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## Democratisation in Uruguay

From 1 March 1985 Uruguay has had its first elected government since 1973. The elections scheduled for November 1984 were in doubt until August of that year, but agreement was eventually reached between the military regime and civilian groups on the terms of the transition, and the elections took place without further interference. Thus ended perhaps the most repressive, if not the most violent, of the military regimes in the Southern Cone of Latin America. It was achieved without the collapse of the regime, as in Argentina, nor was it marked by violent social protest as in Chile's continuing struggle. Uruguay has generally been regarded as one of Latin America's most stable and participative democracies, and the strength of that tradition has been evident not only in the political maturity as well as euphoria which accompanied the elections but also, ironically, in some aspects of the regime's conduct. The new president is Julio María Sanguinetti, whose centre-right Colorado party received 41 per cent of the total vote. The result of the election was more decisive than expected but the Colorados do not have a majority in the legislature, and both for that reason and to ensure the stability of the new democracy Sanguinetti's administration is the product of an attempt to form a government of national unity.

This article looks at the intention of the military regime to institutionalise itself, as well as its eventual withdrawal. It looks also at the nature of the election campaign, the significance of the result, and the orientation of the new government. To anticipate conclusions, it is argued that in spite of (to some extent because of) the *coup* of 1973 and the subsequent regime, the elections revealed that traditional elements of conservatism and continuity are still strong in the political system; that the objectives of the regime, political and economic, were not achieved, so that the military are returning to barracks on the defensive, but not in disarray; and that, although the democratic process is not likely to be under immediate threat, the prospects for political and economic stability are not good. A major part of the reason for that concerns the severe crisis currently afflicting the Uruguayan economy, and we therefore begin by discussing the economic background.

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### The economy

At the time of the military coup in 1973, Uruguay had endured nearly two decades of economic stagnation. Small market size and inadequate foreign exchange earnings shortened the period of growth through import-substituting industrialisation (ISI), and by the mid-1950s per capita incomes had begun their long-run decline. In 1959, and again at the end of the 1960s, the IMF promoted attempts to defend the traditional export sectors and to reduce the apparatus of trade and exchange controls protecting local industry. However, the political system was unable to absorb the strains involved in sustaining such a programme, and the stalemate between different sectors of capital remained unresolved.

The economic policy of the military regime has had three distinct phases.<sup>1</sup> After an initial period of uncertainty, the first phase ran from 1974 to late 1978. Its main characteristic was an ideology of neo-liberalism which failed to conceal a pragmatic attempt to continue the practice of interventionism but with new objectives. The strategy involved an increased ratio of foreign trade to national income, backed by foreign loans, to end the post-ISI stagnation and overcome the oil crisis. The economy was to be restructured on the basis of non-traditional exports, and the liberalisation of foreign trade and financial markets was accompanied by selective price controls, interference in the labour market, and export subsidies. The result was a rapid expansion of non-traditional exports, increased public sector investment in infrastructure, falling real wages and consumption, limited success in the control of inflation, and uninterrupted economic growth until 1981.

In 1978, however, the strategy was altered and its positive effects lost. In this second phase, which lasted until November 1982, the control of inflation received higher priority than the restructuring of the economy, and balance-of-payments adjustment was left to occur automatically.<sup>2</sup>

<sup>1</sup> For more extended accounts of the regime's economic policy, see Luis Macadar, *Uruguay 1974–1980: Un Nuevo Ensayo de Reajuste Económico?*, Montevideo: Centro de Investigaciones Económicas (CINVE)/Ediciones de la Banda Oriental (EBO), 1982; Jorge Notaro, *La Política Económica en el Uruguay 1968–1984*, Montevideo: EBO, 1984; CINVE, *La Crisis Uruguaya y el Problema Nacional*, Montevideo: EBO, 1984; M H J Finch, *A Political Economy of Uruguay Since 1870*, London: Macmillan, 1981, ch 9.

<sup>2</sup> For contrasting accounts of such policies in the Southern Cone countries, see Alejandro Foxley, *Latin American Experiments in Neoconservative Economics*, Berkeley: University of California Press, 1983; and Nicolás Ardito Barletta, Mario I Blejer and Luis Landau, *Economic Liberalisation and Stabilisation Policies in Argentina, Chile and Uruguay: Applications of the Monetary Approach to the Balance of Payments*, Washington DC: The World Bank, 1983.

