

# **When the State Breaks Down: Civil Society and the Argentinean Crisis**

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## **Introduction**

Hemispheric Integration and Human Security (thought together) are immense goals for both hemispheric people and governments. The differences between Canada and the United States on one hand, and between these two countries and the rest of Latin America and the Caribbean on the other hand, mean common, subregional and particular problems to take into account. The way each citizen sees the State is closely related to the local recent and far history. How each political system is related to its civil society demands is also a question to be answered. Changes in the State's role and thus in the economy as a whole facing the globalization process are decisive issues. Distribution and political representation are two topics to be carefully studied by each country. In capitalist societies, lack of money means lack of freedom: people with no money to afford bus fare are not able to move around, people with no money to afford medicines and medical care and who have no state assistance, in fact have no right to health. The following thoughts attack these issues for the Argentinean case, intending to offer, especially to non-Argentinean readers, some data in order to help understand the process' framework as well as an interpretation of some recent changes.

## **Recent facts, hard times**

On December 19<sup>th</sup> and 20<sup>th</sup> 2001 Argentina ended an era and started a new one. A number of important questions have turned open since then. Could this process end in a new military dictatorship? Could it lead to a new kind of democracy? Or might it remain a long-term agony with rising levels of pain and uncertainty? There is no telling what the answer is right now. But it is possible to essay a few reflections because Argentina's future refers us to both the South Cone's and the Hemisphere's future. Last facts in Uruguay, Brasil, Paraguay and Chile demonstrates how difficult are present days for our countries.

At the end of the year 2001 President De la Rúa (representing Radical Party in an alliance with a center-to-the-left coalition founded a few years back) resigned after approximately two million people (mainly in Buenos Aires City but also all over the country) demonstrated noisily against his administration asking him to "get out". Initially, at about 10 p.m. on December 19<sup>th</sup> De la Rúa attempted to instate Martial Law (because of the street demonstrations of December 18 and 19) and

spoke to the country on national television. After a few minutes, thousands of citizens went out to the streets of Buenos Aires crying “now, stick the Martial Law up your anus”. All throughout that night more and more people joined the crowd in front of the Federal Government House in Plaza de Mayo until the police began to shoot out tear gas. The next day, demonstrations in Plaza de Mayo and in other big cities kept up. Then, the police used firearms and 34 people were killed in those days (mostly in Buenos Aires, seven in Santa Fe province and four in its Capital City Rosario). Once De la Rúa resigned the provisional president of the Federal Senate, Peronist Ramon Puerta took over for the following 48 hours until the Legislative Assembly (both representatives and senators) could call for premature elections and name a transitional president. Peronist Senator Adolfo Rodriguez Saa was appointed and he announced Argentina's default and the next creation of a million jobs, but seven days later he too resigned. After his first 48 hours in charge, demonstrations had started again despite Rodriguez Saa's promises, which did not seem serious to most of the population. When he designated a former Mayor of Buenos Aires City, Carlos Grosso, indicted in many penal processes but still free, journalists asked Grosso how his designation could be possible, to which he replied: “I was not named because of my penal record but because of my intellectual capabilities”. Behind Rodriguez Saa's resignation there was strong opposition within his own Peronist Party, especially from Senator Duhalde. Then, Representative House's President Jorge Caamaño called for a new Legislative Assembly which elected Eduardo Duhalde as provisional president. Five presidents in just a few days.

How can such process be explained and what kind of consequences should this bring about to people living in Argentina? Macroeconomic indicators show that the external debt grew from around u\$s 5.000 millions in 1975 to almost u\$s 140.000 millions in December 2001; that industrial activity dropped 18.1% from March 2001 to March 2002; GDP dropped 16.3% between first trimester 2001 and first trimester 2002 (worse than during 1989 hyperinflation, when dropped 16.3% for the same annual period), that poverty rates measured by poverty line methodology grew (in persons) from 8.0% in 1974 (1) to 39.7% in March 2002 (2) and that those under the indigence line (people without access to necessary food) were -in a country which annually produces food for more than 300 million people- 14.3% (estimated) in March 2002 (3). Six out of ten children under 14 live under the poverty line, four out of people older than 65 don't have social security care.

In May 2002 more than half the population of 7 provinces (out of 24) was living under the poverty line. The unemployment rate grew from 4.6% in October 1982 to 14.7% in October 2000 (4) and 19% in October 2001 (5). 20 million people are estimated to be under the line of poverty by the end

of 2002 in a 36.5 million inhabitants population. The infant mortality rate –out of every one thousand children born alive- by May 2000 was in the neighbourhood of between 19.1 and 28.2 in 12 provinces. One year later, in spite of the data not being available, it is presumed that the situation is much worse.

## **Dictatorship and Democracy**

From 1976 to 1983 a coup d'état started a military dictatorship which imposed the neoliberal model. The military killed several thousands of workers, students and professionals (perhaps 30.000). In 1978 Argentina came close to declaring war against Chilean military. In 1982 the Argentinean armed forces were defeated in “Malvinas” war against Great Britain. The military gave then free elections in 1983. The Radical Party Leader, Raúl Alfonsín was elected as President. His regime is usually called a “Transition to Democracy” one, because the democratic system was to be rebuilt. The tension between a popular government and a technocratic one was profoundly present in those years. Finally the second alternative won in 1984. The Alfonsin government was a great step towards democracy if compared to its predecessor. Alfonsin's repeated words “democracy feeds, democracy assists and democracy educates” but ended in hyperinflation and with his having to leave before the end of his term. In 1989 Peronist leader Carlos Menem took over office before the end of Alfonsín's term. Some trends, that had only been insinuated during Alfonsín's administration, became clear (total economy aperture, privatization of public enterprises, administrative reform of the State apparatus, transference of education (except University) to the provinces, partial privatization of the pension system (mostly focused on younger people). The Menem government, which promised a “Productive Revolution” and a “Salary Explosion”, ended in a profound deindustrialisation process experienced by Argentina and with the highest unemployment rate in several decades. Menem's Minister of Economy Domingo Cavallo, the “King of the Neoliberal Model” introduced the convertibility mechanism and stabilized the economy for some years but ended in the “corralito” (little yard) invention, which meant the expropriation of several thousands of inhabitants' savings in the administration which followed with De la Rúa as president. The “Alliance” government promised to end political and economic corruption and after different economic measure's attempts, once again called Domingo Cavallo (who had played the same role for most of the two Menem administrations), adducing that he was the perfect warrant before International Credit Institutions and lenders. In conclusion, the 1976-2001 period must be seen as a neoliberal one in the economic field, despite the different political administrations that

ruled Argentina and led the country to the present massive and increasing economic exclusion. Recession, external and internal indebtment, Capital flee and poverty are nothing but different faces of the same phenomena.

