

Democracy and Argentinian Foreign Policy 1983-2005

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ABSTRACT

From 1983 to 2005, Argentina oscillated between formal democracies and attempts at real democracies. When we talk about real democracies, we understand as such a democracy which has not only been voted but which also seeks to achieve social justice, freedom and equality. Argentina, like all Latin America, has undergone a pendulum movement between neoliberal "democracies" and populism. Neoliberalism has been the flag of foreign capital and inner neocolonialism. Populism is the Latin American formula, but it will have to do away with paternalism, clientelism and a certain degree of authoritarianism. The advantage it has is, in theory, inner growth with participation of all its members, through agricultural, industrial and services development.

Alfonsín has been the most representative leader of a real democracy, although the markets did not allow him to achieve the objective of establishing a government for the public good. It would seem that President Kirchner follows the same path, in spite of his confrontational style which could be deemed to be somewhat authoritarian. In contrast, Menem and De la Rúa did not go beyond the realm of formal democracies, and with Duhalde's provisional government we found an intermediate situation.

Key words: foreign policy, democracy, autonomy.

As Guillermo O' Donnell (2003; 31, 32, 33) claims, democracy centred on human development starts and finishes with human beings. The concept implies looking into the possibilities of each individual of reaching the most basic capabilities, such as a long healthy life, being socially recognised and having a decent standard of being, to which I believe we should add that all these aspects should help the spiritual growth of such person. From what has been said an important conclusion can be drawn: the conquest and expansion of a number of basic capabilities is not considered to be something to which human beings have a moral right or an aim that people of good will propose, but a right of all those who are deprived of such capabilities. Thus scholars of human development and human rights require some conditions and basic rights that are applicable to all human beings, independent from social, moral, cultural and biological conditions.

It is in this respect that the PNUD 2000 Report on Human Development claims that human rights and human development (which we consider to be the pillars of democracy) share the same vision and a common purpose: to ensure the liberty, wellbeing and dignity of every person. In this sense, we must understand that there must be a line below which nobody can be and this standard can only be reached if we practise common good, because this leads to the liberation of the person, so that each being reaches autonomy.

Democracy means a certain conception of man and society where it is presupposed that solidarity, the sacrifice of self for the sake of the common good, respect for the dignity of all persons, participation, responsibility are an important part. These qualities grow along humanist traditions, where the fundamental conception of human being is being for and with others. In this sense, politics should be concerned with how to organise life in common among human beings where liberty, justice and equality reign. Therefore, democracy is a declared enemy of exploitation, injustice and any kind of social exclusion. However, we must bear in mind that in the name of justice millions of people have been killed. It is because of this that there cannot be justice without liberty and equality. In contrast, in a democracy there must be justice so that that democracy has a future, because there is no such thing as a democracy without justice.

In other words, it has to do with education for a good life and it demands a personal transformation, an education of mood, vision and attitudes. This is why it is necessary to posit moral elevation as a way to face the problems of our time, from pollution to drug trafficking, from the integration of immigrants to the lives of the elderly and children, prejudice against women or the poor and employment problems, etc (MARDONES, José María: 2005; 75). More ethics and politics are necessary to enhance democracy. Precisely, ethics starts with interest and concern for the other and their vulnerability. In this sense, Mardones himself says that ethics and politics have concerns that have to do with the other and others, extending in social and public circles towards humanity.

In Argentina, the focus of our study, it is difficult to find a time when a full democracy has reigned; sometimes it was the authoritarianism of military governments, others a formal market-driven democracy, or one ruled by demagogical governments that sought their own benefits, or both things at the same time. To what extent do the governments of Frondizi, Illia, Alfonsín and the third Perón presidency –without forgetting that López Rega was the Welfare Minister- constitute an exception?

What happens, on the one hand, is that politicians, instead of living for politics, have lived on politics. Thus, politics has more and more to do with the maintenance of power, rather than people's wellbeing. We would like to say, along this line, that politics is a non-stop struggle between domination and liberty. Politics has to find a way out of domination and place itself on the side of emancipation.

For this reason, there is a strong connection between politics and critical social theory, which will always be based on a moral desire for justice (MARDONES, José María: 2005; 89). In this respect, without solidarity or a sympathetic look, there is no movement towards the downtrodden or the dark corners of society, no social responsibility or participation or moral elevation to look beyond self. This is why we say that in Argentina, as in all Latin America, democratised regimes live together with states with a strong authoritarian legacy and deeply unequal societies, the most unequal in the world.

To be more precise let us say that there have been twice in Argentina since the 30s, if it is democracy that we want to discuss. A first time was characterised by constant military irruption through coups, together with economic liberalism, making it almost impossible for democratic governments to exist. With the exception of the governments of Frondizi, Illia and the third era of Peronism, without judging Estela Martínez de Perón's government, because the first and second Perón presidencies were also authoritarian, not allowing all the people the wellbeing that Perón himself established in his first presidency for all his followers, which was continued by other civilian governments.

Within the Welfare State, in the international scene, there was a greater democracy than at present, because there was more egalitarianism in the distribution of common good. In Latin America, populism appeared, preaching and trying to practise solidarity and equity among peoples, although most of the times it was not devoid of authoritarianism. I would say that populism can be an efficient formula for the region, only if it is democratised, accepts unity amidst diversity and seeks a common identity, something that not only Argentina, but the whole region lacks.

The era that starts in 1983, going beyond the conflicts that occurred in the existing governments and the people's behaviour, marked a new stage in international relations. From the beginning of the 70s Welfare State politics were replaced by interdependence, which after the implosion of Eastern Europe becomes globalisation.

This era changes the game rules, for solidarity is no longer important, but individualism, market will replace State as a political regulator, which means middle and lower classes are unprotected, national companies are privatised, what belonged to the citizenry now belongs to a few companies, free financial, commercial and industrial flow is imposed, but there are serious restrictions to the free circulation of people. With these rules of the game, how can we speak about democracy, respect for human rights, an inherent component of democracy, how can human development be considered? It is not true. Even if neoliberal flags hold democracy and respect for human rights as their trademark, exclusion, hunger and poverty are an everyday reality of underdeveloped countries.

