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LADB Staff

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## **Argentine President-Elect Fernando De la Rúa Anticipates Economic Problems**

*by LADB Staff*

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Preparing to take office in December, Argentina's president-elect Fernando de la Rúa has not yet announced his Cabinet and is concentrating on working with Congress on economic matters. Meanwhile, Carlos Ruckauf, newly elected governor of Buenos Aires province, is being criticized for naming a former coup leader to head provincial security.

Almost immediately after the Oct. 24 elections, de la Rúa insisted that the economic picture was bleaker than the Menem administration had indicated. In frequent meetings with his economic team, headed by Jose Luis Machinea, he called for candor by the outgoing administration regarding the fiscal deficit. He said the figures would determine economic measures and would influence the division of taxes between the federal and provincial governments.

On Nov. 9, the Menem administration acknowledged that the deficit would be US\$5.8 billion, well above the US\$5.1 billion target set with the International Monetary Fund (IMF). That target had already been raised three times to adjust for the effects of the regional crisis.

### ***Pressure on Congress to approve budget***

Following his victory, de la Rúa visited both houses of Congress and various committees asking for three things: swift passage of the budget, a tougher law against armed robbery, and support for small and medium-sized businesses (PyMEs).

De la Rúa's overtures raised the hope that Congress and the administration would at least begin their relationship in a spirit of cooperation. Such a spirit would help the Alianza, since Menem's Partido Justicialista-peronista (PJ) will have the majority in both houses. The Alianza, which includes de la Rúa's Union Civica Radical (UCR) and the Frente del Pais Solidario (FREPASO), will have to negotiate with both congressional representatives and provincial governors to implement its platform.

Congress is now examining the 2000 budget. De la Rúa wants it approved before he takes office Dec. 10. He and his economic team have proposed modifications to the draft budget prepared by Economy Minister Roque Fernandez. De la Rúa met with Fernandez to discuss the budget and the need to send a positive signal to foreign investors. He urged the outgoing administration "not to increase spending or to make spending commitments that compromise the incoming government."

The Menem administration predicts 3% growth next year, after a likely 3% contraction this year, the worst in a decade. But de la Rúa faces a widening trade gap and the budget shortfall. The fiscal deficit could jump to US\$10 billion next year if the new administration does not cut spending and

increase income, said Machinea, the Alianza's most likely candidate for economy minister. De la Rúa will also inherit serious unemployment, which persisted throughout Menem's second term.

Despite his pledge to create jobs and reduce unemployment, Menem was unable to lower the rate, which registered about 14.5% in August.

### *A change in style and substance*

Although de la Rúa has yet to name his Cabinet, most analysts expect Machinea to be economy minister. Another person expected to be given a Cabinet post and to be a key person in the new administration is Graciela Fernandez Meijide, the FREPASO candidate who lost the Buenos Aires governor's race.

Meijide's participation in the new administration is important to preserve the Alianza's image as a coalition that will endure beyond inauguration day. De la Rúa is preparing the country for unpopular economic policies that might disappoint the left wing of his coalition, but he is also changing the country's foreign-policy direction, de-emphasizing close ties with the US and emphasizing relations with other Latin American Countries, especially Southern Cone Common Market (MERCOSUR) partners.

De la Rúa says strengthening MERCOSUR and ironing out differences with Brazil are priorities. In his first visit as president-elect, de la Rúa met with Brazilian President Fernando Henrique Cardoso to discuss common issues. He said he wants to introduce new areas for cooperation in MERCOSUR, such as science, technology, university life, and politics. He did not discount creating an internal currency for MERCOSUR, which Menem has promoted, but said member countries would first have to return to economic growth and work out careful agreements outlining conditions for implementing any common currency.

De la Rúa also publicly advised Paraguay's former army chief, Gen. Lino Oviedo, who was given political asylum by Menem, to look for another home outside Argentina (see NotiSur, 1999-09-17, 1999-10-22).

### *Transition also underway in Buenos Aires province*

In another key race, the PJ's Carlos Ruckauf won the governorship of Buenos Aires province against Fernandez Meijide. Ruckauf's success came in part from his "tough on crime" platform. He even suggested that police shoot criminals without warning, aiming for their legs. The governor-elect set off a controversy and outraged human rights activists with his first appointment. He named former Lt. Col. Aldo Rico as the province's security minister, making him head of the country's largest police force. In 1987 and 1988, Rico led the carapintadas (painted faces) in military uprisings against the democratically elected government of Raul Alfonsín (1983-1989).

The uprisings expressed military discontent as high-ranking officers were being tried for human rights abuses during the 1976-1983 dictatorship. Rico was jailed, but pardoned by Menem in 1989. Rico founded the far-right Movimiento por la Dignidad y la Independencia (MODIN), which is strongly anti-American and pro-state control. Rico was elected to Congress in 1993 and later served two consecutive terms as mayor of the poor San Miguel district on the outskirts of Buenos Aires.

Horacio Jaunarena, who was Alfonsin's defense minister, said, "What qualifications does Rico have for solving the problems of crime in Buenos Aires province, except for this Rambo image?" The 40,000-strong Buenos Aires province police force has a record of corruption and brutality. Outgoing Gov. Eduardo Duhalde's administration fired thousands of officers in an effort to improve the image of the force.

### *Menem plans to head opposition*

Menem said that he would be the leader of the opposition after de la Rúa takes office. "I am the president of the Consejo Nacional of the PJ, the highest organism of the party," he said. "Therefore...I am the future leader of the opposition, if we consider that the PJ is the largest opposition party."

Duhalde, the PJ's presidential candidate, has long battled Menem within the party. His loss to de la Rúa could clear the way for Menem to regain tight control of the PJ and prepare for his new run for the presidency in 2003. Duhalde, however, has promised to oppose Menem's re-election ambitions and to oppose his efforts to lead the party. [Sources: CNN, 10/26/99; The Financial Times (London), 10/28/99; The New York Times, 10/31/99; Xinhua, 11/03/99; Spanish news service EFE, 10/27/99, 11/04/99; Clarin (Argentina), 11/03/99, 11/05/99, 11/06/99, 11/08/99; Reuters, 11/04/99, 11/09/99; Associated Press, 11/04/99; Notimex, 11/04/99, 11/08/99]

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