The centrepiece of policy was a pre-announced and increasingly overvalued exchange rate—the *tablita*. Liberalisation policies were extended and export subsidies reduced. The availability of cheap dollars consequently led to huge increases in bank borrowing and imports, especially of consumer durables. Economic growth was initially sustained by an inflow of Argentine capital which financed a construction boom, but in the two years 1982–3 GDP fell by 14 per cent and inflation, after falling to 21 per cent in 1982, exceeded 50 per cent the following year.

In November 1982 the *tablita* was abandoned and with it the imported doctrine of the monetary approach to the balance of payments. In this third phase of economic policy the crisis in the economy has intensified, and it is difficult to see any coherent attempt to achieve defined objectives beyond minimising internal and external disequilibria. At the end of 1983 the architect of the 1974 model, Alejandro Végh Villegas, was restored to the Ministry of the Economy, but no initiatives aimed at revitalising the economy were forthcoming during 1984.<sup>3</sup> The elections therefore took place in the context of unanimous rejection of the regime's economic policies of the post-1978 period. The most significant gain was the process of export diversification of the 1970s, whereas the economic and social costs of supporting the regime were immense. GDP was expected to have contracted by a further 2 per cent in 1984, and the profitability of both urban and rural enterprise, after borrowing heavily from the banks during the period of the *tablita*, is depressed. Open unemployment in Montevideo was 13 per cent of the labour force at the beginning of 1985, and real wages are half their level when the military came to power. Inflation in 1984 was 66 per cent, and the size of the public sector deficit was greater than in 1983. The foreign debt which increased so dramatically at the beginning of the 1980s stands at US\$4.6bn, equivalent to three-quarters of GDP or over four times the level of visible exports. Adjustment to the burden of servicing this debt has been accommodated by halving the level of imports between 1981 and 1983, whereas, after their strong growth during the 1970s, exports have been sharply affected by the international recession.

### **The political project of the regime**

The attempt by the armed forces to secure legitimation of their *de facto*

<sup>3</sup> The absence of such measures was justified by Végh as appropriate to a period of transition: *Búsqueda* (Montevideo) 226, 22 February 1984.

government can be broadly divided into two principal phases. At first, the ideology of the regime was expressed in terms of national security, the preservation of social discipline and supposed national values, and anti-Marxism. But the Tupamaros were already a defeated force by the time of the coup, and it therefore became increasingly difficult to show the necessity for the continuation of the regime in terms of the threat of subversion. At a later stage, legitimisation was primarily sought for the regime as a transitional process leading to a new institutional structure. This redefinition was precipitated in 1976 by an attempt by the civilian president, Juan María Bordaberry (who had been retained by the military in 1973 to act in a largely formal capacity), to impose new institutional forms which the military found unacceptable. Bordaberry proposed the elimination of the traditional parties, Blancos (Partido Nacional) and Colorados, and their substitution by 'currents of opinion' within a corporatist framework.<sup>4</sup> These plans were rejected in part because they implied a greatly reduced role for the armed forces, but also because their conception of the problem differed. Distinguishing between the institution of the traditional party system and its leadership during the coup and pre-coup periods, the armed forces proposed to retain the parties (which as multi-class groupings were an effective defence against class politics) while purging their leaderships. Accordingly, Bordaberry was dismissed in June 1976, and three months later by military decree the generation of politicians involved in the elections of 1966 and 1971 was proscribed for fifteen years. In 1977 the political plan was completed by the announcement of a timetable for the restoration of government by institutions. It involved the preparation of a new constitution for submission to a plebiscite in 1980. The two parties were then to agree on nominations for a president to be approved in uncontested elections, and contested (but still controlled) elections were to be permitted in 1986.

The plan went wrong from the start. The constitution was voted down by 57 per cent of voters in the 1980 plebiscite, an unexpected and surely unprecedented defeat for an authoritarian regime, but one which revealed the extent to which the traditional respect for legal forms in Uruguay still influenced the military. The plebiscite result marked the defeat of the institutionalisation project of the regime, which then had no option but to seek to accomplish an abdication on its own terms.