Markets vote every day, whereas the layman votes candidates who say as they do not do, since they will do what the markets dictate. This is a general trend, with exceptions such as ex President Alfonsín who had to stand down from office because of a market coup, which have replaced military ones.

Democracy today can only be understood if there is social justice, liberty and equality; just what neoliberalism will deny, as their scatter theory is not a theoretical mistake but a downright lie, the powerful stay with it all and they want to lower salaries in some cases and in others to replace man by robot. With these rules of the game, selfishness triumphs instead of solidarity. There are human beings that live in an almost permanent unemployment situation, the so-called structural unemployment.

This is why it is difficult to talk about democracy in the era that starts in 1983 in Argentina, referring to external conditions; but this does not make it impossible to see how the governments and the people behaved. Because external vulnerabilities can be neutralised or accepted, what is more serious is to propagate them as a doctrine that benefits everyone.

Pucciarelli (2002; 69) says that the new ruling class is governed by an extremely powerful group, related to financial business. It is very difficult to elucidate in which circumstances the enormous profits obtained over the last decades by banks and big privatised companies have been generated by normal business in the market or as the product of a series of "agreements" among them and the governmental political corporation. In these "agreements" there seems to be a constant give and take with officials, initiatives, strategies, interests and public and private institutions themselves. All of them appear to have their own aims: the growth of business, raising capital, unjustified gains, etc, through the illegal use of state powers.

It is true that "formal" democracy is accepted as the best of the different authoritarianisms that ruled the country. Military authoritarianism, liberal authoritarianism, fascistic nationalism, and guerrilla itself. But this democracy is a democracy that "grabs everything" where there is no debate with

others, the best path is not sought, but the imposition of their own criteria, market criteria most of the time, as we have already seen.

It derives from this that analysing democracy is a complex matter, since it not only adjusts to the balance of powers or the election of executive and legislative representatives, that is, the government of the majority respectful of minorities. This is a very important issue, because it would mean that in the governmental circle democracy is exerted and human rights and human development are respected.

As regards the balance of powers, the executive power, through different means, many times illegal, makes the legislative and judicial powers “accept” their will. In the first case, it endows full powers to the executive; in the second case, a good example is the automatic majority in the Supreme Court during Menem’s government.

Regarding the election of representatives, present elections are “empty” of proposals. Nobody has a definite plan to debate. It is not projects that are elected but candidates who do not even promise what they will not accomplish, as it happened until 1990. What is paradoxical in all this is that the concept of democracy has been enriched, being now a wider concept than in the past.

We cannot talk about democracy if there is no social justice, liberty and equality. And social justice means giving everyone what is theirs by right, what they need to live with dignity, to free themselves spiritually. But in order to achieve all this liberty and equality are also necessary. And these concepts do not only mean the government but all society, all individuals living in a nation. This is even bigger, because many times international tasks do not allow the country to behave autonomously, because common good cannot be administered freely, but goes to foreign investors or, as we have seen, with the aid of the corrupted official in power.

This leads the individual to a loss of autonomy and to being excluded from the system; that is, their denial as a person; they become a non-person. This is where the moral obligation of mutual respect among all members of society imposes itself. This is why it is necessary to conform a national identity as the final objective of the imposition of a populist democracy, which will necessarily have both conflict and consensus. Because otherwise we would be talking about a neoliberal democracy. In order to have a populist democracy, paternalism will have to be abandoned, as well as clientelism and authoritarianism; but defending, as opposed to neoliberalism, national interests and objectives, with the participation of different sectors of the citizenry. This means populism must be democratised in order to defend the country from international tasks with which some vernacular neoliberal interests identify themselves. Because this is the fundamental difference between a neoliberal and a populist democracy. Neoliberals enter partnerships with the superpower of the moment, leaving the people’s aims and interests aside. Populism defends “national interests”, but for it to be effective everyone must take part, including neoliberals, who will have to alter not their ideas but their behaviour, taking the principles of equality and liberty as a starting point. Common good must be imposed, being what makes up national identity which enables unity among diversity. This is the only way to reach autonomy, reforming populism, democratising it, so that it neutralises neoliberalism. However, we should take into account that what populism proposes is not wrong, i.e. aiming at development by using national resources, increasing participation of agricultural and industry sectors, supporting progress in both areas, and a social policy open to everyone.

In Latin America, including Argentina (Guillermo O’Donnell, 2003, 87, 88 y 91), political democracy takes place. This, according to the author, is based on two assumptions. First, fair elections, institutionalised and inclusive. Second, some rights, such as free opinion, press, association, movement, and access to the mass media in a reasonably free and pluralist way. In the

Argentine case, according to the author, these characteristics are kept at a national level, but there are significant discontinuities at a regional level.

Let us just remember the Catamarca of the Saadi's and the Santiago de Estero of the Juarez's. Can we talk about a state of right? In spite of this, let us consider that the rights that correspond to a democratic government do exist, but many are denied the basic social rights, as the extension of poverty and inequality seem to suggest. These people are denied the basic civil rights: they do not have protection in the face of police violence, if we just remember the violence of 19 and 20 December 2001 and the deaths it generated and the deaths of Konteski and Santillan during Duhalde's government.

There are no guarantees as regards private violence either. They are forced to face not only poverty but also systematic humiliation and the fear of violence perpetrated by the police forces, as it has been mentioned above. According to O'Donnell, these people who are referred to as the popular sector are not only materially poor but also legally poor, to which we would add, spiritually poor because they are given no chance to grow.

It is necessary to reform populism, because it is a Latin American formula which could satisfy all these needs. From a formal democracy, like the one commented upon by O'Donnell, we would go to a real democracy.

