. Though the working class received many benefits from the Peron government of the next ten years, the greatest change was in its involvement in politics. Peronism united the lower class with its populist message and actively encouraged that sector of the nation to participate in elections and the political process. Those of the working class have played a huge role in every election since, even when they were prohibited from voting as they wished.

Peron's pro-labor policies worked well for the first few years of his first term as wages increased in relation to prices and housing prices dropped; however, toward the end of the 1940's, Argentina's national reserves disappeared and industrial progress slowed. The end of the economic boom caused Peron to have to cut back on industrialization and wealth redistribution plans (Baily 6). His government also moved more and more toward authoritarian rule as he altered the constitution to permit a second term in 1951 and restricted freedoms and civil

liberties (Snow 14). At the same time, Eva Peron died of breast cancer, and the Peronist monopoly of power began to weaken. By 1955, Peron had lost the support of the Church, and most sectors of the military fiercely opposed him; he was overthrown in a coup in September, 1955, and replaced by a military government (Snow 14).

The leader of the coup, General Lonardi, took over immediately thereafter. He lasted only a very short time and was replaced by General Aramburu in November of the same year. This "Revolución Libertadora" was composed of the Church, the upper class, the middle class, and the military (Gaiano 02 Sept 1996). Not all, however, were in agreement as to what should be done in the wake of ten years of Peronism. Some, like Lonardi, thought there could be cooperation between the former Peron supporters and the new government, but other groups fell farther to the right, led by Aramburu, and believed that Peronism had to be eradicated and the political process cleansed of any traces of Peron's years in power (Snow 14). The fierce anti-Peron factions won out over their less repressive counterparts, and Peronism was made illegal. Peron went into exile, and any organization or political activity of Peron supporters was banned. The military ruled as custodians of the government until 1958 when a presidential election was held.

In 1958, with the Peronists banned from participating as Peronists, the old Union Civica Radical split into two factions and ran against each other for the presidency. The Intransigente candidate, Arturo Frondizi, easily won the election,

but he did so based on a deal made with Peron, though Peron was not allowed in the country (Baily 2). Frondizi received the backing of Peron and his supporters in Argentina in return for the promise to legalize Peronism (Snow 14). Frondizi was not able to govern effectively thereafter because of the crippling effect of the Peronist/anti-Peronist attitude on national politics. The anti-Peronists knew Frondizi had received the support and backing of Peron and saw his government as a front for the Peronist forces in the country. The Peronists, on the other hand, felt betrayed by Frondizi, because his administration did not move quickly enough to warrant the overwhelming support they had given him in the elections. Frondizi was caught in the power struggle and left with no options that could please both his supporters and those who could remove him from power.

Frondizi had to fear the power of the military which was constantly threatening another overthrow should the civilian government prove unacceptable or incapable of governing by its standards. During the early 1960's, the world climate was changing dramatically. Cuba had been overthrown and became Communist. The United States was attempting to exclude them from the Organization of American States, but Frondizi would not agree to join the USA in the fight against Cuba; however, he was forced to break off relations with the country in February, 1962, after the military threatened to revolt should he continue to "support" Communism in Cuba (Gaiano 02 Sept). Also in 1962, Frondizi allowed the Peronist party to participate in congressional and provincial elections as he had

promised to do.

In elections where the Peronist party was banned, massive numbers of blank ballots had been turned in as a form of protest. When the Peronists were allowed back into the political process, they won practically everywhere, but most importantly, a Peronist candidate, Framini, was elected governor of the Buenos Aires province, the most populous in the entire nation (Gaiano 02 Sept). The military considered this unacceptable and attempted to use its influence to have the elections declared invalid. During this period, in March, 1962, Frondizi resigned, and Guido, a pawn of the military became interim President (Gaiano 02 Sept). The military was split at this point between factions that supported a civilian government and groups that believed a military dictatorship was the only answer to Argentina's problems. Elections were held in July, 1963, but the Peronists were banned once again from taking part. They repeated the process of voting "en blanco", casting blank ballots, which accounted for more than twenty-one percent of the total vote, while Arturo Illia won under the Union Civica Radical del Pueblo banner with twenty-five percent of the vote (Baily 2).

The basis of the continued support for Peronism was the strength of the labor unions. Although many attempts had been made to destroy their power and organization, these "sindicatos" still exercised much influence in the political realm. In response to their continued exclusion from the political process, the General Confederation of Labor (CGT), under the leadership of Augusto Vandor, formulated

the Plan de Lucha to fight against the government with multiple general strikes and protests (Snow 90). Under this pressure and in a genuine attempt to legitimize the Argentine political process, Illia permitted the Peronists, under the name Union Popular, to participate in congressional elections once again. The Peronists duplicated their previous victories and dominated the elections with more than thirty-five percent of the national vote (Baily 2).

The Azules, a faction of the military that had supported elections in previous years, were furious and frustrated that the Peronists won every time they were permitted to run their own candidates (Baily 9). Juan Carlos Ongania, the head of the army, left his position to start a military coup. He brought together the Azules and the other military faction, the Colorados, and this newly united armed forces overthrew the Illia administration on June 28, 1966, and placed Ongania at the head of a bureaucratic-authoritarian state (Gaiano 09 Sept).

The bureaucratic-authoritarian state, BA as it is termed by Guillermo O'Donnell in his book Bureaucratic Authoritarianism, is a distinct form of authoritarian regime which came into existence in Argentina, as well as other Latin American nations, in the 1960's and 70's. Entire books have been written defining BA, so an in-depth explanation of it is impossible and impractical, but the following characteristics, as described by O'Donnell, will hopefully provide a concise, working definition of the bureaucratic-authoritarian regime. (1) The "principal social base" of the regime is the "upper bourgeoisie"; (2) two types of organizations

have a great deal of power and influence, those who specialize in coercion and seek to restore “order” and those whose main function is to “normalize” the economy; (3) a previously active popular sector is excluded from the political process; (4) political access, political democracy, and the rights of citizenship are thus suppressed; (5) economic exclusion accompanies the political exclusion and worsens economic inequalities; (6) technical logic and a “depoliticized”, unemotional approach is taken to social issues; (7) democratic channels are closed and access is limited to those at the “apex of large organizations” like the armed forces, the bureaucracy, and the largest businesses (O’Donnell 32).

In Argentina, there were three divisions within the military at the time of the institution of the “Gobierno Revolución Argentina”, as it was named (Gaiano 09 Sept). The liberals, mostly big business and those with international connections, believed Argentina’s economy should use foreign investment to generate growth. The nationalists differed greatly on this issue and believed the government and the country should be run and supported without foreign investment and independent of foreign influence. The paternalists, like Onganía, were technocrats who believed the military was the caretaker of the country and must guide Argentina out of its troubles even if harsh measures were required (Gaiano 09 Sept). The paternalists came into power, and the liberals shared that power in the economic spectrum. These two forces would control Argentina and the BA state. With a liberal as the Minister of Economy, Krieger Vasena, and a paternalist at the helm, Onganía,

Argentina formulated a ten-year plan that was said to be preparing the country for constitutional democracy (Baily 9).

The effective result of the first stage of this process, the economic stage, was to stabilize the economy at the expense of the working and middle classes by cutting government services and freezing wages while repressing strikes and attempting to break the backs of the unions (Baily 10). As the working class suffered, it mobilized under the leadership of the CGT and Vandor. General strikes and protests became more common. By 1969, the situation had become intolerable to the average Argentine. On May 29, 1969, in Cordoba, what began as a massive expression of discontent turned into a week-long uprising (Smith 128). This Cordobazo, as it has been called, was a general protest against the Ongania government as well as a more specific attack on the painful economic measures being adopted by Vasena, including an increase by four hours in the workweek (Smith 128). The military had to be called in to quell the rebellion. As a result of this uprising, Vasena resigned in July of that year, and the Ongania government appeared doomed to the same fate as those it had replaced, being overthrown (Gaiano 09 Sept).