There is no doubt that a good definition of the Argentine State is inefficient, dispensation granting and corrupt. These characteristics greatly potentiated themselves during the Menem rule, which implied a “true death sentence to the redistributive State since it legitimated a state intervention – first incongruence- oriented to its dismantling. The strengthening of this reasoning goes along with the passing of the Reform of the State law in the beginning of Menem's term. By means of this law, economic groups were granted, by action and with guaranteed profitability, the discretionary management of the production of indispensable services for the development of modern society life on the one hand, and by omission (because of the deterioration in the provision of health, education, and social security services) the only tools capable of guaranteeing a minimum of well being to the population on the other hand. At the same time, the Economic Emergency law eliminated industrial promotions (including competition and thousands of job opportunities along with it) and it decentralized – or better yet, delegated- without resources, functions (such as education) to province's administrations.

Taking into account that only a short period, most of it belonging to menemist period, belonged to splendid times of neoliberal reign (1993-2000) in Argentina, it should be said that its “outcome” is clear enough now. Economists Schorr and Lozano (7) say that the present Argentine situation of recession, indebtment and runaway Capital is directly related to the growth of concentrated Capital. This is so due to: A) 1) excedent taken from salary, specially the lowest salaries, lengthening of the job day and productivity increases, reduction of Social Security contributions (and partial pension's privatization) and effective tax reduction to concentrated Capital, 2) market appropriation (and profits) from small and medium size enterprises or medium-to-big enterprises not belonging to concentrated groups to local and foreign conglomerates, and 3) market appropriation due to public enterprises' privatization (that had in the period the largest profit rates in Argentina); B) arrangement of those Capitals (plus Capitals which came from foreign indebtment) in banks which paid incredible interest rates in international terms; C) most of this profit is transferred abroad in order to place it in international speculation markets; D) runaway Capital legal and illegal (in some cases by adulteration in export-import operation documents or export smuggling); E) the successive external sector's crisis produces a worse recession every time (unemployment, salary decrease, poverty and deindustrialization) to a State which has become hostage of concentrated Capital

because it needs to increase the indebtedness in order to stop economic activity and employment fall; F) as the State increases its debt, interest rates grow and then the same State pays highest rates, pushing up the cost of money for private small and medium size enterprises, which leads to a deeper recession; G) this process of accelerated public indebtedness ends in another two processes: 1) the payment of external debt services “devours” public resources and affects public expenditures in social security, health, education, infrastructure, science and technology investments and so on, 2) as public indebtedness grows, the State requests new loans at higher rates in a perfect vicious circle; H) the attempted “deficit zero” policies didn't find a solution to the external debt because new external Capitals didn't enter the national economy, the primary deficit's causes weren't eradicated (pension system's partial privatization, subsidies to concentrated Capital), the private indebtedness problem should be solved by more public indebtedness, a raise of interest rates and higher pressures over public expenditure. The “perpetual adjustment” logic, I) Then, the public indebtedness is a key piece for the transferring of resources to concentrated Capital, runaway Capital, concentration and centralization of Capital and financial appraisal of concentrated Capital against the rest of the population and basic State functions.

The great majority of pensioners and retired people collect pensions of \$ 150,00, which will be equivalent to u\$s 30 by mid June 2002 because of the effect of the devaluation. Medicare for senior citizens is in charge of, which since it is undergoing grave financial problems, has nearly left its members without coverage. Health for groups of little economic resources, traditionally in charge of public hospitals, suffers from serious deterioration due to their defunding, potentiated in the past few months. It has been reported that, for instance, in one of the Buenos Aires City hospitals, Sautoianni Hospital, the pathological anatomy unit gives out the results of the biopsies (which should be given out within 12 days) within 60 to 70 days. Scheduled surgeries must be suspended for lack of the necessary materials. This situation is made worse by the rising cost of medicines and imported materials, which results in their hardness or mere absence in the market. Duhalde's Health minister has tried for medical prescriptions to be written out conforming to the drug name (generics) and not according to their commercial brand name, coming across fierce opposition from laboratories of medical specialities. As second important measure, private labs have been obliged to make a list of basic low cost medicines available to the public, however the measure turned out to be of scarce effectiveness since the labs incorporated to the list medicines of very little commercial sale.

Education wise, the transferring of primary and secondary schools to the provinces without the

corresponding financing, resulted in a series of countless conflicts, especially at the primary level, in which salaries, besides being insufficient, are often collected with months of delay. Naturally, this produces frequent retaliation measures with the subsequent loss of school days for students. A direct result of this is the unprecedented deterioration of public education, otherwise overburdened by the enrolment rise caused by the attendance of middle class children who used to attend private schools and have had to modify this because their families can no longer afford such an expense. Public education at university level is also greatly threatened. Professors are forced to take up other jobs to be able to get by because of the terribly low salaries and this in turn affects the quality of education.

As can be appreciated from the above description, the retrocession in social policies is enormous. The neoliberal fundamentalism, consecrating the holiness of the market has pulled back the intervention of the state to prevailing levels in the first decades of the XX century, making it possible to assure that if things do not change, the retirement pension of senior citizens will not be other than that offered by their own children (if their lucky enough to have them), that only those who can afford it will be able to enjoy the benefits of education and health care and that the exclusion of a great part of the population will only grow more intense.