The Latin American reality and within it the Argentine reality have proven that this is the region where the gap between the rich and the poor is greater. In Latin America and Argentina there are poor and excluded ones and therefore social justice is preached from governmental circles but it does not exist. As we have seen, there is a real democracy and a formal one. Current democracy is more formal than real, but to be more precise we should say that there are democratic acts and non-democratic ones in each government. Undoubtedly there are governments which seek to be democratic, despite their mistakes, and others that claim to be democratic but are not.

However, in order to study democracy we must start from the existence of a triangle. On one side we have the government, on another one the inner part of the state, on the other the external one, international pressures. These three forces, that enable or disable democratic practice, act together or separately. How many times political leaders do foul business by carrying out policies contrary to those voted by the people. Other times that government cannot impose the interests of those who voted them. Sometimes, the government succeeds in accomplishing the wishes of the electorate.

To what extent was Alfonsín hindered from defending the interests of the middle classes? We should remember that Alfonsín's government started with Economy Minister Bernardo Grinspun, who fought a hard battle against IMF in order to impose the Radical programme. It was shown that governmental power was not enough to go against the markets and the politics that ensued saw the fall of the Radical government. It was the most powerful businessmen who caused the inflation that ended social peace and led to supermarket looting, which in turn caused the government to leave office.

In this sense Ruth Felder claims the first democratically elected government tried-initially- to reverse the transformations that had taken place during the dictatorship. It tried to regain the role the state had had before the 1976 coup and it refused to implement orthodox economic policies and the structural tightening up demanded by international financial institutions, hoping the external creditors would sympathise with the new democracy by softening their demands. It also worked towards a common strategy with other Latin American countries in order to negotiate with creditors, without IMF participation.

This is what is known as the Cartagena Consensus. After these options were rejected, the government ended up agreeing to the IMF monitoring the country's economy and it committed to restricting expenditure and balancing public accounts, in exchange for a refinancing of the debt and re-establishing capital flow.

As early as 1987, in the face of persistent economic troubles, the radical government started to analyse a number of options for structural reform that would be financed by loans for structural tightening up by the World Bank, which aimed at supporting the balance of payments, accompanied by strict conditionings.

This is the way macroeconomic and sector reforms were achieved, among them, commercial opening, the deregulation of financial markets, restructuring of public companies and the incorporation of private capital to the gas and oil sectors, rationalisation of public expenditure in health, education and housing. This programme did not only mean a change in perspective about the State and the economy but also a quantitative and qualitative transformation of World Bank intervention in the country. (Ruth Felder: 2005, 147 y 148)

Menem, who promised populist policies, did not do as he said, as among his first acts of government he gave the Economy office to the Bunge & Born group and appointed Alvaro Alsogaray, the UCEDE founder, as his advisor. His objective was to transform Peronism into liberalism. Menem, at many points in his government, so as to achieve presidential reelection, used what Pucciarelli has called apocalyptic impossibilism. This is based on a blunt discursive strategy that does not seek to persuade with rational arguments but to inhibit by means of frightening forecasts. This can be summarised as the following contrast: either we continue strengthening the tightening up policies "recommended" by international organisms, discarding any possibility of modifying their main parameters, or there will be a massive flee of capitals invested in the country which will lead the economy to collapse, with unforeseen social, institutional and political consequences.

This way of reasoning is strictly connected with a variation on unique thinking coined by neoliberalism: "it is the only way out". It is the only way out for the powerful to increase their earnings without caring about the pain and the needs of the people. Those who oppose neoliberalism claim that there is another way out. Thus everything depends on the human being, the powerful leaving his selfishness aside, their individualism, and sharing their goods with the have-nots. But for this to happen it is necessary to change frames of mind, to abandon miseries of the soul, accept virtues, which are habits which have to do with ways of behaving in human beings.

As Estela Grassi (2004; 161) suggests, for the first time since the mid XXth century, the privilege of the dominant class is out of the question and it is openly exposed: the explicit exercise of power by corporations, their intervention in state matters without mediation (appointment of ministers, policy design), show that today class differences are not hidden, but unequal distribution of riches and power are the parameters along which the new legitimacy is built. Mass media (including those belonging to the state and mostly these ones) show the luxury of some without embarrassment. Like in the belle époque, this strengthens differences which are legitimate in the realm of the market. However, if media support to this policy in the 1990s was monotonous, in 1998 warnings of the catastrophe to come took their place, the claim of "regulation" of the now global market, and the request for a globalisation with a human face. This explains the policies that seriously affected workers. It was Menem who passed the State Reform Law and the Economic Emergency Law. The former would allow privatisation of State companies at a vile price. The latter derogates restrictive laws and controls foreign investment. But it was also in Menem's time that a political and social order that caused further unemployment and policies that disadvantaged the middle and working classes started. Among these we can mention the decrease of employer contributions to social

security, regulation of strike rights, reduction on public employment, the new Employment Law that comprised four new contractual modalities for indeterminate time, the 25,465 law of work contracts, the one known as the PYMES Statute that eliminated severance payment for companies with less than 40 workers and the work accident law that regulated and reduced payment in cases of accident.

But the icing on the cake would be provided by President de la Rúa with the Labour Flexibilisation Law, which was the product of the worst case of corruption in the Senate. This is why we say that democracy was not always defended as it was done by Alfonsín, with all his mistakes and possible criticism aimed at him, and with all he had to surrender. Menem and de la Rúa applied the model the Washington Consensus proposed, allied with the US and Menem became the best IMF student. We should also remember that sovereign countries fell under the tutelage of international financial institutions because they were indebted. The Bretton Woods institutions (CHOSSUDOVSKY, Michel, 2002, 44) forced countries through the so-called “conditionalities”, added to the loan agreements, in order to “correctly” reorientate their policies in accordance with the interests of official and commercial creditors and of course against national interests. Argentine politicians wrapped their proposals in evident falsehood in order to agree with IMF, hiding their objectives to the people. They do this when the government cabinet feels forced to introduce some of the countless destructive reforms proposed by IMF and other international organisms.