The next year, Ongania resigned and was replaced by General Levingston a nationalist. Levingston was in power for only ten short months as his effort to change the direction of the BA regime to a more nationalist government was “abandoned even sooner and more decisively than its predecessor.” (O’Donnell

188). During Onganía's final two years and the rule of Levingston, social disorder reached a drastic level. Guerrilla groups, such as the Montoneros and the People's Revolutionary Army (ERP) gained strength and became so bold as to assassinate Aramburu, the former President and still a political player (Gaiano 09 Sept). In July, 1969, shortly after the Cordobazo, Vandor and Jose Alonso, the two chief labor leaders were assassinated, as well (Baily 10). The death penalty was enacted as punishment for "crimes against public order" shortly after Aramburu's kidnaping, but even such strict measures could not stem the tide of rebellion that was overwhelming the BA state in Argentina (O'Donnell 187). Levingston was replaced by Lanusse in March of 1971. Lanusse had no choice but to work in the direction of elections once again, since a large majority of the population was, by that point, opposed to military rule (Gaiano 09 Sept).

The Lanusse regime permitted the reactivation of political parties, all of which had been outlawed since 1966. The announced plan was a "Great National Alliance" which would unite all groups towards the common goal of "democratization", but such a coalition would include the military and guarantee its continued influence in the political sphere (Baily 11). The attempt was also planned to weaken the Peronist stronghold on the political process whenever permitted to participate. In a remarkable show of unity and faithfulness to the ideals of democracy, all parties agreed to refuse any elections that excluded any political party, including the Justicialist Party, the Peronists. This pact, called "The Hour of

the People” guaranteed that any election held would be open and include a Peronist candidate (Gaiano 09 Sept). The final agreement between the military and the political parties was that the Peronists could participate, but Peron, who was still living in exile, was not allowed to be a candidate. Peron then returned to Argentina on November 17, 1972, and was greeted by hundreds of thousands of supporters at Ezeiza International Airport outside Buenos Aires (Gaiano 09 Sept).

Peron’s return signaled a death knell for the military government. He organized the Justicialist Liberation Front (FREJULI) to unite a broad spectrum of political parties and tapped Hector Campora as his hand-picked candidate for President (Smith 215). The radicals selected Ricardo Balbin as their candidate for President in a hopeless attempt to compete with the Peronist juggernaut (Gaiano 09 Sept). Campora, the FREJULI candidate, easily won the election in March of 1973. His ticket received 49.6% of the vote, just .4% less than the fifty percent needed to avoid a runoff election, but with Balbin placing second with only twenty-one percent of the vote, Campora was declared the winner without a runoff (Smith 219). Campora had served as President for only two months after taking office in May when he and his vice president offered their resignations. They knew, as the vice governor of Buenos Aires Province had stated, that “With Peron in the country, no one else can be the President of the Argentines except him.” (Smith 227). New elections were held in September of 1973, and the ticket of Peron-Peron (his second wife, Isabel, was named as the vice presidential candidate) easily crushed the

opposition with sixty-two percent of the popular vote (Baily 2). Peron had returned and was once again President of Argentina. His influence had culminated in a return to power and the defeat of the political enemies who had removed him eighteen years prior.

Peron's return was triumphant, but his third term as President would not be. He died in July, 1974, in the midst of political and economic turmoil. Peron clashed with the Montoneros and other leftist groups who had supported him before the elections but received none of the benefits for which they had hoped (Gaiano 09 Sept). The Argentine Anti-Communist Alliance (AAA) was formed by Peron's Minister of Social Welfare, Jose Lopez Rega, to combat these revolutionary groups but only added to the chaotic state of affairs (Smith 228). The economy had not recovered and had, in fact, worsened in the face of oil price increases and industry's refusal to participate in price freezes (Smith 229). Isabel Peron ascended to the Presidency, a position for which she was totally unprepared. Her government was mismanaged from beginning to end and lacked the authority and power to enforce its own policies (Smith 229). The country spiraled out of control, and the economy plummeted as organized labor demanded and received wage hikes and industry and big business raised prices. The result was uncontrollable inflation that pushed Argentina to the brink of economic collapse and the intervention of the military led by Jorge Videla on March 24, 1976 (Smith 230).

When the military junta of Videla, Massera, and Agosti came to power,

many Argentines were glad to be rid of the chaotic nongovernance of the past three years; however, few could have predicted the lengths to which this new government, under the leadership of de facto President Jorge Videla, would go. Political parties were once again banned, and civil liberties were suspended as the junta proclaimed its goals of returning Argentina to the state it existed in before Peronism and ending subversive terrorism (Gaiano 16 Sept). Secret police groups were formed to make political enemies or suspected subversives “disappear”. This technique of kidnaping individuals on the street or in their homes and taking them to secret detention centers such as the “Campo de Mayo” in Buenos Aires, where they were tortured or killed, sometimes by being pushed out of cargo planes flying over the Atlantic Ocean with their hands and feet bound, was a particularly effective form of government-sponsored terrorism that eliminated potential threats while striking fear into the friends and relatives of those taken (Gaiano 16 Sept). The government could conveniently claim that it had nothing to do with the right wing paramilitary groups it claimed were committing these atrocious crimes, but it is estimated more than thirty thousand individuals were abducted, tortured, and killed during this “Dirty War” (Gaiano 16 Sept).

The economic policies of the ruling junta were strictly neo-liberal. Under the guidance of Martinez de Hoz, the “New Political Economy” was set into action, and severe liberal actions were taken including reducing real wages and cutting government welfare programs (Smith 235). The basis for the new economy was to

remove government controls on prices and protections of domestic enterprises in order to permit serious foreign competition. The economy did not recover under the plan put forth by Martinez de Hoz, and by 1981, the economic situation was more dire than it had ever been (Smith 242). Roberto Viola took over in March, 1981, according to the succession that had been planned in 1976 (Smith 242). The economy, in total collapse, was plagued by inflation of more than ten percent per month and a skyrocketing foreign debt, and Viola left office shortly thereafter in December of the same year (Gaiano 16 Sept). He was replaced by Leopoldo Galtieri.

Argentina's economy had been growing weaker for several years, but in the first few years of the 1980's, it reached a disastrous level. The annual Gross Domestic Product had gone from a stagnant .9% level of growth in the 70's to negative 2.5% in the 80's (de la Balze 49). Between 1980 and 1983, average unemployment grew to 5.2% while average annual inflation ballooned to 178.5% (de la Balze 51). As inflation grew, the real wages of workers shrunk causing a severe downturn in the level of revenue that could be generated by the government. By 1983, the government was only collecting 43% in taxes of the amount it was spending (Ferrer 17). The foreign debt grew to \$45 billion, and as international interest rates rose, Argentina became incapable of making payments on that debt (de la Balze 53). Foreign investment, which had propped up a military government that was spending more than it could generate in revenues, disappeared when Argentina

became a risky investment. Thus, any Argentine government would be crippled by high debts, rampant inflation, and no likely sources of investment.

The military junta was suffering a severe lack of credibility by this point. The Mothers of the Plaza de Mayo convened weekly to protest for the release of information pertaining to their children and grandchildren who had disappeared (Gaiano 16 Sept). The economy and divisions within the military also plagued the junta. Even on political-military issues, the government had failed. In the Beagle Channel dispute with Chile, Argentina had lost in arbitration as well as mediation by Pope John Paul II that prevented a war between the two neighboring countries (Gaiano 16 Sept). The junta was badly in need of a victory to unite the people behind a failing government. The naval forces, represented by Massera in the junta, were especially stung by the loss of the islands Picton, Lennox, and Nueva in the Beagle Channel and focused on the Islas Malvinas (Falkland Islands), occupied by the British, which had long been a thorn in the side of the Argentine armed forces (Gaiano 16 Sept).

On April 2, 1982, Argentine forces invaded the islands and took them back without killing a single British soldier, not that there was a large contingent stationed on the islands. On April 3, the United Nations Security Council voted to condemn the action, with only China and the USSR abstaining from the vote and the United States, France, and of course, Great Britain backing the condemnation (Gaiano 16 Sept). Galtieri and the ruling junta had made two crucial errors in

planning the takeover. They had expected the United States to support the action by remaining neutral on the issue, and they had not expected Great Britain to react strongly to the takeover, especially not with military retaliation (Gaiano 16 Sept). Negotiations took place, but Great Britain would only accept one solution, and that was the total removal of Argentine forces and the return of the islands to England. The military junta could not accept such a solution and save face, let alone achieve the brilliant military victory they needed to revive their government, so a military conflict ensued. Argentina was completely unprepared for a full-scale war with Great Britain whose forces had better training, more experience, and access to better technology. Still, the Argentines managed to sink one of the eighty-six ships sent by the English, and three hundred British were killed; the British responded by sinking the *General Belgrano* which accounted for almost half the approximately seven hundred Argentines who died in the short war (Gaiano 16 Sept). The ruling junta had mustered a nationalist movement in support of the action, and support for the government rose in a “rally around the flag” effect. Nothing, however, could prevent the crushing defeat at the hands of the British which would complete the invalidation of a military that had proven itself not only incapable of ruling but of waging a war, its main function. The “conflict” ended on June 14, 1982, after two months, with an exchange of prisoners of war (Gaiano 9 Sept). The military junta, led by Galtieri, could do nothing but turn power back over to a civilian government in total disgrace and defeat.

