

# ICWA LETTERS

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THE AMERICAS

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## One Year After Pot-Banging Argentines Threw Out Their President, How Much Has Changed?

By Martha Farmelo

JANUARY 27, 2002

BUENOS AIRES, Argentina – One year ago last month, Argentina exploded in protest against prevailing economic policies and massively discredited politicians. The night of December 20, 2001, in the context of widespread looting and generalized outrage against the government's freezing of bank accounts (*el corralito*, which translates to little corral or playpen), then-President Fernando de la Rúa appeared on television to announce a state of siege that suspended all constitutional rights and guarantees.

Before his brief speech was over, massive, spontaneous groups of furious, pot-banging protestors took to their apartment balconies and began parading through the streets. They didn't stop until Economy Minister Domingo Cavallo resigned and, less than 24 hours later, de la Rúa did the same. During the looting and protests, 32 people were killed, seven of them in and around the historic Plaza de Mayo adjacent to the executive offices. Many Argentines reported feeling a mix of grief, elation, hope and despair.

On December 21, 2001, I wrote, "Indisputably, the middle-class has, *en masse*,



On the first anniversary of the historic uprising of December 20, 2001, demonstrators echoed the slogan that emerged during last year's protests: *Que se vayan todos*, roughly "Out with all of them," meaning all politicians.

said 'Enough!' The poor have said, 'We can't take it anymore.' What made the events so different and historic is the absolute lack of a convoking organization. And rather than a military overthrow, the people—*el pueblo*—have ousted their president. It does feel as if Argentina is entering a new era, though it's hard to predict what exactly will change."

What is the state of affairs on the first anniversary of this momentous uprising?

### **Economic Crisis and Misery Deepened—But the Freefall May be Slowing**

In January, 2002, just days after Argentina declared default on the majority of its international debt, President Eduardo Duhalde announced he would devalue the peso. This measure marked a dramatic change after ten years of a one-to-one peg of the peso to the US dollar and sparked fears of a repeat of the four-digit hyperinflation of 1989.

The good news is that annual inflation in 2002 reached "only" 41 percent, which is low given the peso's 70-percent drop. Yet some prices rose more quickly than others. Argentines were outraged when the cost of the basic "basket" of goods and services—things like food and soap—rose almost 74 percent. Official unemployment jumped to 22 percent and underemployment (defined as part-time employment—even one hour a week—for those who seek full-time work) swelled to 19 percent.

Not surprisingly, poverty and indigence rose precipitously. At mid-year we began to notice handfuls of jugglers joining the ranks of those begging for money along the wide 9 de Julio Avenue, adults and kids alike, the novices practicing on the grassy median.

Today, greater than half of Argentines are poor. More than five million slipped under the poverty line in the last 16 months alone. One out of every four are indigent,



*Each Friday this psychoanalyst prepares several gallons of rice pudding for his assembly's soup kitchen. Each week they serve hot meals to almost 200 garbage pickers and unemployed residents of our middle-class neighborhood.*

a euphemism for the fact that they are *hungry*. Since mid-November, the media have carried stories of children dying of malnutrition with pictures of skeleton-like little ones weighing less than half what is normal for their age—all in a country that can produce food for a population ten times its own.

Fortunately, recent economic indicators suggest that the economic freefall may be slowing—*without* an agreement desperately sought from the International Monetary Fund (IMF).

My partner, economist Alan Cibils says, "Although figures for the third quarter are preliminary, they show real (after-inflation) growth of 1.5 percent. After four years of recession this is an encouraging sign, especially after first quarter growth was *down* 16.3 percent from last year. Exports grew by almost 30 percent during the first five months of the year, although they have since leveled off."

He adds, "Of course these increases in economic activity have not been sustained enough to indicate that the economy is in recovery. Nonetheless they are encouraging signs. Furthermore, Argentina is running large trade and current account surpluses. Inflation was high in the first months of the year but is has been brought under control, remarkably sooner than many people had anticipated."

Lower inflation is due largely to a more stable exchange rate, now at 3.3 pesos to the dollar. On the one-year anniversary of the freezing of bank accounts, the government lifted most restrictions on withdrawals and, remarkably, Argentines did not scurry to buy dollars.

After a year of unsuccessful negotiations, Argentina signed its fervently-desired agreement with the IMF after all. In November, protecting its slim Central Bank reserves, it paid only \$79 million of an \$805 million obligation to the World Bank and missed payments on December 13 and 16 as well. As a result, the World Bank suspended disbursements of funds on pre-approved loans destined mostly for social programs.

