

CHAPTER 12

Argentina

LEARNING OBJECTIVES

- Identify how the three levels of analysis interact in Argentina
- Use theoretical propositions to understand political and economic development in Argentina
- Explain how and why political and economic development in Argentina differs from other Latin American countries

TIMELINE

1816	Independence declared
1829–1852	Rule of Juan Manuel de Rosas
1946	Juan Perón elected president
1955	Juan Perón overthrown
1966–1973	Military rule
1976	Military coup launches dictatorship and “dirty war”
1982	War with Britain over Malvinas/Falklands
1983	Democratic rule resumes
1989	Carlos Menem elected
1990	Final of four military rebellions
2001	Economic crisis and end of the dollar peg
2003	Néstor Kirchner elected president
2007	Cristina Fernández de Kirchner elected president
2011	Cristina Fernández reelected

By 2013, inflation in Argentina had been creeping upward for several years. It got to the point that some shopkeepers did not bother posting prices outside their stores because they kept changing so rapidly.¹ Nonetheless, two successive governments denied that inflation was a problem, which generated considerable controversy. Inflation is reported at the national level, and when it's high, the national government gets the blame. But the most serious effects are felt at the local level, where the poor in particular struggle to keep up with rising prices, especially if their wages do not keep up. Even wealthier citizens feel it if they have bought the government's inflation-indexed bonds, as their return is lower if inflation is underreported. In Argentina, many analysts argue that inflation is at least double what the government reports, and so the mere reporting of the percentage becomes politicized. This affects the international level as well, as foreign investors look closely at economic indicators (Table 12.1) to determine the risk involved in putting their money into the Argentine economy. Given Argentina's truly turbulent economic situation in the not too distant past, which was much worse, the government managed to maintain a solid base of support.

From the perspective of modernization, Argentina is a unique case because it is a country that supposedly already arrived more than a hundred years ago. As the twentieth century began, the cattle trade was booming and many observers considered Argentina on a par with Europe. The connection with Europe was further enhanced by a large immigrant population, especially from Italy. Today, the broad avenues of the capital Buenos Aires and buildings like the magnificent opera house (the Teatro Colón, which opened in 1908) are testament to the belief that Argentina had already arrived in both material and cultural terms.

Modernization theory would therefore confidently predict that democracy and stable political institutions would follow, but they have not. In fact, Argentina is the wealthiest country to suffer a military coup and, as two political scientists have noted, Argentine politics have been characterized by a "Hobbesian world of extreme uncertainty, short time horizons, and low levels of trust and cooperation."² That political context has left Argentina struggling with political crises that affect the economy and, at time, threaten democracy itself. Grand theory does little to advance our understanding of Argentine politics, and instead we have to take a closer look at issues like populism as well as the interaction of political institutions, particularly the nature of the federal system.

Historical Roots of Political and Economic Development

Argentina declared independence in 1816, and General José de San Martín successfully defeated Spanish troops two years later. The Vice Royalty of Rio de la Plata was an important part of the Spanish Empire, but it chafed under the crown's mercantilist policies. But independence did nothing to unify the country, as efforts to centralize authority were defeated, and it slid toward anarchy. The provinces did manage to come together and form a confederation, where



Map of Argentina

they held primary power, and there was virtually no central authority. It is notable that during this period, in 1825, Argentina supported its neighbor Uruguay's fight to become independent from Brazil, which had annexed it several years earlier. The two countries have had close—though sometimes difficult—ties ever since.

The Importance of Federalism

There has always been tension between the capital of Buenos Aires and the outlying areas of the country's interior. Those disputes are still present, and under a federal system the states and the central government are in a more or less constant struggle for political power. The power vacuum ended when caudillo

and dictator Juan Manuel de Rosas forced authority on the regions with a vengeance, ruling from 1829 until 1852. His political opponents (of which there were many) succeeded in overthrowing him in 1852, and he lived in Great Britain until his death. His legacy, however, was considerable. Until the 1916 elections, Argentine politics was characterized by oligarchic stability and enough elite consensus to avoid prevent internal disputes from becoming civil war. A new constitution in 1853 formally established a federal system, the structure of which remains largely in place today. During much of the nineteenth century, there was contestation about the relative power of the central government and the provinces, but there were also a fight for power between the provinces themselves, especially in terms of weaker provinces coming together to counter Buenos Aires, by far the most powerful.

Relative stability brought economic development. Argentina is a very large country, with enormous “pampas” (plains) ideal for cattle. Successive liberal governments attracted foreign capital and established infrastructure to facilitate international trade. By the end of the nineteenth century, in comparison with much of the world the Argentine population was relatively well-educated, well-fed, and industrious. Waves of European immigrants also contributed, trying to find employment opportunities, and the Argentine government responded by liberalizing immigration laws to facilitate their arrival. The government actively encouraged this immigration for both economic and racial reasons, as it served to populate the *pampas* while also whitening the population in general. Buenos Aires began to resemble European cities. Argentina had only a very small indigenous population—always minuscule and currently less than 1 percent of the population—and so it consciously borrowed many high cultural characteristics from Europe instead. What this also means is that Argentina has faced far less indigenous conflict than most Latin American countries, and national identity has been greatly affected by its European immigrants. The same is true of Uruguay.

British investment in particular spurred growth. Infrastructure such as railroads built by the British facilitated connection between the pampas and ports. The so-called Conquest of the Desert entailed subsidies for cultivating land in distant regions. By the turn of the century, not only were meatpacking, wool, and other cattle industries booming (even today, Argentina far exceeds all other Latin American countries in consumption of animal protein), but so was production of wheat, corn, and linseeds. Land was concentrated into a small number of hands, and the landed oligarchy became politically powerful both in rural areas and in cities, where the state embarked on large public works projects. Argentina seemed to have achieved the types of growth that would qualify it as “modern.” On the other hand, it relied heavily on one set of commodities and imported finished goods from Europe and the United States.

The Perils of National Political Competition

Argentine politics shifted for good in 1916, when Hipólito Yrigoyen won the presidency. He was from the **Radical Civic Union Party (UCR)**. The UCR emerged in the 1890s in opposition to the elitist nature of national politics, opening the door for a shift toward polyarchy. Universal male suffrage had just been

ARGENTINA'S POLITICAL INSTITUTIONS

Last constitution: 1994

Federal system with twenty-three provinces plus the Federal District (formally known as an “autonomous city”) of Buenos Aires

Executive: President with four-year term, one reelection allowed

Legislative: Bicameral with 72 senators (plurality vote) and 256 members of the Chamber of Deputies (proportional representation)

Judicial: Supreme Court with judicial review

granted in 1912 (immigrants and women still could not vote) and so Yrigoyen was able to appeal to many newly enfranchised voters. Because the legislature was still controlled by conservatives, he found it difficult to get much passed, but the very fact that free and fair elections became a norm was critical for Argentine democracy. Until the mid-1940s, Argentina had divided government, so political competition was high as no single party was able to establish monolithic control. However, the global depression that struck in 1929 devastated the economy. Meanwhile, urbanization and immigration had created an urban working class whose demands were not being met. Yrigoyen had been reelected in 1928 but was overthrown in 1930 by retired General José Uriburu.

From then on, the military expanded its political influence and the country grew more polarized. As one Argentine historian puts it, politicians “reduced all their enemies to one: high finances and imperialism combined with the Communists, the foreigners responsible for national disintegration, and also the Jews, all united in a sinister conspiracy.”³ The army was given a privileged position in terms of budgeting and clientelist connections and professional issues became subsumed by political ones. During this period, the state also embarked on import substitution industrialization, for although World War II created markets for both meat and grains, the economic crash had made clear that relying on primary products alone was not sustainable.

