

CONTEMPORARY ARGENTINE POLITICS

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I. Basic Political Institutions

System after the 1994 reform

■ EXECUTIVE

- 4-year presidential terms w/ possibility of 1 immediate re-election
- ballotage election:
 - » 1st Round: need 45% of vote *or* 40% & a 10-point lead
 - » 2nd Round: top 2 candidates in majority runoff
- powers
 - » veto (2/3 to override) & partial veto (reviewed by LEG)
 - » decrees of “necessity & urgency” (LEG can countermand but needs to override veto)
 - a 2006 reform made these decrees effective indefinitely unless Congress countermands them in both chambers
 - » can name & remove all ministers (except cabinet chief)

■ LEGISLATURE

- lower house: *Chamber of Deputies*
 - » representation of provinces by population
 - » 4-year terms w/ half elected every 2 years
 - » closed-list PR elections
 - » new ability to call a referendum that cannot be vetoed
- upper house: *Senate*
 - » 3 per province
 - » 6-year terms w/ third elected every 2 years
 - » change from indirect election by provincial legislatures to majority-minority system:
 - 2 seats to plurality party; 1 seat to runner-up
- old 2-party dominance in doubt since the decline of the UCR from mid-1990s forward

■ JUDICIARY

- Supreme Court “packed” by Menem in 1990
 - » # of justices increased from 5 to 9
 - » Peronist majority in Senate guaranteed their confirmation
- 1994 lessened PRES influence over judiciary
 - » confirmation now requires 2/3 of Senate
 - new electoral rules mean that president’s party must hold a plurality in every province to elect 2/3 of Senate
 - » new Council of the Magistrates appoints & supervises all lower court judges
- in 2006 Néstor Kirchner got Congress to ensure a pro-gov’t majority on the Council of the Magistrates

II Raúl Alfonsín (1983-89)

- **A. 1st national UCR victory over Peronism based on platform of:**
 - human rights
 - no ties to military (v. Peronist unions' links)
 - no more economic austerity
- **B. Human Rights policy:**
 - successfully prosecuted high command
 - » But judges and prosecutors then opened trials of other officers against the administration's plans
 - 3 military uprisings brought a halt to the proceedings
 - » Alfonsín backed "Full Stop" & "Due Obedience" laws to end most other trials
- **C. Economic policy:**
 - **WRONGLY** assumed that **DEMOCRACY** would bring **DEBT LEVERAGE**
 - » concessionary int'l credit did not come
 - » Peronist unions attacked austerity
 - » business fought for subsidies & tariffs
- **D. 1989 collapse**
 - no more money in Treasury
 - inflation over 100%/month by May elections
 - Carlos Menem handily defeats Radical party opponent, Eduardo Angeloz

III Carlos Menem & the Redefinition of Peronism (1989-99)

- **A. A traditional populist campaign**
 - followed by early inauguration (7/8/89) amid hyperinflation of close to 200% in June
- **B. The Swift U-Turn to the Market:**
 - cut deficits
 - privatize
 - cut tariffs & subsidies
 - 1991 convertibility law to protect currency and fiscal balance led by new Economic Minister, Domingo Cavallo
- **C. Controversy regarding liberty**
 - Pardoned the high command & stopped trials
 - Riddled with corruption scandals (esp. during first term)
- **D. Early Successes:**
 - low inflation; growth; re-election in 1995
- **E. Growing Problems:**
 - unemployment; rising budget deficits; 1997 midterm defeat
 - pursuit of a 3rd term lost him support at home & abroad

IV. Crisis to Collapse (1999-2003)

■ A. Fernando de la Rúa wins presidency

- Radicals & FREPASO not always in agreement
- inherits a rising budget deficit, declining economic growth, and a divided legislature
- Brazil devalues its *real* over 30% against the dollar during 1999 & another 25% during 2001
 - » this doubles the cost of Argentine exports to its largest trading partner w/ whom it had run a surplus in the 1990s

■ B. The Economy Unravels (and so does the government)

- October 2000: Chacho Alvarez resigns as V-P protesting corruption
- by August 2001, Argentina has the world's largest debt-to-exports ratio & pays the highest interest rates for debt financing
- October 2001: the Alliance does poorly in mid-term elections
- 11/30/01: there is a run on the banks (\$2b is withdrawn)
- 12/1/01: Cavallo imposes withdrawal restrictions on bank deposits
 - » these anger depositors and paralyze economic activity further
- 12/6/01: the IMF withholds the next \$1.3b of loan agreed to in Aug. 2001
- 12/19 & 12/20: looting & protests lead to De la Rúa's resignation

