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Ambivalent consequences of social exclusion for real-existing democracy in Latin America: the example of the Argentine crisis

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When analyzing the relationship between democracy and social exclusion in Latin America, the perspective prevails that emphasizes the contradictory nature of ‘formal democracies’ characterized by both deep social inequality and political and economic marginalization. However, when taking into account the astonishing durability of democracy in most Latin American countries it is time to shift the focus to incorporate the surprising compatibility of real-existing Latin democracy with a highly exclusive social structure. Although confronted with grave economic, social and political crises, countries like Ecuador, Argentina and Bolivia have (so far) maintained their, howsoever precarious, democratic regimes. Drawing on the recent experience of the surprisingly quick restabilization seen in Argentina following its deep crisis in 2001/2002, the article argues that it is the specific result of Latin America’s ‘double transformation’ (combining political liberalization and neo-liberal restructuring), which explains the central features of de- as well as re-stabilization. The combination of political democratization involving processes of economic crisis and their neo-liberal ‘resolution’ has socio-economic consequences that are, firstly, socio-politically destabilizing. Secondly, they hollow out democratic participation and representation by undermining the capacity for collective action on the part of broad sectors of society. Thirdly, however, it is this second implication — since it is the capacity for politically mobilizing precisely those harmed by the neo-liberal reforms and economic crises, which is being limited — that simultaneously operates in a politically stabilizing way.

Keywords: Argentina; democracy; democratic civil peace; economic crisis; Latin America; social exclusion

Introduction

Some 25 years after the so-called ‘third wave of democratization’ reached Latin America it is now time to change perspective.¹ Impressed by the widespread failure of Latin democracy in the 1960s and 1970s, social scientific interest during the 1980s and 1990s focused — besides explaining the regime transition itself — on the precarious nature of the subcontinent’s new democracies. By revealing the obvious weaknesses, contradictions and deficiencies of political regimes, the survival of democracy was portrayed as being severely threatened. Following this

line of reasoning, four threat perceptions can be distinguished. First, extreme social inequalities, persistently high poverty rates and regular economic crises are seen as indicating that Latin democracy lacks the necessary socio-economic basis (Karl 2000).² This perspective generally emphasizes the contradictory nature of socio-economically exclusive ‘formal democracies’. Second, far-reaching deficiencies regarding the rule of law and the separation of powers — as well as the structural weaknesses of party systems and political institutions in general — seriously undermine the quality of democracy and thus its legitimacy and efficiency (Carreras 1998). Latin American democracies are, thirdly, characterized by important authoritarian legacies (seen not only in institutional leftovers but as being more generally rooted in a regime-type independent ‘political culture’), a feature that is applied to explain the formerly mentioned problems as well as the ubiquity of corrupt and clientelistic practices (Philip 2003). Hence the fear that Latin America’s political ‘pendulum’ might start to swing back to the authoritarian side. Last but not least, it is fourthly argued that the external indebtedness of Latin America combined with globalization and the economic, military and political preponderance of ‘the North’ (especially the United States (US)) prevent any democratic self-determination (Robinson 2000; Plattner 2002).³

The critique of real-existing democracy (not only) in Latin America remains empirically well-founded and normatively important. However, with the increasing durability of these all-too precarious democracies the analytical perspective now clearly needs readjustment. Already with regard to the ‘lost decade’, Karen Remmer (1990: 335) emphasized that ‘The puzzle of the 1980s [...] has not been the fragility of democracy, but its surprising vitality in the face of overwhelming economic constraints.’ The experience of the recent ‘lost half-decade’ between 1998 and 2002 only reinforces this argument.⁴ This ‘surprising vitality’ of democracy, in spite of its faulty implementation and adverse context, finds its scientific expression in two dominant appraisals which appear relatively contradictory. On the one hand, there is the general prognosis that real-existing democracy in Latin America is not sustainable. The huge social inequalities and poor performance of economic and social policies are seriously undermining the legitimacy of democratic rule. Thus, without fundamental socio-economic change the ‘democratic civil peace’ (Hegre et al. 2001) will not survive in the middle to long run. On the other hand, research into Latin America at the beginning of the new century consensually concludes that—although no fundamental changes as proposed above are to be expected—the return to openly authoritarian patterns of rule is not an available option. Temporary states of emergency, attempted coups and even the successful overthrow of elected governments are possible and, indeed, a reality. However, the currently dominant assessment is that even a successful post-coup government would quickly have to return to the procedural-democratic way. Combined, both appraisals lead to the expectation that democratic procedures and norms will be increasingly undermined and eroded without the ‘democratic minimum’ being openly called into question (Boeninger 1997: 44; Agüero 1998; Cameron 2000: 1; Hakim 2000: 12).

This dual appraisal takes Remmer’s puzzle into account. Yet, it does not contribute to its explanation. Attempts at advancing such an explanation by inventing new terms and concepts can be regarded as equally failed. This not only refers to the proliferation of ‘democracies with adjectives’ (Collier and Levitsky 1997), but especially to the concept of consolidation (Becker 1999; O’Donnell 1999: chapter 9). The latter indeed serves to differentiate ‘between the mere persistence of democracy and its “genuine” consolidation’ and thus it becomes possible ‘to state that the continuity of democracy is not endangered while at the same time assessing that its ‘genuine’ consolidation becomes more and more jeopardized’ (Barrios 1999: 15). In this way, however, we are only calling the paradox by a new name. It remains completely unclear why

these ‘non-consolidated democracies’ appear to be ‘self-sustaining’ but not — because they would then be consolidated — ‘self-enforcing’ (Philip 2003: 11).⁵

This article tries to capture this problem by taking an integrative perspective of Latin America’s ‘double transformation’ (Smith et al. 1994a, 1994b; Oxhorn and Ducatenzeiler 1998a; Oxhorn and Starr 1999a). It comes as no surprise that the results of political liberalization cannot be understood without taking into account the neo-liberally guided economic restructuring of society and state (Waisman 1999; Garretón 2001). These relations between neo-liberalization and democratization have shown to be much more complex than often thought. Political and economic liberalization by no means merge into a harmonious ‘all good things go together’. This simpleminded view of neo-liberals adopting classical modernization theory can be regarded as having been refuted by the Latin American experience of the past 25 years. Yet, democracy systematically impedes consequent economic reforms just a little, as suggested by the experience with authoritarian developmental states following World War II. The harsh neo-liberal programmes implemented by elected and re-elected governments have proven this view wrong (Haggard and Kaufman 1995; Powers 1997; Weyland 1998). Finally, the idea that is popular among globalization critiques that the socioeconomic consequences of neo-liberal restructuring will sooner rather than later lead to the breakdown of democracy equally seems overly mechanistic. After all, the ‘surprising vitality’ of Latin American democracy is the starting point of this article.