Contemporary Politics in Argentina

The armed forces took power again in 1943, and Colonel **Juan Domingo Perón** served both as vice president and as minister of war. Sympathy for fascism was evident from the fact that the government refused to declare war or break relations with Germany until the war was nearly over (breaking relations only in 1944 and declaring war in 1945). Perón was jailed by fellow members of the army fearful of his growing popularity, but protests led to his release and then new elections. In 1946 he organized his own political party and won the presidential election, with reelection in 1951. His government wrote a new constitution in 1949 that further expanded presidential power. He went after his

radical opponents, including a 1950 law aimed at their direction that broadly prohibited slander against public officials. His authoritarian style, combined with his mobilization of the working class, made him dangerous in the eyes of many political elites.

The Role of Peronism in Argentine Politics

What became known as Peronism (though the party itself was officially named the **Justicialist (Peronist) Party**) was based on a populist appeal to the masses, and Perón connected with unions in particular and they became his political base. In practice this meant the construction of corporatist institutions, such as the General Confederation of Labor (CGT) that would establish central control over unions, and channel benefits—such as raises—downward all the way to the local level. Peronism can be difficult to pin down precisely, because even Perón himself was not always consistent. But the state is the driving force of the economy in conjunction with private business. Peronism was antagonistic toward both socialism and communism, and instead was oriented more toward state capitalism. As elsewhere, import substitution was intended to propel the country forward from its focus on the export of primary goods. In the context of the Cold War, Perón drew an ideological line between a command economy on one side, and a market economy on the other. Unfortunately, that line satisfied nearly no one.

As a result, he (and his movement even after his death) generated very complex responses. Large industries, especially those oriented toward export and connected to foreign capital, tended to oppose him. Other industries, particularly those producing for the domestic market, shifted according to whether his policies at any given time benefited them. For example, Perón's policies increased levels of domestic consumption, which was favorable to business, but his policies of protectionism hurt companies that imported much of their raw materials. As Perón developed the idea of a "social economy," he encountered opposition from businesses that argued they were unable to raise wages while remaining competitive. As many business sectors turned against him, they found support from the armed forces. Still, his style of state capitalism and support for labor provide him with a large and fervent base of support. Even so, in 1950 a prominent history of Latin America argued that "Argentina is basically one of the richest and most progressive of the American Republics."⁴

Evita Perón became an integral part of her husband's political success. Only 26 when she married Juan Perón, she quickly became a core symbol of his populist policies. Her 1951 autobiography perfectly summarizes the image they were trying to create. It had a conscious religious flavor to it, and even compares the era of Peronism to the time of Jesus Christ's birth, and suggests that the Christmas cider and spiced loaves they handed out were similar to the wine and bread of communion. At its height, the populism of Peronism reached that level of idolatry. She died in 1952 (only 33 years old) of cervical cancer, and although Peronism would live on, it did not regain that same semi-mythical quality (and in her case real life is far more interesting than the movie version with Madonna). Perón himself never reached that level of idolatry again.

ANALYZING DOCUMENTS

President Juan Perón's wife Evita has become famous across the world, still known many years after her death and even the inspiration for a fairly bad Hollywood movie. She was instrumental in cementing support for Perón's populist government. Her memoir gives many examples of how she successfully made Argentines feel connected personally to her.

Evita, My Mission in Life (1951)

Reason, with me, often has to give way to emotion; and so, to explain the life I lead today, that is to say, what I am doing now out of motives that spring from the bottom of my heart, I have to go back and search through my earliest years for the first feelings that make sense, or at least explain, what to those severe critics is "an incomprehensible sacrifice," but which to me is neither sacrifice nor incomprehensible.

I have discovered a fundamental feeling in my heart which completely governs my spirit and my life. That feeling is my indignation when faced with injustice.

Ever since I can remember, all injustice has hurt my soul though something were stabbing it. Memories of injustice against which I rebelled at every age still rankle.

I remember very well how sad I was for many days when I first realized that there were poor and rich in the world; and the strange thing is that the fact of the existence of the poor did not hurt me so much as the knowledge that, at the same time, the rich existed.

...

Why didn't the humble men, the workers of my country, take the same attitude as the "ordinary men," instead of understanding Perón and believing in him?

There is only one explanation: that one needs only to see Perón to believe in him, in his sincerity, in his loyalty and in his openness.

They saw him, and believed.

What happened in Bethlehem nearly two thousand years ago was repeated here. The first to believe were not the rich, not the wise, not the powerful, but the humble.

For almost always the rich, the wise, and the powerful are hedged in by egoism and selfishness.

On the other hand, the poor, as at Bethlehem, live and sleep in the open air, and the windows of their simple souls are almost always open to out-of-the-ordinary things.

That is why they saw and believed. They also saw that a man was risking all for them. I know well how many times he risked all for his people on one single throw.

Happily, he won. Otherwise he would have lost everything, including his life.

I, meanwhile, kept my promise to "be at his side."

I held the lamp that lighted his darkness; I kept it burning as best I knew how, guarding his flank with my love and my faith.

Often I saw him from a corner in his office in the loved Secretariat of Labor and Welfare, listening to the humble workingmen of my country, speaking to them of their problems, giving them the explanations they had been craving for many years. Never will those first pictures of our life together be erased from my memory.

...

And when I saw him clasp the hard and horny hands of the workers I could not help thinking that in him and by him my people, for the first time, were shaking hands with happiness.

...

Today is Christmas, Christmas of 1950. Last night, in five million Argentine homes, toasts were drunk in the cider, and the spiced loaves from "Perón and Evita" were eaten.

This, too, our adversaries have severely criticized.

They have told us that we throw crumbs onto the tables of the Argentines so as to buy the good will of the people.

...

But the average person does not realize that our cider, and our spiced loaves, are nothing more than a symbol of our union with the people.

It is our hearts (mine and Perón's) that wish to be united on Christmas Eve with all the hearts of the country's *descamisados* in an immense, fraternal, affectionate embrace.

Discussion Questions

- How can populism contribute to a strong sense of nationalism?
- How did Evita connect so effectively to the local level?

Source: Eva Perón, *My Mission in Life* (translated from the original by Ethel Cherry) (New York: Vantage Press, 1951), 5–6, 24–25.

The pursuit of import substitution industrialization was a hallmark of Perón but was also later followed by anti-Peronist governments even as they purged Peronists from the government and from unions, so there was consensus that the model was an appropriate step toward greater prosperity. Argentina was the primary case for Guillermo O'Donnell's famous work on bureaucratic-authoritarianism. The number of large state enterprises increased in the 1940s and 1950s, such as in energy, telecommunications and transport, which led to growth. However, this also led to large budget deficits. Perón was overthrown in 1955 by a group of both civilians (particularly business, the Catholic Church, and the middle class) and military officers. They all had different gripes, but all felt threatened by the Peronist movement and Perón's use of presidential power against them and their economic interests. Economically, after the coup successive governments maintained similar economic policies focused on machinery and chemical industries, while also providing incentives for farmers to mechanize.⁵ In 1955, the combination of cereals and meats constituted 54 percent of total exports, but over time dependence on those primary resources decreased, down to only 14 percent in 1990.