<sup>4</sup> An account of the military's reception of these 'bonapartist' proposals is in República Oriental del Uruguay, Junta de Comandantes en Jefe, *El Proceso Político: Las Fuerzas Armadas al Pueblo Oriental*, Montevideo: 1978, pp 379–89.

Opposition to the regime (though still dangerous for individuals) was now public and incontrovertible, and that verdict became overwhelming in internal party elections in 1982, when 77 per cent of those voting supported party factions which opposed the government.

Negotiations between the military and the political parties (the two traditional parties plus the extremely small Unión Cívica) on the terms of the transfer of power opened in April 1983 but were suspended in July until May 1984. During that lapse of time the initiative in the negotiations moved very uncertainly towards the parties; the military on the other hand withdrew some of their demands as to the institutional future of the country, but interfered decisively in the framework of the elections to promote an outcome favourable to themselves. In 1983 the military intended to retain control of internal security matters including jurisdiction over civilians accused of offences against the state, and still sought to replace the 1967 constitution.<sup>5</sup> With no progress achieved it was the politicians who withdrew from the talks, and intensified political repression and media censorship followed. The momentum for an end to the regime was undeniable, however. Popular protest was expressed through saucepan-banging (a technique imported from Chile), by a one-day general strike in January 1984, but most impressively by a demonstration of 250,000 people (one in twelve of the total population) on the last Sunday in November 1983, the day on which elections in Uruguay are traditionally held.<sup>6</sup>

In May 1984 the regime presented new proposals which formed the basis for further negotiations with the parties at a time of grave doubts as to whether the elections scheduled for November could be held. The eventual Club Naval agreement in August 1984 confirmed that elections would be held in November, and that the 1967 constitution would be reinstated on 15 February 1985. There are provisional amendments regarding the political role of the military, which after study by the legislature will be submitted to plebiscite in November 1985. The most important are that the National Security Council (Cosená) is to have an advisory role but be convened by the president; and the declaration of a state of insurrection, which would extend the jurisdiction of military courts to civilians, must first be proposed by the president to the legislature.

<sup>5</sup> A comparison of the 1967 constitution and the military proposals of 1980, 1983 and May 1984 is made in *Jaque* 1 (21) (Montevideo) 4 May 1984.

<sup>6</sup> Estimates of the size of the demonstration ranged from 150,000 by the regime to 400,000 or even 500,000 by the opposition: *Búsqueda* (214) 30 November 1984.

Not all the political parties accepted the agreement; by August the regime had succeeded in breaking the unanimity of the opposition. In March 1984, Líber Seregni, leader of the left-wing Frente Amplio and its presidential candidate in 1971, was released after a decade in detention. The subsequent de-proscription of the FA itself—in July 1984 it joined the other parties in negotiation with the military and accepted the Club Naval agreement—was in marked contrast to the regime's treatment of the Blanco party. Its leader in exile, Wilson Ferreira Aldunate, the most-voted presidential candidate in 1971 and an outspoken critic of the regime from exile, staged his return in June and was immediately and predictably arrested. The Blancos withdrew from the negotiations in protest at the loss of their principal electoral asset, and condemned the other parties for remaining. Ferreira was a particular target of the regime's hostility, and a Blanco victory the worst outcome for it in the elections. The rehabilitation of the FA was clearly a manoeuvre to split the left/radical vote and to promote the election of the least dangerous party (in terms of the regime's interests), the Colorados. Ferreira was indeed released from detention a few days after the election.

The political programme of the regime thus passed from a lack of definition before 1976, through an attempted institutionalisation, to a process of abdication from 1981. During 1984, the tactic of electoral manipulation supplemented the negotiation of safeguards in the terms of the transition. Among the factors which determined a military withdrawal, internal divisions within the armed forces were probably not important. Certainly they were more successful than those of Chile or Argentina in preventing either public disunity or the emergence of a strong man. Political decision-making was restricted to the general staff, but collegial within this group.<sup>7</sup> The choice of a general to assume the presidency in 1981, in succession to civilian presidents, did not imply any further concentration of power,<sup>8</sup> and, although Gregorio Alvarez undoubtedly had political ambition, an attempt to use the presidency in order to establish a power-base would certainly have been opposed.