Contrary to all these clearcut approaches to the double transformation, this article proposes a conception of explicitly ambivalent relations between (socio-) political and (socio-) economic transformation (Oxhorn and Starr 1999b: 242). By drawing on arguments put forward among others by Philip Oxhorn, Carlos Acuña, Carlos Waisman and Marcus Kurtz, this article argues that the transformations associated with political and economic (neo-) liberalization have social-economic consequences that, firstly, are evidently socio-politically destabilizing and that, secondly, systematically hollow out democratic participation and representation by undermining the potential for collective action on the part of broad sectors of society. Thirdly, however, this second implication simultaneously operates in a politically stabilizing manner as it is the capability for politically mobilizing precisely those harmed by neo-liberal reforms and economic crises which is being limited. Further and fourthly, the sanction and incentive mechanisms of the world economy and world policy support exactly this limitation and stabilization of democracy: access to external loans and investment requires political stability and economic credibility, international cooperative relationships and international legitimacy (at least, in the Western hemisphere) require the maintenance of basic procedural-democratic standards and economic reliability. In the end, it is the de facto exclusion of broad sectors of society which hollows out democratic participation and representation while at the same time stabilizing real-existing democracy.

Since this article deals with the ambivalent consequences of social exclusion for real-existing democracy, the international dimension — although important — will not be dealt with in an explicit way. This does not imply, however, that it is entirely ignored. Yet the main focus is on the surprising compatibility of real-existing Latin democracy with a highly exclusive social structure, and hence on consequences rather than causes.⁶ This said, it is also clear that the present article uses the term democracy in a minimal and relatively ‘unscrupulous’ way, calling all those Latin American countries democratic that comply with the basic features of polyarchy (Lindblom 1977; Dahl 1989) regardless of their respective deficiencies.⁷ In what follows the general argument will be developed. Then it will be demonstrated how the perspective of the double transformation can be made useful in explaining the central features of de- as well as re-stabilization in Argentina between 2000 and 2003. The Argentine example is significant here as

the country's socio-economic crisis had extraordinary depth — comparable from a 'Northern' perspective only to the Great Depression of the 1930s. Yet the escalation of the socio-political crisis was short-lived, while the real-existing democracy of Argentina appeared to come through the crisis even stronger than before.

An Alternative Perspective on Democracy and Peace in Latin America

Marcus Kurtz (2004: 264) summarizes the results of Latin America's double transformation in two general observations. On the one hand, neo-liberal reforms have 'become popularly associated with persistent material hardships (for example, unemployment, declining real wages, rising informality)', 'involved direct assaults by the state on powerful vested interests', 'been followed by markedly increased levels of poverty and inequality', and 'often required the abandonment of long-cherished political commitments to nationalist goals.' On the other hand, 'despite these hardships, political activity, protest, mobilization, and even individual voter participation in new or rebuilt democratic polities has been surprisingly anemic, and have nowhere provoked the sorts of elite responses that destroyed democracy in the past.' This combination not only appears paradoxical for conventional perspectives on the relation between democracy and economic reform (Przeworski 1991; Remmer 1995).⁸ It proves equally puzzling for general explanations of political violence since both of the main approaches — economic discontent theories à la Ted Robert Gurr (1970) as well as political opportunity theories à la Charles Tilly (1978) — would expect an escalation of violent political conflict following the combination of socio-economic deprivation and political liberalization.

After the deep financial crises that characterized the recent 'lost half decade', the puzzle can be restated as follows: why do Latin American democracies — having on one hand serious flaws regarding the inputdimension of political legitimacy⁹ while, on the other hand displaying features of social inequality and exclusion which undermine democratic outputlegitimacy¹⁰ — survive even harsh economic crises which bring all these deficiencies to the fore? As the recent experiences of Argentina (2001/ 2002), Ecuador (2000), and Bolivia (2003) show, deep socio-political crises do indeed materialize. However, escalations seem (so far) to remain within the realm of 'regime-level crises' (Levitsky 2001).¹¹ To understand these processes it is necessary to incorporate an explanatory variable which is neglected in much of the research on Latin democracy and its crises: the degree of politicization, understood as social mobilization and organization aiming at collective political articulation and participation. It is thus the argument to be outlined, the existence of systematic and selective constraints on politicization that helps understand the durability of precarious democracy in Latin America. Latin democracies' structures of exclusion, while certainly harming both input- and output-legitimacy, do in some way compensate for these losses precisely as exclusion goes hand in hand with a reduced capability to act collectively.

Latin America's double transformation and the limits to popular collective action

Between the 1970s, 1980s and early 1990s, most countries of Latin America went through a series of economic crises, authoritarian rule and neo-liberal restructuring. Regardless of the specific timing and degree involved, this implied processes of fundamental social change (Garretón 2001). The end of import-substituting industrialization (ISI) with its focus on the domestic market and the strong developmental state along with the adoption of the neoliberal, (world) market-oriented development model severely weakened the bearers of the ISI regime: organized labour, domestic-market-oriented business, employees of the public sector (Waisman 1999: 45; Garretón 2001: 244). The debt crisis that forced this transition through hit those groups already excluded in the 'state corporatist' model of selective and 'controlled inclusion' (Oxhorn

1995, 1998b): the poor and the informal sector. The repression, especially of ‘the Left’, but also generally of (party) political activists pursued by the military dictatorships of the 1960s, 1970s and 1980s contributed to this structural dismantling of the capacity for autonomous societal organization and interest articulation (Oxhorn and Ducatenzeiler 1998b: 9–10). The neo-liberal responses to economic crises intensified these tendencies (Acuña 1994; Hagopian 1998: 107).

Generally stated, economic crisis and neo-liberal reform eroded the social and political status of the popular sectors (Roberts 2002: 5; Portes and Hoffman 2003).¹² Rising un- and under-employment, the precarization and informalization of labour, the reduction of public sector employment, and the partially traumatic experiences with hyperinflation seriously weakened organized labour (Hagopian 1998: 109; Oxhorn 1998b: 204).¹³ At the same time, the rise of informal and poor sectors did not translate into increasing collective resistance on the part of those affected by impoverishment and deprivation because of the ‘sheer demoralization that usually follows downward mobility’ as well as because ‘people in this situation are likely to weaken or cut ties among themselves and with their class of origin’ (Waisman 1999: 47; cf. Kurtz 2004: 265; O’Donnell 1999: 207). The general insecurity associated with economic crisis and neo-liberal reform leads people to focus ‘their energy and attention on survival and on the search for individual exit options’ (Waisman 1999: 47). Likewise, existing (and newly evolving) modes of societal organization centre on local solidarity and self-help, remaining largely apolitical and poorly institutionalized (Oxhorn 1998b: 208, note 22). Yet, disintegration, fragmentation and differentiation affected the middle classes as well, as Guillermo O’Donnell (1999: 206) emphasized:

Considerable decreases in pensions and in the salaries of public employees, particularly the lower ranking ones, unemployment resulting from privatizations and various ‘rationalization’ programs, high rates of bankruptcy of small enterprises during economic crises and at least during the first phases of economic stabilization, and the deterioration (or disappearance) of various social services to which these sectors had good access have combined to bring about a sharp fall of the income and the standard of living of significant numbers of people in the middle sectors. On the other hand, various indications suggest that some layers, especially those composed by individuals who cater to the rich — highly educated professionals and owners of firms dedicated to luxury goods and services — have notably improved their situation throughout these years. It seems, consequently, that ‘the middle’ has significantly differentiated itself, with some moving toward the poor and some toward the rich poles [...].