Between 1955 and 1966, the country was split between Peronists and anti-Peronists. The Peronist Party was alternatively outlawed and legalized, and Perón himself sometimes exiled (at various moments to Paraguay, Spain, or Venezuela)

and other times allowed in the country. President Arturo Frondizi was overthrown by the military in 1962 for legalizing the party, as well as for showing too much sympathy for the Cuban revolution. Arturo Illia of the UCR was then subsequently elected in 1963, but his policies, such as once again legalizing Peronism as well as the Communist Party, soured the military. Perón unsuccessfully tried to enter the country in 1965, though he sent his wife María Estela (known more commonly as Isabel) to provide support for Peronist legislative candidates, and amidst that political conflict Illia was overthrown in 1966.

Argentina's Dirty War

General Juan Carlos Onganía took control, and the military ruled until 1973. The state capitalist model was finally challenged as the government enacted economic austerity policies (such as wage freezes) intended to address the deficits and inflations plaguing the country. To suppress dissent, the government dissolved the legislature, cracked down on unions, stifled university freedoms, and imposed censorship (even to the point of forbidding signs of culture excess like the miniskirt). However, a weak economy and growing political violence, along with disagreement among factions within the armed forces, prompted the military to plan for a return to democracy, and elections were held in 1973. Although Perón was not allowed to run, he was soon allowed to return. Once he was back in Argentina, the president changed the electoral rules, resigning to allow new elections, which Perón won.

The populism embodied by Perón, however, was coming to an end. As O'Donnell puts it, “The effects of modernization were visible in increased social differentiation, which expressed itself in political pluralization, in the emergence of deep inter-industry cleavages, in further penetration (in scope and density) of technocratic roles, and increased political activation of the popular.”⁶ Perón's corporatist model no longer functioned, as there was little to redistribute, and he could not control leftist guerrilla groups like the Montoneros that launched attacks against the government. There was, in fact, a quite literal explosion of guerrilla groups in the late 1960s and early 1970s. Some were nationalist, others tied to Cuba. Some were urban, while others were more rural. In this context of extremes, Perón died in 1974, and his wife Isabel took power. The conflict deepened, as the right fought back against the Montoneros, and strikes crippled the country. The military overthrew her in 1976.

The military government that emerged from the coup was extraordinarily violent. It intensified what became known as the “Dirty War” against perceived ideological enemies. One of the more chilling accounts of that internal war is *The Flight*, a book consisting of an interview with a naval officer who worked at the infamous military intelligence unit at the Navy School of Mechanics. Prisoners were drugged and put on airplanes:

In their unconscious state, the prisoners were stripped, and when the commander of the airplane gave the order, which happened according to where the plane was, the hatch was opened and they were thrown out naked, one by one.

That's the story. A gruesome story, but true, and no one can deny it. I can't get rid of the image of the naked bodies lined up in the plane's aisles, like something in a movie about Nazis.⁷

The military regime referred to the period as a "Process of National Reorganization," or "**Proceso**," led by General Jorge Rafael Videla. That reorganization would destroy the urban guerrillas, eliminate leftists, attempt to bring back traditional Catholic cultural values and generally seek to restore the idealized vision of Argentina of a different era. Particularly because of ties the Montoneros had with provincial governors and other political actors, the military associated virtually anyone with leftist subversion. Estimates of deaths during this "process" range upward of 30,000. As in other countries, the violence politicized many women, whose husbands and sons had disappeared. In 1977, the "**Mothers of the Plaza de Mayo**" held their first silent protest (see Box 12.1).

These mothers were not the only protestors. There were other family-based groups, but also civil libertarians and religious movements.⁸ Some of them had existed prior to the dictatorship and shifted their activities in opposition to it. One example is the Argentine League for the Rights of Man and Permanent Assembly for Human Rights, which was founded in 1937, but during the Proceso began systematically collecting information on almost 6,000 of the disappeared. These local and national-level groups then linked up with international actors in the United States and Europe, which raised their profile and also made it more difficult—though definitely not impossible—for the military government to target those groups. There was, therefore, a very important international influence for what otherwise was a domestic issue. As political scientist Alison Brysk has argued, "Argentine human rights protest combined with other national movements to shape a new international climate of issue awareness and legitimacy—especially in the United States."⁹

The dictatorship itself also had far-reaching (and much more damaging) international implications. Argentina became a member of the Chile-led Operation Condor, which abducted and/or killed political opponents when they had fled their country of origin. The junta also actively supported the Contra rebels in Nicaragua and was involved in Central America as early as 1977, concerned that President Jimmy Carter was becoming too "soft" on Communism. Argentine military intelligence helped to organize the first Contra battalion to fight the Sandinista government.

The military government's attack on labor (which included military occupation of key factories in addition to repression), along with a cut in tariffs, hit industry hard and increased unemployment. At the same time, the government was concerned about unemployment becoming too high, which could push workers into the opposition, so it took on a large amount of debt. External debt grew from \$6.4 million in 1969 to \$64.7 million in 1989. Following the same logic, no major state industries were privatized. The government was also unable to reduce inflation, which consistently ran over 100 percent, and in 1980 a series of bank failings prompted capital flight. Meanwhile, an overvalued peso hurt export industries. Internal schisms within the armed forces were an

BOX 12.1

The Mothers of the Plaza de Mayo

International: The Plaza de Mayo is the main plaza in Buenos Aires, where the presidential building (the “Casa Rosada”) and other key political institutions are located and has been a central geographical point for politics throughout Argentine history. In 1977, a newly formed group of local women (only fourteen to begin with) began a silent and peaceful protest in the plaza in front of the Casa Rosada against the dictatorship’s repression.

They became a formal organization in 1980 and by 1982, the Madres claimed to have 2,500 members.¹⁰ They forged ties with domestic and international human rights nongovernmental organizations and helped to bring together the opposition after the disastrous Falklands-Malvinas war with Great Britain. The movement was remarkable for its ability to oppose the military government in a way that would have been virtually impossible in any other form. Their marches punctured the military’s carefully crafted image of saviors, an image that was all too often accepted abroad, such as in the United States.

National: Their goal was to find out what had happened to their children, who had disappeared. They were initially ignored, but they kept coming back, thus posing a dilemma for the military junta. In an era of fear and brutality, this act represented a major

act of defiance. Eventually they wore white handkerchiefs and carried signs with photos of their children, with the phrase “Where Are They?” They were explicitly nonviolent and their marches were largely silent. Their role as women and mothers allowed them to move more freely and to avoid being tagged as “subversive” to the same degree as men. For these reasons, they consciously avoided allowing men to march with them.

Local: Over time, the movement splintered as disagreement spread about what types of local issues should be pursued. After the dictatorship ended, democratic governments gradually began seeking answers to their questions, and the common enemy of the military regime no longer existed. The organization took on a more ideological message, focusing on social justice and socialism more generally, which prompted some women to leave. In 2006 they held their last march for the disappeared but continued to march on behalf of other issues they considered important.

Discussion Questions

- In what ways can the unity of a locally organized group be affected by political change at the national level?
- Why are international connections so important for human rights activists who live in a dictatorship?

obstacle to coherent economic policy making, as free market advocates clashed with traditional state capitalists.

Facing severe problems at home, in 1982 the government followed the time-honored strategy of stirring nationalist sentiment by going to war. The

Islas Malvinas (or Falkland Islands, depending on who you're asking) were taken by Great Britain in 1833 and have been claimed by Argentina ever since. The military leadership assumed that the United States would not respond (because it was an anti-Communist ally) and that Great Britain would not pursue war. They turned out to be wrong on both counts, and Argentina was routed in the ensuing war in just two months. The islands continue to be a bone of contention, as even today successive Argentine governments demand their return. Back in 1982, the military was therefore in a position where it showed itself unable either to run an economy or to win war. Soon thereafter, President (and retired General) Reynaldo Bignone called for elections to be held in 1983.

