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Analysis: Argentine President Carlos Menem's Reforms Losing Their Luster

by Guest

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Over the past months, Argentines have witnessed several incidents of civil unrest, raising serious doubts as to the validity of the country's "economic miracle." Following popular uprisings in the northern province of Santiago del Estero in mid-December, President Carlos Menem's government has been warily monitoring the region for further signs of turbulence.

Government officials have become particularly sensitive to comparisons between the situation in Estero and the guerrilla uprising in southern Mexico, where, like Argentina, a policy of rapid market reforms has failed to help the traditionally marginalized sectors of society. The protests, which resulted in the burning and looting of government buildings, were a reaction to a Buenos Aires decision that several months of accrued back-pay would not be issued. The uprising resulted in several deaths and later was mirrored by similar occurrences in the provinces of La Roja, Jujuy, and Tucuman.

The government now appears to be following an unbalanced two-tiered policy towards the unrest. On Jan. 13, the military and civil security forces were placed on a state of alert, with orders to quickly quell any further sign of trouble, particularly in the north. In addition, Menem formed a special "crisis cabinet" to monitor and respond to future developments. Compared to the magnitude of the military build-up, Menem's announcement that eight special "employment offices" will be established in the northern provinces has been criticized as a grossly inadequate response to a social and economic malaise that many observers view as systematic in nature. Some officials say that the current unrest has the potential to ignite a "Chiapas syndrome." The President has even warned, in terms reminiscent of the menacing tone of the military junta proclamations of the late 1970's, that the recent turmoil could signal a "subversive revival" in Argentina, even though his Minister of Defense, Oscar Camilion, repeatedly has made assurances that there is no rebel activity in the country.

A local or systematic malady?

Finance Minister Domingo Cavallo, the architect of Argentina's market reforms, has argued that the roots of provincial unrest lie at the feet of local administrations. In several radio broadcasts in recent weeks he steadfastly maintained that the uprisings are not emblematic of any systematic problem with the neoliberal restructuring undertaken by the Menem government. The Cavallo plan, instituted in 1991, launched a series of economic and political measures aimed at reviving Argentina's productive capacity. As a result of an austerity program coupled with the privatization of many public sector industries, the 5,000% inflation rate inherited from ex-president Raul

Alfonsin's administration was stabilized at 7.5%, and the treasury was able to erase the chronic debts that had plagued the country throughout the 1980s. The resulting boom, however, has not been without its social costs.

While the headlines emanating over the past three years from financial centers in Buenos Aires and New York have cheered Argentina's privatizations often involving foreign capital of industries ranging from telecommunications to petrochemicals, discontent among Argentine workers has mounted. The December riots are the most recent expression of the social dislocations being experienced by many strata of society, as Menem attempts to "streamline" the economy. These measures have resulted in unemployment rates approaching 10% as well as similar underemployment levels, meaning 2.5 million Argentines are either without work or without a full time job.

Leaders of the Confederacion General del Trabajo (CGT), the nation's premier trade union body, have criticized the government for placing a disproportionate burden of its reforms on its workers while employers reap the benefits of Buenos Aires' benevolence. They charge that the government policy announced last month slashes the national employment fund by up to 80%, while cutting welfare and health benefits for workers.

Not surprisingly, the sharpest measures will take place in the poor northern provinces. The demonstrations by government bureaucrats in Santiago del Estero pointed out a disquieting fact for the Menem government: popular dissatisfaction with the economy is not limited to the working classes. In fact, it seems as though all but the most affluent sectors of society have begun to question whether the social costs are commensurate with the economic gains, as the government continues its market- oriented transition. Recent polls suggest that displeasure over the economy may cloud Menem's once secure re-election bid.

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