Tightening up policies destined to widen the sphere of private capital business, reduce salaries, or compress public sector expenditure in order to pay the external debt. This can be verified by analysing, among others, the speeches of Minister A. Flamarique, aimed at justifying the introduction of reforms, as we have seen, to the existing labour law.

On this occasion, the “flexibilisation” project had become a key condition by IMF in order to negotiate new loans, a condition that was denied and hidden with the argument that such “flexibilisation” worsened existing contract conditions but would, on the other hand, generate an important increase in labour demand and a reduction of unemployment (Puciarelli:2002; 102).

In this respect, to show the importance of crediting financial institutions, most Argentine privatisations and the reform of the education, health and social security systems, for example, took as a starting point projects planned by the World Bank, which were taken as their own by the Executive and then subjected to some reforms in ministries or Parliament, without changing their essence.

Therefore, even if it is true that the State has minimised, it must be highlighted that this occurred in those “unproductive” areas in relation to capital raising. On the contrary, intervention levels grew in those sectors that enhance such cycle. As it has been described by Alejandro Rofman, what was done was to transform the state in a tool for the benefit of a certain highly concentrated social niche. Instead of being absent, State was omnipresent in the defence of concrete interests. Thus, it would be highly inappropriate to say that the public sector has been merely passive in matters related to the big private companies (Rofman, 1998). In this way, the Argentine state acted selectively in order to guarantee extraordinary benefits for local and foreign groups, trying to disassemble any opposing movement in unions, political and social sectors (Lopez, Corrado y Ouviaña: 2005.; 118 y 119).

Another of the legacies of Menem and de la Rúa was the convertibility-debt relationship. The process of growing overvaluation of our currency had terrible effects on the real economy which led to a decrease in the level of exports, the fall of internal production, an increase in unemployment rates, chronic deficit in the balance of payments and tax revenue, a deficit that was covered over time with new loans.

It was a strategy that allowed us to have an artificial feel of prosperity as external obligations were paid. We would see reality later on, when we had to go into default and face external debt payment without new loans that covered the ones due.

Differences are noteworthy; while Menem carried out carnal relationships with the US and de la Rúa intimate relations, Alfonsín was part of the Contadora group, to make regional Problems Latin American, as a replacement of OEA. Memorable is the action of this government in relation to Brazil. The Foz de Iguazu statement not only launched the Argentine-Brazilian integration project, but it was a fundamental step in order to initiate a path of understanding and friendship which does not lack, naturally, its differences and oppositions of interests.

But that moment initiated a path which today means MERCOSUR, which not only represents a commercial agreement, but is also a political environment in order to struggle together for the autonomy of both countries, together with other members and partners, and also improving understanding with the world.

We also owe Alfonsín the first proposal for the modernisation of State. In this sense, it is important to conceptualise two aspects. One of them is the transfer of our capital city to Viedma, Rio Negro. The other matter is justice reform and constitutional reform as essential milestones for the foundation of the “Second Republic”, understood as the relations between State and Society.

Constitutional reform was not possible in this period, this is why the Olivos Pact ended, allowing Menem’s reelection. It is not bad that the Constitution includes the reelection of the president, but this must be valid for the coming one. This means not making laws retrospective. In the same act, it is possible to see two different intentions. Alfonsín wanted to reform Constitution, an old wish of his; Menem wanted to be reelected. One of them wanted power while the other wanted institutions to work for common good. But we must conclude that signing the Pacto de Olivos was a mistake. All the same, a pure democracy will not be found because it is made by man and man is not perfect; on the contrary man seeks power. Besides, there are also external factors, as we have mentioned, market jeopardising Alfonsín’s government and making it impossible to talk about democracy even if the government made a tremendous effort, and the attitudes of IMF and the World Bank that have already been described.

Additionally, internally, the military opposed at Easter 1987 to continue being tried by national courts. The Punto Final and Obediencia Debida (Final Point and Due Obedience) Laws allowed trials to end. The remaining question is if the government did not feel strong enough to oppose the carapintada military men or if democratic forces beyond civic support to the government were insufficient. But the main matter in Alfonsín’s government was a matter of power; in contrast, Menem forgave all trialled military men. Even this is a discretion act by the government, I believe that those who have repressed and killed more than 30,000 people cannot be forgiven. The differences between the two policies was that in 1987 those who attacked democracy were carapintadas while Menem’s administration’s attitude was one of forgiving repressors without any other pressure.

After that Duhalde and Kirchner arrived, and they negotiated. Duhalde started a new period. He aimed at a populist government and although the country had to go out of recession and start to produce more, it will find obstacles by IMF even greater than in the past. Before receiving loans it was enough to sign an Intention letter where the State promised to stick to what had been agreed. Now it was necessary to receive new funds to carry out previous actions showing the political will to carry out pending reforms.

The IMF requirements were related to the following impositions:

- ❖ The derogation of the Bankruptcy Law which allowed some companies to stop their payments due to the situation the country was going through, and could thus be bought by privileged creditors at a very low price, which was not real.
- ❖ Derogation of the Economic Subversion Law to prevent executives who went into economic wrongdoings to be trialled. Later on the IMF demanded specific measures to make Central Bank authorities and those of international banks immune, even if they had appropriated the money of individuals through the “corralito-corrallon” (bank freeze).
- ❖ Reform in the provinces as regards the central government: 1) budget tightening up 2) direct ban on province title issuing. 3) governors should promise to raise tax revenue connecting it with expenditure in order to reduce fiscal debt in 60 %.

Kirchner, according to Boron, (2005; 189) more theoretical than substantial with big monopolies, privatised companies, IMF bureaucrats and the World Bank, American government, the now fortunately extinct Aznar government and many ministers in Spain, as well as foreign investors, which made him extremely popular among people who naturally hate those people who are associated with the looting of our country.

Boron himself cites official rhetoric as an example, in a speech given at the American Presidents meeting, which took place in Monterrey, Mexico. Right next to the President of the US himself, George W Bush, he referred to the unfair distributive pattern set by neoliberal reforms in the 1990s which has however remained unaltered.