This was a transition by imposition, as the armed forces left power very unpopular, in disarray, and in a position of considerable weakness. This meant that, unlike in Chile for example, the new civilian government immediately sought not only to investigate but also to prosecute human rights abuses. UCR candidate **Raúl Alfonsín** won 52 percent in the 1983 presidential election, which marked the first time a Peronist candidate (Ítalo Lúder, a former senator who once had been acting president in 1975 while Isabel Perón took sick leave) had lost a free election. The military budget was cut, salaries reduced, positions eliminated, and new laws passed that shifted power from military commanders to the Ministry of Defense. Meanwhile, the military believed that Alfonsín's social democratic leanings were overly leftist, which created yet another undercurrent of tension. The prestige of the armed forces was badly damaged. At the same time, the collapse of the military regime left a very bad taste in the mouths of many military officers and therefore it took years to stabilize civil-military relations and establish any sense of trust between elected officials and the military leadership.

The Postauthoritarian Era

Raúl Alfonsín was not in an enviable position. The public clamored for justice for the massive abuses of human rights. Alfonsín had made a campaign promise to bring officers to trial, which of course was anathema to the armed forces. Four military rebellions occurred between 1987 and 1990, though they never had broad enough support to seriously threaten Argentine democracy. Nonetheless, they prompted the legislature to pass a "Full Stop Law" (*ley de punto final*) in 1986 that ended prosecutions. It also included a "Law of Due Obedience" that protected junior officers from prosecution if they were just following orders, which was intended to pacify the armed forces sufficiently to end the rebellions. These laws would not be rescinded until 2003. In 1988 the legislature also passed a new Defense Law that expressly prohibited the participation of the armed forces in internal security. This was a particularly important reform, because it formally denied the military any legal right to intervene in domestic politics. The share of military spending went from 3.8 percent in 1985 to 1.7 percent in 1995. The long era of military influence was over.

The Dilemma of Balancing Political and Economic Demands

For the economy, Alfonsín tried to balance the need for market stabilization with recognition of political resistance to its effects. His first presidential address emphasized, for example, that the state must be beholden neither to international finance nor to local oligarchies, while also avoiding taking control of national businesses. He faced serious economic problems. Inflation rose, while there were rapid changes—both up and down—in the exchange rate, wages, and the interest rate that discouraged investment and hampered economic growth. By 1985 inflation had risen to 1,800 percent.

In response, in 1985 Alfonsín passed the Austral Plan, the centerpiece of which was the replacement of the old peso with a new currency, the austral. It also imposed austerity, with wage and price controls along with budget cuts to tame the inflation tiger. By 1988, the minimum wage was lower than it was in 1980. Not surprisingly, his policies were politically unpopular, which raised the profile of the Peronist Party as it criticized Alfonsín for failing to consider the consequences for workers. Indeed, the plan soon proved ineffective because wage freezes combined with inflation to seriously cut into living standards. Although Alfonsín did manage to pass legislation like the Austral Plan, Peronists blocked many initiatives and slowed others down, thus making his job even more difficult.

Argentine federalism and presidentialism had a negative impact as well. The president, who has considerable power, still has to constantly fight regional elites to forge national policy. Those regional leaders are far more concerned with their own constituencies than with coherent policy making at the national level. In a survey of seventy-five countries, Argentina ranked last in terms of tax collection, social security contributions, and payment of minimum wages.¹¹ As a result, there are constant battles over resources. Elected officials at the state and local levels have the authority to write their own laws governing revenue sharing, so their relationship with the national government is practically impenetrable. At any given time, therefore, the Argentine president cannot necessarily count on his or her decisions to carry much weight. In particular, governors can effectively drag their feet or dictate how national laws will be interpreted.

Market Reforms Under Carlos Menem

Carlos Menem was elected in 1989 at yet another turbulent moment. Menem was a Peronist who had curried the favor of Perón himself, had served in a number of different party positions since his youth, and had been imprisoned after the coup. He seemed to offer a breath of fresh air in difficult times. Alfonsín actually resigned six months before his presidency ended because of massive looting and a major loss of legitimacy. Foreign debt was about \$63 billion, inflation was almost 5,000 percent, and gross domestic product (GDP) was negative. Not surprisingly, this led to major social unrest. In that turbulent context, Menem won the presidency while his party won a majority in the senate (28 of 46 seats) and almost a majority in the lower house (124 of 254). He therefore

had a solid mandate to embark on reforms to halt hyperinflation and encourage economic growth.

Much of the election outcome's uncertainty hinged on the fact that Menem ran on a traditional populist Peronist platform. Given the wave of Peronist-led strikes that had hit the country during the 1980s, there was broad concern that a Menem victory would entail a new cycle of state spending and inflation. Despite his campaign promises, however, Menem immediately signaled that he planned to enact market-oriented reforms that would be markedly anti-Peronist. He surrounded himself with business leaders and economists, and abandoned the rhetoric that had brought him to the presidency. That also meant rejecting most of what Peronism originally signified and what Menem had promised, which was an activist state.

Economic problems were deeply entrenched. Hyperinflation was stubborn, going upward of 3,000 to 5,000 percent in the late 1980s and in the very beginning of the 1990s. Real wages fell during the same period. Menem's economic policies were the opposite of traditional Peronism, because they weakened labor and reduced the role of the state in the economy. Between 1990 and 1993, over 100,000 public sector workers were fired or retired. President Menem named Domingo Cavallo as Minister of the Economy in early 1991, and he created the "Convertibility Plan," which pegged the peso to the dollar. The Central Bank was required to keep in reserve (in dollars or gold) the entire amount of money supply in the country, and it could print money only if reserves grew higher than the existing money supply.

Menem had already been privatizing hundreds of state-owned industries, including the national telephone company and national airline, which brought the necessary capital to the Central Bank to cover any demand for dollars. The main idea was that fiscal stability would encourage Argentines to keep their pesos and thereby eliminate any desire for a run on dollars. The initial results were very positive, particularly because inflation dropped very quickly. Consumers then felt more confident and GDP began to grow again. Menem, though, was not universally popular. Unemployment remained stubbornly in double digits, for example, and there were large strikes in 1996. The mid-1990s saw the rise of a new political party, the Front for a Crisis in Solidarity (FREPASO). It brought together a host of small leftist parties, the unifying theme of which was the corruption of the Menem administration. FREPASO joined forces with the UCR to form an anti-Peronist electoral bloc. Their new Alliance for Jobs, Justice, and Education won a plurality in the 1997 midterm elections. As a result, Menem found many of his initiatives blocked by the legislature.

Economic recovery, however, gave Menem an important political boost. He successfully pushed for constitutional reform that allowed him to run for reelection in 1995 (later he unsuccessfully tried to gain a third term). He won the election with 45 percent of the vote over the FREPASO candidate's 29 percent. The UCR stumbled along at only 17 percent and was never able to recover the support it had once enjoyed.

As political scientist Steven Levitsky has argued, the fluid nature of the Peronist party structure allowed it not just to survive but even to thrive in a time of

rapid economic change.¹² The party is mass-based and populist, and those origins meant it never developed a strong bureaucratic hierarchy. The relationship between the party and unions, which formed the core of Peronist support, were never formalized, so could change over time and adapt to changing conditions in the country. The result is that party leaders like Menem could change the party's direction without destroying it. And, as we shall see, in the future new leaders would swing the party back toward its traditional roots.