On July 1, 1982, Reynaldo Bignone took over as President for the resigning Galtieri, but his rule was that of a transition toward new elections. Political parties were once again permitted to become active, but allowed the military to set the pace for the transition to democratic elections, and elections were set for and held on October 30, 1983 (Munck 104). This date marks the beginning of the transition process to democracy in Argentina. There have been no military coups since, and election have been held regularly and without major incident. Still, democracy can not be said to be safe at this point, as there were still many threats to its survival, the foremost among these being the economic crisis passed on to the democratically-elected President by the outgoing military government.

Alfonsin: 1983-1989

The two main parties competing for the Presidency in 1983 were the two traditional powerhouses of Argentine politics, the Union Civica Radical (UCR) and the Partido Justicialista (PJ). The PJ had discredited itself entirely by 1976, yet it still had strong backing. Italo Luder was the PJ candidate in 1983, and he was a bland candidate who did nothing to inspire the popular movements Peron had used so successfully to gain power (Gaiano 23 Sept). There were three distinct groups within the UCR party that competed for the nomination. The followers of Irigoyen, the Radical leader of the 1920's, formed the smallest segment of the party. Another group calling itself the Linea Nacional, were the followers of Balbin, and were led by De La Rua, the unsuccessful vice presidential candidate with Balbin in 1973. The largest group was led by Raul Alfonsin and called itself the Renewal and Change movement, which he had formed in 1972 (Munck 104).

Alfonsin campaigned effectively by attacking the corruption of the PJ. He alleged a pact between the military and the unions, heavy supporters of the PJ, which, though never proven, severely damaged the already weak reputation of the party (Gaiano 23 Sept). Alfonsin stressed progress and change, which appealed greatly to the suffering Argentines. When elections were held, the UCR gained power with a fifty-two to forty percent win over the PJ (Munck 105). Thus, Argentine democracy was reborn.

When Alfonsin took over, the transition to stable democracy began. Yet,

though the popular slogan was, "They're going, they're going, and never shall come back." when referring to the Argentine military in politics, the constitutionally-elected President stood on quite shaky ground (Munck ii). The Radical government faced a gigantic external debt, runaway inflation, inefficient production, and shrinking revenues. He had been handed an economy in collapse. Still, Alfonsín's slogan of Participation, Modernization, and Social Justice rang true. He entered office with hopes of providing education for all as well as a program to build more than one million new houses (Gaiano 23 Sept). These challenges would have to wait, however, until the wild economy could be tamed.

By the start of 1984, inflation rates had climbed still higher to 400% annually (de la Balze 51). On June 14, 1985, with ever-increasing pressure from the International Monetary Fund as well as other foreign investors for extreme action to salvage the economy, the Austral Plan was implemented (Smith 279). There were four fundamental steps to the new economic plan. The four instruments of economic reform were as follows: 1. the Austral- a new currency to replace the Peso at a rate of 1 Austral for every 1000 Pesos with an 18% devaluation in currency versus the dollar; 2. general wage and price freezes; 3. increases in charges for government services such as electricity and transportation; 4. an attempt to control inflation by not printing excessive amounts of currency (Smith 280-1). Immediately following implementation of the plan, prospects were bright. Average inflation dropped from the 400% level to a more reasonable 20% during the last six months of 1985 (Smith

281). This apparent progress would not last, though, as the General Confederation of Labor and other organized labor groups, with the prodding of a revived Peronist party, demanded wage increases (Smith 281). When Alfonsin's government enacted these increases in early 1986, price hikes had to follow, and inflation began to increase once again. By the middle of the year, average annual inflation was approaching triple digits, and in the beginning of 1987, renewed freezes in prices and wages were enacted under the "Australito" (Smith 282). In 1986, the economy appeared to begin a recovery. Not only had inflation rates reached a ten-year low, but Gross Domestic Product had actually grown by 5.7%, the largest growth of the decade (Munck 112).

During this period of attempted economic reform, the Peronist party was looking for a means to regain political power. The party had invalidated itself in the previous decade through failed governments and secret agreements with the military governments. Carlos Menem became one of the principal leaders of what was called the Peronist Renovation movement (Gaiano 23 Sept). By 1987, the Justicialist Party was back and regaining strength and support. Elections were held for governors and deputies, and the Justicialists received more popular votes than the Radicals for the first time in twenty-four years (Catterberg 101). There were many factors leading to this swing in political power. The largest was the failing economy; inflation had climbed back to 180% by election time (Smith 283).

Alfonsin was caught in the middle with international investors applying

pressure to receive their interest payments and Justicialist-supported labor groups striking and protesting for increased wages and "social justice" (Gaiano 23 Sept). Alfonsin and his ministers had little choice but to agree to the harsh austerity measures of the IMF. These measures had little effect, though, as inflation skyrocketed in early 1988 leading to the Spring Plan of 1988 which again froze wages and prices as well as devaluing the Austral (Smith 284). Within a year, inflation was at an all-time high. In February and March of 1989, hyperinflation of several hundred percent per month struck a final blow to the Alfonsin economic plan just as presidential elections were approaching (Gaiano 30 Sept).

If the economic pressures alone were not enough to bring down Alfonsin's government, renewed threats from the military helped. By 1985, the Alfonsin government had tried and imprisoned five of the nine military junta members (Munck 122). This process would face threats to not carry through with severe punishments to military leaders, and the principle of Due Obedience had removed from danger of prosecution all those who "only followed orders" (Munck 122). In 1987, under growing menace from the military, the law of Punto Final (Final Stop) was enacted as a concession to limit prosecutions (Smith 270). Still, certain factions of the military resented any attempt at retribution on the part of the civilian government, and the Easter rebellion of the Carapintadas (Painted Faces) soon followed (Smith 270). The popular perception that Alfonsin was giving in to military threats and protests through both the Due Obedience and Final Stop laws

were widespread (Gaiano 23 Sept). Alfonsin lost popularity and credibility on both fronts.

As the elections of 1989 approached, Alfonsin had gained enemies even in the Church. His government had broached the taboo subject of legalized divorce which resulted in religious opposition (Gaiano 23 Sept). The Radical government had lost all chance of maintaining power into the 1990's. Carlos Menem had won the internal runoffs for the Peronist candidacy, and the Radicals put forth Angeloz, the governor of Cordoba, as their candidate, since no President could seek a second term under Argentina's constitution (Gaiano 30 Sept). Television and newspapers became the key means by which the candidates communicated their messages, and Menem, with his platform of "Renovation", a Productive Revolution, and Higher Salaries, was the more effective campaigner (Gaiano 30 Sept). In six years, the political fortunes had reversed themselves. Now, it was the Radical candidate who found himself running without a chance of winning. The vote reversed itself from the previous election, and Menem won with 49% of the vote to the Radicals' 37% (Catterberg 101). Argentina could now lay claim to a two-party system, since both opposing parties had now been elected to the highest office in consecutive elections.

1989-1995 and Beyond Is the Transition Complete?

Four Criteria for Differentiating Transition Governments from Consolidating Democracies

With the economic and political situation what it was, Alfonsín set about a planned renunciation of power rather than complete his entire term. He left office and handed the government over to Carlos Menem and the Partido Justicialista on July 8, 1989. (Gaiano 30 Sept). What followed was more than a second constitutionally-elected government. The transfer of power from one party to another, the stabilization of the political and economic situations in the country, and the overall strengthening of the democratic system in Argentina all marked the end of a transitional government and the beginning of a long path of democratic consolidation. Argentina is now in that period of consolidation, of moving toward true stability. The consolidation process does not imply invulnerability, rather it signifies a great deal of progress on the road to a stable, democratic system. The four criteria that follow offer one means of determining if the Argentine democracy is actually consolidating and if so, to what degree this consolidation has been accomplished.