But is it rhetoric or action which lies beneath Kirchner’s attitude? For in the Mar del Plata summit, Kirchner went from rhetoric to action and together with other MERCOSUR presidents and the one of Venezuela they rejected commitment to ALCA as it is proposed today, which divided the region into two areas. Kirchner was the host and, to American eyes, he did not help consensus but did just the opposite, and he did so after Bush praised his government and did not completely discard helping him in IMF.

In this sense, the document settles two opposing positions. One of them demands relaunching ALCA and a schedule for that, triggered by the US and supported by 28 allied countries. The other one is MERCOSUR and Venezuela. The MERCOSUR position seeks to delay any commitment and date since conditions are not met for a free hemispheric commercial agreement that is “fair and balanced”, with access to markets, subsidies and other asymmetries. At all times, Argentina and its partners tried to have an agenda that did not depart from the Summit motto “ To create work to face poverty and strengthen democratic governability”.

But it is Kirchner himself who negotiated a way out of default in the same way he announced it. This is, he promised and accomplished paying only 25 per cent of the debt. And it is Kirchner himself who paid all the debt Argentina had with the IMF so that that organism stopped monitoring the Argentine economy, imposing policies and weakening our country’s autonomy.

Honestly I believe it is more action than rhetoric. What might be observed is that the president’s style is that of permanent confrontation, which shows a certain –real or apparent- authoritarianism. And populisms must take off the authoritarian clothes, defend democracy and consequently social justice and people’s dignity.

In foreign policy in the Kirchner era there are two central matters and a third topic. On the one hand, the relations with IMF, which conditioned inner growth and the wellbeing of all Argentines. On the other, we can talk about triangular relations between Argentina, Brazil and the US. The third topic is related to Malvinas Islands.

As we have seen, the most difficult relations took place until the beginning of 2006, with International financial institutions, especially IMF, a kind of manager or administrator of the centre. In the treaties with these organisms, mainly IMF, there was not other thing to do but to concede, as it was done, contrary to what the government says. Thus, the virtual agreement announced on 10 September 2003 manages to include all aspects the organism wants to include. Therefore, to what extent have our negotiators signed a “pioneer agreement” with the IMF where development, equality and poverty in Argentina are taken into account? The fact that this is mentioned in the agreement is no guarantee in this respect and it can be an instrument of internal consumption.

What is true is that the Fund succeeded in seeing these measures implemented, which constitute what is called “structural reforms”

We should remember that as regards tax matters the IMF increased their demands. First it was that the National budget should have fiscal balance. Then a primary superavit in order to pay for the debt. Then a primary superavit to pay for the services of the debt. Finally, the agreement demands a tax superavit of 3 % for 2004.

This type of demand affects resources which would serve the purpose of reactivating the economy in order to overcome the crisis. What is ideal and feasible is to make the economy grow so that there is investment, internal first, external then. Those who invest in the real economy want demand to take place; nobody would invest without expectations of selling what has been produced. If additional fiscal resources go to public works and an increase of salaries it will be possible to relaunch the economy and come back to an industry which is suitable to our times. In order to achieve this aim it is necessary that the IMF does not impose recessive programmes (CALCAGNO, Alfredo Eric y CALCAGNO: 2003).

Related to the previous point of obtaining tax superavit is the salary freeze of civil servants and pensioners.

Another one of the IMF aims was to privatise the national public banking system. This measure had started to be implemented. The minister Lavagna has stated about the incorporation of private capital to Banco Nacion, that it would be 10 %.

We should also refer to the questioned asymmetrical pesification by law after the Argentine government denied it was part of the agreement. These compensations favoured banks and liability liquation of great debtors in foreign currencies. 2,800 million pesos was the national capital that was affected in order to reach such objectives in sole benefit of the local extrabishment. This means foreign corporations with branches in our country and the great capitals and Argentine businessmen. However, the IMF and of course banks do not agree. They seek compensation for 10,000 pesos.

The IMF, likewise, had set as an objective increasing fares of privatised companies, although these aims –according to the Argentine government- would be jointly carried out with the renegotiation of the company contracts.

- ❖ Reaching a fast agreement with defaulted bond owners, with the risk of not passing the objectives for the first three months of the year set by the September 2003 agreement. This threat repeats itself at the end of 2004. After that, negotiations with the IMF come to a halt.
- ❖ Even the mass media inform that with this aim and taking into account the good results obtained by the growth in the economy., the IMF wants to increase tax superavit for 2004 by 4 %. Tax superavit is also demanded of provinces.
- ❖ Anyway, the aim was that the government should buy dollars to guarantee that Argentina would start to pay the defaulted debt. Before that that money came from external loans and it was now provided by foriegn trade.

In contrast the Fund has not said or done anything to prevent the terrible capital drain that emptied the country. The capital that left the country is estimated at 120,000 million dollars.

As a consequence of the agreement we find a Fund struck by particular and loyalty interests which canot respond to the basic demands of society, other than by the fact that the 2004 budget has included an increase in those fields. We refer to matters such as health, education, public services, social services, etc. But investment in science and technology and culture are not part of this because they are not profitable. Thus we find a State that intervenes less and less to allow the market to keep it all. In this way we witness the deregulation, privatisation of public companies and the social security system, etc.

Everything changes after 3 January 2006, when Argentina pays the debt to the IMF. With this measure, President Kirchner seeks to gain decision-making power and keep demands and monitoring away. This is to say, he decides to gain autonomy, which means the possibility of gaining democracy, because from now on big decisions will be taken by Argentine people. This does not mean that the pressures typical of superpower diplomacy, international capitals will not apply over the political and economic life of the country. But the manager of all those actors, the one that supervised everything and imposed everything will not be able to go on imposing their power. This attitude is categorical and paramount. Argentina can be considered to be a country freed from the biggest oppression that many times led it to the wrong policies and some policies which went against its own interests.