The explanation for abdication, and the manner of it, must therefore rest on the collapse of the economic model, including the

<sup>7</sup> On the nature of authority and decision-making within the regime, see Luis E González, 'Uruguay 1980–1981: an unexpected opening', *Latin American Research Review* 18 (3) 1983, pp 68–70; and the interview with General Jorge Borad in *Búsqueda* (263) 10 January 1985.

<sup>8</sup> Indeed, it was precisely because the process of military withdrawal was under way that it became acceptable (and perhaps even necessary, as Borad suggests) for a non-civilian to hold the presidency.

denationalisation of the banks and the enormous foreign debt, so much at variance with the rhetoric of nationhood; the strength of democratic sentiment and traditional democratic loyalties; and the defeat of the regime in Argentina. The latter left the Uruguayan armed forces isolated in the region, gave their opponents a new source of support, and offered exiles, like Ferreira, a very prominent base from which to address supporters and plan a triumphal return. But the Argentine defeat also impressed on the military the need to prevent a return to the barracks in disarray, and to structure the electoral process in such a way as to promote a favourable result. An orderly process of withdrawal offered the best guarantee of preventing judicial investigation of human rights abuses, as well as the best prospect of a return to power should that prove necessary.

### **The campaign issues**

The electoral campaign opened in late August 1984, and was conducted in an atmosphere of qualified euphoria. After the intensity of the repression of the preceding decade, particularly of the Marxist left, there were, inevitably, ironies. One such was the public welcome given by all the parties to a statement in October from the former leader of the Tupamaros, Raúl Sendic, jailed since 1972, that former members of the guerrilla movement should now engage in political activity and thus contribute to the process of pacification and democratisation. Both the declaration and the way it was received reflected a widespread feeling that the over-riding national aim was to bring the regime to an end. The campaign itself was characterised by two well-defined but apparently contradictory tendencies: on the one hand, an attempt to close (civilian) ranks by securing an agreed framework on aspects of the transition within which the future government would implement policy; on the other hand, the campaign between the parties, as each sought to establish a distinctive identity, was inevitably to some degree a divisive process.

The attempt to secure a measure of agreement was undertaken through the Concertación Nacional Programática (CONAPRO), which began its meetings in September. CONAPRO was composed of the four main parties (Blanco, Colorado, FA and Unión Cívica), the central trade union organisation PIT-CNT, and the student organisation ASCEEP. Employers' associations (though not of the financial sector) and other bodies, including cooperatives and human rights associations,



participated when appropriate. On a range of issues, including the reincorporation of returning exiles, housing and health policy, guarantees of political and human rights and the autonomy of the university, agreement was achieved before the elections. Three main issues were left undecided. On the release of those detained for political or subversive offences, the Colorado party was reluctant to accept a general and unrestricted amnesty which would include those convicted of acts of violence. On the administration and autonomy of education, the Colorados were again the dissident element in arguing for greater state control. But the most significant area of disagreement concerned economic policy, and specifically the issue of wages.

Within the framework of CONAPRO a working party of economists drawn from the four parties agreed a document on short-term policy objectives and techniques.<sup>9</sup> This affirmed that priority should be accorded to the productive sectors of the economy over the financial sector, thus reversing a central tendency of the regime's policy especially after 1978. Reactivation of the productive sectors was to be planned and selective, on the basis of employment generation, foreign exchange earnings, the extent of inter-industry integration and linkage effects, and use of national raw materials. No priority was specifically given to production for either export or domestic markets, but domestic demand was to be reactivated by increased real wages. In spite of the increase to production costs that this would imply, the profitability of enterprise would be retained (or achieved) by compensating cost reductions as excess capacity was taken up and interest rates on the heavy debt burden were forced down. Such a proposal to regard real wage increases as an instrument of reactivation (as in Argentina in 1984) rather than an objective of policy seems to have been the principal reason why the document was not incorporated in the pre-election CONAPRO agreement. During October 1984 the PIT was already pursuing a wage claim in difficult negotiations with employers' representatives for a 50 per cent real increase; in general terms, both sides accepted the document, but the sensitive issue of the role of wages precluded formal agreement. Consideration of economic policy issues continued within CONAPRO after the election, but resolution of the wages issue, priorities in reactivation and exchange and interest rate policy had still not been achieved by February 1985. The implications of this disagreement are considered in the next section.