The first criteria that must be met to signify the end of a transition government is the diminishment of threat of an alternate form of government to the point that reversal to a previous form of government is not realistic. Until the country is safe from a return to the authoritarian style of government, the transition

cannot be said to have finished. The second criteria pertains to the political arena and elections. Political competition must not only be permitted, but it must occur within the system including two or more viable parties that can and do participate freely according to the accepted standards of that system. A single party system or a system where one party has an insurmountable advantage and thus, faces no challenge in elections cannot fit under the description of a consolidating democracy. Political activity outside the boundaries established in that country signifies weaknesses or disagreements among parties that have not or cannot be resolved and undermine any efforts to strengthen the system. The third requirement for a consolidating democracy is the stabilization of the economy. While all problems need not be resolved before the transitional period can be said to be complete, it must be possible to say the economy is manageable. In that way, economic strategies can be developed for the long-term rather than solely as responses to economic crises. Until this has occurred, neither the economic nor political system can be labeled as stable.

The final criteria that signifies the end of the transition period and the ongoing process of consolidation is the shift of focus from primary to secondary problems. The primary problems were those faced by the transition government when it took over power from the previous regime. These must be at least partially resolved to the point where other problems are considered more pressing. Secondary problems are those that, directly or indirectly, result from the solutions

or strategies used to combat the primary problems. By definition, the secondary problems cannot arise until primary issues have been dealt with to some extent. At that point, those new complications will develop, and the government must resolve these, as well. These problems are labeled secondary due to the sequence in which they appear, not their importance; however, this shift of focus, as long as it does not result in a loss of stability that undermines one of the previous three criteria, signifies the change from a transitional to a consolidating form of government.

Criteria 1

The threat of an alternate form of government has decreased to the point that reversal to a previous system is not realistic.

Between 1930 and 1983, Argentine politics have been dominated by military forces and influences. The most pertinent example is also the most recent. This is the regime of 1976-1983. The military junta of Videla, Massera, and Agosti was definitely the most brutal government in Argentine history and did more to discredit the Argentine military than any other military regime. During their rule, it is estimated that between nine thousand and thirty thousand Argentines were killed (Husarska 12). The term used both as a noun to describe this group of people and as a verb to define what occurred to them is "disappeared" (Husarska 12). Though it has been fourteen years since a military leader ruled Argentina, the memories of this horrible episode in their history remain strong in the minds of the Argentine people. The effects of the brutal, repressive regime and its actions are still felt within Argentine society. Yet, Argentina is a different country than it was in 1983. The people, society, and even the military have changed as the political environment has been reshaped.

To meet the aforementioned criteria of practically no risk of a return to military rule, Argentina has had to confront this dark chapter in its history. It is, however, difficult to say to what extent this has occurred. As previously mentioned,

when prosecution for criminal acts committed by the junta and its officers began in the 1980's, military rebellion was threatened. The Carapintada rebellion was a direct result of what some in the military considered unjust persecution of men who were only following orders in what they considered a war. Even members of the Catholic church had reinforced this belief by telling military officers "that it was necessary to eliminate them (the "disappeared"), that war was war." (Long 07/04/95 A18).

Some level of resolution has occurred in the past ten years that, while not closing this painful chapter, has relieved the tension between military and civilian leadership. The laws of Due Obedience and Final Stop, enacted under Alfonsin to pardon or free from any possible future imprisonment those accused or convicted of such crimes, have been maintained even though tested greatly in recent years. Carlos Menem has made it clear that he intends no further prosecution of those who participated in the disappearing of Argentine citizens; shortly after taking office, he even amnestied some high-ranking officers who were jailed before the laws took effect.

The issue of how great were the atrocities was brought back to the forefront of Argentine news in 1995, when a former Naval officer came forward to confess his crimes. The Argentine government had adopted a policy of forgetfulness, and the Argentine military had never admitted to the means which it had used to abduct, interrogate, torture, and kill those who disappeared during the "Dirty War". When

former Navy captain Arturo Scilingo confessed to Horacio Verbitsky of the Argentine newspaper Página 12 that he had taken part in the death flights where, according to admiral Luis María Mendía, “subversives (were) transported by plane, and not all (reached) their destinations,” the horrible period was brought under examination once again (Husarska 12). Captain Scilingo confessed that he not only knew Argentines were being murdered, he flew on two separate flights and even pushed some of the disappeared to their deaths according to the book The Flight by Verbitsky. His confession was immediately dismissed by President Menem who said that “the Argentine people do not want to continue hearing criminals who acted under the protection of a military dictatorship. To go out and make these kinds of charges publicly is to again stick the knife in a wound we are trying to heal. To me it is aberrant and repugnant.” (Escobar 04/03/95 A14).

Menem’s statement was no doubt influenced by the approaching election at the time of these events in March, 1995, but still, it exemplifies the attitude of the government over the past ten years. There is a strong desire on the part of those in power to forget, even if the crimes of the past can never be forgiven. The military officers have been encouraged by Menem to “confess to a priest and the chapter is closed.” (Husarska 14). His reaction is even more drastic considering he was also imprisoned as a dissident during the “Dirty War”; he was held on a ship at the time according to what he told Mike Wallace of *60 Minutes* in an interview that aired April 2, 1995 (Johnson 19). Menem made the statement that “through the window

of the ship, we could see with my companions how they brought in long lines of prisoners with their faces covered. And the cries of terror in the hold of the ship because of the tortures. Many were tortured for a long time and thrown out into the river. This is not something I was told about. This I have lived.” (Johnson 19).

Afterwards, Menem claimed that he had not personally witnessed the murders in the face of the obvious backlash against a President who knew of such brutal acts yet had himself pardoned the murderers who committed them. Truly, it appears he would rather forget what he himself witnessed than to keep the issue alive whether for his own political survival or the survival of Argentine democracy.

Still, only one discredited naval officer confessing to alleged murders with no means of offering proof could be dismissed as a bitter desire to “rub salt in old wounds” (New York Times 04/26/95 A13). A month later, a second military officer, this time from the army, confessed to virtually the same crimes. Sergeant Victor Ibanez admitted to knowledge and participation in the interrogation of prisoners at Campo de Mayo army base in Buenos Aires and later drugging and murdering of the prisoners by throwing them out of airplanes and helicopters into the Atlantic Ocean (Los Angeles Times 04/28/95 A4). These almost identical confessions opened the floodgates of criticism against an armed forces that had said practically nothing for nearly two decades and suddenly had begun to speak. The next day, the army Chief of Staff general Martin Balza admitted that the military did “employ illegitimate methods, including the suppression of life,” and that “the army

did not know how to take on terrorists by legal means.” (New York Times 04/26/95 A13). This was the first open admission of murder on the part of the military.

Perhaps many would prefer to forget this chapter of Argentine history, but the past must be dealt with to some extent before a people can progress into the future. There are still many living, such as Hebe de Bonafini, the leader of the Mothers of the Plaza de Mayo, who cannot forget and will continue to ask for the release of the names and facts as to what occurred to their children and grandchildren as well as the names of those who committed the atrocities (Sims 03/02/96 4). Yet, even the Mothers, who have been protesting weekly in the Plaza de Mayo for twenty years and demanding information and justice, have changed their focus because as Argentine researcher Rosenda Fraga put it, “issues of unemployment and poverty are more important than what happened in the military’s dirty war.” (Sims 03/02/96 4). Another group who cannot forget is what has been labeled “The Lost Generation” (Larmer 39). These children of disappeared are teenagers and young adults who, after their parents were abducted, were placed in the homes of childless military and government officials. There has been a total of 217 cases reported of which the Grandmothers of the Plaza de Mayo have located 51; of that number, 25 were returned to what remained of their original families and the rest either remained with their “adoptive parents” by mutual consent or still do not know definitively who they are (Larmer 39). Though the number is small, these cases hang in the collective memory of the Argentine people as long as they remain

unresolved. Even so, progress has been made in some areas toward resolving some issues of the disappeared. Both the confession of military officers and general admission of guilt by general Balza can be considered steps in the right direction. A court decision in 1994 that awarded \$3 million to Daniel Tarnopolsky, the surviving son of two disappeared victims, with \$1 million coming from the state and \$1 million from two former military chiefs of staff, Emilio Massera and Armando Lambruschini, whose connection to the murders had been previously established, can be considered "a victory for the 30,000 'disappeared' - for now." (Tarnopolsky 12/12/94 A19). While it may be painful to both the victims and those guilty of crimes to revisit such an awful period, "Argentina in time will be a politically healthier country because the truth is at last seeing the light of day" (Los Angeles Times 04/28/95 B6).