It is said that in order to reach an agreement with the IMF in September 2003 it was necessary to ask for US “support”. But as a counterpart there were many demands and pressures over the Argentine government, in themes that now can be considered by the States as being vital, although Argentine leaders are now resisting. These issues are connected to multilateral and bilateral matters. But to analyse Argentine-American relationships it is necessary to refer to triangular relations of these two countries with Brazil.

If we align with the US we know our fate will be one of dependence. These triangular relations are extremely complex, because the degree of autonomy Argentina will have will depend on the choices Argentina makes and how they deal with negotiations. This becomes more difficult to observe if we ally with Brazil. Because then we must ask ourselves: what are the aims of our neighbour country? Is it to lead a movement of South American countries so that everyone can grow internally and negotiate with greater power with third actors? Or is it to carry out hegemonic relations where the only country that can grow, even to the detriment of the allies, is Brazil and the rest of the countries are used to “join” wills before third actors. In the case of Argentina, for some time, it is said that Brazil is the workshop and Argentina is the farm. But what happens now is that Argentina has decided to be part of the workshop.

In the manufacturing sector, Argentina has an extremely reduced market and Brazil a bigger inner market with greater technological capacity, lower costs, and it also applies a subsidy policy in industry; this is why new investments go to Brazil. And many investments in Argentina decided to lift their plants and place them in Brazil.

This meant that Brazilian products in different areas –shoes, household appliances, automobiles, etc- flooded the Argentine market, which originated a conflict between both countries in which Argentina demanded more justice. The governments of both countries reached an agreement in which they claim that this can be solved through a manufacturing alliance aimed at exporting more towards extra zone destinations. This would mean a leadership position for Brazil, as long as this becomes concrete and does not stay as a promise. In other words, Brazilian leadership is accepted, but hegemony is not. This is also valid for Paraguay and Uruguay who are also members of the concert. The question is what will happen with Venezuela, the new full member of MERCOSUR.

As far as the farm is concerned, we must say that from 1999 on agricultural exports to Brazil started to decrease, because Argentine production was gradually substituted by their own production. Regarding meat, Brazil is a leader in exports. As regards wheat, although the level of exports is maintained, the harvest of this year increased from 2 to 5 tons compared with the previous one. Moreover, this year it exported cereal for the first time. And this happens with other products where their production also increases. (LONGONI, Matías: 2004)

However, without the shadow of a doubt, the alliance with Brazil is very fruitful in order to defend autonomy from central countries, especially the US and to reach understanding with other countries and regions. This means, so as to co-ordinate a foreign policy. This does not happen in an alliance with the US.

From this perspective it is important to highlight the agreement for a free trade zone in the Andes Community. This agreement reached the political arena when it was signed in November 2004 by the South American Association. But it is also with MERCOSUR that a commercial diplomacy with China, India, Egypt and South Africa is carried out. Having looked at the pros and cons of the counterparts, let us now analyse how relationships in the triangle take place, from a multilateral perspective and a bilateral one.

From a multilateral perspective we can observe that the conflict of G-22 in the WTO meetings with the US and the European Union, the agreement about ALCA and the MERCOSUR attitude; the creation of a free trade zone with the European Union. From a bilateral perspective: sending troops to Iraq, immunity of American soldiers; militarisation or non-militarisation because of terrorism.

. The G-22 is a coalition of anti-protectionist nations of which Brazil, China, India and Argentina are part, among others, and they fight against the WTO against the richest countries that subsidise agriculture.

This matter began when in mid August the US and the European Union agreed on a joint proposal to reduce their million-dollar subsidies to agriculture, which did not satisfy developing countries. The idea of not accepting the proposal was born within MERCOSUR; Brazil inviting India and this country extending the invitation to China. Soon they were 22 countries, which represent half the world population and a fifth of agricultural trade.

In the Cancun meetings, the G-22 became the inevitable protagonist. And it succeeded in making the WTO revise the draft of the agricultural agreement, which almost replicated the agreement

between the US and EU. But disparity in criteria made the Cancun meeting fail and end up in failure. Somehow this attitude of developing countries reminds us of the North-South relation which was so important in the 80s. For example, with Contadora and their support group.

But the Cancun meeting is no more than the first battle; new WTO meetings will follow. In them, it will be possible to see how strong the group in general is, and Argentina in particular. US pressure achieved some Latin American drop outs. However, within the framework of the OCDE, the US and the EU committed to reducing subsidies to production and the elimination of subsidies to agricultural exports. Of course, no percentages of that reduction or schedules were mentioned. At the end of 2005, in the Hong Kong meeting, as the Southern countries did not achieve the aim of making Europe, US and Japan give as regards their subsidies and agricultural protectionism, they did not give up their North demands either, which sought more opening in industry and services.

Another matter refers to the ALCA Treaty and the strength of MERCOSUR, mainly its two most important partners, in imposing a flexible agreement and joint negotiation. This means ALCA will continue progressing as long as each member wants to concede trade freedom to another country. The Mar del Plata Summit, about which we have already talked, shows the failure of ALCA and the MERCOSUR fight, together with Venezuela, to resist the imposition of free trade that is not reciprocal in practice. It is paramount to mention the Buenos Aires Consensus signed by the president of the two countries. This instrument considers MERCOSUR as the nucleus from which the objectives of the consensus will be accomplished. The presidents know that this organism is the axis of South American integration as an alternative to resist ALCA, proposed by the US.

The document asserts common objectives –such as rights and liberties for all citizens, consolidation of political democracy, deepening of public policies and the priority of education-; to later focus on the criticism of the inequality imposed by globalisation and the strategic affirmation of the MERCOSUR role. In this sense, it establishes that we “ratify our deep belief in MERCOSUR not only as a trade bloc but as a space where values, traditions and a shared future are catalysed”.

Likewise, it considers that regional integration is understood as “an option...to strengthen the insertion of countries in the world, enhancing negotiation power”. For this it is necessary to have “a greater autonomy in decision-making which will allow us to face destabilising movements more efficiently as regards speculative financial capital and opposing interests of the most developed blocs, by allowing us to speak up in forums and multilateral organisms”.

