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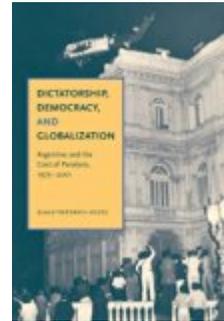
in the Humanities & Social Sciences

Klaus Friedrich Veigel. *Dictatorship, Democracy, and Globalization: Argentina and the Cost of Paralysis, 1973-2001*. University Park: Pennsylvania State University Press, 2009. xiii + 234 pp. \$65.00 (cloth), ISBN 978-0-271-03464-5.

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Published on H-LatAm (November, 2010)

Commissioned by Dennis R. Hidalgo



Political Paralysis and the Erosion of Trust in Late Twentieth-Century Argentina

The recent generations of ordinary Argentines who have suffered the consequences of the contradictory economic policies of both civilian and military governments since the early 1970s would surely endorse most of the claims Klaus F. Veigel makes in his book. In fact, the political polarization that characterized Argentine politics during most of the twentieth century, when joined with swinging economic policies, the influence of special interests, and even the total incompetence of several administrations, produced one of the most volatile economies in the world.

The book's most important claim is that the cyclical economic instability that beset Argentina during three decades—between Juan Perón's third term in 1973 and the 2001 crisis that led to the resignation of Fernando de la Rúa—was the result of a “political paralysis.” This paralysis resulted from the inability of a social class or economic interest group to “impose its vision of Argentina's future,” thus leading to an economic policy that fluctuated between “protectionism and interventionism on the one hand and economic liberalization and opening on the other” (p. 203). In this respect, Veigel's book is a twentieth-first-century incarnation of a thesis first presented by the Argentine sociologist Juan Carlos Portantiero in the early 1970s, even though Portantiero is not mentioned in the bibliography. During his exile in Mexico, Portantiero, inspired by Antonio Gramsci's writings, argued that Argentina's political system was in a permanent state of a “hegemonic tie,” in other words, a juncture

in which no political or economic actor was able to construct or impose a new hegemonic order.

The breakdown of the Bretton Woods system and the oil shocks of 1973 and 1979 gave birth to a new economic order. In Veigel's view, the Social Pact, an economic recovery plan put into practice at the beginning of Perón's third term, misread this new international environment while it tried to put an end to the slow growth, high inflation, and falling real wages that persistently afflicted the country's economy. A corporatist, populist economic model led to increasing international isolation—at least isolation from U.S. lenders, since the country did establish new commercial relations with Cuba, the Soviet Union, Poland, Czechoslovakia, and Hungary during this period. Shortages, rising inflation, and the overvaluation of the Argentine peso led to a decline in public confidence, thus opening the gates for the slow but inexorable political and economic disintegration that preceded the 1976 military coup.

The lack of trust that Argentines cyclically had in the economic policies implemented by both civilian and military leaders constitutes a central, yet perhaps theoretically undeveloped, theme of Veigel's book. Time and again the issue of trust and confidence, or a lack thereof, ultimately determined the success or failure of economic ministers and even of the government that appointed them. However, I wonder if it is correct or productive to measure social trust by merely assessing the market's

mood. In addition, I also wonder what is specific, in this regard, to the Argentine case, since trust and confidence in economic policies make or break any economic plan, no matter whether the country in focus is the United States, South Africa, or Indonesia.

The last months before the 1976 coup were chaotic. While political stabilization was the precondition for obtaining financial support from the International Monetary Fund (IMF) and the U.S. government, every attempt to secure this financial support further deteriorated the political situation. Not even members of the Peronist government, then led by Perón's widow, Isabel, or the leaders of the major opposition parties believed that they needed to prevent a military coup. There was even a bigger, more tragic irony. One of the coup plotters visited the U.S. ambassador to tell him the coup was imminent and to ask for a recommendation for "one or two reputable" U.S. public relations firms to handle the negative international image caused by the human rights abuses they were bound to perpetrate. In turn, the U.S. government and the IMF, as Veigel notes, "sought political and economic stability and would abandon a democratic government if it could not deliver it" (p. 56).