The introduction of democracy, or at least the possibility to vote, constituted the main resource of input-legitimacy and by this way demobilized large parts of ‘civil society’ that had organized against authoritarian regimes (Oxhorn 1998b: 208). However, as economic crises and neo-liberal reforms paralleled democratization output-legitimacy became crucial. Initially, the harsh neo-liberal programmes gained support by succeeding in the fight against (hyper-) inflation (Weyland 1998). When economies had stabilized and, at the latest when neoliberally restructured economies themselves got into a crisis, ‘compensatory targeted social policies’ became the central mechanisms for increasing legitimacy (Bresser Pereira and Nakano 1998: 32–35). Although the new rhetoric of poverty reduction has increasingly adopted the objectives of participation and empowerment of the poor (Spanger and Wolff 2003), the execution of targeted and selective anti-poverty programmes regularly has converse effects. Because these policies typically focus on the individual poor and emphasize his participation in the market, they tend to strengthen the clientelistic linkages between individualized poor and political institutions (or, more precisely, local patrons) and reinforce declining mobilization capabilities and political apathy (Bresser Pereira and Nakano 1998: 33). ‘The result is a muting of social pressures for change — and relative political stability’ (Oxhorn 1998b: 216). Last but not least, the limits to popular mobilization and politicization have an important cognitive–ideological dimension with exogenous as well as domestic origins:

The exogenous sources are international demonstration effects: economic nationalists and leftists have been affected by the collapse of communism and by the apparent success of the Thatcher-Reagan economic policies in the 1970s and 1980s. The endogenous factor is the process of political learning experienced by state, political, economic and cultural elites which was triggered by the economic and political consequences of the 'old regime'. [...] Everywhere in the world, the cumulative effect of these cognitive processes has been both the abandonment of autarkic capitalism and acceptance of the liberal model (Waisman 1999: 48–49).

The convergence around the neo-liberal model is only partially based on active support, while more important is the 'ideological paralysis caused by the exhaustion of alternatives' (Waisman 1999: 49), especially on the part of the (former) political 'Left' (Oxhorn 1998b: 216, note 32).¹⁴ This absence of political alternatives is further strengthened by the explicitly technocratic and apolitical bias of neo-liberal discourse (Oxhorn 1998b: 201; Nolte 2002: 162). This depoliticization, in particular of economic policy, joins the trend to de-ideologize and de-polarize political debates and, thus, severely restricts the translation of the widespread discontent into collective political action.¹⁵ Thus, while socio-economic transformations reduce politicization mainly by reducing the capacity of popular sectors to organize politically and act collectively, the neo-liberally guided transformation of the state and political discourse complements this trend by reducing the incentives and referents to engage in collective political action (Garretón 2001: 244).

Constraints on political mobilization, democracy and stability

The constraints on collective action described above do not apply to 'civil society' in general. They do not, as Oxhorn and Ducatenzeiler (1998a, 1998b) inferred, indiscriminately limit civil-societal activity. The 'underarticulation of societal interests', the 'pervasive social atomization', and the 'political quiescence founded in collective action problems,' which Marcus Kurtz (2004: 263) identifies, operate asymmetrically and unevenly. The existence of multifaceted and vital societal associations — 'in some areas of social life (both vertically and horizontally, among the class segments and regions that are the 'winners' in the process of economic differentiation)' (Waisman 1999: 52) — is thus completely compatible with the above argument. Yet, these civil society groups (ideal-typically) come from certain 'upper' and, mostly, urban sectors of society, are primarily locally-based, are less the result of social mobilization than taking the form of small and well-organized NGOs, and focus on a specific single issue rather than aiming at representing a certain group's or alliance's broader political interests.

The effect of this asymmetrical constraint on political mobilization is the 'segmentation of society into an organized and autonomous sector that looks very much like a strong civil society and a disorganized or dependent sector susceptible to political marginality or subordination to the state' (Waisman 1999: 55), with this constellation being the direct result of the double transformation that materializes in parallel processes of political democratization and economic differentiation reinforcing social heterogeneity (Oxhorn 1998b: 196). Now, the consequences for democracy and social peace are quite ambivalent.

Evidently, constraints on political mobilization limit the chances of the (active) articulation and participation of those broad sectors of society affected. The extent of (passive) representation, however, also becomes distorted: in pluralist democracy, those societal interests and values that are not adequately mobilized, organized and articulated generally remain underrepresented. The basis for making democracy relatively representative in capitalist societies is the capacity to compensate for economic and social power disparities by using numbers (i.e. numerical strong interests) as a political resource (Oxhorn 1998b: 209). Generally, the responsiveness of the political system, that is, the translation of societal inputs into political outputs, relies on the — mostly collective — articulation of social demands (Lindblom 1977). Thus, uneven depoliticization and disorganization tend to undermine 'the representativeness, accountability,

and thus potentially the very legitimacy of democratic institutions and politicians' (Kurtz 2004: 265).

Accordingly, the different facets of social exclusion lead to the situation that Latin American 'Democracy Isn't All That Democratic' (Oxhorn 2001), a scenario that Carlos Acuña and William Smith — emphasizing the asymmetric nature of exclusion and integration — have labelled 'dual democracies'.¹⁶ As democracy is based on a 'logic of mobilization' (Waisman 1999), the systematic and asymmetrical constraint on social capacities for collective action seriously restricts democracy (Strasser 2000). Hence the 'apparent contradiction between advances in (modest forms of) formal democracy and mounting obstacles in deepening democracy towards more participation and dealing with socioeconomic inequality' (Huber et al. 1997: 337–38): the democratic element in the sense of fair participation and representation is hollowed out while basic democratic norms and procedures are generally maintained (or even strengthened).¹⁷

The Latin American 'neo-populism' can be interpreted as a consequence of, as well as a contribution to, this hollowing-out of democracy as it combines traditional populist elements (personalization of political rule, reliance on patronage, anti-establishment orientation) with the new circumstances (atomized, frustrated society, anti-political orientation, neo-liberal hegemony, economic outward-orientation):¹⁸

The political space left empty by weak popular organizations and the failure of political parties to establish organizational ties to subordinate classes has been filled by clientelistic networks. These networks link lower class individuals and informal social groups to individual politicians; they serve at best as transmitters of temporary particularistic favors, not as channels to mobilize citizens into influencing policy formation (Huber et al. 1997: 334).

The analysis of neo-populism thus points to the ambivalent consequences we are concerned with: the same transformations that, on one hand hollow out democratic processes, on the other hand serve to stabilize the respective polities (Oxhorn and Ducatzenzeiler 1998c: 238; Nolte 2002: 165). For the constraints on political mobilization developed above while limiting institutionalized participation and representation of those societal interests and values affected, at the same time, inhibit the latter's collective extra- and anti-institutional manifestation (Oxhorn 1998b: 207). The result is O'Donnell's 'angry atomization of society' (O'Donnell 1999: chapter 7), a situation that becomes manifest in the regular Latinobarómetro surveys of individuals' discontent (Lagos 2001), 'punctuated by quite infrequent, highly inorganic (though not usually spontaneous), and very short-lived outbursts of activity, sometimes violent' (Waisman 1999: 47). However, as Adam Przeworski (1991: 28) argued,

[...] forms of individual noncompliance can threaten democracy when they are on a mass scale, by creating a potential for sporadic street outbursts or ephemeral antidemocratic movements. But isolated individuals do not shake social orders. This is why 'legitimacy' understood in individual terms [...] has little bearing on the issue of regime stability. Only organized political forces have the capacity to undermine the democratic system.