■ C. Uncharted Waters

■ Adolfo Rodríguez Saá (Dec. 2001)

- Peronists cannot agree on a common choice for president
 - » Rodríguez Saá named interim president until March 2002 elections
- 12/24/01: he gives an old-school Peronist inauguration speech
 - » says (with smiling vigor) that Argentina will suspend debt payments
- 12/30/01: faced w/ street protests against cabinet appointees, he resigns after failing to convince Peronist leaders to allow him to remain through 2003

■ Eduardo Duhalde (2002-2003)

- all 3 major parties choose him to serve out De la Rúa's term
 - » rivals mollified by his pledge not to run in 2003
- Devalues the peso to stimulate exports
 - » falls faster than hoped – from 1:1 to 1.4:1 to 4:1 by 5/02
- Duhalde cannot get IMF to agree on bailout amid strife with Menem, the Supreme Court, bank depositors, and creditors
 - » Amid the turmoil, the economy shrinks by over 10% in the first half of 2002
- after two *piqueteros* die in July, Duhalde calls new presidential elections for March 2003 (instead of October 2003 as planned)
 - » in late August 2002 opinion polls, the legitimacy crisis is palpable
- his 2nd economic minister's "stay the course" plan restores growth by late 2002
 - » Roberto Lavagna stays economic minister for the 1st 2 years of Kirchner's term

V.A. Néstor Kirchner (2003-2007)

■ Peronist governor supported by Duhalde in his effort to block Menem's election

■ Presumed weak, N. Kirchner takes the initiative:

- Begins with tough talk about neglected subjects
 - » Reverses existing limits on human rights trials about the Dirty War
 - » Impeaches the Menem appointees on the Supreme Court
 - » The government cancels a few troubled privatizations
 - » Takes a firm stance in negotiating an exit from the debt default
 - » Follows Brazil's lead in 2006 by paying off all existing debts to the IMF
 - This frees the government up from IMF conditionality clauses
- Rides a sustained commodity & tourism boom
 - » Uses large budget surplus to extend social spending
 - » Also manages that spending to reward friends & to punish critics
- Establishes new powers during 2005-2006
 - » Supports new candidates for governorships (to influence future PR lists)
 - » Breaks w/ Duhalde in mid-2005 to establish his own legislative base
 - » Gets new legislature to expand presidential authority in 2006
 - Revisions to Council of Magistrates & executive decree power
 - Gets unprecedented, indefinite delegation of budget to the presidency

V.B. Cristina Fernandez de Kirchner (Dec. 2007-present)

■ N.Kirchner's wife handily wins 2007 presidential election amid sustained economic boom

■ Problems

- Tax hike on agricultural exporters leads to the first major legislative defeat
 - » The V-P Julio Cobos votes *against* the president's tax plan to break the tie
- Lack of public confidence in the measurement of inflation since Jan. 2007
 - » Many observers believe that the government is falsifying inflation rate statistics
- The economy outperforms most countries, but growth still halts in 2009 after a long boom from 2003-2008 → growth resumed in 2010-2011
- In Oct. 2010, N. Kirchner died of a massive heart attack
 - » He had remained politically active in the legislature in this power couple
 - » Was the likely 2011 presidential candidate for their wing of the Peronist party
 - » His death led to many reflections on his policy successes (relative to predecessors)

■ Successes

- Government maintains an operating budget surplus each year
- Reversal of Menem's privatization of old-age pensions increases coverage
- For the first time, Argentina adopts a universal income support for children
- Won reelection with 54% of the vote in Oct. 2011

VI. Market Capitalism v. State Capitalism

■ During the years 1991-2001, Argentina went from a market reform success story to an economic disaster

— This put Argentina at the center of this debate

■ Critics of market capitalism (both those backing state capitalism & those backing command economics) charged that Argentina's collapse demonstrated the undesirability of the shift toward a more market-oriented set of economic policies

■ Advocates of market capitalism responded that the core problems stemmed from bad governmental decisions & from the incomplete nature of market reforms in Argentina

■ Which system would you prefer & why?