The changes operated in the political representation sphere are not immune to the current decadence. Consequently, it is convenient to make the time to recall the last quarter century.

In the political sphere, the end of the military dictatorship arose new hope within the Argentine people, the real issue for the Radical government revolved around which accumulation model to adopt (since the substitution of imports one was then worn out) and according to it, the role the state had to play. The prosecution of the military, regardless of its falling apart to the end of Alfonsín's term, meant an accomplishment of the democratic government with important strategic consequences. In addition, a certain redistribution of income was carried forward, inspired by the mild sensitiveness that reigned in the Radical party, through an initial rise of salaries and social policy plans such as National Alimentary Plan. At the same time, mechanisms of negotiation with Unions and Employer Organizations tried to be improved, always considering the process that the Socialist government of el Felipe Gonzalez followed in Spain. Not having been successful, a series of reduction policies were adopted. This helped stabilize the currency in the beginning (with the previous change of the currency denomination and parity), and thus begin a brief growth period. As it has been said the formulas weren't successful, partly because of the military dictatorship's legacy

in the external context (u\$s 50.000 million in debt), which after a failed attempt to put together “debtor club” led to accepting conditions which only meant further indebtment. The attempts to solve the problem having peronist opposition, specially the Union's one, through the establishment of negotiation terms (concertation tables), did not prosper either. It would be fair to say that the slowness with which the Radicals turned to the left precipitated their fall. It is accepted to say that the hyperinflation of '89 may be defined as a "Market coup" (as opposed to coup d' etat). Concentrated capital simply decided to change managers.

Politically wise, Carlos Menem learnt the lesson the Alfonsín administration had left behind. He incorporated top leaders of the conservative party Unión del Centro Democrático to his staff of ministers and then after a year of continued changes in the Economy Ministry, he called Domingo Cavallo to take over at the beginning of 1991. Well-known for his hiperactiveness, he soon turned into the "super-minister". His ministry absorbed the Public Works Ministry, terminated the Planification Office belonging to the Nation's Presidency Direction and it took on the necessary structural reforms decisively. In doing all this it counted with the favourable passive attitude of the largest Unions, which were disciplined by Menem. Cavallo's ultimate move was "Convertibility". In the short term, convertibility (nourished by the entering of "vulture" capitals drawn to the country by high interest rates, foreign investments of the privatized companies and external indebtment) seemed to solve the most aggravating problems of the argentine people, which was terrified by the hyperinflationary experiences gone through in '89 and '90. Until the Tequila Crisis the economy grew at high rates and the future trouble were slowly beginning to come into the light from below the surface. From then on, the decadence of national production would become more and more clear. The careless opening of the economy punished entire groups of the economy and specially the small and medium size industries, the main generators of jobs. The so called "Reform of the Estate", euphemism which disguised the dismantling of control mechanisms indispensable to any healthy public administration, ejected thousands of Central Administration employees to earn their living in the private sector. The specific functions were covered mainly by free professionals hired by the State, in its majority thanks to the generous loans destined to social programs of questionable efficiency that International Organizations of Credit provided. To this precarious labor system, whose workforce was to a certain extent privileged for its high level salaries, there was an added bonus of general precarization resulting from reforms to the traditional labor regime (which was discouraging regarding lay offs) and particularly affected the private workforce. In fact, the labor conditions of the public sector have historically always operated as "witness" for the private sector. In a price-levelling context, the central issue was remaining employed. The financial reform, on the

other hand, led to a denationalization of the financial system, which from then on would be ruled by important foreign banks. These phenomena would later on move on to the productive apparatus as well.

During Menem's first term, the remembrance of hyperinflation, was always present thanks to the official propaganda, which acted as an instrument to capable of generating advocates within the lowest class sectors of the population. The concentrated economic power groups, in the beginning owners of the privatized companies and later also from banks and some of the principal producers of finished goods, cheered the illusion on through their spokes people on massive communication media. The main party of the opposition was slowly trying to pull itself together again after the tremendous failure experienced in the elections and it generally went along with the government's initiatives partly due to its reduced share in Parliament, partly due to conviction of many of its leaders and finally to insure the possibility to govern. It is helpful to remember that at the time the neoliberal trend was at its best in the international context. In 1994 Menem and Alfonsín signed the "Pacto de Olivos", agreeing on explicit measures and not so explicit commitments that in addition to strengthening governability led to the reform of the National Constitution, incorporating at least formally, a series of controls which should be of benefit to the democratic system.

The menemist's administration lack of apprehension, rotten by corruption, added to increasing unemployment, gave way to different ways of popular resistance. One of the most particular ones was expressed by the cutting of highways (pickets). Composed mainly of unemployed workers and their families that claimed (and often got, although in a smaller proportion than necessary) different ways of assistance from the State—specially Trabajar Plans (8). The middle class workers' protest are very different, primary teachers for example were the leaders of the "Marcha Blanca" (with children and their parents) and later on put up a white tent across from the National Congress building during Menem's term. The need for a change grew clearer to the people of the country. Far from improving, the situation got worse by the minute. The strongest but small political group (Frente Grande) which denounced corruption furtively had managed to extend its influence to generate a center-to-left coalition called Frente por un País Solidario (FREPASO). This coalition was composed by political actors coming from the left wing of the Peronist party, different socialist groups, left wing Christians, remains of the Intransigent Party and independent followers. The Radical party aware of their weakness and of the terrible image people had of Alfonsín, make two crucial decisions: 1) proposing as candidate a representative of the traditional right wing of the party, Fernando de La Rúa, at the time mayor of the city of Buenos Aires and 2) put together a



coalition with the FREPASO, which was continuously growing in the citizens' considerations, especially to the middle class and the cultural groups that sympathised with the moderate left principles. This coalition participated in the elections as "Alianza" and succeeded. The vice president was Carlos "Chacho" Alvarez, man of the opposition who breaks away from the Peronist Party during Menem's first term and is the founder of Frente Grande, FREPASO and Alianza. Less than a year after assuming office, Alvarez resigns in the middle of a scandal triggered by the disclosure of the fact that a great part of the national senators had collected pay-offs for passing the Labor Reform law. Alvarez tried to conduct an investigation, but lacking the support of the president submitted his resignation. Curiously, this ends up being a personal attitude for the rest of the public officers from his party who held government positions remained in their jobs. The clear conclusion of this experience is the strong frustration of the progressive groups that had seen in FREPASO an alternative to change the political practices of political parties.