General Martin Balza is cited as one of the best examples of the movement toward a society free from threat of military coup. He is considered an "Enlightened Chief of Staff" who, since taking over the army in 1991, has brought the Argentine military to a higher level of professionalism and given it a greater respect for human rights and civilian control than it has ever had (New York Times 10/27/95 A30). The armed forces has changed greatly since he took over; it is now an all-volunteer army that includes women, and half the students at the Army University are civilians (New York Times 10/27/95 A30). This is distinctly different from the military that once maintained its isolation from the rest of society.

There are several reasons for the fading of the Argentine military into the political background. The greatest is probably the reduction of its budget and size along with its role in internal issues. The military budget as a percentage of the Gross National Product has shrunk from 6% to under 2% since the democratic election of leaders resumed in 1983 (Sims 11/24/94 A3). The greatest risk concerning the military today may be that it becomes obsolete rather than whether it may overthrow the government. The size of the armed forces has also been reduced drastically. Today, there are slightly more than twenty thousand volunteer troops as opposed to the one hundred thousand conscripted members of fifteen years ago (Sims 11/24/94 A3).

The diminished role of the Argentine military surely began after its failure during the Falkland Islands (Islas Malvinas) War. After that humiliation and ensuing renunciation of power, the military has learned a lesson; "that military rule is bad, not only for the country but for them." (Economist 09/24/94 46). At the same time, the international environment has changed. During the 1960's and 70's, the Cold War encouraged a silent acceptance of the actions of the military by the western world as a means of combating Communism throughout Latin America. With the end of the Cold War, the international community has "lost its stomach for tinpot dictatorships" (Economist 09/24/94 46). Argentina has also prospered economically as it had never done under military rule. This has led to the international conclusion that drastic change would no longer be politically or

economically advantageous in Argentina.

Probably the most prominent symbol of the changing attitude of the Argentine military is the conversion of the infamous Campo de Mayo army base, the largest in Argentina, to the International Peacekeeping Academy where young soldiers and officers are trained to serve as United Nations peacekeepers as they have done in Bosnia-Herzegovina, Cambodia, Haiti, Kuwait, Mozambique, Angola, and Western Sahara in recent years (Wright A21). The entire attitude of the officers running the camp as well as the environment of the camp itself has changed. The founding commander of the academy calls it a "growth industry...where we teach soldiers and officers how not to use force" and anyone is welcome at the academy that is located on a compound where a sign used to read "do not park, do not stop, or soldiers will shoot" (Wright A21).

President Menem, along with more enlightened officers like General Balza, has played a great role in reigning in a once out-of-control military. While reducing its role in society, he did maintain good political relations with the military through the pardoning of all convicted participants in the Dirty War. His control of the armed forces was evidenced last October when Defense Minister Jorge Dominguez announced the resignations of three top officers: the head of the Joint Chiefs of Staff, the head of the Navy, and the head of the Air Force in what was called "nothing more than a changing of the guard" (Sims 10/12/96 5). In the past, a drastic reshuffling within the military elite would most likely have resulted in the

fear if not the occurrence of a coup attempt. Little was made of this power shift even in Argentina itself. The most significant fact was probably that General Balza, who has been a strong supporter of the constitutional government was left in power while the others, who had been critical of the government, were removed. The role of the Argentine military seems finally to be in support of the civilian government along with protection of the borders and participation in international actions. No longer is the Argentine military a major player in national politics. Whether by choice or by design of the civilian leaders, the army is now considered the "most subordinate to democratic rule in all South America" (Sims 11/24/94 A3).

Criteria 2

Political competition occurs within the system
including two or more viable parties
that can and do participate freely.

Political competition has been limited in Argentina by the lack of free elections. For almost thirty years, the Peronists were prohibited from participating, and during the BA regimes, all political parties were banned. There have traditionally been two powerful political parties in the Argentine system. The UCR (Radicals) is the older of the two parties originating in the early part of this century with Irigoyen. The PJ (Peronists) began, obviously, with Juan Peron in the 1940's.

The party of Peron still exists even after his death, though the principles of the party have changed since that time. It could be said that it is now the party of Menem. Since the renovation and rebirth of the PJ in the 1980's, the populist foundation of the previous forty years has been replaced with a liberal free-market economic stance. This took place during the period of greatest weakness for the PJ. Raul Alfonsin was President, and the UCR was in power. The PJ was suffering from disorder and a total lack of credibility due to its failed government of the 1970's and alleged deals made with the military regimes. The PJ was seen as corrupt by the public and had less support than the UCR possibly for the first time in its existence. They reorganized, though, and used the unions that had always been their strongest backers to fight the Alfonsin government. Through strikes and

protests, along with strong criticism of Alfonsin's failures to control the economy, they undermined the popularity of the UCR and gained prominence as the only viable alternative.

With Menem as the leader of the once-again powerful political machine, the Peronists returned to power in 1989. The Radicals had several choices. They could have used illegitimate means to weaken Menem's government. They could have entered into secret pacts with the military to overthrow their opponents. They chose, however, to work within the system with the hope of regaining power in future elections. Such confidence in a constitutional government had never before existed in Argentina. A losing party that had the patience to wait six years for another election while working within the boundaries and standards of the system was evidence of the great strides made toward a stable democracy in Argentina.

Menem proved to be popular during his first term. His success in reviving the country's suffering economy also brought great approval from the public. Still, the Argentine constitution permitted the President to serve only one term, and Menem wished to change this and compete for a second term in office. In 1993, the situation was unsure with congressional elections later that year and the presidential election still two years off. Obviously, the opposition UCR and its leader, former President Raul Alfonsin, were against any change that might allow the popular Menem to serve into the next century. Menem's only hope at that point was to gain a two-thirds majority of both houses in the September elections in order to call a

constitutional assembly to consider changes including a removal of the one-term limit (Economist 04/17/93 45). Most Argentines worry about granting too much control to any one leader no matter how popular he has become. They have suffered at the hands of more popular men in the past, such as Juan Peron. The likelihood of Menem garnering support for a second term seemed slim at the time.

When the elections of 1993 arrived, all parties knew the results could determine whether Menem would have the political power to become the first President since Peron to serve more than six years in office. The PJ won a crushing victory in the legislative elections, and Menem called a plebiscite on constitutional reform shortly thereafter in November (Economist 11/20/93 50). The Radicals were almost assured of losing the plebiscite. Still, the UCR held a minority large enough to block Menem from creating any constitutional assembly, but they would lose much support if they openly refused the express will of the people as would be demonstrated in the plebiscite (Economist 11/20/93 50). Instead, Alfonsin and Menem decided to work together and compromise, a rarity in Argentine politics. A package called the Olivos Pact was agreed upon by both sides that would call for concessions on the part of Menem in exchange for the support of Alfonsin and the Radicals for altering the constitution to permit a second term (Economist 10/20/93 50). The pact resulted in the passage of legislation calling for a constitutional assembly. In return for the opportunity to lead Argentina for a second time, Menem had to make some changes desired by the UCR as well. The following package

includes the details to which both sides agreed: the presidential term was limited to four years instead of six with the advent of the second term (this began with Menem's second term, allowing him to serve until 1999); beginning with the next election, the President had to receive either 45% of the popular vote or 40% with a 10% advantage over the next closest candidate to avoid a runoff; the position of prime minister was created; each province received one extra senator from the largest opposition party to bring the total to three; direct election replaced the electoral college system; the judiciary was given greater independence; and the Capital Federal was made autonomous (Gaiano 30 Sept). Alfonsín and the UCR shrewdly aided Menem while gaining these concessions to strengthen the other branches of government, and had they refused to deal, Menem would have most likely forced a constitutional change regardless.

A vote on the constituent assembly was scheduled for April 10, 1994, and the two parties combined for 58% of the popular vote and 213 of the 305 assembly seats (Long 05/07/94 A2). The Peronists gave their incumbent President the opportunity to run again with the help of their pacted allies, the Radicals. As to the question of whether this change in the Argentine constitution was a healthy and progressive step for the nation, there is positively more than one answer, but the present response seems to be that it was not harmful and had a stabilizing effect. The status quo in politics was maintained for at least four more years, and that is something new in Argentina. The idea of one leader remaining in power in a

democracy for more than ten years is not without some precedents. During a similarly unstable time in United States history, Franklin Roosevelt served as President for thirteen years until his death, and France, Germany, and Britain have all had democratically-elected leaders for greater periods of time (Economist 04/16/94 17).