This is precisely what can be observed during the processes of de- and restabilization marking the Argentine crisis of 2001/2002.

The Example of the Argentine Crisis

At first sight, the Argentine crisis followed the theoretical expectations: with the socio-economic situation deteriorating socio-political protests spread throughout the country (Giarraca 2002; Seoane 2002).¹⁹ It was precisely at the apex of the economic crisis in December 2001/January 2002 that social protests exploded (*estallido social*) leading to the ousting of President Fernando de la Rúa and three of his successors. However, the surprisingly quick sociopolitical restabilization in 2002/2003 — while socio-economic indicators only slowly recuperated — points

to the fact that societal relations are much more complex than the simple correlation would suggest.

From destabilization to open crisis

After the mid-1990s a new social actor entered the political arena: the movement of the *piqueteros*, organizations of unemployed which won growing attention by blocking highways (*piquetes*) throughout the country.²⁰ Following the neo-liberal reforms of President Carlos Menem (privatization, deregulation, opening-up of the economy) and the ‘side-effects’ of the dollar peg under the currency board system (de-industrialization, recession, deflation) unemployment reached historic heights (Pastor and Wise 1999, 2001). Indicators of poverty and social inequality equally deteriorated heavily in the second half of the 1990s (CEB 2002). The protests directly correlated to this socio-economic deprivation. Following the first blockades in 1996, the number of *piquetes* quickly expanded to one every one-and-a-half days in 1999 and daily blockades in 2000, reaching four to five *piquetes* per day in 2001 (Filippini 2002: 5). Thus, organized unemployed became a primary, albeit in no way unitary, actor shaping the Argentine landscape of protest.

The flipside of the rise of the *piqueteros* was the mass weakening of trade unions. The ‘neo-liberalization’ of the Peronist party (Partido Justicialista) under Menem (Gutiérrez 1998; Levitsky 1999) hit organized labour from two sides. On the one hand, with the rise of unemployment, informal and precarious work unions’ bases — which had already declined during the economic crisis of the 1980s — shrank further (Palomino 1995). On the other hand, the contentious attitude of organized labour towards the Menem government led to the division into three competing labour confederations (Armellino 2003): The Argentine labour movement and the Peronist party were traditionally deeply interwoven and, thus, many unions maintained loyalty to the government in spite of the Peronist’s programmatic change. It was not until the Peronist party went into opposition after De la Rúa’s election as President in 1999 that the labour confederations were increasingly able to at least unite their markedly diminished forces.²¹ In 2000 and 2001, nationwide general strikes against diverse austerity packages accumulated — a trend on its part indicating the intensification of protest.

However, in the end it was neither unions nor *piqueteros* that shaped the events of December 2001.²² In fact, one can fairly say that the unorganized population per se, united in rejecting the status quo, led the ‘social explosion’.²³ Ten years of neo-liberal reforms and 3 years of recession had laid the foundations for ubiquitous social hostility against the entire political elite, as symbolized in the claim that ‘they all must go’ (‘Que se vayan todos!’). During the 1990s seven million Argentines — a fifth of the entire population — descended from the middle class to poverty (Kliksberg 2002, 2003), adding to the persistent (and itself growing) spectrum of the traditional poor. During the first two years of the new century the rise of poverty and indigence accelerated to (in Argentina) unknown levels.²⁴ The parliamentary elections in October 2001 sent the first wake-up call signalling the general discontent: some four million Argentines (roughly a quarter of the electorate) cast the so-called ‘vote of anger’ (*voto bronca*), that is, blank or void votes, adding to the 26 percent that did not even go to vote.

In December 2001 discontent exploded. To stop a bank run and a capital flight, on 1 December the De la Rúa government implemented the *corralito* (play pen), a partial freeze on deposits. With bank withdrawals severely limited the remaining formal economic activities became paralyzed. The situation turned intolerable especially for small savers, retail traders and the urban middle strata in general. Simultaneously, the government budget bill for 2002 envisioned further austerity measures and thus led the labour confederation to jointly declare a general strike. In mid-December social unrest spread from the suburbs to Buenos Aires and increasingly escalated

to violence. Two phenomena characterized the landscape of protest: lootings of supermarkets (saqueos) resulting from heterogeneous and spontaneous alliances of stranded popular sectors, and the cacerolazos, pot-banging protests led by the (former) urban middle classes. The political response — repression on the part of the executive, passivity on the part of the parties — only aggravated the situation (Filippini 2002). On 19 and 20 December, insurgency peaked with confrontations between police and protesters leading to 30 deaths and hundreds of injuries. The declaration of a state of siege was only responded to by a renewed cacerolazo. In the end, not only President De la Rúa and his cabinet had to resign but three Peronist successors similarly backed down in the face of the social protest. Only Eduardo Duhalde, the fourth interim-president within 10 days, could stay in office.

Backed by all the major parties in a ‘government of national unity’, Duhalde eliminated the peso/dollar parity, confirmed Argentina’s international insolvency and declared an end to the economic model that, as he emphasized, had only served to bring desperation to the large majority of the population. However, the social unrest continued. Again it was the popular sectors that lost purchasing power with the peso devaluing by more than 70 per cent and inflation rising. Meanwhile, deposits remained frozen. Thus, widespread protests against the corralito persisted as did confrontations between *piqueteros* and the police (Fiszbein et al. 2002: 10). Further, new modes of societal selforganization at the local level spread throughout the country (Battistini 2002; Colectivo Situaciones 2002; Dinerstein 2002). Following the protest experiences of ‘19/20’ (of December 2001), popular assemblies (asambleas populares) evolved as local fora for public debate and interest articulation independent of any state, party or union structure (Bielsa et al. 2002; Abal Medina et al. 2002). Material needs were increasingly satisfied via a parallel economy consisting of thousands of clubs de trueque, local barter clubs based on non-official barter monies (créditos). In addition, with the bankruptcy of enterprises spreading, more and more employees took over factories abandoned by insolvent entrepreneurs (fábricas recuperadas) (Heller 2004). In the meantime, however, unemployment, poverty and social inequality reached ever-growing heights.