De la Rúa had reached the presidency denouncing the menemist corruption, Cavallo's economic policy and the one of his successor Roque Fernandez and promising a thrift and efficient administration. His promises vanished in no time. He ended up calling Domingo Cavallo (who had obtained 8% of the votes in the past Presidential elections) to head the Economy Ministry and he advanced on a new downsizing plan of attack. He reduced by 13% the Central Administration's employees' salaries and proportionally did so with the money paid to part of pensioners and retired people (out of which about 80% already receive a lot less than the necessary to get by) arguing that this was indispensable to control the fiscal deficit. He requested and was granted by law special powers, in yet another shameful episode for the National Congress. Then he began to think up a way out of the convertibility. The first step towards this was to tie the currency's fate to a combination Euro- American dollar which would be effective when those currencies reached their parity. He potentiated the debt enormously (which had already been made worse by the previous Economy Minister in an operation called Blindaje "Blindage") through the "Mega canje" (Megachange). In both cases the deal was transferring payments to the future with ruining effects for the Argentine State (and they were approved by the legislature). The descendent spiral wouldn't stop and it became obvious that the insolvency of the State grew. Before the generalized presumption that the convertibility would not last much longer, Cavallo decides for our economy to enter the banking system in its full extent (causing a tremendous impact on informal economy and small and medium size companies which operated with a large portion of their work force outside the labor regulation and in cash operations) and to implement the "corralito" (making it impossible for savers to make use of their own savings deposited in banks as they pleased) to prevent people to

exchange their pesos for dollars.

If all of the above shows the few differences between the Executive and the Legislative Powers, the remaining Republican power, the Judicial one, is not less compromised with the decisions of the government. In 1989 president Carlos Menem decided to expand the number of judges of the Supreme Court of Justice from 5 to 9 members. At that moment the selection of new judges was in charge of the President and the Senate. Public opinion interpreted correctly that the addition of members meant guaranteeing an "automatic" majority in Supreme Court that answered to the political power. During the years that followed, the Court solved a series of conflictive cases, in which it ruled in accordance with the interests of the ruling party. To the end of the 90's there were a series of very controversial cases, the one regarding the concession of the airports of the country or the confirmation of the designation of a Senator for the Corrientes province whose election had been subject to irregularities. In 1999 the national power changed hands in favour of De La Rúa. The people expected a cleansing process of the Supreme Court. The absence of political supporting Congress prevented the removal of the judges that were compromised with the automatic majority scheme. De la Rúa cut a deal with these judges in return for their commitment and support to his administration regarding the most "political" cases. In the context of this agreement the Court passed a number of highly questionable and questioned rulings, such as the declaration of unconstitutionality of an article of the National Constitution which put a end to the term of the judges after they had turned 75years old except in the cases in which they were ratified by the Senate or the permit to be candidate to the former governor of Corrientes, who was in jail for corruption at the time. In another controversial ruling, the Court freed Menem from having taken any part in scandal of the sale of weapons to one of the party in the war between Peru and Ecuador (when Argentina acted as collaborator in peace negotiations) or to Croacia during Balcans War while Argentine troops participated as "White helmets" under the command of the United Nations. After the events that led to Duhalde's provisional presidency the situation began to get more complicated for most of the "automatic majority" because this was a continuance of Menem and thus enemy to Duhalde's policies. In consequence, Duhalde announced that he would take the court to be tried. The first economic measure of the new provisional president was the "corralito". The answer of the five menemist judges, to whom a sixth one had been added seen as independent, was to declare the unconstitutionality of that measure. This enraged Duhalde, who ordered to accelerate the trial to the Court. But the crisis was taking unthought proportions daily and the government couldn't run the risk of Court's annulment of its every initiative. This led to a new tacit agreement, the Court would not make matters worse for the government and the government in turn would stop

the trial. In mid June 2002 the Commission at Congress which was to be in charge of the "political trial" of the Court has decided to delay the indictment and has not established a period to reinstate trial.

Another sphere of interest for analysis is the situation of provincial governments. In fact, the weakness of Duhalde's administration, based exclusively on the support of the Peronism of the province of Buenos Aires, (and Alfonsín and most of Radical Party) makes it necessary for him to be constantly consulting the steps to follow with the peronist governors, who are also a majority with respect to the rest of the parties that control the rest of the provinces. Within this group of governors there are at least up until this day three of them that are possible candidates to the presidency of the country in the next elections. As it is easy to guess the whole group of these governors have a true power of veto and they pressure the central government as much as they can. It wouldn't be inaccurate to say that the scenery is one of atomization rather than one of cohesion. Partly because most provinces lack the resources due to the regional economic crisis and depend on a little more every time of the co-participation of national taxes. The brief Minister of De La Rúa, Ricardo Lopez Murphy, currently one of the candidates of the conservatives on a new party, has described the situation in the following way: "The call for an Assembly of Governors to sign 14 items demanded by the IMF shows the tearing down of our presidentialist federal system"... "the mechanism of co-participation means that governors do not pay the political cost of their bad administrations and simply imply a pressure for the central power to guarantee funds"... "the Buenos Aires province run into bankruptcy in the mid 90's. Its current governor assured that this should excuse him from the commitment to the IMF. But the ones who are now ruling the Nation are the responsible ones for the country's situation." (9), (10). The provinces of Buenos Aires and Córdoba, two of the ones who have traditionally contributed to the wealth of the country are also bankrupt and have had to make use of the issuing of quasi-currencies (provincial bonds) to be able to meet their expenditure. The circulation of this way of payment is not a new phenomena, however it had never reached until now such proportions, for it is estimated that there are around 14 different bonds. In general, besides being a means of payment within the province's territory, many conflicts have come up causing great inconvenience to its bearer, mostly public employees for at times they are forced to trade them for a lower value than its nominal one. On the other hand, in this context of long recession in which one of the main problems is tax collection and external and internal loans are not viable because of the cease of payment, the struggle for survival between the Central government and the Provincial Powers becomes more crude every day and Duhalde's government tries to obtain the back up that cannot be prescind of and which can only be obtained by making

concessions, but certainly limited. Many governors, on the other hand, sign commitments of impossible compliance, such as the reduction of the deficit by 60% that is supposed to encourage the International Monetary Fund to reconsider its attitude towards Argentina.