South American integration, it is pointed out, has as an objective “the constitution of a new development model in which growth, social justice and the dignity of citizens are included”. (SADER, Emir: 2003). The Buenos Aires Consensus has among its aims to restrict the advances of the US through ALCA. A position of this kind has made this country to negotiate ALCA with the four countries at the same time and not bilaterally as it was their aim.

In this respect, the Miami Summit, penultimate meeting in order to circulate ALCA in mid November 2003 can be mentioned as a US failure and a Brazilian triumph. It was this country that proposed a limited ALCA:

According to its final statement, it deals with ALCA at two levels. One includes commitments and common obligations for all the countries. The other one claims that each country can decide which of the nine priority themes is to advance faster: access to the markets, intellectual property, competition policies, conflict resolution, subsidies and antidumping measures, agriculture, investments, services and governmental purchases (BORON, Ana: 2003). This is to say a proposal to build a “flexible agreement” that allows each of the 34 countries involved in the process to “take

different levels of commitment in terms of opening". In this sense, the MERCOSUR countries lead Latin America in a movement in which they do not seem to be willing to make concessions in exchange for nothing.

In Mar del Plata, opposition to ALCA was even greater on the part of MERCOSUR. President Kirchner said "we agree on integration but without asymmetries or subsidies". And he qualified as "historic" the position outlined by MERCOSUR together with Venezuela in the continental meeting. But MERCOSUR members are not happy with partial triumphs obtained at the Miami Summit and in Mar del Plata. They will continue fighting for strengthening the organism for future negotiations. This is the way, as we have said, a free trade agreement was signed with the Comunidad Andina de Naciones (CAN), which started to be in force in April 2004 and became incorporated Peru as a country, added to Chile and Bolivia. While Venezuela will be a full member.

However we should ask ourselves why is there so much concern about ALCA. The liberalisation of ALCA can have terrible consequences for Latin American countries. This instrument will enable goods, services and capitals from the US to enter these countries, from the most powerful and highly productive economy of the world against which it is impossible to compete. The counterpart would be a reduction of tariffs, but agricultural, textile and steel subsidies will remain, as they are paramount for the region.

In the same way, a Free Trade Zone is being negotiated with the EU. It could be said that an agreement of this kind would favour a pendulum policy with the hegemonic country. But there are reasons to cast some doubt upon this.

On the one hand, the EU has the same agricultural subsidy policy as the US and also a preferential agreement with ex colonies; one and the other make Latin American exports difficult. On the other hand, lobbies of European countries in favour of corporations and privatised companies are not different from those by the US, with as "imperial" features as those. In Argentina, it was possible to observe French and Spanish officials putting pressure on the government for the increase of fares for privatised companies based in those countries.

Finally, in relation to Argentina, some institutions or people from some of the EU member-states have defaulted debt bonds; those governments put pressure for the Kirchner administration to pay their debts.

In March 2004, following the line of the Buenos Aires Consensus, the Carta de Rio (Rio Letter) was signed, which is a common position between Argentina and Brazil s regards the external debt. On the one hand, it requests that the investments destined to create infrastructure growth are not calculated as public expenditure when tax surplus is calculated. On the other hand, the document maintains that primary surplus and other economic policies must not jeopardise growth and must guarantee debt sustainability. This Carta de Rio received subsequent support and was adopted by Latin American countries.

Concerning bilateral matters with the US, disputes take place in the following areas. In the first place, the Iraq matter, where the country wanted Argentina to send troops. Secondly, the refusal of immunity to American soldiers carrying out drills in Argentina. We should remember that Argentina did not accept to offer that benefit for Eagle III Operation. But we should also remember the reasons given, weighty ones, for this country. It has been the proponent of the International Penal Court. On the other hand, the Argentine Luis Moreno Ocampo was named as a prosecutor of that organism. The US is already taking reprise with countries who do not offer immunity to

soldiers, by cancelling military support. Among those countries are Brazil and Colombia. Finally, Argentina has resolved not to militarise regarding the terrorism issue, as opposed to what the US wants. This position is shared by Brazil and Mexico.

Finally, we have the pending theme related to the Malvinas Islands. In this sense and beyond results, it is auspicious to see the Argentine attitude in defence of sovereignty. First it was Kirchner in a private meeting with Blair. Then Chancellor Bielsa who in front of the decolonising committee of the UN highlighted that the rights over Malvinas are impossible to surrender. Additionally, the dispute must be resolved between the governments of Great Britain and Argentina without Kelper participation, according to him. This attitude represents a change of approach of 180 degrees regarding the irresponsible behaviour taken by the Menem administration and comes back to the spirit of Resolution 2065/65 of the UN General Assembly. Resolution 2065/65 and the Kirchner Administration claim that it is important to take Kelper interests into account, by compensating them for the damage suffered, but not to take their wishes into account, because their wish is to stay on the islands. Precisely, resolution 2065/65 does not support the free determination of peoples because Malvinas do not have their own population. The crazy 1982 war by the military process makes the task of recovering the Isles difficult. Sovereign rights in international relations are gained by agreements and force. It would be logical to negotiate. But it is important not to give in this respect, which speaks about a good governmental policy. Even if Great Britain claims that there will be no negotiation if the Kelpers are not allowed to participate.

Vulnerable or not vulnerable, but surely less vulnerable, with this series of autonomist policies which are enforced by the Kirchner administration and even when the facts we are dealing with are not all closed, there is some hope as regards governmental attitudes that could lead to some satisfactory outcomes for the Argentine population.

Furthermore, if we take into account that most of the issues, multilateral and bilateral, that we have analysed in relation to the US and the EU constitute vital themes for those central actors. But the alliance with Brazil has been very important in terms of easing efforts, as well as the later inclusion of Venezuela. Now, it is important to solve the intramercur relation.