There was also a rise of opposition organization at the local level. Given the economic turmoil, unions and political parties alike suffered from a legitimacy crisis. Protests broke out in towns during 1993 and 1994, and so were called *puebladas* (town revolts). They were directed largely at local officials and focused on receiving back wages while also protecting existing jobs that were threatened by structural adjustment policies. Though usually brief, their intensity led to the fall of several provincial governments.¹³ When the national money supply dried up in 2001, local groups also sprang up to provide a formal framework for bartering. Over three million people participated in such barter groups in 2001 and 2002.

Fernando de la Rúa of the FREPASO/UCR alliance won the 1999 presidential election with 48 percent of the vote over the Peronist Eduardo Duhalde (at 38 percent). At that time, both the Argentine politics and the country's economy appeared to be more stable than they had been in years. Meanwhile, the Convertibility Plan had fostered steady economic growth. A dollar peg provides a large dose of predictability, because the U.S. dollar does not fluctuate wildly. On the other hand, it takes considerable power from the government, in some cases leaving it unable to respond effectively to crisis. For Argentina, the crisis came in 1999 when Brazil devalued its currency. The Menem administration had been borrowing to repay past debt, so the appearance of economic stability was only that. Brazil was (and is) a major trading partner, so the devaluation suddenly made Argentine goods much more expensive for Brazilian consumers. The economy slid into recession, and debt ballooned.

The Return of Economic Crisis

The credit crunch is what eventually brought the economy crashing down. For a time, the International Monetary Fund (IMF) continued lending, in part because it had been touting Argentina for years as an example of success. At the end of 2000, for example, the IMF issued an aid package, which the government touted as proof that the international community had confidence in the direction of the economy. Domingo Cavallo returned and tried to find way to swap the debt, which would postpone payment but increase the interest rate, thus of course inflating the debt. But when it became clear in 2001 that convertibility was doomed, the IMF announced it would not provide the \$1.24 billion loan that Argentina needed.

The end of 2001 and the beginning of 2002 were a time of economic collapse and political upheaval in Argentina. The recession had made it even more difficult for the government to pay the country's debts, and reserves were

dwindling. To avoid capital flight, President de la Rúa limited bank account cash withdrawals, leaving people unable to access their money and prompting riots. The flow of capital between banks slowed to a trickle, and therefore loans for any purpose quickly became very difficult to obtain. Inflation actually became negative, indicating that demand was extremely low and people simply did not have money. Legislative elections in 2001 demonstrated the broad discontent with politics, as participation dropped and the number of spoiled votes rose. The major unrest that followed all these developments forced the president's resignation in December 2001.

There were major local implications. In 2002, neighborhood assemblies also appeared, particularly in lower-income areas of Buenos Aires. They included members of the middle class who had been hit hard and whose job status was either unemployed or unstable. These unique assemblies informally took on the characteristics of local government, with committees focusing on different topics (such as services and health). Like the town revolts, they did not affiliate with any political party, but instead worked to find solutions to local problems. One of their dilemmas, however, was that their perception of the political was not uniform. That meant the members often disagreed about whether to work within existing political channels, or to take more drastic steps such as occupying buildings. Regardless, the movements did create a sense of empowerment for people who otherwise felt alienated from politics. Organizing local food distribution was a prominent example, as the sense of state absence fostered cooperation and interaction that had not existed before. The assemblies eventually dissolved, but many of their members became part of new organizations.

Federalism in Argentina also contributed to the economic crisis. The political system grants considerable authority to state governments in a complex relationship known as "coparticipation." So, for example, national taxes get redistributed to state governments. It also allows for state governments to become heavily indebted and run budget deficits, which in turn has periodically prompted national bailouts of insolvent states. As the financial crisis deepened and the national government was unable to fill state coffers, the provinces used their authority to find other solutions. Short of cash, some provinces began to print their own money, which was not convertible elsewhere. Capital flight ensued, as Argentines who held dollars began to get them out of the country.

After de la Rúa's resignation, a period of confusion set in, which only inflamed the crisis. A period of what has been called *parliamentarization* of Argentine presidentialism set in, as presidents left office in bewildering rotation when confidence in their governments sank. FREPASO even dissolved completely. The vice president had already resigned, so the presidency went to the president of the senate, Ramón Puerto, who did not want the job and resigned after two days. The position then went to the president of the Chamber of Deputies, Eduardo Camaño, who also lasted only two days. At that point, the legislature voted for Governor Adolfo Rodríguez Saá, who was in office for a very unpopular week. The legislature then turned to Eduardo Duhalde, a Peronist senator, in early 2002. He remained in office for a year and a half.

Duhalde's most important move was to end the dollar peg in January 2002. The immediate result was devaluation and inflation as prices shot up. Unemployment went over 20 percent and the poverty rate increased to 45 percent. Duhalde announced that Argentina would default on its debt, arguing that the state needed to address the needs of its citizens rather than follow neoliberal dictates. But no such assistance was forthcoming, and millions of Argentines scrambled one way or another to find ways to make ends meet. After police killed two protestors in 2002, Duhalde called for new elections to be held the following year as a way to promote stability.

The crisis had important national political repercussions. In particular, the party system sustained a major shock as popular confidence in parties' ability to govern evaporated. The UCR continued its decline. Yet it is also important to keep in mind what did *not* occur, namely, military intervention. Rut Diamint, an expert on Argentine civil-military relations, writes that "the armed forces avoided participation in the process of negotiation that arose with the shift in government, did not voice an institutional position, were not present in the private meetings between candidates, and expressed no political preferences regarding the alternatives that were discussed among Peronist leaders."¹⁴ There still remains a gulf between civilian and military leaders, as the former have not articulated a clear defense policy over the years, and there is still distrust. The fact that Argentine democracy remained in place, however, was an historic achievement. A 2009 poll by *Latinobarómetro* showed that 67 percent of Argentines would not accept a military government under any circumstances. That does mean that almost a third would possibly accept one, but given the country's history of coups it is a relatively low percentage. Meanwhile, 70 percent disagreed that the military should remove a president who was violating the constitution.

The Era of the Kirchners

Peronism got quite a black eye because of the economic crisis but still persevered, in large part due to its continued strong regional links, which served to maintain a solid base of support. A little-known governor of Santa Cruz province, **Néstor Kirchner**, ran on the Peronist ticket in the presidential election of 2003 (another a reminder about how governors are natural presidential candidates in federal systems). A very political tarnished Carlos Menem also ran, and in the first round Menem received 24 percent of the vote to Kirchner's 22 percent. Realizing he had no chance of gaining the majority necessary to win the second round, Menem chose to drop out, and Kirchner became president. He campaigned and then governed on the strategy of focusing on Argentina's domestic economic problems rather than the pressing concerns of foreign creditors. In his inaugural speech, he made no bones about the fact that the state would once again become a major player in the economy: "You must understand that the state will play a leading role; the state's presence or absence constitutes a political attitude." The traditional notion of Peronism thus reemerged.

ANALYZING DOCUMENTS

When Néstor Kirchner took office in 2003, Argentines were looking for solutions to the political and economic turmoil that had plagued the country since 2001. Kirchner rejected the model that had brought on the crisis, and promised a new strategy that would bring the state back into the economy and reduce inequality.

Néstor Kirchner's Inaugural Speech (2003)

The Argentine people have shown a strong preference for the future and change; the level of participation in the elections showed that by thinking differently and respecting diversity, the vast and total majority of Argentines want the same things even if we think differently.

It is not necessary to do a detailed review of our problems in detail to know that our past is full of failure, pain, confrontation, and energies wasted on unproductive struggles, to the point of creating serious confrontations between leaders and the people they represent; to the point of seriously creating confrontations between Argentines.

...