Apparently fearful that Argentina might be so bold as to fall into official default with its multilateral lenders, just days after those non-payments, IMF officials made an unscheduled trip to Buenos Aires to evaluate progress toward a new agreement. On January 24, 2003, the IMF finally signed an agreement which does nothing more than postpone payments coming due through August of this year. In return, Argentina is required to take measures such as further budget cuts, increases in taxes and utility rates, and initial steps to privatize public banks.

### **Continual Protests, But the Middle-Class is Relatively Quiet**

Argentina's popular movement is broader and stronger than a year ago, though still fragmented. Not surprisingly, it is stuck predominantly in protest mode and



*Protestors in front of the Supreme Court in February, 2002. These weekly protests were convoked by the Association of Labor Lawyers and supported across the board by neighborhood assemblies.*

will probably need several more years to become capable of generating consensus around political, economic and social alternatives.

According to the conservative daily *La Nación*, in the first eight months of Duhalde's Presidency the government registered no fewer than 12,766 protests, especially *piquetes*, or roadblocks by unemployed workers demanding emergency food aid and workfare. Despite frequent and even deadly repression, the number of roadblocks doubled in November.

Child psychologist Graciela Santamaría lives in the capital and works in the southern suburbs. "Today I was half-an-hour late getting my daughter to pre-school. Don't talk to me about *piqueteros*. If I see a *piquetero* I'm going to kill him," she said, shaking her head.

In the first weeks of 2002, new organizations called neighborhood assemblies emerged when groups of hundreds of citizens put down their saucepans to discuss the crisis and organize themselves on street corners, around a monument or in other public spaces. Reflecting widespread revulsion toward political authority, not a single leadership position was created. As people took turns speaking, they all seemed to address the same, profound question: "What kind of a country do we want?"

When the assemblies convened a *cacerolazo* for January 25, crowds banged their saucepans on street corners all over Buenos Aires, in the Plaza de Mayo and in at least 100 cities in the interior. Friday-night *cacerolazos* were the norm for many weeks.

Around 200 assemblies are active today. Generally

they focus on local projects such as soup kitchens, community centers and support for struggling public hospitals, though some hold political events such as a recent debate on alternatives to voting in the upcoming elections.

Initial momentum toward a national movement of assemblies petered out, largely due to meddling by left-wing parties set on co-opting them for their own political ends. Still, groups of assemblies are working to create a coordinating body independent of the parties, which would afford them a stronger presence on the political scene.

Charging that all nine Justices were thoroughly corrupt, pan-beaters gathered on Thursday afternoons on the steps of the Supreme Court during the first months of the year to demand their resignations. After a time, attendance dwindled and the Friday-night marches petered out as well. Protestors returned to steps of the Supreme Court in October when Peronists in Congress were preparing to terminate impeachment proceedings against the judges, but their numbers were small and their pot-banging nearly inaudible.

Early in the year, banks in the financial district sheltered their exteriors with ugly metal covering to protect them from vigorous beatings with saucepans by furious *ahorristas* (literally "savers," with money in frozen accounts). These savers organized themselves to lobby under the leadership of popular actor and comedian Nito Artaza.

Except for savers and the neighborhood assemblies, the middle-class has been generally quiet. Despite a ten-



(Left) Argentine savers, a new component of the Argentine popular movement, on their way to the Plaza de Mayo on December 20, 2002. (Above) The Comafi Bank in the financial district has two layers of protective metal covering its exterior.

gency toward some unity, what looked like a very potent political alliance between *piquetes* and *cacerolas* has yet to materialize.

### Escape Valves and Survival Strategies

Waves of Argentines continue to depart for countries like Italy and Australia, though this year 6,500 emigrés opted for death-plagued Israel. Most Argentines can't afford to leave and millions survive on workfare that pays families a monthly 150 LECOP (*Letras de Cancelación de Obligaciones Provinciales*, bonds that operate as parallel currency), though the poverty line for just one adult is 210 pesos per month. Still, many analysts attribute President Duhalde's ability to stay in power this year to the pacifying effects of this program.

In response to widespread hunger, Argentines set up thousands of soup kitchens all over the country. Many are laboriously organized by churches or neighborhood assemblies and feed hundreds at a time. Others are nothing more than a handful of friends who cook for hungry neighbors or garbage pickers and carry the food down to the street.

Millions of Argentines with limited cash rely on barter clubs for everything from fresh vegetables to dentistry. Beatriz Rivero coordinates a club in the working-class neighborhood of Boedo. She said this year barter suffered a serious decline when forgers flooded the system with false barter "credits" and the supply of tradable goods fell off as a result. As we talked, she turned away a woman who came to "buy" with her credits but brought nothing to trade. Still, *La Nación*

reported this month that barter is again on the rise.

### Presidential Elections On the Horizon: Date and Process To Be Determined

The political scene can best be described as a string of unanswered questions.