Another central actor in the history of Argentina is the military. As it has been said, one of the questions with which this essay began was whether this crisis could end in a military dictatorship. For the time being, nothing seems to indicate that they are in condition to take on such an adventure. The public assurances made by army and navy chiefs allow to assume so, not so much because of the trust they deserve but rather because current military forces (officials and higher ranked chiefs) do not belong to the genocide generation and are still under the shock that the defeat in Malvinas and the trial of the military carried on during Alfonsín's term produced on them. Off the record De La Rúa is said to have called on the military in his last hours of rule without getting a favourable answer. Legally, the military are not allowed to act in situations of internal commotion which can be controlled by security forces and in fact, the forces that act are the Federal Police, the National Border Police and the National Naval Prefecture. Notwithstanding, in the past days distressing signs to democracy have come up in the last days. In the Institutional sphere it has been insinuated by the Army Chief and the Defence Minister that it would be convenient to create a joint organism, with the participation of the armed forces, to follow the evolution of the social forces. The Security Minister assured that this idea was rejected by President Duhalde. In the context of massive means of communication, one of the clearest spokesman of the conservative reasoning, journalist Mariano Grondona, recently stated that the military's obligation is to have a Plan B. Even though, the campaign has no followers (which ended in coup d' etats in other times) it is very meaningful that autocratic group still stalk the civil society. One of the possible explanations of the absence for the demand of order is based on the fact that precisely one of the social groups who used to demand it, the middle class, finds itself with no horizon, reduced in number and in quality by the neoliberal policies of the last years and it feels really threatened to go down socially under even more. For small manufacturers or business owners, it's enough with having to put up with sales dropping to an extent in which even covering expenses is almost impossible and they begin to lose capital; to employees (public or private) the limit is being fired ; to freelance professionals losing more clients every day is it. To put it in other word, the persistent recession represents to many of them (although it could be imaginary in many cases) the shadow of the shantytown.

The Catholic Church, another traditional factor of power in Argentina, shows a very different decision making power within its hierarchy than the one exhibited by the institution in the 70's,

which operated as a direct accomplice during the dictatorship or like the one which had strong supporters of the Menemismo. Currently the institution is committed to the assistance of the needy and the poor, and it manages the best-organized and most territorially extended NGO's (Non Governmental Organizations) in the country: "Caritas Argentina", through which even a certain number of official programs are channeled. Due to its participation in different social sectors, the church is witness to the daily suffering of the poor and thus in many one of its bishops or the Episcopal Conference itself turn into fierce critics of the Government. In the beginning of 2002, Duhalde called the Catholic Church, businessmen, and officialist Unions to a Round Table of Social Analysis. The Church representatives introduced concrete measures that went along with what the "pot protest demonstrators" were claiming for: opening of the "corralito; for the privatized companies to adapt to a depressed economy, and for the political conductors to reduce their expenses. After some meetings it began to miss the point. To mid June it was decided to be relaunched aiming that the provinces governors and chief of the parliamentary groups signed a document designed in the past months (Consensus for a Reform) which mainly proposed the termination of the national, provincial and municipal elective terms, an idea that most of the traditional politicians avoid elegantly.

Union organization has traditionally played a role of great importance in the Argentine society. Generally, because the strongest Unions played an officialist part in different peronist administrations and a role as opposition to the Radicals, although occasionally backing a military dictator. It is necessary to clarify that there almost always existed minor union groups, mainly peronist, who resisted and fought honestly against Employer Organizations and the bureaucracy within the union, accompanied by a left wing union policy even less significant. As it is logical, since Argentine economy has had its expansion and retraction periods, but it maintained a certain positive evolution, the workers organized under the most important grouping were an obliged interlocutor for the government and the company organizations. As it is been mentioned, the Menemism, like its neoliberal mates all over the world, stood for the destruction of unions. Nowadays, the fall of employment in the industrial sector means a weakness without precedent in union power. The in other times very powerful CGT (Confederación General del Trabajo) is still in the hands of a bureaucracy concerned only with negotiating the best possible for the administration in office. Within this context a second CGT emerged some years ago. It doesn't have as much importance but it holds some important trade groupings especially in the sector of transportation. The policy of the "opposition" is rather erratic and has lost their influence due to not very clear attitudes taken during the fall of De La Rúa and first months of Duhalde administration.

In clear contrast to those unions appears the contestatory CTA, Central de los Trabajadores Argentinos “Argentine Workers Central”, mainly composed by one of the public employees union, one of the primary teachers confederation of unions, the judicial employees, one of the aeronavigation employees unions and minor unions. This last Central CTA, participates as main force in the “National Front Against Poverty” and congregates, under leftist peronist, non-peronist and Marxist leadership, a good number of affiliates.

In a different chapter, unemployment workers and people who fight for appropriate housing conditions usually demonstrate under the common name of “piqueteros” (road picket lines), sometimes with several thousands of participants throughout the day or days. The most important organisations in this field are “Federation for Land and Housing” and “Class Combative Current”, but there are a few combative movements not so big. The FLH joined CTA state unionized employees, primary school teachers from of the same central union in “National Front Against Poverty”, (which had 3.1 million votes last November in a street consultation) which also congregates independent workers, rural and urban little and middle entrepreneurs organizations and, among others, co-operative banking.