From re-stabilization to the ‘K-effect’

In the course of 2002 the protests gradually cooled down. According to official data, the number of protests fell from well above 2,000 per month in the first trimester of 2002 to less than 1,000 protests after June 2002, oscillating around 600 in 2003 and 500 in 2004 (Mecon 2004). Whereas the interim presidency of Duhalde was accompanied by declining, yet still recurrently escalating protests, it was when Néstor Kirchner assumed the presidency in May 2003 that re-emerging democracy in Argentina proved not only to have survived but to have even strengthened through the crisis (Schamis 2002; Gabetta 2003; Peruzzotti 2004). At the risk of oversimplifying the complex processes involved, this surprisingly quick re-stabilization can be traced back along three lines of analysis: the limited recovery of output-legitimacy, the gradual rehabilitation of input-legitimacy, and the ‘nature’ of the social protests itself.²⁵

The output dimension of handling the Argentine crisis

With debt payments ceased (save those to the International Monetary Fund (IMF) and World Bank), international competitiveness recuperated after the devaluation of the peso, and the corralito gradually lifted, the Argentine economy slowly picked up. Duhalde on his part reacted quickly to alleviate the worst effects of the crisis. Social emergency programmes stopped the looting, the most important being the monthly payment of about 50 dollars destined for some two million unemployed households under the Plan Jefes y Jefas de Hogar started in April 2002. Yet these social programmes had more than just direct material effects. By employing the existing

Peronist patronage networks (Levitsky 2003) for distributing the monies, the former links between the popular sectors and the Peronist-dominated political system were reestablished. By letting local piquetero organizations execute employment programmes some of the leading protest groups could also be re-integrated politically (Svampa and Pereyra 2004).

Meanwhile, the privatized public services' tariffs were frozen in spite of devaluation and inflation (Azpiazu and Schorr 2003). Thus, surging tariffs for electricity, gas or water — common sources of social unrest during financial crises — were prevented. With regard to the middle strata and domestic-market-oriented business, the gradual lifting of the deposit freeze combined with asymmetric 'pesification' circumvented the definite ruin of indebted enterprises and citizens. While dollar-denominated debts were converted one-to-one into peso, deposits received 1.40pe so per dollar. Although the latter was quite a low rate, with the peso down to 3 peso per dollar, the one-to-one conversion of debts meant an all the more important debt relief (Fritz and Llanos 2002).²⁶ When looking at the social indicators, however, this recuperation of output legitimacy can only be regarded as relatively limited (Katz 2003).²⁷ In this way, input-legitimacy becomes important.

The input dimension of handling the Argentine crisis

Tentatively under Duhalde and explicitly with Kirchner, the government opened up to the most important protest groups. The government regularly conducted dialogue with the organizations of the *piqueteros*, representatives of the labour confederations and human rights groups like the Madres de la Plaza de Mayo. It responded to the protests by adjusting its rhetoric (e.g. against neoliberalism, against IMF imposition) and by adopting concrete demands (e.g. regarding social emergency programmes). This strategy of dialogue and concessions aimed at the re-integration of the middle classes and generally the 'moderate' protest groups by creating possibilities for the 'civilized' handling of conflict while at the same time trying to marginalize the 'radical' factions. The partly clearly brutal repression seen under Duhalde of certain protest groups, criminalized as 'violence actors', has to be seen as the downside of the general opening-up strategy.

Duhalde's turn to elections proved to be an important step in rehabilitating the input-legitimacy of the Argentine polity. Himself only legitimized as interim-president elected by congress, in July 2002 Duhalde reacted to newly escalating protests by announcing the bringing forward of presidential elections to spring 2003. With these forthcoming elections, the socio-political debates shifted from societal fora of negotiation and protest towards political institutions. An initially broad-based protest alliance demanding the dissolution of parliament, government and Supreme Court in favour of a constituent assembly eventually dissolved when important representatives of leftist parties instead decided to run for presidency. With the two traditional parties (Radicals and Peronists) each presenting two and three candidates, respectively, the electorate had quite a choice. Since former president Carlos Menem himself competed while other candidates like the Peronist Kirchner or the centre-left alternative Elisa Carrió presented themselves as openly anti-Menemist, by voting Argentines finally got the chance to reject the 'Argentine model' of the 1990s (as symbolized by Menem). Indeed, the aim to prevent the return of Menem drove large majorities of the (former) protest groups to cast 'useful votes' (*voto útil*, i.e. valid votes against Menem). Had Menem not capitulated Kirchner would have won the second ballot with some 70–80 percent as forecast by unambiguous polls.

Néstor Kirchner — who after all succeeded as Duhalde's candidate, too — largely continued with his predecessor's approach of macro-economic and social-political stabilization. A discourse that centred on the notion of 'Argentine interests first' (instead of the foreign interests of the IMF, the US, or private creditors), on domestic markets and a supposedly 'strong' and development-oriented state followed the protestors' demands of changing the 'model' of the

1990s (Godio 2004). Yet Kirchner's strategy of 'de-Menemizing' the country went beyond economic issues by focusing explicitly on the attempt to re-establish citizens' confidence in political institutions. For this purpose, he immediately began to tackle some of the deficiencies of Argentine democracy most denounced by the social protests: political corruption, for example, in the police of Buenos Aires, malfunctions of the division of powers, for example, the politicization of the Supreme Court, and the rule of law, for example, the problem of impunity (Sabanes Plou 2003a, 2003b). Last but not least, Kirchner largely retreated from Duhalde's strategy of repressing 'radical' protest groups (especially *piqueteros*) in favour of generally accepting protest as a legitimate way to articulate social interests and needs.

It is this specific combination of output- and input-oriented efforts to augment legitimacy which explains the so-called 'K-effect' (Natanson 2004) — the phenomenon whereby only a few months after a large majority of Argentines had rejected the whole political system, following the 2003 elections opinion polls continuously found some 80 per cent of support for the new President Kirchner. At the same time, the general satisfaction of the population with the way democracy works recuperated from its all-time low of 8 per cent seen in 2002 to 34 per cent in 2003.²⁸ Yet we have to be cautious not to overstate the extent to which the broad sectors of society which found themselves on the streets in December 2001 have in fact (re-)gained possibilities of influencing policy-making and actually benefited (socio-economically) from the 'new' direction of economic policy. As already noted, poverty, social inequality, unemployment and, thus, social exclusion in general, have remained on fairly high levels and (up to now) the changes in political rhetoric have only marginally found their way into actual policy changes.²⁹ When contrasting these realities — which, at least, are only slowly improving — with the astonishingly quick process of socio-political re-stabilization, it becomes clear that the explanation given so far remains insufficient (Katz 2003). This explanatory gap can be filled in by looking at the 'nature' of the protests themselves and at the social structures shaping them. By doing this, I will now apply the general argument developed in the first part of the article to the Argentine case.

The 'nature' of the protests

The notion of a generalized societal insurgency against the Argentine political and economic system applies, at the utmost, to the few days near Christmas 2001 (Jozami 2003). Beyond that, organization among and across protest groups was generally weak and primary local. Correspondingly, mobilization remained sporadic and unstable. A programmatic platform under which relevant parts of protesting society could have united was completely absent. Thus, the potential for broader societal alliances reaching beyond the rejection of the status quo never materialized.

