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FM BUENOS AIRES
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OF 131530Z JUN 89

AND TO IMMEDIATE ACTOR ADDRESSEES

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ARGENTINA: INTERNAL SITUATION

SUMMARY

1. ALFONSIN TO RESIGN WITH EFFECT FROM 30 JUNE. MENEM RELUCTANTLY AGREES TO ASSUME POWER ON THAT DATE.

DETAIL

2. IN A NATIONWIDE TELEVISION ADDRESS ON 12 JUNE PRESIDENT ALFONSIN ANNOUNCED THAT HE (AND HIS VICE-PRESIDENT) WOULD RESIGN WITH EFFECT FROM 30 JUNE AND HAD ISSUED INSTRUCTIONS THAT THE NECESSARY FORMALITIES FOR HIS SUCCESSOR'S EARLY INAUGURATION BE IMPLEMENTED AS RAPIDLY AS POSSIBLE. ALFONSIN SAID THAT HIS GOVERNMENT'S ROOM FOR MANOEUVRE WAS TOO LIMITED TO TACKLE THE GRAVE PROBLEMS FACING ARGENTINA. THE EFFORTS MADE BY ALL CONCERNED FOR AN ORDERLY TRANSITION WERE NOT TO BE UNDERRATED. BUT NO PRESIDENT HAD THE RIGHT TO DEMAND INDEFINITE SACRIFICE FROM HIS PEOPLE. ATTEMPTS TO GOVERN IN CONSULTATION WITH THE PRESIDENT-ELECT HAD FAILED. NOW DETAILS OF THE LATTER'S FUTURE ECONOMIC POLICY WERE BEING PUBLICIZED: THIS INEVITABLY AFFECTED THE MARKETS. WHILE THE CONSTITUTION HAD TO BE SAFEGUARDED AN ACCELERATED TRANSITION OF POWER WAS THEREFORE DESIRABLE. HE HAD SIGNED A DOCUMENT, WHICH HE HOPED CARLOS MENEM WOULD ALSO SIGN, WHICH STIPULATED THAT:-

- I. HE WOULD SUPPORT ECONOMIC LEGISLATION PROPOSED BY THE FUTURE GOVERNMENT&
- II. HIS MINISTERS WOULD FULLY INFORM THEIR SUCCESSORS&
- III. A JOINT DELEGATION WOULD BE FORMED TO NEGOTIATE WITH INTERNATIONAL CREDITORS&
- IV. AN EXHAUSTIVE INVESTIGATION WOULD BE MADE INTO ALL ADMINISTRATIVE ACTS UNDER HIS ADMINISTRATION (THIS IS CODE FOR 'ALLEGED CORRUPTION').

3. MENEM'S INITIAL RESPONSE TO ALFONSIN'S MESSAGE WAS CAUTIOUS. HE EXPRESSED SURPRISE THAT ALFONSIN SHOULD HAVE TAKEN A UNILATERAL

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DECISION IN THE MIDDLE OF NEGOTIATIONS ON THE SUBJECT. MANAGEMENT OF THE TRANSITION IN THE FORM HE AND ALFONSIN HAD AGREED REQUIRED A SERIES OF NECESSARY AND PREVIOUS ACTS WHICH ALFONSIN'S ANNOUNCEMENT RENDERED IMPOSSIBLE. IT WAS ESSENTIAL THAT ALFONSIN AND HIS PARTY COMMIT THEMSELVES PUBLICLY TO APPROVAL OF THE NECESSARY LEGISLATION TO ALLOW THE NEW GOVERNMENT TO CARRY FORWARD THEIR ECONOMIC AND SOCIAL PROGRAMME. HE WAS CONSCIOUS THAT HE WOULD BE ASSUMING POWER DURING THE WORST CRISIS IN THE NATION'S HISTORY. POSTERITY WOULD JUDGE THE ATTITUDES BEING TAKEN TOWARDS A CHAOTIC SITUATION WHICH WAS NOT THE RESPONSIBILITY OF THOSE ELECTED ON 14 MAY.

4. AFTER LEAVING THE NATION DANGLING ALL MORNING MENEM FINALLY ANNOUNCED SHORTLY BEFORE 1330 LOCAL TIME ON 13 JUNE THAT HE WAS PREPARED TO TAKE POWER ON 30 JUNE.

5. INTERIOR MINISTER JUAN CARLOS PUGLIESE HAS PROVISIONALLY AGREED WITH PROVINCIAL GOVERNORS THAT THE PROVINCIAL ELECTORAL BOARDS SHOULD NOW VOTE ON 21 JUNE, THUS PERMITTING CONGRESS TO MEET IMMEDIATELY THEREAFTER TO CONFIRM MENEM AS PRESIDENT-ELECT.

COMMENT

6. THE HEAT IN THE KITCHEN HAS FINALLY BECOME TOO GREAT FOR ALFONSIN. THE LAST STRAW WAS THE HIGHLY PUBLICIZED STATEMENTS BY MEMBERS OF MENEM'S FUTURE ECONOMIC TEAM WHICH ALFONSIN EVIDENTLY FELT DESTROYED WHATEVER SLENDER HOPE HE MAY HAVE RETAINED OF MANAGING THE ECONOMIC CRISIS. IN SUBSTANCE HE HAS CONCEDED EVERYTHING MENEM HAS SOUGHT EXCEPT A RESOLUTION OF THE ARMED FORCES HUMAN RIGHTS ISSUE BEFORE THE TRANSFER OF POWER. THIS LATTER WILL REMAIN A BONE OF CONTENTION.

7. THE CONSTITUTIONAL POSITION IS COMPLICATED (TO SAY THE LEAST). FOLLOWING RESIGNATION BY THE PRESIDENT AND VICE-PRESIDENT THE LEY DE ACEFALIA PROVIDES FOR THE INTERIM PRESIDENCY TO BE ASSUMED BY THE PROVISIONAL PRESIDENT OF THE SENATE (EDUARDO MENEM): THE LATTER IS THEN REQUIRED TO CALL ELECTIONS WITHIN THIRTY DAYS. ARTICLE 75 OF THE CONSTITUTION ITSELF SIMPLY SAYS THAT THE INTERIM PRESIDENT EXERCISES HIS FUNCTION UNTIL THE PRESIDENT'S INCAPACITY HAS CEASED OR A NEW PRESIDENT HAS BEEN ELECTED. BY 30 JUNE MENEM WILL BE FORMALLY PRESIDENT-ELECT AND IT IS BEING ARGUED THAT THE SPIRIT OF THE CONSTITUTION CAN BE FULFILLED WITHOUT RESORT TO AN INTERIM PRESIDENCY. THIS ARGUMENT IGNORES THE CONSTITUTIONAL REQUIREMENT THAT THE ELECTORAL COLLEGE VOTE TAKE PLACE FOUR MONTHS BEFORE THE END OF THE PRESIDENTIAL TERM BUT IF THERE IS

A GENERAL CONSENSUS THIS WILL NO DOUBT BE GOT ROUND. THE IMMEDIATE PROBLEM OF THE CONGRESSIONAL TERM BECOMING OUT OF SYNCHRONISATION WITH THE PRESIDENTIAL TERM IS ALSO RESOLVED IN PRACTICAL TERMS IF THE RADICALS AGREE TO SUPPORT MENEM'S POLICIES. BUT THERE IS STILL PLENTY OF SCOPE FOR ARGUMENT BETWEEN NOW AND 30 JUNE.

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