A pro-American attitude and an all-out war, both overt and clandestine, against any form of political, economic, or cultural dissent ended in the disappearance of at least 10,000 people and the recovery of international funding. The international financial markets and the IMF were not bothered by human rights atrocities; they were too interested in the balance of payments and the fiscal deficit. Initially, a redistribution of income in favor of the agricultural sector and a series of half-hearted anti-inflationary measures led to a fleeting economic stabilization that did not outlast the increase in public spending, the deep divisions in the military government, and a quick succession of external and internal economic crises. As Veigel notes, between March and August 1982, there were five de facto presidents and six ministers of economy. The ill-fated attempt to recover the Islas Malvinas from England in 1982 produced \$900 million in material losses, a trade ban, and financial sanctions that badly hurt the country's economy.

The election of Raúl Alfonsín and the return to democracy did not facilitate economic policymaking. The large foreign debt bequeathed by the military junta complicated Alfonsín's first years in power, which were marked by an initial confrontation with the IMF's then-common recipe for economic austerity and wage cuts. Also, Veigel has no doubts about the "incompetence of

[Bernardo] Grinspun," who was Alfonsín's first minister of economy (p. 140). Grinspun's failure to reduce inflation or restore investor confidence led Alfonsín to replace him with a new team of "heterodox economists" who believed that the key to success lay in monetary reform, which was aimed at creating a new and more stable currency while reducing inflation. Yet, as the author explains, the new measures only temporarily postponed the economic and political chaos that finally caught up with Alfonsín and forced him to resign from office.

Carlos Menem, the Peronist governor of La Rioja, came to power on a populist platform, but soon was happily dismantling the last remnants of the welfare state in a wave of privatizations. Indeed, Menem turned out to be the classic 1990s neoliberal politician and the poster boy for the Washington Consensus. The Argentine middle class and the conservative sectors, who had always eschewed the Peronist Party, initially enjoyed the fleeting benefits of Menem's policies. The IMF and the U.S. government initially supported him. However, once again, Argentina fell into economic patterns very similar to those which led to the failure of José Martínez de Hoz's plan in the late 1970s: an overvalued currency, increasing foreign debt, and fiscal deficit. The book's last few pages explain why Menem's successor, Fernando de la Rúa, was not able to reverse these long-standing problems and thus led the country into its worst economic crisis since independence (p. 183).

Throughout the book, Veigel pays little attention to provincial governors or nongovernmental economic and political actors, such as trade unions and holding companies. This lack of attention is particularly surprising since the author himself recognizes that these "veto players" are vital to an understanding of "the conflictual nature of policymaking in Argentina" (p. 4). Veigel's efforts to explain even the most obscure economic measures and to interview almost every living minister of the economy, from Martínez de Hoz to Domingo Cavallo, are commendable. But the analysis could have been enriched by looking beyond the decisions made by the economic minister or the director of the central bank. Moreover, the statement at the very end of the book that the "repeated destruction of property rights prepared the ground for a system of 'crony capitalism'" (p. 209) does not follow from the author's previous analysis.

Veigel's limited attention to the vast and contradictory Argentine political scene lies in sharp contrast with his interest in the plurality of international (mostly U.S.-based) actors that helped shape the country's erratic eco-

conomic plans through either support or inertia. Indeed, Veigel has tapped almost every archive in the United States, such as the IMF archives, the Gerald Ford Presidential Library, the David Rockefeller Collection, and previously classified documents from the CIA, the Department of State, and the National Security Council. This is one of the areas where the book is most insightful; yet the inclusion of U.S. actors hardly makes this book a work about globalization, as the title indicates. Against a strong historiography that has put the blame for the country's crises on the IMF and the U.S.-sponsored economic policies, Veigel claims—based on declassified documents and personal interviews—that most of the time

they were not able to impose a specific economic model on the country's policymakers.

There are other instances in which this book mainly restates the insights made by Argentine scholars over the last two decades or so, as the many citations of works in Spanish published in Argentina indicate. Those who are less familiar with this extensive bibliography and non-Spanish speakers will find the book valuable. In conclusion, this is a well-written, informative work that will be particularly useful for upper-level graduate courses and those looking for a narrative account about the last three decades of economic policies in Argentina.

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Citation: Cesar Seveso. Review of Veigel, Klaus Friedrich, *Dictatorship, Democracy, and Globalization: Argentina and the Cost of Paralysis, 1973-2001*. H-LatAm, H-Net Reviews. November, 2010.

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