Within non traditional parties' system, besides old little leftist parties (Maoist, Trotskyist or Communist, sometimes acting together in electoral fronts) a number of new groups have appeared. The most important are ARI (Argentina República de Iguales) “Argentina Republic of Equals”, a center-to-the-left association led by a former radical party representative, Lilita Carrió, famous for her denounces and investigation against menemist corruption, and AyL, (Autodeterminación y Libertad) “Self-determination and Freedom”, led by a former Trotskyist representative, Luis Zamora, which made profound critic to Leninists conceptions (defined as bureaucratic) and is creating a new movement under Marxist basis with some influences of Luxemburgism and Mexican Zapatism. Both Carrió and Zamora are house reps at present. In June 2002 Carrió announced her intention to be presidential candidate. She and Zamora are in the first posts for President in voting preference pools.

In the intellectual front three main initiatives are to be mentioned: 1) Encuentro por un Nuevo Pensamiento, “Encounter towards a New Thought”, which had its IV National Congress and I Latin-American Congress (with delegations of Ecuador, Bolivia, Uruguay, Brazil, Venezuela and Paraguay and a Comandante Marcos salutation) last year at the Law Faculty of Buenos Aires

University; 2) Hacia el Plan Fenix, “Towards the Phoenix Plan”, borne at Economic Sciences Faculty of Buenos Aires University and afterwards linked to other universities all over the country, an economic Forum that ended its II Round last May in Buenos Aires and 3) Movimiento Argentina Resiste (MAR) “Argentina Resists Movement”, composed by hundreds of artists, movie and theatre stars, scientists and university professors, journalists and intellectuals, whose manifesto “Convocatory towards defense of national culture” denounce that the present crisis is a product of “the plunder suffered by Argentina for the past 26 years...by local and foreign economic groups, which even during democracy had complicity from political leaderships because of their interests, conviction or neglect” and follows “there is an Argentina which exists and resists (where) thousands of Argentineans belonging to every social sector claim for rights to eat, to be educated, to work, to be healed, to elect and to be elected in freedom and democracy, without having their choices betrayed” and “we do not agree with resigning our dream's identity and projects, because we don't agree with being separated from every possibility of hope, we call on ourselves to resist and take action against material and spiritual depredation in Argentina”.

## **New winds in Civil Society**

The basic idea in this paper is to establish on a basis that December 19<sup>th</sup> and 20<sup>th</sup> 2001 events, that ended with De la Rúa's Government, could mean a breaking point, at least in most important urban concentrations, for some Argentine political traditions and could also mean that new conditions for a real democracy are beginning to appear. The paper aims at showing that (at least in great urban concentrations – mainly Buenos Aires Capital City and Great Buenos Aires-) there is a deep claim for direct participation on public affairs. The hypothesis that could explain this statement is that this healthy response is closely related to the negative experiences of the last 26 years of Argentina, especially to Radical and Peronist lies. As it has been said above, the current President, Duhalde, promised that savings in U.S. dollars would be returned in the same money and would be converted to Argentine pesos and that next July he would inaugurate a lot of new industries all across the country. This kind of swindles is common in other fields, such as Justice and Parliament (the other governmental powers in Argentina's Republican System) but the Executive's practices make very clear a very important consequence. Why? Because it can break a long term tradition of popular hope in Charismatic Leadership (here Hirigoyen must be remembered-Radical Party- and Perón or Menem -Peronist Party-). People's frustration towards traditional politician promises feed an understandable suspicion and promote direct participation.

The present mobilization process has as close precedents the social struggles unleashed in March and July 2001 due to renovated attempts to cut back the public expenditure promoted by the government of De La Rúa. The protests of March provoked the resignation of Ricardo López Murphy, member at the time of the Unión Cívica Radical, and those initiated in July continued until October in opposition to the policy of 'Deficit Zero' promoted by Cavallo, successor of López Murphy. In addition, in the electoral aspect an increasing discontent had been shown (though with more heterogeneous characters). In the last elections, specially important because since then the National Senate would renew entirely and the low chamber partially, a 40 % of the voters expressed themselves through the negative way: 22% of blank and void votes plus an 18 % who performed an active electoral abstention.

From this paper's point of view, the Argentine crisis is a direct consequence of the application of Neo Liberal policies in the last 26 years. That is to say again that despite the democratic political forms adopted in each period after the last dictatorship the accumulation model remained untouched. Argentina is probably the clearest example of Neo Liberal policies in Latin America. It must be no surprise then that its fall is the most important in the region. The U.S.A. government and the IMF expresses daily how they see the Argentine near future. Words as "inflict an exemplary punishment", "sacrifice" and "penury" are clear enough. Within this scenario some new and imaginative responses are beginning to appear. They are come out of the "traditional logic" (establishment logic) trying to think (bring) the way out. It could be defined as inorganic, non-violent, direct participation efforts.

Just to mention them, some are purely spontaneous (such as the massive demonstrations which ended with the De la Rúa administration, some grew as its sub products: weekly demonstrations against the (Menemist) Supreme Court and the three-days-a-week savers demonstrations. Another was born spontaneously and became organic: self-convoked neighbour's assemblies (with regular weekly meetings and specific committees on employment, housing, food, health and other issues).

There are about one hundred assemblies in Buenos Aires City and Great Buenos Aires. Perhaps because of the demographic profile of Buenos Aires City (three million people living in thousands of condominium buildings) the natural way to meet is in the street corner or the near square. "They try to think, organize, build and sustain the possible meanings of the December rupture. A displacement which destitutes the rules of the game blowing up their prescriptions. Simultaneous



movements of thousands of people which alter every previous rule possibly created, gradually, a new game”...”The neighbour's assembly born as a mechanism which contents and puts in action to a heterogeneous crowd: it is a discussion, coordination and collective thought and labor, which goes beyond the classic ways of political organization”...”In some cases, the assemblies occupied state lands without use to build new public spaces for cultural or sport activities”...”the change is more radical when we think that during the past years the trend for usual behaviour was towards security, privacy and refuge to face the surrounding hostility”(11). They met first for going together to demonstrations, afterwards to discuss neighbourhood problems and organize solidarity actions. Usually, they create special committees to list the unemployed, buy food in the City Market at low prices, to organize communitarian “farms” in empty places or fairs to sell food, artisan products or to press municipal authorities to provide poor families with a place to live, or to discuss politics, first in the assembly meeting and sometimes with other assemblies. Sometimes the assembly edits a weekly bulletin and sometimes a few of them publish a common one. In June 2002 the assemblies movement published its first book in an occupied workshop surrounded by police forces. The book's name is “What the popular assemblies are” and also publishes, democratically, papers of well-known intellectuals and unknown neighbours.