During the nineties, the demands made included obtaining economic gains, especially in terms of controlling inflation. The measure of that success was the profits for the strongest economic groups, the absence of extended stock market growth, and the magnitude of speculative investments. The consolidation of poverty and the condemnation of millions of Argentines to social exclusion, national fragmentation and the enormous and unending foreign debt did not matter.

Thus, in a practice that should not be repeated, it was very difficult to distinguish pragmatic solutions from surgery without anesthesia. An effort was made to reduce politics solely to obtaining electoral results...

At the center our plan is rebuilding national capitalism, which will generate alternatives that will allow us to restore upward social mobility. It is not a matter of closing yourself off to the world, it is not a matter of reactionary nationalism, but rather of intelligence, observation and commitment to the nation. It is enough to see how the most developed nations protect their workers, industries and producers. It involves, therefore, the creation of an Argentina with social progress, where children can aspire to live better than their parents had, based on their effort, capabilities, and work.

That is why it is necessary to promote active policies that will spur the country's development and economic growth, the generation of new jobs, and a better and fairer distribution of income. You must understand that the state will play a principal role; the state's presence or absence constitutes a political attitude.

Of course, it is not a matter of once again of creating pendulum, ranging from omnipresent and overwhelming private activity to a deserter and absent state, continually swinging from one extreme to the other, in what would seem to be an authentic national obsession that prevents us from finding a fair, sensible and necessary balance.

...

We are not inventing anything new. In the 1930s, the United States overcame the worst economic and financial crisis of the century in this manner.

...

I come to propose a dream. I want a united Argentina. I want a normal Argentina. I want us to be a serious country but also I want a more just country. I hope that that by taking this path a new and glorious nation, will rise up. Ours.

Discussion Questions

- What type of focus does Kirchner suggest a national government should have?
- Does Kirchner seem hostile to international actors?

Source: El Historiador: http://www.elhistoriador.com.ar/documentos/miscelaneas/discurso_de_nestor_kirchner_25_de_mayo_de_2003.php

Ironically, Kirchner's position was strikingly similar to that of Menem in 1989. Faced with soaring inflation and economic uncertainty, he stepped in as a savior to succeed discredited leaders, but he did so in a very different manner. He worked with the IMF to restructure the country's debt and reduce total payments, and managed to do so from a position of strength. President Kirchner took a hard economic line, announcing in 2005 that he would offer only 35 percent of the value of the country's \$82 billion in debt. He also indicated that Argentina was done with the IMF, a move that would have seemed unthinkable not long before. Although international financial institutions wield tremendous power, large developing countries still have some leverage. Economic "contagion" can take hold when the economies of large developing countries crash, thus leaving dangerous doubts in the minds of international investors about other developing economies, and so the IMF among other institutions gave Argentina more leeway than it might have in the past, and accepted terms much more favorable to Argentina. Kirchner was widely lauded for these actions and had Congress pass a law limiting changes in repayment terms beyond that level. By 2010, in fact, Argentina had a lower debt to GDP ratio than the United States.

Much of the ensuing economic growth, however, was linked directly to government spending, particularly in public works. As foreign investment had fallen, Kirchner looked to export taxes, particularly beef, for revenue. In addition, the Venezuelan government bought Argentine bonds, though stopped once the global recession hit. When severely cold weather swept into the country in 2007, the precarious nature of the economy was evident, as President Kirchner was forced to halt gas exports and shortages prompted protests.

Politically, he worked quickly to neutralize opposition. He persuaded Congress to impeach two Supreme Court justices, and the others eventually were pressured to retire. Following long Peronist tradition, Kirchner established a clientelist network with loyalists in important policy positions. He reached out to labor, including the "piquetero" movement, which had sprung up around Buenos Aires in the 1990s in response to economic crisis. The word comes from the English *picket* and refers to a mobilization strategy of blocking roads. That involved approving wage increases and refraining from using police force to disrupt protests. These movements developed in a manner that mirrored

national politics, so that collective action was also often accompanied by personalism and clientelism. The piqueteros became politically influential, and remained so even when the economy improved. In part because of their support, in 2005 Kirchner's wife, **Cristina Fernández de Kirchner**, won the senate seat for Buenos Aires.

Kirchner, not unlike Perón, has always been difficult to pin down ideologically. Because of his tendency toward increasing the state's role in the economy, along with his public disagreements with both the IMF and the United States, he has often been labeled as "leftist." His nationalization of the postal service, water utilities, railroads, and other businesses clearly articulated a prominent role for the government. But in general he has followed a state capitalist model that is more in line with traditional Peronism, which was never conventionally "leftist." His antagonism toward international financial institutions is similarly more nationalist than leftist. International influences have also changed greatly since 2001. The response to the crash demonstrated the strong presence of such institutions, but their leverage was short-lived. The size of the Argentine economy, and more specifically the implications of a default, provided Kirchner with a bargaining power with those institutions that few observers anticipated.

More so than his predecessors, he also took on the military amnesty laws, which had been a fixture of Argentine politics. For years, human rights organizations had faced what one scholar called *the Scilingo Effect*, referring to the confession mentioned earlier in the chapter.¹⁵ Scilingo's confession prompted others to confess as well, but there was no consensus about how to respond. A major dilemma was that the existence of amnesty laws meant that even if the truth about the disappeared became known—no guarantee—there could be no prosecution. Just months into Kirchner's presidency, he sent a bill to Congress to overturn the amnesty, which overwhelmingly approved it. The Supreme Court upheld the constitutionality of the law and in 2007 went further by ruling that past pardons were themselves unconstitutional. These decisions set the stage for hundreds of officers to be tried (with dozens already sentenced), including members of the ruling juntas. General Videla himself was already in prison for charges of child abduction since the military government had taken the young children of the disappeared and given them to promilitary families to be raised as their own. Carlos Menem had originally pardoned him in 1990 after he had started serving a life sentence for murder. The amnesty repeal opened the door for a new murder trial.

Kirchner's reforms have not only been aimed at the military. Women's rights have expanded. Already, in 1991 Argentina established congressional quotas for women, whereby they had to constitute 30 percent of candidates. Although compliance with the law has been uneven, the number of women winning elections rapidly increased, and therefore women's issues gained greater visibility. That in turn has meant that the parties have incorporated such issues to a greater degree than in the past. Because provincial politicians establish congressional lists, the quota law has had the effect of increasing

women's influence both at the local level at the time of selection and then at the national level after election.

In 2010, the government implemented a program that trained judges on gender equality and women's rights, spearheaded by Carmen Argibay, the first woman to serve on the Supreme Court. The second female justice, Elena Highton, set up the Supreme Court Women's Office, which among other tasks organizes workshops on gender issues. Abortion is illegal and has been traditionally been off the legislative table, but more members of Congress have been arguing it should come up for a vote. Argentina also became the first country in Latin America to legalize "neutral" marriages, meaning that homosexual couples could marry. That set it apart from most of the Western Hemisphere.

Kirchner reformed the Supreme Court in 2003, which had historically been considered ineffective, illegitimate, and even detrimental to democracy despite its formal importance in the constitution. Carlos Menem increased the number of judges from five to nine, thus obtaining a majority that deferred to him and allowing even greater expansion of presidential prerogatives. The effect was that a large number of judges had some type of personal tie to Menem, which left them open to pressure. In 1992, a survey showed that 93 percent of Buenos Aires attorneys believed the judiciary was either "not independent" or "marginally independent."¹⁶ Kirchner's reforms actually reduced presidential influence over the selection of nominees to the court, established criteria for their professional credentials, increased the transparency of the nomination process, and provided mechanisms for the public to weigh in on the choices.¹⁷ Creating a positive popular image of the court was important for Kirchner because decisions in his favor would enjoy greater legitimacy. Five of Menem's judges resigned under public pressure or were impeached, thus providing Kirchner the opportunity to utilize the new process. He left two vacancies, however, and was criticized for packing the court just as Menem had. A compromise came in the form of reducing the number of justices to seven.

