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## Historic Elections in Argentina

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# *Beyond NAFTA— Argentina*

## *Historic Elections in Argentina*

On May 14, 1995, the Republic of Argentina held its general election for President and Vice-President. The ballot also included 14 provincial governorships and 130 seats in the Chamber of Deputies (Congress). The 1995 election marked the first time in almost seventy years that Argentina held three successive democratic Presidential elections free of military intervention.

President Carlos Saul Menem of the Justicialist Party (still widely referred to as the Peronist Party after its founder Juan Peron) was reelected with 50% of the vote in an election that was widely regarded as a show of support for Menem's economic policies. Menem and his Finance Minister, Domingo Cavallo, were rewarded for successfully reducing inflation from over 5,000% in 1989 to 4% in 1994. In addition to taming hyperinflation, the Argentine economy grew 34% during Menem's first term.

Menem's closest rival, Jose Octavio Bordón of the Frepaso (Front for a Country of Solidarity) Coalition Party, received 30% of the vote. Bordón, a former Senator and Governor of the Province of Mendoza, left the Peronist Party last year and fared surprisingly well in the election by taking votes away from the UCR (Radical), the traditional opposition party. The UCR's candidate, Horacio Massaccesi, received only 16% of the vote marking the first time in Argentine history that the UCR had ever placed third in a presidential election. The number of votes received by Massaccesi was the smallest ever received by a UCR candidate in the general election.

In addition to demolishing the traditional opposition party, the Peronists gained several crucial seats in the Chamber of Deputies, leaving them with 135 of the 267 seats. This clear majority should enable Menem to continue implementing and refining his economic reforms. Menem's reelection was made possible by the abolition of Article 77 of the Argentine Constitution prohibiting the election of an incumbent President. The campaign to change the Constitution began in October 1993 when Menem capitalized on his party's successes in that month's elections to force former President Raul Alfonsín, leader of the UCR, to sign an agreement promising Menem the two-thirds votes necessary in both houses to call a constitutional assembly. In December of 1993, the assembly was called, and, subsequently, Article 77 was abolished.

The resulting provisions allowed Menem to run for a four year term and stipulated that the winner of the first round election must win 45% of the vote or receive at least 40% of the vote and 10% lead over the second place candidate. At the time of the election, the polls indicated that Menem might be forced in to a second round, which would have given the other candidates the opportunity to pool their votes through a coalition and defeat Menem. The possibility of Menem's defeat was upsetting the market and investors worried that Menem's defeat might send the country into economic chaos (the possibility that Menem emphasized in his campaign). However, Menem's resounding victory averted the potential problem.

President Menem has since reaffirmed that he will continue his program of economic reforms (which he aptly referred to as "major surgery without anaesthesia"). President Menem will strive to make Argentina an increasingly hospitable and stable environment for

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foreign investment through tight monetary policy, strict control budgets, patent protection (assuming cooperation from Congress), continued privatization of state-owned enterprises, currency stability (Menem has expressly indicated that a Mexico-style devaluation will not occur in the near term) and a continued commitment to reduced tariffs and import restrictions as evidenced by MERCOSUR.

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