The longstanding rupture between citizens and their elected officials seems only to have widened. It is now ordinary for Argentines of all political stripes to debate the catchphrase that emerged during the *cacerolazos* last December, "*Que se vayan todos*" (roughly "Out with all of



Beatriz Rivero (above, behind table) told me that people barter for one of two reasons: solidarity or need. Someone invested in imported ink and paper to forge these barter credits.



them," meaning all politicians). In mid-August the daily *Clarín* published a poll showing 85 percent support for its literal implementation.

- What exactly does it mean? Who will govern once current politicians are no longer in office? Is this measure necessary, desirable or just silly?

Although Argentines have clamored to vote immediately for all elected offices and President Duhalde promised such sweeping elections, the only national positions up for turnover in the early months of 2003 are President and Vice-President.

- Although President Duhalde insists he will leave office on May 25, 2003, when will Presidential elections take place? What system will determine the winner? Who will decide, the Congress or the Judiciary? When will Argentines know?

Many analysts point to upcoming Presidential elections to detect Argentina's future path, but the real story will be how things evolve in the year or so after. All polls indicate scores of Argentines will annul their ballots or abstain from voting. One showed 27 percent support for "nobody" versus 15 percent for the leading candidate.

- Will the next President head up anything more than another transitional, ineffective government? What will happen if the presidential mandate is so weak that he or she is unable to govern at all?

- When legislative elections roll around in Novem-



*The banner belonging to the Popular Assembly of Coghlan reads "Que se vayan todos. Let's construct what never was."*

ber 2003, will Argentines follow through on their overwhelming support for "Que se vayan todos?"

- What will happen after the dust settles when the country needs to resolve the crisis with another anachronistic group of "representatives" who can't show their faces in public, a slew of new faces from God only knows where, or some mix of the two?

### The Anniversary of December 20

The days before the first anniversary of December 20 were replete with allegations that former President Carlos Menem was paying people to incite looting and provoke lethal repression. Then on December 19, demonstrators launched two days of cultural events and tributes to those killed last year.

On December 20, showing off their power of mobilization, the assemblies, *piquetero* groups and left-wing parties jammed the Plaza de Mayo with tens of thousands of people. Following guidelines circulated among the assemblies, many marchers had pocketed the phone numbers of human rights lawyers in case of arrest and changed their sandals for sneakers to flee if necessary. A few individuals threw stones at police but were stopped by fellow demonstrators, and a few people even pushed young children in strollers or had little babies in their arms.

As usual, the chants were as vulgar as the slogans screamed out at soccer games. Besides protesting hunger and unemployment, they told all political candidates to stick it up their behinds and sent Duhalde to his mother's you-know-what.

Argentines breathed a collective sigh of relief when



*There were mostly pouts among my son Camilo's buddies the day they said goodbye to classmates Tomás and Gaspar (second and third from the left, front row), who emigrated to Spain. Camilo is on the far left in the front row.*



On December 20, 2002, fearful of violence, shops along busy Corrientes Avenue—even this shopping gallery—locked up their storefronts.

the anniversary ended without violence. Yet outside of the marches, perhaps in response to mostly disturbing media images of last year's events—mounted police charging demonstrators, clouds of tear gas and dead protestors—people remembered grief and despair more than euphoria and hope.

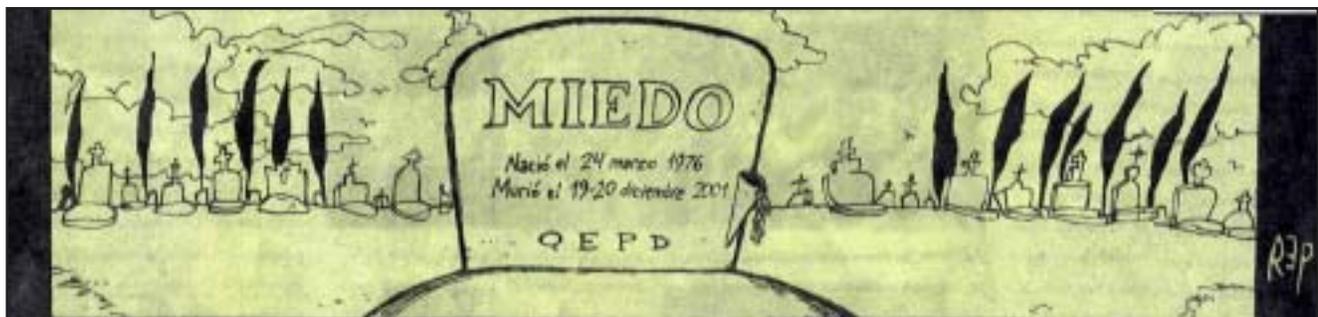
Some Argentines argue that December 20, 2001 didn't change a thing: the political and economic crisis only deepened and no leader or group has channeled the collective energy unleashed one year ago into a force for change. Others argue that December 20 caused many changes in Argentina.