The greatest argument in favor of the second term was the issue of economic progress, and most considered themselves to be better off than they were in the era of hyperinflation. In the words of one columnist, the "people say, 'so what, this is better than torture or inflation.'" (Tarnopolsky 05/18/95 A23). As the May 14, 1995, elections approached, the greatest complaint was probably that the candidates looked the same. In the past, the parties had differed greatly, and political theory expressed had ranged from fascism to socialism. None of the serious candidates even proposed to reverse the free-market reforms that Menem had used to stabilize the economy (Economist 12/10/94 38). Many Argentines were still unhappy with their standard of living, and even more were troubled with the evidence of corruption in Menem's party, but the Radicals who were "symbol(s) of hyperinflation" and practically echoing Menem's platform were not much of an option (Economist 12/10/94 43). Massaccesi, the UCR candidate, had even been accused of corruption on his own part; he was not the man to beat Menem.

A new party formed out of necessity through defections from both the Peronists and the Radicals. The two leaders of the Front for a Country in Solidarity

(Frepasso) , Chacho Alvarez and Jose Bordon, were both Peronists who left the party due to unhappiness with Menem and the negative effects of his economic reforms (Long 03/18/95 A5). The Frepasso party stole any momentum the Radicals had by running on an anti-corruption campaign while backing economic reforms but with a softer touch. The Radicals had only one argument expressed in their television commercials which superimposed photos of Menem and the Frepasso presidential candidate, Bordon, and asked, "Don't they both look the same?" (Galletto 12).

Menem won the presidential election with 50% of the popular vote, and he was trailed not by the Radicals but by the Bordon/Alvarez ticket with 30%; Massaccesi finished a distant third, the worst ever defeat for the Radicals with 17% (Epstein 07/03/96 6). Menem won through effective use of the media and by playing on the fears the Argentine people had of returning to instability. He may not have won any awards for efficiency or frugality, but his spending on advertising and campaigning kept him in the lead. It is estimated that the PJ spent approximately \$40-50 million on the elections, while the Radicals spent \$15 million and Frepasso barely exceeded the \$3.5 million allocated them by the government (Galletto 12). Menem also used an extremely strong argument when speaking of the election alternatives. He described the election as a choice between him and "economic chaos" which was exactly what Argentines feared most (Sims 05/14/95 4). The only great economic problem facing Menem that could have tripped up his election campaign was unemployment which was greater than 12% at the time, but

his campaign promise was to eliminate the unemployment problem during his second term, and as Marcelina Doltan, a pensioner and Menem supporter, said, "People are out of work, ...but things simply work better. People have credit. Even the phones work." (Escobar 05/16/95 A12).

Menem criticized the press during and after the election for its open reporting of allegations of corruption in his family and his administration. Yet, many think that his coverage has helped him to become a popular personality by receiving "the same degree of exposure reserved for movie and television stars" which has permitted him to withstand criticism for building a golf course or buying a \$66 million airplane (Sims 05/25/95 A16). After all, celebrities are allowed a little more leeway in their spending excesses even if the money is that of the people. Carlos Menem manipulated the situation in his country with his charismatic personality and by doing so, won a second term as President that many would have considered impossible only two years earlier.

To this point, it seems as if the Peronists have once again controlled politics as they did between military governments in the 60's and 70's. One must remember that the PJ was the second party to claim the presidential office after the second BA regime ended. They have ridden the tide of general economic prosperity and the popularity of their candidate into a second consecutive term, but future elections are very much open to the Radicals as well as Frepaso or other parties and coalitions that might form between now and the 1999 elections.

The 1996 mayoral election in Buenos Aires, the first time the city chose its own mayor, provided one example that Argentina has more than one viable political party. The PJ for the first time had control of both houses of Congress and the Presidency as 1995 ended (Economist 12/09/95). Had it not been for continued problems with unemployment, one would think the Menem administration had little to worry about in an election off-year. Problems began for the party, though, when Gustavo Beliz left the Peronists to run for mayor on the New Leadership party ticket with the support of Jose Bordon, former Peronist party member and Frepaso candidate for President (Economist 02/17/96). Beliz accused Menem and the PJ of running a corrupt political machine, though he may have been disgruntled that there was no open primary to decide the PJ candidate for the June 30 elections. The incumbent Peronist mayor, Jorge Dominguez, ran against Fernando de la Rúa of the UCR and Norberto La Porta of Frepaso, who ran without the support of Bordon. In a great defeat for the PJ, de la Rúa won with 40% of the vote, La Porta finished second with 27% and Dominguez finished a very distant third with only 18% (Epstein 07/03/96 6). In one year, the PJ had gone from first to last. It did not help their situation that new unemployment figures released two days before the elections reported another increase to 17.1%, nor did the continuing shadow of corruption and excess about which de la Rúa said, "The enemy is the Menemist culture of frivolity, arrogance, pizza and champagne." (Epstein 07/03/96 6).

Since that time, much debate has taken place as to what will occur next in the

ongoing saga of Argentine politics as the 1999 elections approach. Some have speculated that Menem will again try to change the constitution to permit him to run for a third term, but the more likely theory is that he would like to hand the reins over to a Peronist successor and run again in 2003. The most popular candidate at this time appears to be Eduardo Duhalde, the governor of Buenos Aires province, but former economic minister Domingo Cavallo, who enjoys great popularity for masterminding the economic strategies of Menem's first term, as well as several other politicians, like Raul Alfonsin, whose faces keep reappearing could challenge for the Presidency (Halper 18). Without a doubt, the election is far from a sure thing for anyone. In fact, it is a wide open race that demonstrates the extent to which political competition can and does occur and shows how far Argentina has come in just ten years.

Criteria 3

The economy has stabilized to the point of becoming manageable.
Economic strategies can be developed in the long term
rather than solely as crisis management techniques.

Though Argentina has made great strides in controlling its military and in allowing political competition, the most progress has probably occurred in the economic sector. When Carlos Menem took office after Alfonsín resigned in 1989, the economy was arguably one of the world's worst. The Argentine Austral was virtually worthless as hyperinflation caused almost daily devaluation. The people had no confidence in their government to control the situation. Menem had run under the message, "For the hunger of poor children, for the sadness of rich children, for the young and the old, with the flag of God, which is faith, and the flag of the people, which is the Fatherland, for God, I ask you: follow me. I will not deceive you," and was thus labeled "Peron with sideburns" (Economist 11/26/94 S1). Menem was elected on the strength of the working class's renewed support for Peronism and the PJ. Once elected, though, he has redefined the Peronist label, and some say, has showed himself to not be a Peronist at all.

Menem's economics have been purely free-market. He has supported a strict policy of privatization of industry along with an end to government-supported social programs. In fact, his allegiance to North American economics has been so

strong that the United States ambassador has been nicknamed "the viceroy" (Economist 11/26/94 S4). Menem did not refer to his government bureaucrats or public-sector advisers for economic suggestions. Instead he turned to Bunge y Born, the largest private company in Argentina (Gaiano 30 Sept). More importantly, in 1991, he appointed Domingo Cavallo as the finance minister (Economist 11/26/94 S4).

Domingo Cavallo deserves as much credit, and probably more, as Menem or anyone else in reviving the Argentine economy. His economic plans, shrewdness, and political will were exactly what Argentina needed to free itself of the 20,266% inflation rate peak of March 1990 (Economist 11/26/94 S4). The Cavallo Plan, as it was called, focused on reducing inflation and stabilizing the economy to improve international confidence. The various factors included balancing the budget, fixing the exchange rate, and banning the printing of currency to cover budget deficits (Economist 07/24/93 46). The most important part of the plan was the Convertibility Plan. Beginning in April 1991, every peso, which was the new currency that replaced the Austral, in circulation had to be backed by the central bank's gold and foreign-exchange reserves (Economist 11/26/94 S4). Inflation plummeted immediately, and has remained low and stable for the past six years. The fact that the rate has been below 1% during that period is incredible for a country that hadn't consistently seen anything less than triple digit inflation in over a decade (Economist 11/26/94 S4).

The Convertibility Plan stabilized the economy and allowed Menem to concentrate on a longer-term strategy of privatization. At the same time, Menem began removing government protections of industry. By doing so, he opened Argentine markets to foreign investment. Import tariffs were reduced from 50% to 10%, and foreign investment from 1990-93 totaled almost \$25 billion (Economist 11/26/94 S5). Argentina experienced a boom with sustained growth that rivaled even the Southeast Asian countries. The Gross Domestic Product rose at a rate of almost 8% a year for the first half of this decade (Epstein 07/24/96 9).