Research has shown that the court does offer at least some measure of horizontal accountability: "The probability of a justice's voting against the government depends on the political alignment of the justice, but the appointment power is bounded and does not by itself lead to complete political control of the Court."¹⁸ The court has actually gone against the wishes of the president in a number of important cases. Nonetheless, public opinion of the court remains quite low, though that can also reflect a generalized lack of confidence in any branch of government. Such sentiments do not change quickly.

Although debates about presidential reelection have raged elsewhere in the region, President Kirchner, who remained very popular, chose not even to run for a second term, for which he would have been eligible. Instead, he served a single four-year term and his wife, Cristina Fernández de Kirchner, became a candidate in his place. In 2007 she won with a large plurality, with 45 percent versus only 22 percent for the second place candidate, Elisa Carrió of the UCR. That percentage difference was great enough to avoid a runoff. Cristina

Fernández had considerable political experience, having served in both the provincial and national legislatures since 1989. She was a senator for Buenos Aires at the time of her presidential election. Néstor Kirchner's decision not to run again was the source of much speculation. It seemed intended to establish the precedent of handing power to a spouse, who then would perhaps hand power back in the case of a winning election in the future, thus establishing a type of dynasty not embodied by a single individual. No matter the reason, the couple proved themselves to be a potent political force.

She largely kept the same cabinet and advisers as her husband and did not display a drastic difference in governing. She faced the immediate problem of a credit shortage, not only abroad but at home as well. As the credibility of the banking system was still damaged, few depositors wanted to keep their money in for more than 180 days.¹⁹ Meanwhile, because income taxes were so widely ignored or avoided entirely through the informal economy, one of the few ways the government had of raising revenue was to tax exports. President Fernández did so aggressively, which later created political problems for her.

In 2009, Néstor Kirchner won a seat in the legislature for the Buenos Aires district. There is some irony in that move, because as this discussion has shown the legislature plays a small role in Argentine politics, whereas the president is very powerful. On average, members of Congress don't stay longer than one term, and little attention gets paid to executive-legislative horizontal accountability. Local party lists are made by provincial leaders, which sharply curtails an individual's ability to act independently. As in Brazil, provincial leaders are very important. If you cross the local party boss, then you may find your name off the next list. There is more incentive to keep those bosses happy than to become a nationally known expert on policy issues. This dynamic also means that no political actor has an incentive to create a transparent and well-functioning bureaucracy. From Kirchner's perspective, going into the legislature kept him in an elected position (in addition to being the president's spouse) with plenty of limelight.

Accountability and the Kirchners

President Fernández faced a sometimes hostile opposition. This was best exemplified by a 2008 bill raising agricultural export taxes, which farmers vehemently opposed and publicly protested. The economy suffered as farmers went on strike and supporters joined them in the streets of Buenos Aires. Interestingly enough, her own vice president (Julio Cobos) used his tiebreaking vote against her wishes. He had already caused controversy by running with Fernández in the first place because he was a member of the UCR, and he was therefore forced to resign his party membership. In 2008 Fernández nationalized (or rather renationalized, as it had been in government hands in the past) the national airline, which was heavily in debt. That move had legislative support, but more controversial was the decision to nationalize the private pension system, a total of about \$30 billion. Critics argued that she did so to pay off the country's

debt rather than the stated aim of protecting citizens' social security during the global economic crisis. Supporters asserted that the funds were losing so much money that the state had no choice but to take them over.

In general, over time both Kirchner and Fernández became more vocal as they felt under fire. They blamed foreign companies and an intransigent opposition for policy failures and denied charges that they were understating inflation. This in turn led to many rallies and counterrallies in Buenos Aires and elsewhere. At the same time, though, it is noteworthy that the ultimate negotiations still had to go through the legislature, and the democratic process continued to function despite the discord, even if imperfectly. No one looked to the armed forces.

The 2009 midterm election saw the Kirchner's Front for Victory coalition lose its majority, which put the executive and legislative branches on a collision course. Néstor Kirchner resigned as president of the Peronist party in recognition of the failure to maintain a majority. Tensions remained evident even within the executive branch. In 2009 President Fernández sought to fire the president of the Central Bank for refusing to free up requested reserves to repay national debt. He argued that because Congress was not in session, he did not have authority to disburse the money. President Fernández was eventually forced to back down by federal courts. The media, which of course also contributes to horizontal accountability, has had a similarly rocky relationship. The major Argentine newspaper *Clarín*, which is part of the larger media company "Clarín Group," has fought repeatedly with the Kirchners, who have tried to force the group to divest itself of its many different component parts.

President Fernández initially struggled to garner the same level of popularity that her husband enjoyed during his presidency. She continued to fight her own vice president, as Julio Cobos cast the tiebreaking vote to increase the floor on social security spending, which President Fernández then vetoed, claiming the state did not have adequate resources to fund the increase (thus also muddying any argument about bring "leftist"). At the same time, though, her political opponents were hardly unified, with the UCR competing with the center-right Republican Proposal (PRO), created in 2005. By 2011, her approval ratings were improving after dipping under 30 percent in 2008, and she won the 2011 presidential election handily, with 54 percent. Her closest competitor won only 17 percent. Yet by 2013 her approval dropped again because of inflation and sluggish growth.

Néstor Kirchner's sudden death of a heart attack in late 2010 raised new questions about President Fernández's ability to successfully bridge the executive-legislative divide and advance her political agenda. It also resolved the question of succession, as Kirchner would have been eligible to run for president again in 2011, and it was widely believed he would do so. As Kirchner cast a very long shadow over Argentine politics, his death immediately created a Peronist power vacuum, particularly because he exerted strong control over the party itself. But as the party structure allows for movement within it, Kirchner

and Fernández had risen from obscure positions to the highest level of power, and others within the party may well do the same. No matter who eventually takes that role, it is also true that opposition to Peronism remains divided. As is the case in numerous other Latin American countries, there is no united front against the government, and so Peronism remains strong.

Contemporary Argentina and International Influence

The Kirchner and Fernández administrations inserted Argentina more into regional affairs. The seemingly indifferent attitude of the U.S. government, where support was channeled almost entirely through the IMF during the 2001 crisis, soured U.S.-Argentine relations. Those relations had been positive in the years when it had seemed the economic model was a success, but not so much when the Menem model was discarded. Since Néstor Kirchner's election, the relationship has been prickly though not overtly hostile. Overall, the Kirchners have been focused much more on strengthening regional ties in South America than repairing U.S.-Argentine relations.

In addition to confronting the IMF, after 2003 Argentina has taken a more active role in regional organization. Argentina was a founding member of MERCOSUR (the South American Common Market) and remains one of four member countries, along with Brazil, Paraguay, and Uruguay, with other countries joining as associate members. The organization has facilitated greater movement of both goods and people for Argentina. Before he died, in 2010 Néstor Kirchner became the first General Secretary of the Union of South American Nations (UNASUR). This organization, modeled on the European Union, is part of a broad effort to encourage political and economic cooperation—and eventually formal union—in the region.

