

CONFIDENTIAL
FM BUENOS AIRES
TO IMMEDIATE FCO
TELNO 185
OF 171500Z MAY 89
AND TO IMMEDIATE ACTOER ADDRESSEES
INFO IMMEDIATE MOD (SIC EYG,), CBFFI, WASHINGTON, UKMIS NEW YORK
INFO IMMEDIATE MONTEVIDEO SANTIAGO, BRASILIA, ASUNCION
INFO IMMEDIATE PORT STANLEY

ARGENTINE PRESIDENTIAL ELECTIONS: AN AFTERVIEW

INTRODUCTION

1. WE ARE WRITING SEPARATELY WITH A DETAILED ANALYSIS OF THE FINAL ELECTION RESULTS, WHICH DO NOT DIFFER MARKEDLY FROM THE INTERIM FIGURES CONTAINED IN MY TELNO 181 OF 15 MAY AND LATER FAXED MATERIAL. THE FOLLOWING ARE GENERAL COMMENTS ON THE ELECTIONS AND WHERE ARGENTINA GOES FROM HERE.

THE RESULTS

2. MENEM'S WIN HAS BEEN DESCRIBED LOCALLY AS THE VICTORY OF HUNGER (OR ANGER) OVER FEAR. THERE IS NO DOUBT THAT THE ECONOMIC SHAMBLES CREATED BY ALFONSIN'S ADMINISTRATION IN THE LAST THREE MONTHS WAS THE MAIN REASON FOR ANGELOZ'S DEFEAT. THE FALSE HOPE RAISED BY MENEM'S APPALLING GAFFES IN THE EARLY STAGES OF THE CAMPAIGN WAS ALREADY DWINDLING IN ITS CLOSING WEEKS. MENEM TOOK THE ADVICE OF HIS CAMPAIGN MANAGERS AND ADOPTED A LOWER PROFILE. THE UNIONS BEHAVED LIKE ANGELS. ANGELOZ, WHO RECEIVED SCANT SUPPORT FROM THE DOMINANT COORDINADORA FACTION IN THE RADICAL PARTY, CAMPAIGNED VIGOROUSLY AND RESPONSIBLY. BUT HE COULD NOT AVOID ASSOCIATION WITH THE GOVERNMENT'S MISMANAGEMENT AND WAS PUNISHED ACCORDINGLY.

3. THE EXTENT OF THE RADICAL DEFEAT IS DEMONSTRATED BY THE FACT THAT IN NO PROVINCE DID THE ANGELOZ/CASELLA TICKET SINGLE-HANDEDLY EMERGE AHEAD OF MENEM/DUHALDE. ONLY IN CONJUNCTION WITH MARIA CRISTINA GUZMAN AND CFI DID ANGELOZ BEAT MENEM IN THE FEDERAL CAPITAL, CORDOBA, CHUBUT AND SALTA (ALTHOUGH IN THE FEDERAL CAPITAL AND CORDOBA THE RADICAL AND PERONIST VOTES WERE SO CLOSE THAT IT IS POSSIBLE THE RADICALS MIGHT HAVE WON SINGLE-HANDED IF SOME ANGELOZ SUPPORTERS HAD NOT BEEN DISTRACTED BY THE CFI TICKET).

4. THE CFI EMERGED AS THE FOURTH FORCE IN ARGENTINE POLITICS,

BUT WITH LESS THAN 5 PERCENT OF THE POPULAR VOTE THEY WILL NOT EXERT NATIONAL INFLUENCE UNLESS THEY JOIN FORCES WITH OTHER REGIONAL PARTIES, WHO BY AND LARGE FARED RATHER POORLY. A MAJOR EXCEPTION WAS BUSSI'S FUERZA REPUBLICANA, WHICH CAME A STRONG SECOND IN TUCUMAN ON A LAW AND ORDER TICKET.

5. AT NATIONAL LEVEL THE STANDARD-BEARER OF THE RIGHT REMAIN THE UCEDE, ALTHOUGH IN THE PRESIDENTIAL RACE THEIR CENTRE ALLIANCE COULD NOT TOP 7 PERCENT. IN THE CONTEST FOR NATIONAL DEPUTIES THEY FARED BETTER. THE EXTREME LEFT, ALTHOUGH VIRTUALLY ECLIPSED, ALSO DID BETTER IN CONGRESS THAN IN THE PRESIDENTIAL RACE.

MENEM IN GOVERNMENT

6. FROM 10 DECEMBER THE PERONISTS AND THEIR ALLIES HAVE AN OVERALL MAJORITY IN THE LOWER HOUSE. THERE WILL ALSO BE A DE FACTO PERONIST MAJORITY IN THE SENATE. WITH ALL BUT FIVE OF THE PROVINCES PERONIST-GOVERNED AND THE UNIONS BEHIND HIM MENEM IN THEORY WILL HAVE EVERYTHING GOING FOR HIM. WHETHER HE USES THIS POLITICAL STRENGTH TO TAKE TOUGH BUT CORRECT DECISIONS OR SQUANDERS IT ON SELF-INDULGENT AND IRRESPONSIBLE ACTIONS IS A MAJOR IMPONDERABLE, ALTHOUGH WE MAY GET SOME CLUE WHEN HE NOMINATES HIS CABINET, WHICH HE HAS SAID HE WILL DO WITHIN THIRTY DAYS.