The looting seen was driven by concrete desperation and opportunity. Even if at least in parts it was provoked by local Peronist party brokers, these ad hoc actions can be regarded as diffuse, heterogeneous and unorganized (Auyero and Moran 2004). Hence, it was easy to stop them by reducing both desperation (via limited social emergency programmes) and opportunity (by restoring the government's monopoly of force). Yet, the *cacerolazos* are not so different. This type of pot-banging demonstration succeeded in overcoming the obstacles imposed upon social mobilization by the neo-liberal restructured society (Buchanan 1997). The consumption-oriented member of the middle class, the non-unionized service (or informal) sector employee, the atomized 'new poor' — they all could individually follow the sound of the banging pots into the streets to join the protests. However, the capacity to act collectively was largely limited to the demonstration against the status quo. With a sufficient number of representatives being replaced, the single call for 'Que se vayan todos' had to reach an impasse. With the government opening

up discussion about the concrete handling of the crisis, the divergent interests and largely non-existent concepts on the part of the protest groups were to come to the fore.

At the local level organization succeeded much better. Yet the ‘social innovations’ mentioned above (popular assemblies, barter clubs, recuperated factories) did not pose a serious threat to the political system. Quite the contrary: precisely as they provided channels to articulate discontent, fora to organize local solidarity and concrete achievements to alleviate basic needs, they (unintentionally) became part of the process of re-stabilization. As open political and economic crisis was the prime feature uniting internally diverse local communities, in the course of 2002 these social innovations quickly lost momentum. In contrast to popular assemblies or barter clubs, the organizations of unemployed proved to be much more sustainable (Svampa and Pereyra 2004). However, with the government opening up to their demands the ample piquetero movement divided quickly into ‘co-operationists’ (meanwhile openly ‘Kirchnerists’) and ‘confrontationists’, the latter again being split into organizations led by small parties of the traditional radical left and an alliance of autonomous groups. Although national umbrella organizations had emerged, the *piqueteros* remained primarily local. Correspondingly, their (diverse) political aspirations notwithstanding, the prime interest remained the call for state-funded social assistance and employment programmes on one hand, along with concrete, territorial, and in many instances remarkable community work on the other. In this way, the piquetero movement became increasingly politically ‘manageable’. Further, with government repression and thus, societal solidarity effects declining, the continuing blockades and protests of the more confrontationist *piqueteros* soon appeared to be relatively isolated from public (and, particularly, published) opinion.

Generally, the protests proved to be fragmented and heterogeneous, were widely unorganized (saqueos, cacerolazos) or primary locally based (*piqueteros*, *asambleas*), and were able to ally themselves only in the global rejection of the status quo and in some concrete demands for governmental assistance. From the perspective presented in the first part of this article, the up- and down-turn of the Argentine protest wave can thus be traced back to the (not merely) socioeconomic transformations of the 1980s and 1990s, to the profound changes in the sphere of labour relations with un-, under-, informal and precarious employment rising, to the strong differentiation within the once strong Argentine middle sectors and the once powerful labour movement as exemplified by the rise of ‘new poor’ and an increasingly heterogeneous service sector. With capacity and opportunity for collective action changing, potential protesters adapted their strategies: saqueos, cacerolazos and piquetes instead of general strikes, local neighbourhood assemblies instead of partybased mass mobilizations, unstable and crisis-driven collective outrage instead of long-term organization. Accordingly, socio-political tranquilization was not the simple result of a once again satisfied population but also has to be seen as an acceptance of the limits of the collective action that was then possible. Indeed, representatives of those formerly quite confrontationist piquetero organizations that in the meantime support President Kirchner openly express this ‘learning effect’.³⁰ Hence the observation that ‘apathy and indifference were the outstanding features of citizens’ attitudes previous to the elections’ in April 2003, while ‘the alleged political mobilization of the Argentine population was hardly noticeable’ (Blomeier 2003: 5).

It was only against this background that the political calming down of an apparently insurgent society described above did work. The ‘front of protests’ consisting of ‘old’ and ‘new’ poor, un-, under-, and informally employed, small savers, retail traders, and local entrepreneurs could quickly be dissolved and reintegrated. This heterogeneity of the protests is reflected in the central claims: the uniting ‘Que se vayan todos’ on one hand, with the particularizing material demands (social programmes, devolution of deposits) on the other hand. These claims ultimately combined

within a relatively apolitical stance. The critical power of the protests was mainly negative or ‘destituent’ (Colectivo Situaciones 2002; Dinerstein 2002) and its positive, constituent elements — the new societal and political forms at the local level — stood in stark contrast to the macropolitical needs that the economic and social crisis constituted (and which the material claims themselves clearly expressed). Thus, by combining the replacement of representatives with certain material responses (social programmes, gradual lifting of the corralito, asymmetric pesification), the ‘powerful meaning [...] as a radical critique’ (Dinerstein 2002: 8) of the call that they all might go could be neutralized relatively easily. Further, the lack of any far-reaching political alternative enabled the Peronist governments to adopt many of the protests’ ‘contras’ (contra Menemism, contra US and IMF impositions, contra the private creditors, etc.) without colliding excessively with the national and international establishment.³¹ As a result, society — with the notable exception of some ‘radical’ and increasingly isolated protest segments — politically converged around the slightly transformed old system of established institutions and their representatives.

Conclusion

The quick re-stabilization following the Argentine crisis demonstrates how an exclusionary social structure can combine with political polyarchy in a specific way that leads to an apparently precarious, yet astonishing stable constellation. This stability was suggested to be grounded in the ambivalent consequences of social exclusion: that interests and values of broad sectors of society are only underproportionally included and realized in democratic politics corresponds with their capacity for organization, mobilization and collective action being systematically limited. If the notion of the ‘democratic civil peace’ (Hegre et al. 2001) refers to the supposed capacity of liberal democracy to guarantee social peace by providing all societal interests with fair access to and just benefit from political decisions (Przeworski 1991), this configuration can perhaps best be called a ‘democratic civil peace of low intensity’.³²

This ‘democratic civil peace of low intensity’ is indeed based on a certain — yet historically, regionally, and nationally specific — minimum set of democratic procedures and performances. At the same time, however, the systematic limitation of democracy in the era of neo-liberal globalization constitutes a central pillar of stability. This limitation appears in the relatively narrow spectrum of ‘possible’ (economic) policies and in the relatively low capacity for collective action on the part of broad sectors of society. As a consequence, the possibility to effectuate social inputs as well as to benefit from political outputs remains clearly circumscribed for important parts of society. Hence, it is real-existing Latin democracy with its potential for integration as well as with its systematic limitations — this combination being the result of the double transformation of democratization and neo-liberalization that most Latin American countries have passed through — that secures domestic peace and stability. What this article has largely left aside is how the international context supports precisely this configuration by stabilizing and limiting peripheral democracy.³³