All was not perfect, though. The fixed currency put a burden on exporters who found their peso overvalued in comparison to foreign currencies. As a result, imports were cheaper and put a strain on Argentine businesses to be more productive and more competitive at a lower price. Electricity prices dropped by 30% after privatization, and labor productivity in manufacturing rose by more than 40% (Economist 11/26/94 S5).

Growth in the economy was not creating jobs either. The Argentine worker, long protected by reforms that dated back to Peron, was working harder and with less security. In fact, unemployment was rising almost as rapidly as inflation disappeared. Businesses had only one choice to become profitable, and that was to shrink their oversized workforce. Restructuring and downsizing were even more evident in businesses that had been privatized. In the past, when unemployment became a problem, the government had simply hired more people, thus creating an

inefficient and oversized public sector workforce (Economist 11/26/94 S14). When these companies entered the private sector, many released up to 90% of their workers. These unemployed laborers were left jobless in a competitive market where "lawyers and engineers apply to drive taxis, architects and accountants to answer phones or hand out promotional flyers on street corners" (Almeida 7). Even those lucky enough to find new jobs were underemployed. The unemployment rate rose from 6% before the Cavallo Plan was instated to over 12% at the time of the 1995 presidential elections (Sims 05/16/95 A13).

One would think a president could not win an election in a country where the unemployment rate had doubled during his first term, but even so, most Argentines were more comfortable with Menem's reforms than with the possibility of change that other candidates might bring. In fact, with Menem winning by twenty percentage points, some called the election a "ringing endorsement for his economic agenda" (Sims 05/16/95 A13). Businessmen inside and out of the country also were more comfortable with Menem and free market economics. The country was recovering from the aftereffects of the Mexican peso crisis of 1994. The "tequila effect" that resulted throughout Latin America scared off most investors and caused \$7.5 billion in bank deposit withdrawals between January and April of 1995 (Taylor 51). Again Cavallo saved the Argentine economy. He managed to immediately negotiate an international credit package totaling \$5 billion to help the economy recover (Taylor 51). With Menem reelected, the economy stabilized, yet the

unemployment situation continued to worsen. Argentina fell into a recession and experienced a budget deficit in the first half of 1996 totaling \$2.51 billion (Sims 07/29/96 A5). The economy also shrank for the first time in almost five years.

Cavallo received much of the criticism for the country remaining stagnant throughout the first half of 1996. Menem had supported Cavallo while his economic measures had been successful and popular, but as popularity waned, Menem also became a critic. Cavallo had been successful by standing up to organized labor, farmers, and other interest groups, but without some political support, he could not weather the storm of criticism he was now receiving. After the PJ finished last in the Buenos Aires mayoral elections, the blame was passed to Cavallo, especially since he had just announced a new unemployment figure of 17.1% (Epstein 07/03/96 6). Cavallo became the target of much criticism from within the PJ who complained that break-off factions of the party, like Frepaso, were beating it in elections like the mayoral race because the country had put its economic fate in the hands of a free market disciple like Cavallo.

The man who had rebuilt the Argentine economy was dismissed on July 26, 1996, and replaced by Roque Fernandez (Pastor & Wise 19). The decision was not an unpopular one, nor was the response that followed panicked as many thought it might turn out to be. 70% of those who responded to a poll by the major Argentine newspaper, Clarín, said that they approved of the firing of Cavallo (Sims 07/29/96 A5). Bankers and the stock market also responded positively to his replacement,

especially since Menem also assured everyone that general policy would remain unchanged. Devaluation was probably the greatest worry of Argentine bankers because it would immediately lead to inflation, so most were relieved to know that Menem would not touch the Convertibility Plan. Argentina had reached the point where it thought it could progress without the guidance of its heretofore supreme economic leader. As one economist put it, "Stability is now in the blood of Argentines. Argentina has learned the hard way. Nobody wants to go back to the old policies. People know that regardless of who comes and goes, the model is not going to change." (Escobar 07/30/96 A10).

Fernandez quickly showed himself to be of the same economic philosophy as Cavallo, and being a University of Chicago graduate, few doubted that fact beforehand. Even the Catholic Church became vocal on behalf of the poor by supporting strikes and calling the government's economic program "against the church's social doctrine" after television stations broadcast pictures of poor people in the town of Rosario eating cats (Sims 07/29/96 A5). Still, in the face of great pressure to ease the strict economic policy the government had followed, Fernandez introduced a series of cost-cutting measures and tax increases. On August 12, 1996, Fernandez announced \$4.5 billion in tax increases and spending cuts including a 40% diesel fuel price increase and a proposal to raise the retirement age of women to 65 to make it the same as it now is for men (Economist 08/24/96 34). Bus drivers and truckers went on strike often over the next month. Small protests were

common, and some large protests were organized, such as one evening when the entire city of Buenos Aires became dark as virtually every business, home, and vehicle turned off its lights in protest against Menem and Fernandez's economic policies.

The unions became more and more vocal in opposition of the leader they had helped elect. They considered his devotion to liberal economics a betrayal of the working Argentines especially as the unemployment rate topped off at 18.6% (Almeida 7). They planned a national response to show their strength and the level of anger many Argentines felt with their government. That response took place beginning on Thursday, September 27, 1996, and lasted into the weekend; Menem called the strike an opportunity for a "long weekend for union members" (Rotella 10/27/96 A9). Regardless of the reason, the strike obviously garnered much support from the working class. Television polls showed that over 84% of employees supported the strike, and local estimates were that 80-90% of workers stayed home on Thursday and Friday (Sims 10/28/96 4). Almost every bank in Buenos Aires was closed and travel within the city was nearly impossible as thousands of protesters were bused in from outlying areas and other towns. These protesters met with groups from within the city at the Plaza de Mayo in front of the president's house where they stayed, all seventy thousand of them, through Friday afternoon (Sims 10/28/96 4). Most of these protests were related to the unemployment situation, but that had been a problem for the past few years.

The specific point of contention causing the unions to strike was the new health plan and worker "flexibility" plan Menem had been proposing. Under the flexibility plan, businesses would be able to change workers' hours and vacation times to fit production needs as well as release workers without paying extremely high unemployment costs. Unemployment compensation was so high that it discouraged businesses from adding new workers. An employer was required to pay one month of salary to an employee for each year of service, with a minimum of three months' income (Artana A11). The changes to the health plans were a greater problem for unions. Health plans in Argentina are run and funded by unions and payments to the unions from workers. The unions include approximately 70% of Argentine workers, and collect \$60 million a month in dues; they collect \$200 million a month for their health plans (Friedland & Patino A12). Obviously, removing the health plans from union control would remove a large portion of union funds and influence. Employees can now choose among different union-operated health insurers, but the long-term goal is to open the health insurance industry to all providers (Artana A11).

Ironically for Cavallo, it seems the strict policies he backed to his end and that Fernandez has stuck with are allowing Argentina to grow once again, after all. The country seems to have recovered from its recession and is back on its steady-growth path. Unemployment has peaked, it appears, and is now heading downward slowly. It now sits in the 16-17% range and the Gross Domestic Product

grew by approximately 9% in the last quarter of 1996 (Artana A11). Mercosur, the free trade union including Argentina, Brazil, Uruguay, and Paraguay is expanding possibly to include Peru and is approaching \$1 trillion in Gross Domestic Product (Economist 11/26/94 S7). Argentina is expected to grow at a rate of 4-5% over the next few years, and should this occur, Argentina will enter the new millennium with a healthy stable economy and a strong peso (Artana A11). Should unemployment also drop, possibly below the 10% level for the first time in more than five years, Menem will have worked a second economic miracle to complete his second term.

Criteria 4

Primary problems faced by the original transition government have been at least partially resolved, shifting focus to secondary problems resulting from the strategies used to solve said primary issues.

The major challenges facing Argentine democracy and stability have changed in the last fifteen years. Argentina has progressed from a country torn by undeclared civil war and ruled by military dictators to a constitutional democracy run by elected officials who must answer to the people on a regular basis. Surely, there are problems with the current system, and there are almost definitely new crises that will arise to threaten what the Argentines have constructed. The point is that the problems are different ones, and the crises that could have destroyed Argentine democracy have been dealt with or at least brought under control. The situation that will be faced by the new President who follows Menem in 1999 will most definitely be different than what Raul Alfonsin encountered in 1983. More importantly, though problems exist, the country is much more stable, the economy is under better control, and Argentine politics are freer now than they were then and possibly than they have ever been.