Writer Miguel Bonasso argued in the progressive daily *Página/12* that last year's uprising, "re-established the idea of nation and the notion of *pueblo* [implying social agency] instead of the light euphemism *gente*. It put

an end to the long terror installed in the collective unconsciousness by the military dictatorship. It provided an outlet for a new youth rebellion that for many had been confined to the seventies. It stimulated alliances between middle sectors and unemployed workers that were unthinkable just before."

Many have called 2002 the worst year in recent history. For a frustrated population used to thinking of itself as part of the first world, the situation appears eminently unsustainable. It often seems that Argentina will soon explode again, though it is impossible to predict the spark, contours and consequences of that explosion.

Still, 2002 saw continual but not destabilizing protests. Even if the crisis does not subside, Argentina may not explode after all. Even so, developments may be equally dramatic and tragic. □



This strip appeared in *Página/12* on December 19, 2002. It reads: "FEAR, date of birth, March 24, 1976 [when a military coup launched a bloody seven-year dictatorship], date of death, December 19-20, 2002." Q.E.P.D. means *Que en paz descansa*, May it rest in peace.

## INSTITUTE OF CURRENT WORLD AFFAIRS

### Fellows and their Activities

#### **Alexander Brenner** (June 2002 - 2004) • **EAST ASIA**

A linguist who has worked as a French-language instructor with the Rassias Foundation at Dartmouth College and also has proficient Mandarin and Spanish, upper-intermediate Italian, conversational German and Portuguese, and beginning Cantonese, Alex received a B.A. in History from Yale in 1998 and has just completed a Master's degree in China Studies and International Economics at the Johns Hopkins School of Advanced International Studies. He is preparing for his two-year ICWA fellowship in China with four months of intensive Mandarin-language study in Beijing. His fellowship will focus on the impact of a new government and a new membership in the World Trade Organization on Chinese citizens, institutions and regions both inside and far from the capital.

#### **Martha Farmelo** (April 2001- 2003) • **ARGENTINA**

A Georgetown graduate (major: psychology; minor, Spanish) with a Master's in Public Affairs from the Woodrow Wilson School at Princeton, Martha is the Institute's Suzanne Ecke McColl Fellow studying gender issues in Argentina. Married to an Argentine economist and mother of a small son, she will be focusing on both genders, which is immensely important in a land of Italo/Latino machismo. Martha has been involved with Latin America all her professional life, having worked with Catholic Relief Services and the Inter-American Development Bank in Costa Rica, with Human Rights Watch in Ecuador and the Inter-American Foundation in El Salvador, Uruguay and at the UN World Conference on Women in Beijing.

#### **Andrew Rice** (May 2002 - 2004) • **UGANDA**

A former staff writer for the *New York Observer* and a reporter for the *Philadelphia Inquirer* and the Washington Bureau of *Newsday*, Andrew will be spending two years in Uganda, watching, waiting and reporting the possibility that the much-anticipated "African Renaissance" might begin with the administration of President Yoweri Museveni. Andrew won a B.A. in Government from Georgetown (minor: Theology) in 1997 after having spent a semester at Charles University in Prague, where he served as an intern for *Velvet* magazine and later traveled, experienced and wrote about the conflict in the Balkans.

#### **Matthew Z. Wheeler** (October 2002-2004) • **SOUTHEAST ASIA**

A former research assistant for the Rand Corporation specializing in South and Southeast Asia, Matt will spend two years looking into proposals, plans and realities of regional integration (and disintegration) along the Mekong River, from China to the sea at Vietnam. With a B.A. in liberal arts from Sarah Lawrence and an M.A. from Harvard in East Asian studies (as well as a year-long Blakemore Fellowship in Thai language studies) Matt will have to take long- and short-term conflicts in Burma, Thailand, Laos and Cambodia into account as he lives, writes and learns about the region.

#### **James G. Workman** (January 2002 - 2004) • **Southern Africa**

A policy strategist on national restoration initiatives for Interior Secretary Bruce Babbitt from 1998 to 2000, Jamie is an ICWA Donors' Fellow looking at southern African nations (South Africa, Botswana, Mozambique, Zambia and, maybe, Zimbabwe) through their utilization and conservation of fresh-water supplies. A Yale graduate (History; 1990) who spent his junior year at Oxford, Jamie won a journalism fellowship at the Poynter Institute for Media Studies and wrote for the *New Republic* and *Washington Business Journal* before his years with Babbitt. Since then he has served as a Senior Advisor for the World Commission on Dams in Cape Town, South Africa.

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