C

HIS POST-ELECTION STATEMENTS HAVE BEEN ON FAMILIAR LINES (PRODUCTIVE REVOLUTION, NO HUMAN RIGHTS AMNESTY, NEGOTIATED GRACE PERIOD ON THE FOREIGN DEBT AND SO ON). BUT WHAT MENEM DOES ONCE HE ASSUMES POWER IS A LONG-TERM PROBLEM FOR ARGENTINA TODAY. THE CURRENT PREOCCUPATION IS THE NEXT SEVEN MONTHS.

THE TRANSITION

7. WITH MENEM'S CLEAR VICTORY ONE MAJOR ELEMENT OF UNCERTAINTY ABOUT THE TRANSITION HAS BEEN REMOVED. BUT WE STILL HAVE LITTLE REAL IDEA AS TO HOW IT WILL BE MANAGED. MENEM IS TO SEE ALFONSIN AT THE LATTER'S REQUEST THIS WEEK. BOTH HAVE MADE CLEAR THAT THEY ARE OPPOSED TO AN EARLIER TRANSFER OF POWER THAN THE CONSTITUTION DECREES. AND MENEM SHOWS NO INCLINATION TO BECOME DIRECTLY INVOLVED IN GOVERNMENT BEFORE 10 DECEMBER. (HIS DECISION TO MAKE A PILGRIMAGE TO CATAMARCA BEFORE ARRIVING IN TRIUMPH IN BUENOS AIRES IS SYMPTOMATIC OF HIS SENSE OF PRIORITIES, ALTHOUGH IT WAS ALSO TACTICAL GOOD SENSE TO STAY CLEAR OF ANY POSSIBLE POST-ELECTION VIOLENCE.)

8. BUT CAN MENEM AFFORD TO STAND BACK WHILE THE COUNTRY STAGGERS TOWARDS ECONOMIC COLLAPSE? MENEM'S MEN WILL BE TALKING

TO THE GOVERNMENT IN THE COMING WEEKS, NO DOUBT WITH A VIEW TO GETTING THE RADICALS TO DO THE NECESSARY DIRTY WORK INVOLVED IN GETTING THINGS BACK ON THE RAILS. BUT THERE WILL ALSO BE PRESSURE ON MENEM TO DO SOMETHING IMMEDIATELY ABOUT SALARIES AND MONEY FOR THE PROVINCES, NOT TO MENTION THE MASS REDUNDANCIES BOUND TO EMERGE FROM ANY SERIOUS ATTEMPT TO TACKLE THE FISCAL DEFICIT EVEN IF (AS SOME ARE SUGGESTING) THE EXISTING INTERNAL DEBT WERE TO BE REPUDIATED WHOLESALE. AND IF, INSTEAD (OR AS WELL), THE GOVERNMENT TURN TO THE AMERICANS TO BAIL THEM OUT ONE MORE TIME, MENEM WILL WILLY-NILLY HAVE TO BE INVOLVED IN THE NEGOTIATIONS. IT IS DIFFICULT TO SEE HOW HE CAN AVOID GETTING SUCKED INTO THE BUSINESS OF GOVERNMENT OR AT LEAST INTO SOME KIND OF RATIFYING ROLE FOR ALFONSIN'S POLICIES. THIS IS LIKELY TO MAKE THE POLICY-MAKING PROCESS EVEN MORE CHAOTIC THAN IT ALREADY IS.

UK/ARGENTINA

9. MENEM'S STATEMENTS ON RELATIONS WITH BRITAIN SINCE THE ELECTION HAVE ECHOED THOSE HE MADE IMMEDIATELY BEFORE IT. HE SAYS THAT HE IS PREPARED TO MEET MRS THATCHER UNDER UNITED NATIONS AUSPICES BUT THAT BRITAIN MUST FIRST RECOGNISE ARGENTINE SOVEREIGNTY OVER THE FALKLANDS. WHILE THIS IS AT LEAST DEVOID OF MENACE IT DOES NOT OFFER MUCH HOPE OF DIALOGUE ON TERMS LIKELY TO BE ACCEPTABLE TO US. THE ISSUE IS ANYWAY UNLIKELY TO ENJOY HIGH PRIORITY GIVEN THE COUNTRY'S DESPERATE ECONOMIC PROBLEMS.

HUNT

LONG

YYYY

DISTRIBUTION

448

MAIN 448FCO WHITEHALL
FID

SAMD

NNNN