If this diagnosis holds, the most probable outlook for the majority of Latin American democracies would be a reproduction of such a ‘democratic civil peace of low intensity’. Yet, as the experience of Argentina also demonstrates this reproduction of an ‘only in its basics’ stable regime on the one hand can go hand in hand with continuing social protest with the (at least latent) potential of escalation in the wake of ‘external shocks’ (like economic crises). On the other hand and in interaction with the ongoing protests, reproduction implies certain transformations as well. In Argentina, the extent of social, economic and political exclusion that has been the result of the ‘model’ of the 1990s has clearly been proven unsustainable. Correspondingly, as we have seen, the political adaptation to the deep sociopolitical crisis

involved some ‘loosening’ of the constraints restricting Argentine democracy. At the same time, however, re-stabilization did not involve any significant redistribution of power and wealth but was based on the division, co-optation and marginalization, disarticulation and demobilization of collective actors who — at the height of the crisis — jointly rejected a real-existing democracy that has proven to be far from realizing the most fundamental democratic principles (representation, participation, equality). Nevertheless, it is undeniable that Argentina’s post-crisis politics as compared to its reality in the 1990s are characterized by an important trend of (re-) politicization in its different dimensions: at the discourse level, the ‘K-effect’ is based on the assertion that economic and social development as subsumed under the proposed change of the ‘model’ is a genuinely political task; this discourse is complemented at the level of political practice by the strategy of ‘opening up’ to social organizations and their demands; and as regards social practices, the remaining level of popular sector organization and (potential) mobilization (if reduced compared to the crisis years) demands and obtains certain political consideration of their (diverse) interests and values.

In the end, the notion of genuinely ambivalent relations between social exclusion and democracy points to an equally ambivalent role of protest and open social conflict in the real-existing democracies of Latin America. On the one hand, the recent trend of organization, mobilization and politicization among popular sectors — as exemplified by the piquetero movement in Argentina or the indigenous movements in countries like Bolivia and Ecuador (Wolff 2003a, 2004a, 2004b) — constitutes a countertrend to the processes of disorganization, demobilization and depoliticization described above. Thus, tendencies to reduce the de facto exclusion of broad sectors of Latin American societies — precisely because they are important steps towards further democratization — can risk the viability of real-existing democracy, that is mainly by provoking the ‘traditional’ response on the part of an elite-middle class alliance (as exemplified by the 2002 coup against Chávez in Venezuela). On the other hand, the capacity of these new movements to exert a certain degree of political pressure by mobilizing masses and blocking highways has resulted in a limited recuperation of the (old) mode of corporatist inclusion that manifests itself mainly in non-institutionalized forms (protest, repression, ad hoc negotiations) as it has no systematic place in the neo-liberally transformed state. Hence, popular sector organizations have been granted at least some sort of veto power — a non-institutionalized influence that partially mitigates the limits to popular sector participation in and benefits from ‘official’ democratic politics. As long as the ‘nature’ of the protests — as analyzed above with regard to the Argentine crisis — guarantees that no vital interests of those with institutional, economic and political, power are endangered, protest, conflict and even certain crises can become important mechanisms in the reproduction and within-regime transformation of the ‘democratic civil peace of low intensity’.

Notes

1 The first version of this article was presented at the IV European Congress CEISAL (Consejo Europeo de Investigaciones Sociales de América Latina) of Latinamericanists, Bratislava, 4–7 July 2004. The author appreciates the support of the Deutsche Stiftung Friedensforschung (DSF) for research for this article. All translations of German, Spanish and French quotations are the author’s own. The author also thanks the anonymous reviewers for their helpful comments.

2 This position is supported by quantitative work investigating the variables that explain the survival and death of democracies: ‘Economic performance [...] is crucially important for the survival of democracy in less-affluent countries’ (Przeworski et al. 1996: 42).

3 On this question, see, for example, Adam (1998), Svetličič (2000), and Van Apeldoorn (2004).

4 Correspondingly, George Philip (2003: 18) asks ‘why these apparently precarious systems of democracy have not completely broken down,’ while Scott Mainwaring (1999: 103) points to ‘the remarkable feature [...] that elected governments have managed to survive despite serious difficulties in resolving these other problems.’ Oxhorn and Ducatzenzeiler (1998c: 228) emphasize that “unconsolidated” democracies in Latin America [...] have experienced an impressive staying power in recent decades.’

5 Accordingly, George Philip (2003: 115) forecasts: ‘If it were not an oxymoron, one might anticipate the deepening of democratic non-consolidation.’

6 Insofar that ‘Transnational processes and globalizing dynamics are “filtered through” particular nation-states and regions’ (Robinson 2003: 55), this article primarily refers to the filtered results without explicitly discussing this transnational dynamics. As regards the case study on Argentina, the latter would indeed be necessary to understand why the political handling of the crisis acquired the shape it took whereas the focus on domestic dynamics appears legitimate to understand why the crisis management had the socio-political (i.e. domestic) consequences (restabilization) it had.

7 It thus accepts the ‘1990s-style downsizing of the concept of democracy’ (Conaghan 1996: 34) as a social fact. Yet, it is not only that — as this article is precisely interested in understanding the (socio-) political regimes that contemporarily exist in Latin America (and not in something that ought to be constructed) — a notion of democracy adapted to these real-existing ‘things’ seems reasonable (Rueschemeyer et al. 1992: 10; Strasser 2000). Further, I believe that a formal definition of democracy reflects what the democratic character of a political system realistically downsized is about: an opportunity structure provided by some basic formal rules whose substance and results are largely undefined (Sensen 1993: 89) as in the end ‘democracy is above all a matter of power’ (Rueschemeyer et al. 1992: 5).

8 As there is an inherent tension between the ‘logic of differentiation’, which characterizes the strategies of privatization, de-regulation, and opening-up of economies, and the ‘logic of mobilization’ constituting the idea of democracy (Waisman 1999; cf. Oxhorn and Starr 1999a), the results of the simultaneous implementation of both logics appears paradoxical (Oxhorn and Ducatzenzeiler 1998b: 11). This combination is surprising for both traditional poles of developmental thinking: for modernization theory à la Huntington, on one hand, which has been emphasizing the importance of an authoritarian enforcement of necessary modernization tasks while warning against the risks of early democratization for political stability; Marxist-oriented (and, by the way, normally no less modernization theoretic) critics of modernization theory, on the other hand, would expect the escalation of class-based conflicts given the distributional consequences of economic reform and crisis in the context of political liberalization (Roberts 2002: 7).

9 Compare only the public opinion surveys of the region-wide Latinobarómetro. Democratic deficits regarding the input-legitimacy of democratic rule are attributed to internal (Agüero and Stark 1998; Diamond et al. 1999; Merkel 1999; Oxhorn 2001; Philip 2003) as well as external factors (Huber et al. 1997: 333; Agüero and Stark 1998; Plattner 2002).

10 Compare Boeninger (1997: 29), Huber et al. (1997: 337), Veltmeyer et al. (1997: 57, 88), Bresser

Pereira and Nakano (1998), Karl (2000: 153–55) and Nolte (2002).

11 On Bolivia and Ecuador, compare Wolff (2004b).

12 ‘[T]he “popular sectors” are the disadvantaged groups in highly segmented, unequal societies. [...] In urban areas, the popular sectors include both organized and unorganized workers in the formal economy, the unemployed who are seeking employment, people working in the

informal economy, and the lumpen proletariat who are largely outside the formal and informal economies' (Oxhorn 1998b: 202-203, note 10).