Argentina also continues involvement in high-profile international disputes. The long-standing conflict with Great Britain over the Falklands/Malvinas gets the most attention, but it has also fought Uruguay through legal channels (including the International Court of Justice in the United Nations) to stop a pulp mill on the Uruguay River between the two countries. The Argentine government argues that it is polluting the river and that a treaty requires approval for projects on that river. Uruguay rejects both claims. After the International Court of Justice ruled in Uruguay's favor, the Fernández administration agreed to a binational commission to jointly measure pollution.

Conclusion and Comparative Perspective

In 2011 IMF announced that it no longer trusted the Argentine government's reporting of inflation. Particularly because of its prickly history with the IMF, the government of Cristina Fernández responded by announcing it would pursue criminal charges against anyone who published claims that inflation was higher. International influences thus clashed with national politics. Inflation reverberates to all levels, and consequently any lack of faith in its reporting

cannot be taken lightly. The stakes were high in a country with a recent experience with economic collapse, and for a government that had been painstakingly restoring economic growth. If the reports were true, then inflation was second highest in the region to Venezuela.

Argentina is an exceptional case in many ways, though it shares similarities with Latin American counterparts. After the glory days of the late nineteenth century, its economy has never lived up to its promise and democracy has been wobbly. Its political institutions—executive, legislative, and judicial—have so often been at bitter odds, and in general stability has been hard to come by. As in Brazil, the extreme nature of Argentine federalism serves to amplify problems, as the president and legislators coexist in a sometimes uneasy web of relationships that make compromise difficult and therefore exacerbate already-existing tensions with local interests. Interestingly, though, Peronists were both blamed for the economic crisis (under Menem) and then lauded for solving it (under Kirchner). Long having shed its reliance on the person on Juan Perón, the party is now a flexible clientelist creature, able to adapt to virtually any circumstance.

The austerity policies of the 1990s had a similar outline as other Latin American countries, such as Mexico. Spending and subsidies were cut, nationalized industries were sold off, and inflation was attacked. Argentina took it a step further with the dollar peg, but like other South American countries—Bolivia, for example—the results were initially held up by national and international leaders alike as a model and later derided when they led to economic implosion and serious social unrest.

As in Chile, Argentina suffered military resistance after the transition from authoritarian rule. Contentious politics have been a constant in Argentina, yet despite the economic crash of the 2001–2002, the country has remained democratic since 1983 and the military has stayed in its barracks for many years. In a country historically beset by nondemocratic changes of government, this is no small achievement. Executive-legislative disputes may be bitter, but they stay within the political rules of the game. A 2009 poll showed that 21 percent of Argentines believed a coup was possible, while 75 percent agreed that democracy might have problems but was preferable to any other form of government. This suggests that democracy is strong, but that a solid proportion of Argentines do not always feel it fulfills their needs. Kirchner's inaugural speech acknowledged the precarious situation for many at the local level.

The ties that the Kirchner and Fernández governments had with countries like Venezuela provide an interesting point of comparison. The term *leftist* is tossed around quite often, but Argentina demonstrates that it can be used simplistically. On the one hand, their governments did pursue greater state intervention and even nationalization, as President Hugo Chávez did. On the other hand, they also worked to assure investors that the economy was stable, and the tough negotiations with the IMF involved continued repayment of debt. Ideology in this case is not easy to pigeonhole.

TABLE 12.1 Argentine Economic Indicators, 1991–2011

Year	GDP Growth	Inflation	Unemployment	Poverty Rate	Human Development Index
1991	10.0	84.0	6.5	—	0.882
1992	8.9	17.6	7.0	—	0.853
1993	5.8	7.4	9.6	—	0.885
1994	8.3	3.9	11.5	12.3	0.884
1995	−3.1	1.6	17.5	—	0.829
1996	4.4	0.1	17.2	—	—
1997	8.4	−0.1	14.9	—	0.827
1998	3.9	0.7	12.9	—	0.837
1999	−3.4	−1.8	14.3	16.3	—
2000	−0.8	−0.7	15.1	—	—
2001	−4.4	−1.5	17.4	—	0.856
2002	−10.9	41.0	19.7	45.4	0.853
2003	8.8	3.7	17.3	—	—
2004	9.0	6.1	13.6	29.4	—
2005	9.2	12.3	11.6	26.0	0.869
2006	8.5	9.8	10.2	21.0	—
2007	8.7	8.5	8.5	—	0.866
2008	6.8	7.9	8.0	—	—
2009	0.9	7.7	8.7	11.3	—
2010	8.4	11.1	7.8	—	0.805
2011	8.9	9.8	7.3	—	0.810

Sources: Unemployment: GDP and Inflation: *Preliminary Overview of the Economies of Latin America and the Caribbean, 1994–2012*.

Poverty rate: *Social Panorama of Latin America*. Economic Commission for Latin America, 1990–2012.

Human development index: United Nations, *Human Development Report, 1990–2013*.

Key Terms

- Radical Civic Union Party (UCR)
- Juan Domingo Perón
- Justicialist (Peronist) Party
- Proceso
- Mothers of the Plaza de Mayo
- Raúl Alfonsín
- Carlos Menem
- Néstor Kirchner
- Cristina Fernández de Kirchner

Critical Thinking Questions

- What are the key reasons the Argentine economy did not keep up with the developed world after the turn of the twentieth century?
- In what ways was President Menem's dollar peg an effective strategy to stabilize the economy? Why did it ultimately backfire?
- To what degree have the Kirchners followed the traditional political and economic model of Peronism?
- Analyze the key reasons why the Argentine military has remained out of politics since 1983 despite serious political and economic turmoil.
- How does federalism in Argentina differ from other Latin American examples? In what ways does it affect political stability?

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- Levitsky, Steven. *Transforming Labor-based Parties in Latin America: Argentine Peronism in Comparative Perspective* (New York: Cambridge University Press, 2002). The central question for this book is how Peronists managed to persevere and even thrive despite the economic shift toward neoliberalism. It focuses on the structure of the party itself, which was very flexible and therefore able to adapt in a way that political parties elsewhere could not.
- Lewis, Paul. *The Agony of Argentine Capitalism: From Menem to the Kirchners* (Santa Barbara: Praeger, 2009). This is a well-written, highly detailed, and accessible analysis of the economic reforms begun during Carlos Menem's presidency, and what their long-term impact has been on Argentina.
- Spiller, Pablo T. and Mariano Tommasi. *The Institutional Foundations of Public Policy in Argentina* (New York: Cambridge University Press, 2007). Viewing politics as the cooperation (or lack thereof) between political institutions, this book examines major institutions in Argentina to understand what incentives drive coordination and political change.

Web Sites

- Argentina and the IMF* (<http://www.imf.org/external/country/arg/index.htm>). From the Web site of the International Monetary Fund, there is a lengthy collection of documents dealing with its relationship with Argentina. It goes from 1991 until the present.
- Buenos Aires Herald* (<http://www.buenosairesherald.com/>). This is a long-standing English-language newspaper based in Buenos Aires. It includes local, national, and international news.

Central Bank of Argentina (http://www.bcra.gov.ar/index_i.htm). The bank has an English version of its Web site, with an extensive number of links to financial reports, economic statistics, press releases, and other information.

Merco Press (<http://en.mercopress.com/>). This news site focuses on the South Atlantic, with heavy coverage of Argentina. It even includes a permanent section on the Falklands/Malvinas, with updates about that conflict.

The National Security Archive: Argentina (<http://www.gwu.edu/%7EEnsarchiv/NSAEBB/NSAEBB73/index.htm>). The National Security Archive has declassified many U.S. documents relating to the Argentine dictatorship and Dirty War. They focus in particular on the repression in Argentina and what the role of the U.S. government was in human rights abuses.

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