Since provided the Brazilian objective is hegemony many of the efforts could be fruitless. We should be neutralising the central actors, not as regards debt payment –as it can be seen- but we would become vulnerable in relation to Brazil. Let us hope Brazil gives some thought to all this, as regional integration is a common good. No one would be willing to integrate a process if the only outcome is loss. Brazil does not still have the power to impose their will as the US do, then reason must reign.

But between rhetorical Boron and the substantial policies we have been able to observe we should see what the real power the Argentine president has is. We do not forget something essential, that no policy can be carried out without power. A statesman with a strategic soul can get some advantages, a vulgar politician cannot.

The question is knowing who are the winners and the losers of the day. The market, investors, businessmen, or the people. If unemployment benefit did not exist, poverty in this country would rise to around 40%. And let us be clear: it is a subsidy of 150 pesos; we cannot say the person who receives it can be said to be employed. This justifies the pickets carried out in many parts of the country. IMF payment seems to be seeking to end with poverty and exclusion, it will allow progress. This is social justice. This is democracy.

Secondly, internal society is a dualist society. Oligarchic interests of land-owners and businessmen and those of the people and the middle and working classes, even if sometimes union representatives get allied with the oligarchy and leave the people alone. At times of Menemism the

group formed by Bom, Handley, Vicente, Alchouron, Ikonicoff, Bárbaro, Aráoz, Barrionuevo, Goyeneche, José y Andrés Rodríguez, West Ocampo, Cavallieri, Pedraza, Zanola and Lescano, who overtly supported the economic programme of deregulation, opening, privatisations and free markets (Estela Grassi: 2004; 131). The attitudes of many unionists are in part to blame for the existence of people out of work, excluded by the system, something that was strengthened in the 90s. It was then that pickets appeared.

In a society like this it is impossible to impose a democratic order, because different rungs of the ladder defend their own interests facing others. It is necessary to integrate for common good, so that every one has what they need in terms of health, food, housing, education and clothing. For this it is important to have a national identity, where I becomes We. A We that integrates differences, respect for others. A democratic we, with the common aim of autonomy.

I believe this is the big problem of enforcing a real democracy in Argentina, as in all dualist countries. Lack of identity, of a sense of belonging that allows the papoose to integrate as a nation, where they know what they want and where they are going and where they are coming from. It is this common destiny that leads them to share the goods they have. A society of roles, where everyone has their place, where there will be those who are richer or less rich but there will not be those who are excluded, because the State will regulate the way to protect them and ensure they have a future. The State will act like this because this has been the decision of the people, who voted for a system with social justice.

Lately, the people, be it the middle classes, the poor or the excluded have come together to petition, to ask for justice in different situations. Thus we have Madres and Abuelas de Plaza de Mayo asking for people who disappeared under the military repression. Popular assemblies which formed to fight against de la Rúa's government and continued some time later but led him to quit.

The pathetic motto that “everyone should leave”, referring to the political class, reflects lack of belief of a people in their politicians who only represent them when they ask for their vote. We have the above mentioned picketeers, with many movements, building pickets in streets and bridges around Capital Federal and also in the provinces. Likewise, for security reasons, the people has protested. We have the crowds Mr Bloomberg, whose son was kidnapped and killed, gathered. Also the ones that have protested because of the Cromagnon case. But the people also demonstrates against the oligarchic right wing that seeks to produce an institutional coup in the city of Buenos Aires, with a political trial against Anibal Ibarra, making him responsible for a misfortune. We should agree that Ibarra deals with education, health and public works and has been an honest official. About this, Macri's supporters say nothing. This is an attempt against democracy.

However, these movements, some spontaneous, and therefore democratic, some ideologised and not so democratic, have achieved –most of the times- a real or effective power that has transformed demands into social conquests. We also have human rights organisms that also petition. It is the defence of the human rights of a defenceless people that lies at the bottom of all this.

But let us come back to national identity. And let us say that for a national identity to be found it is important to take care of the third part of the chain: external pressure. In the interstate system, in times of Locke, European countries has some rights over overseas ones. These rights are still kept by developed countries these days. .And they are sustained with force, diplomacy, to what now has been added International Organisms, especially those that deal with finance –IMF and World Bank- Commerce, the WTO. Today most businesses are carried out, from production to finance and trade, through taking surplus, making it bigger by lowering salaries and replacing the work of man by robots or computers.

This is what has made hunger, exclusion and misery grow. And it has hindered what democracy can offer us. Neoliberalism, first by the military process, then Menem and de la Rúa, is not an external invention inforced in the developed world by Thatcher and Reagan, then spreading on earth. There were governments who sought to neutralise those policies but others that adapted them as their own. Argentina has experience in both versions.

About this what we can say is that universalism invited by the word globalisation seems to hide much. Globalisation is not a question of uniformity and equality of opportunities, as they sometimes want us to believe. There is a centre where globalisation dominates and expands its "logic". From this centre, constituted by the US, the EU, Japan, and a few others, a series of more or less concentric circles starts spreading, toads the periphery of the system, where pariah nations are, such as sub-Saharan Africa, where just 1.1 % of world investment is carried out. At a world level, this means that there are countries virtually out of the system, and in our societies there are people out of the system, also in developed countries. This is the so-called dualisation of societies that we can all see. (MARDONES, José María: 2005; 125)

But it is also the international system that sometiems favours and reinforces democracy, which is the case when peoples co-operate among them, when they integrate. A democratic clause has been imposed in the sense that if the legitimate authority of a country is taken out of power, the country in question is not considered a member until the de facto government leaves power. Among other actors, this is what happens in MERCOSUR. MERCOSUR has defended democracy in Paraguay, but it has also been defended with this populism focus in South America: Argentina, Brazil, Chile, Uruguay, Venezuela and Bolivia.

The union of everyone, backing each other up, this is the way to advance in direction of autonomy, of the democracy that must occur with social justice and mutual respect for those who make it. It seems that Argentina has come taken once again, in the Kirchner era, the path that in the 80s Raul Alfonsín sought to take.

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Translation from *Revista Relaciones Internacionales* [on line]. 2006. nº 30

ISSN 1515-3371.