Though some problems have been resolved, others do exist that still must be dealt with for Argentina to continue to progress. These problems that have arisen or grown in importance as others have faded into the background are secondary problems. They are no less important, nor should they demand less attention. They

simply could not have existed at all or to the same degree under the previous regime, and their presence or gain in importance is the result of the policies and actions of the transitional governments. They are the main challenges facing a consolidating democracy, and they distinguish a consolidating democracy from the transitional government that preceded it. In Argentina, these problems have been arising for approximately the past five years. While some were problems before this, in this time they have moved from the background to the fore. They are now the subjects that occupy the headlines of the Argentine papers.

To begin with, Argentina had to deal with the past before it could progress into the future. When Alfonsín took over in 1983, he still faced the threat of a strong military that, though stung by its failure in power, could choose to return to power at any moment. That military, as discussed previously, is no longer so powerful or menacing as to be a realistic threat. The primary problem of military overthrow has been removed. A secondary problem arose, during the 1980's and has continued throughout this decade. It's visibility reached a high point in the spring of 1995.

This secondary problem is the question of how to deal with the crimes committed during the military regime. As Alfonsín discovered in the '80's, this problem couldn't be resolved by a transitional government. The issues were still too recent, and the military still operated at a level above the law. Human rights groups like the Mothers of the Plaza de Mayo have been calling for some form of justice

for twenty years. It is definite now that even members of that regime who have confessed to horrible murders will never be punished. Still, steps can be taken to put these issues to rest. A full release of the names of those who disappeared, if available, would be a giant first step. More military officials like Army Chief of Staff General Balza who have come forward and condemned the actions of their predecessors would help ease the pain of those who suffer. Most likely, the only solution Argentina will achieve will be the result of time. No, Argentines should not forget what happened in the 1970's, but for the nation to continue to move forward, these issues must be left behind.

The military is no longer a menace to Argentine society. It is less than one fifth its previous size as stated earlier. The paternalistic mentality of the military is as outdated as those who once believed that way. There is no justification for nor evidence of a military threat to Argentine democracy. The only challenge left is to maintain civilian control of the armed forces and to keep the military in its proper place in a democracy, as the defender of its nation from external enemies. So long as this is achieved, Argentina is among the most stable nations in Latin America.

The second challenge that arose in Argentina appeared in 1994 and continues. It is the question of whether Argentina can truly maintain a multiparty system. Currently there are three strong political parties, the PJ, the UCR, and Frepaso. What must be prevented is the deterioration of this system to the point where one party controls the political workings of the country with little true

democracy. The PJ has been the dominant party of the consolidation. Since 1989, they have won a majority of local and national elections. When Carlos Menem made public his desire to run for a second term, many saw it as a threat to democracy in Argentina. Some even said that Menem wanted to be king of Argentina. It very well could have resulted in that, except that the reworking of the Constitution took place in such a manner as to strengthen the minority party in Congress. It granted greater control of politics to the legislative branch, and it removed much of the power of the President to govern by decree, as Menem had done in his first six years.

Still, many argued that Argentine democracy was threatened by a too-powerful Peronist party with little threat from the weakened and disorganized Radicals. The appearance of Frepaso demonstrated that Argentine politics would continue to be extremely competitive. Frepaso grew out of discontent with the Peronist party, and the splinter group soon became a strong force in national politics. They have since beaten the PJ in the mayoral elections in Buenos Aires, the nation's largest city. Menem has also not been all-powerful as some feared he would. Even with a majority in both houses of Congress, he has struggled to pass many bills. He is no king, and as the 1999 elections approach, some have even begun to use the term lame duck, though that is probably an exaggeration. Were he to alter the Constitution once again to run for a third term, one could consider his presence a serious threat to Argentine democracy, but with approval ratings at the

20% level, he has none of the support to make such a change as he did in 1995 (Rotella 10/17/96 A11). As he leaves office in 1999, Argentina will make a transition to the 21st century and will be one step closer to the level of stable democracy previously achieved only by Western democracies in the Northern hemisphere.

Corruption has become a major issue in Argentine politics. Previously, it was not considered a major issue as all politicians were considered corrupt. It was almost a requirement that powerful politicians be able to cut back-room deals with labor leaders or big industrialists. As the country has upped its standard of living it has upped its standards for its politicians. It expects free politics to also be clean. Several scandals have occurred in the past year that have raised public awareness of corruption in high places. These scandals have also brought on a wave of criticism of President Menem and many of his top ministers.

The man who has probably been most influential in focusing Argentines on corruption is Domingo Cavallo. The former economy minister has been a crusader against government corruption since being fired last year. Many say he is disgruntled or that he is simply attempting to further his own political ambitions; he is running for Congress this year and could quite possibly attempt to run for President in 1999(Economist 10/26/96 50). Still, the result has been that several corruption schemes have been uncovered, and Argentine politicians are seriously talking of cleaning up the system for the first time. President Menem has even

appointed a special administrator to the customs service as well as investigative commissions to examine its dealings due to reports of over \$10 billion in goods and merchandise smuggled into the country through an "underground customs operation" (LaFranchi 6).

Cavallo has also exposed at least one bribery case himself that included a major multinational corporation and a state-run bank. He accused IBM of bribing officials at the Banco de la Nacion as they were planning to upgrade the data-processing systems there in order to obtain the \$256 million contract that some have called the biggest single computer contract in Latin American history (Economist 10/26/96 50). He also accused Menem's chief of staff, Alberto Kohan, of knowing of the deal while it happened and of "mafias" existing within the government that were the biggest threat to Argentine progress (LaFranchi 6). Truly, for Argentine democracy to gain credibility, it cannot be seen as riddled with criminals and deal-brokering puppets of business or labor. Most likely, these problems will not bring down the President, though they may destroy many other high-ranking officials. Regardless, they are not a great threat to democracy in general. They may even result in a stronger system if corruption can be sufficiently discouraged and punished. Probably, the elections of 1999 will bring in a presidential candidate who advocates the successful economic policies of the past ten years along with a strong anti-corruption campaign. Most likely, the people will back this type of candidate, whether it be Cavallo or some lesser-known name, because they grow tired of the

continued scandals of the past year which show no sign of letting up. As this happens, Argentina must maintain its course, and the country will continue to move forward and past this ugly yet necessary political cleansing period.

The economy has shown one of the most easily identifiable shifts from primary to secondary problems. From 1983-89, the greatest economic problem facing Alfonsín was, without a doubt, inflation. It ranged in the triple digits for the first few years of his term and then ballooned to the unmeasurable levels of hyperinflation. His administration could have no long-term plan for economic stability as it moved from one inflation-crisis solution, and subsequent devaluation, to another.

Beginning in 1991 with the Cavallo Plan, the era of inflation ended in Argentina. The change was so drastic that other problems were created by the severe drop in inflation to less than 1%. At the same time, the country was following a plan of privatization, but growth was inhibited by the strict control of the economy. Loans were not forthcoming, and businesses could not afford to expand. Most actually cut their workforce to stay profitable in the newly competitive market. The result has been a tripling of the unemployment rate over the past six years from 6% to 18% as mentioned in the last chapter. This problem did not exist in 1989, and it was most definitely caused by the harsh strategies used by Cavallo and Menem. The country has yet to deal with this large problem, as unemployment still hovers in the mid-teens, but many indications have shown that

Argentina is pulling out of its recession. With the growth of 4-5% projected by most analysts and the largest privatization actions complete, the unemployment rate should stabilize and begin to decrease. The big question is whether it will do so quickly enough. With approximately 45% of the working-age population unemployed, underemployed, or not earning enough to meet subsistence needs, how long can the country remain stable (LaFranchi 6)? As has been demonstrated during the past several years though, these economic problems can be controlled with sound policy and political determination. This will probably be the largest problem and the greatest requirement of the next President of Argentina.

Still, though the next President of Argentina will be presented with great challenges and numerous obstacles to overcome, he will not have to deal with the problems of the past of military coups, guerrilla fighting, and economic collapse. His problems will be different. They will be the problems more of a developed nation, developed both politically and economically. Argentina is moving in that direction and shows no real indication of turning back as it approaches the twenty-first century.

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