In assembly meetings the voice is for the neighbour and political activists are not well seen. Especially those from trotkists parties which are used to ordering what to do. Unfortunately some of the initial fire is now going down because of these kind of interferences but the committee's work is still good. In mid June the Buenos Aires City government started meetings to discuss Participatory Budget (which is a point of the City Constitution) and the assemblies participated with imaginative initiatives.

About 25 assemblies met in Buenos Aires in an interzone meeting around mid June 2002 to discuss main political problems as what to do facing the next national elections. The first conclusion was not to call for abstention but to have an active participation. In order to do it, they decided to be in touch with other social movements. Anyway some matters are still not concluded: is it better to design a common (assemblies) political program to be presented to the next elected President?, or to support a candidate if he or she promises to call for a Constitutional Reform ?, or to see elections as a joint group fact and to form a strategic front with other social movements ?. The Participatory Budget of Buenos Aires City was also in the agenda. They concluded that it is a valid instrument but it must be under popular control and that government manipulation must be denounced should it appear. A remarkable note in the assembleie's movement is a strong concern about how to function

without the negative characteristics of traditional political parties.

Students, professors and graduates from Philosophy and Literature of Buenos Aires University offer voluntary help to unemployed people, minorities, unions and NGO's. The Open Faculty Program is also in contact with assemblies in order to promote self-development and organization in popular movements. The different projects are under interdisciplinary staff command.

Five solidary shelters which feed the Lomas de Zamora area, in Greater Buenos Aires have been affected by the crisis but have found the solution in a network composed by producers of Soy (association of producers of direct sowing) and a group of naturist economists. This network is donating soy for its consumption in shelters, hospitals and schools and the economist teach how to make from milk to schnitzels out of that bean.

Another interesting fact, resulted from the action of small and medium size milk producers from the south of the Buenos Aires province, who even in times of trouble with the pasteurization usines belonging to big dairy products producers, preferred to give away their production of milk to poor neighbourhoods to throwing it away, as the Capitalist logic would have demanded.

Some initiatives belong to NGO's nets (for example, about a dozen of well known NGO's designed a legal mechanism in order to replace the Supreme Court) and traditional Human Rights NGO's net, whose main concern is about deaths produced in gun fights between police and young criminals where a lot of teenagers die in non clear circumstances. Most of these citizen's organisations march together every 20<sup>th</sup> day remembering the December deaths.

Other Civil Society associations experimented an enormous growth because of present conditions, such as "Barter Club", where goods and services can be changed on a credits basis system. Some analysts see in this process a new social alliance between middle and low classes. In fact, the germinal nucleus was born as a non-capitalist initiative in Buenos Aires City, but later, when the expansion took place in Great Buenos Aires, that ideology lost weight to be replaced by survival explanations.

Four million people participate in around 3.000 "nodos" (centers) in "Barter Club" organisations. In 2001 year, 275.000 members added to the 100.000 existing ones. According to the mother organisation, the network of "Barter club", an equivalent to 600 million pesos is swapped at the

meetings between goods and services (before the devaluation the figure was a similar one in American dollars). In general the participants meet once or twice a week in a spacious local store for an interval of only a few hours. They take with them items that are no longer of use to them and they swap them for the ones they need. Another possibility is to offer services (from plumbing to computing courses or sessions of yoga, massages, or an attorney's, psychologist's, nurse's services). The goods and the services account for a number of credits fixed by the provider, for which is necessary to issue a sort of bond with a security band. "The system is simple and it follows the same rules as any commercial operation, only without the intervention of the official currency"...the fact is that the quantity of attendants doesn't drop, in any case, it refers to a continuity and of certain adjustment to swapping rules, to the acquisition of status of "prosumidor": term with which Alvin Toffler, in "La Tercera Ola" (The Third Wave), defined someone who consumes but at the same time produces" (12). Inside the stores there are numbered tables arranged according to the order the swapping is established by.

From the above lines is clear that, perhaps surprisingly, one of the main actors in the Argentine crisis responses are middle class groups. Argentine middle class has a remarkable profile: high educational level. In general terms, they lived the Menemist period as secondary beneficiaries because of the one U.S dollar-one peso parity. Frequent trips to Miami and Europe were available projects, imported goods were easily bought. This is not an accusation, but is an understandable fact. Meanwhile, hundreds of thousands of industrial workers lost their jobs. Around December 2001 the dream was finished. Argentine middle class had been seduced and abandoned. Their savings were confiscated and their jobs were in danger. With a destroyed productive apparatus there was much less wealth to distribute (at least for them). They began to fear that their probable fate was the "villa miseria" (shanty town), so, they were pushed to take action. This inorganic movement, expressed in the "cacerolazos"(pot protests) (13) joined sometimes forces with leftist and student activists initiatives (such as HIJOS "Sons", composed by sons of missing people of the dictatorship genocide) and increased the "escrache" (personal demonstrations at someone's home) (14) demonstrations. So, another remarkable note of the mobilization process is the confluence of old '70's activists, now middle aged, with new generation activists.

Perhaps, the slowest sector in reacting is the industrial working class, but in the last months some changes were present. A massive demonstration Pro Work and Production, promoted by officialist and contestatory central unions and a number of Plebiscites in local metal mechanics union branches to move to the CTA Central Union.