13 This social–structural weakening of labour organizations via economic restructuring and crisis was accompanied by political reforms aiming at the 'flexibilization of labour' and, more generally, at dismantling traditional corporatist structures (Oxhorn 1998b: 204).

14 At the same time, it is this exhaustion of 'left' alternatives that reduces the threat perception on the part of the (political and economic) elites (Remmer 1990: 335; Krennerich 2003: 7).

15 On the relation between 'marketization' and 'depoliticization' compare in greater detail Kurtz (2004).

16 This type of 'fragmented and exclusionary democracy' is characterized 'by executive-centered politics, high levels of political and economic exclusion, and "low intensity" citizenship in which dominant coalitions include a few of the more organized actors within the popular sectors, while disarticulating most majoritarian actors' (Smith and Acuña 1994: 20; on Argentina compare Acuña 1995).

17 Accordingly, 'the granting of political rights in many new democracies has been accompanied by the increasingly precarious nature of civil rights and growing limits — if not actual reversals — of the social rights of citizenship' (Oxhorn 1998a: 2). Hence, Edward Newman (in Garretón and Newman 2001: 7) speaks of an 'emergence of "limited" democracies, conditioned by a neoliberal agenda.'

18 See Oxhorn (1998b: 217), and Roberts (2002: 19). This view of Latin American neo-populism as being ambivalently connected to democratization and neo-liberalization, has been proposed by Roberts (1995) and Weyland (1996).

19 It is impossible to go into the details of the economic crisis here (Pastor and Wise 2001; Corrales 2002; Starr 2003; Teunissen and Akkerman 2003; Wolff 2003b). Suffice to say that with the spread of financial crises from Asia to Brazil and the devaluation of the Brazilian currency in 1998 the Argentine economy, with its currency fixed one-to-one to the US dollar (in as in any case unsustainable currency board system), came under intense pressure. Confronted with 3 years of recession and deflation, escalating debt payments and a complete loss of (internal and external) confidence in its currency the Argentine government had to devalue the Peso in January 2002, initiating a virtual collapse of the economy in 2002. After years of negative growth rates in 2002 real GDP plunged more than 10 per cent.

20 On the Argentine movement of unemployed workers or *piqueteros*, see Burdman (2002), Cross et al. (2002), Rauber (2002), Oviedo (2004), and Svampa and Pereyra (2004).

21 After two legislatures since 1989, in 1999 Menem was constitutionally prohibited from running for a new term. With the economy sliding, social indicators worsening and issues like corruption and good governance coming to the fore, the ALIANZA, an alliance between De la Rúa's Radical party and the centre-left coalition FREPASO (Frente País Solidario), defeated the Peronist candidate Eduardo Duhalde.

22 On crisis escalation in December 2001, see Altamira (2002), Astarita (2002), Filippini (2002), Godio (2002), Sullivan (2002), and Jozami (2003).

23 I avoid the term 'multitude', which has been used to characterize this short episode of generalized protest that erupted largely without being induced by certain organizations (cf. Colectivo Situaciones 2001), as it is generally associated with the respective concept developed by Toni Negri and colleagues. In contrast to the latter approach, 'unorganized publication 'per se'' emphasizes that the multitudinary protests did precisely not constitute a new 'active social agent', 'something organized', 'an active agent of self-organization' (Negri 2002; on Argentina compare Cocco and Negri 2002).

24 For example, official urban poverty rose from 29.3 per cent in 1998 to 38.3 per cent in October 2001 and 53.0 per cent in May 2002, while at the same time the Gini coefficient of inequality deteriorated from 0.48 to 0.50 and 0.535 and real wages (indexed at constant prices) fell from 950 to 860 and 640 (Wolff 2003b:4). At the peak of the crisis, independent sources regarded some 80 per cent of the Argentine population as being impoverished (Valente 2002).

25 To make the argument clear, this analysis explicitly neglects some important idiosyncratic factors characterizing the Argentine case (Wolff 2003b): for example, the Argentine experience with a military dictatorship that was not only especially repressive but which also failed completely in the realms of economic and foreign policy thereby disqualifying any intervention of the military in the socio-political crisis. This specific experience (Levitsky 2001: 15) is reflected in the general support for democracy among the Argentine population, which stayed comparatively high even at the time of deep crisis (compare the results of the Latinobarómetro surveys at <http://www.latinobarometro.org>).

26 For those export sectors that kept on earning US dollars, 'pesification' of debt meant an incredible debt cancellation precisely for those already favoured by devaluation of the peso. Yet, this political privilege let them accept a 20 per cent tax on export earnings from agricultural commodities and hydrocarbons (retenciones) which became the central source for financing the social emergency programmes.

27 For example, when Néstor Kirchner assumed the presidency in May 2003 urban poverty had reached 54.7 per cent (a level even higher than the 53.0 per cent seen in May 2002), while unemployment had fallen only very modestly from 21.5 per cent in May 2002 to 21.4 per cent in May 2003 (Wolff 2003b: 4). Further, the mentioned social subsidies of 150 Argentine pesos under the Plan Jefas y Jefes, though effective in containing social conflict, were way too small to cover a basic family basket of goods (calculated at 750 pesos) and even on this reduced scale did not reach the proclaimed goal of universality (Muñoz 2004).

28 Compare the results of the Latinobarómetro (see above). With the open crisis beginning in 2001 the results for 'satisfaction with democracy' had plunged from 46% in 1999/2000 to 20% in 2001.

29 This is not to be read as a simple criticism of the Kirchner government which found itself trapped in a hardly solvable 'two-level game' (Robert Putnam) between the demands of societal majorities and the international 'donors' and creditors (not mentioning the domestic economic 'establishment').

30 Personal communication with representatives of various piquetero organizations in October and November of 2004. Among the more 'radical' protest groups, the strand emphasizing autonomy, the acceptance of heterogeneity and the (at least, de facto) retreat to the local sphere mirrors an alternative (but, at least in the short- to mid-run equally macro-politically stabilizing) response to those limits; compare the analyses of the Colectivo Situaciones (2002), a 'militant research' group.

31 When also recognizing the transformation of Peronism (see above), itself a part of the trends described, it now becomes clear why the recent socio-political crisis remained far away from the 'traditional' type of Argentine confrontation between, on one hand, the Peronist party, organized labour and the underclass and, on the other hand, conservative elites, middle sectors and the military.

32 This term draws on Guillermo O'Donnell's notion of 'low-intensity citizenship' (cf. O'Donnell

1999: chapter 7) and the more socio-economically-based idea of 'low-intensity democracy' (Gills et al. 1993; Gills 2000; Robinson 2003: 53).

33 As Huber et al. (1997: 329) argued, the international context ‘though quite favourable for formal democracy, especially for regular elections, freedom of contestation, and universal suffrage, is very unfavourable for participatory and social democracy.’ Correspondingly, Jeffrey Stark (1998: 69) concludes: ‘Globalization both marginalizes and empowers. [...] The phenomena of globalization bring a contradictory amalgam of democratizing and de-democratizing forces’ (Stark 1998: 86, 88). This dual role of the international context is also expressed in the policies of democracy promotion and protection on the part of the established democracies of the ‘North’ (Cox et al. 2000).

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