## Conclusions

The process opened by the events of last December clearly shows the growing illegitimacy of the Argentine political regime. In many senses it has opened a space for deep questioning that leads to a deep revision of what has been understood by democracy in Argentina. Actually, this propitious and novel character is the result of the reestablishment of collective spaces destined to reflection and action and determined by an exaltation of the horizontality and the practice of genuine ways of direct democracy. The desire to participate in collective spaces, as a way to re-appropriate something that was absent for a long time, becomes explicit in the joyful atmosphere with which began the 'cacerolazos' that led to De La Rúa's fall, and continues in different ways since the society found out that it was possible that the popular mobilization overthrew a government democratically chosen because of a failure to keep his promises. In this sense, the spontaneous 'que se vayan todos' ('that everybody leaves') doesn't seem to be a denial of politics in general (like in other circumstances in which the power factors took advantage of the situation to impose military dictatorships) but a request of new ways to do politics. It is a truly resurgence of politics, a reunion, an effort to reestablish social laces broken firstly by the Terrorism of the State and later on by its beneficiaries: the fundamentalists of the market. 'Que se vayan todos' doesn't mean anything else but that the argentines are sick of the representatives who represent nobody and who haven't done anything but stealing.

The institutionalization of direct and semi-direct democracy forms is one of the questions that must be solved. The combination of mechanisms of representative democracy and direct democracy is perfectly possible. In fact, the current Constitution (settled by the Reform of 1994) contemplates some of them as the popular initiative and the plebiscite. Never the less, as they haven't been ruled they lack of binding effects. It is significant in this sense the plebiscite carried out by the FRENAPO previously mentioned.

At the moment almost all political forces promote the Constitutional Reform. In these days a political reform is also being studied, even though it provokes more suspects than trusts as it becomes from the major political parties. Beyond the current uncertainties it is a fact that the society claims for changes which, in spite of being resisted by those who hold the power, they will

be implemented sooner or later. Within them it is pertinent to mention: 1) the revocation of the terms of office in every level of representation and that it reaches institutions of the civil society such as labor unions, 2) the possibility that candidates who do not belong to any political party take part in the elections and 3) the elimination of the 'listas sábana'. (15)

As we can suppose, the storm has deeply shaken the bases of the partisans of traditional political parties and this reflects every day breakups in the parliamentary blocs and the adhesions of the politicians of intermediate hierarchy (specially majors). Although these changes aren't so far measurable, the press reflects the gestation of new internal trends, the migration to new alternatives of big partisan groups and intents to organize from within the parties the renovation of the political leaders.

Another dimension increasingly present are the spaces of self-organization. There are numerous factories which, due to the paralyzation or the owners' abandon, have been occupied by the workers in order to keep their jobs restarting the production. The best known cases are some factories of some states and some in Capital City of Buenos Aires that manage under cooperative and worker controlled forms. Beyond the conflicts risen by these enterprises, they prove that it is possible to produce and commercialize from these schemes and that they can offer different solutions to an important number of productive units which are about to disappear.

In more general terms, in Argentina "emerge with great strength the effects of what Noam Chomsky highlights in reference to the liberalization of the Capital that characterizes the neoliberalism: settlement of a virtual parliament which, under the daily control of the speculative flows, obtains a right of veto an decision over the government policies restricting the democracy". (16)

The last hours events regarding the transmission of the crisis to the whole South Cone are difficult to evaluate. However, it seems clear that beyond the consequences, still developing in each country, these events could question the existence itself of the Mercosur. In political terms, the certain possibility that, in Brazil this year and in Uruguay the next one, opposite trends to the conservative governments of the last years assume the power sets out a challenge to the projects as the FTAA or the expanded NAFTA, which, as we have seen, perceive the region as a unique market for the American products. One of the things that most clearly rises in this process that Argentina is going through is the fact that the society demands more State and less market. If this aspiration is translated electorally –the present data shows that there will be elections in a few months in

Argentina-in a short while the geopolitical scenario of this part of the world will have changed radically. As a consequence, any approach to hemispheric integration should seriously take into account that it could only advance genuinely from new bases that contemplates a treatment in which the parts involved participate in conditions that could assure autonomy, certain benefits for their people and proposals that do not impede own processes of the democracy strengthening.

Buenos Aires, 2002-06-25

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## NOTES

<sup>1</sup> Alberto Minujin “La crisis de la clase media: el vaso medio lleno o medio vacío?” in “Encrucijada” - Revista de la Universidad de Buenos Aires # 14. Dec. 2001.

<sup>2</sup>INDEC. Informe de avance del nivel de actividad. Informe de Prensa 21-03-02.

<sup>3</sup>Ibid.

<sup>4</sup>“Informe Económico” # 37. Ministerio de Economía.

<sup>5</sup>NDEC. Informe de avance del nivel de actividad. Informe de Prensa 21-03-02.

<sup>6</sup> Silvina Alegre “Ineficiente, dispencioso y corrupto”. Revista de la Juventud de la Asociación de Trabajadores del Estado (ATE). junio de 2002.

<sup>7</sup> Claudio Lozano y Martin Schorr “Argentina - Estado, Gasto Público y Deuda Externa”. CTA. Buenos Aires. 2001.

<sup>8</sup> Program for household chiefs which consisted in communitary works for a few month with a very low salary. It is usually denounced as political parties manipulation.

<sup>9</sup> Interview to Ricardo Lopez Murphy del 12-5-02 in CVN channel “De Frente en politica y economia”.

<sup>10</sup> Duhalde was first Menem´s Vicepresident and afterwords Buenos Aires province Governor.

<sup>11</sup> Colectivo Situaciones “19 y 20 – Apuntes para el nuevo protagonismo social”. Mano a Mano Ed. March 2002.

<sup>12</sup> “Darse Credito” articulo de Suplemento Las/12, diario Pagina 12, 1-2-2002.

<sup>13</sup> To make noise with casseroles as disconformity message.

<sup>14</sup> Initially, a number of persons goes to the house of a military man to denounce his participation on

genocide events and afterwards it is done to politicians, former or present Ministers and so on. former President Menem suffered it in New York recently.

15. In the current electoral system closed lists are presented and usually the citizens ignore the background of most of the candidates, whose order is determined by the party or coalition.

16. José Seoane, “Crisis de régimen y protesta social en Argentina” en Espacios para la reflexión, Año 10, UTPBA. Junio 2002.