<sup>9</sup> The document is reproduced in *Búsqueda* (251) 17 October 1984.

Issues of economic policy or other substantive questions relating to future government programmes played a rather small part in the election campaign. Only the Blanco and FA proposals for agrarian reform and state control of the banking system generated debate. Manifesto commitments were not in general challenged on the basis of their feasibility.<sup>10</sup> The explanation is to some extent that Uruguayan political parties do not traditionally perform well in presenting policy alternatives, and do not perceive their electoral success or failure in terms of specific policies. But in addition, the *concertación* process was intended to eliminate divisive issues from the contest. The parties therefore sought to establish their electoral identities in terms of what was shared ground by all but the minority right-wing factions of the two traditional parties: the perception of the military regime as the common enemy. Each party had thus to demonstrate that it was not implicated in the regime or the hard-line governments preceding it, and that it did not represent *continuismo*. That was hardest for the Colorado party, since Bordaberry and Végh Villegas are (or were) Colorados, Pacheco (president during 1968–71) was again a presidential candidate, and Sanguinetti held ministerial office during 1972–3. It was easiest for the Blancos and FA, whose opposition to the regime had been much sharper and whose leaders were not allowed to stand for the presidency. Moreover, the economic programmes of either party would have represented a far more complete break with the discredited policies of the regime. The identification with the regime was least for the Blancos, who rejected the Club Naval pact (though they decided to participate in the elections, with Alberto Zumarán as candidate of the majority faction in place of Ferreira), since it implied doing a deal with the military.

On the other hand, since the over-riding objective was to re-establish civilian government, the Colorados could present themselves as the party least likely to incite the military to return. This was implied in terms both of future policies, the Colorado programme being markedly more conservative than the radical proposals concerning landed property and bank assets of the other parties, and of past involvement in the breakdown of democratic government in the early 1970s and the notoriously bad relations between the regime and the Blanco and FA parties subsequently. The Blancos could also play this card against the Frente by emphasising the participation within it of the Communist

<sup>10</sup> Some were very specific, such as the Blanco pledge to create 40,000 jobs in the private sector within twelve months.

Party (formally disguised as *Democracia Avanzada*) and the Marxist orientation of many of its member factions. And, notwithstanding Sendic's declaration, reports appeared through Colorado channels of a Tupamaro group in exile in Sweden still committed to armed struggle.

### The elections

A striking aspect of the 1984 elections is the extent to which they represented continuity with Uruguay's political past.<sup>11</sup> The intervening years had after all seen substantial changes. The five years before the coup saw the partial breakdown of traditional modes of political behaviour, in particular the customary use of redistributive devices to maintain political clienteles, and the emergence of a credible left-wing alternative to the traditional parties. The coup was followed by an almost complete absence of formal political activity for a decade, an attempt to remake the two traditional parties, the abolition of free trade unions, major changes in the structure of the economy and the distribution of income, and the loss by emigration of perhaps 10 per cent of the total population since the 1960s. Yet the elections were conducted within a complex and idiosyncratic institutional framework which was unaltered, the party hierarchies were little changed since 1971 except by the passage of time, and the elections yielded a result which is fully intelligible in terms of how the political system functioned before the coup. The restoration of democracy has taken the form more of a resumption than a renewal, perhaps because to argue the need for reconstruction might imply disloyalty to a strong democratic tradition, but principally because all three major parties benefit from the survival of the existing system.<sup>12</sup>

The Colorados and Blancos, with 81 per cent of the vote in 1971 and 76 per cent in 1984, continue to dominate the political system. Their position is owed to an almost instinctive electoral loyalty, to the practice of patronage, to the emasculation of the political left in the early decades of the century, but also to the nature of the electoral system enshrined in the Lema Law. This awards victory in the presidential race

<sup>11</sup> 'Unlike what has taken place in similar processes of political opening elsewhere in Latin America, the most notable aspect of the Uruguayan experience is the vitality with which the political parties have re-established themselves on the old pattern, the reproduction of forms of organisation and behaviour in social movements, and the permanence of party loyalties and identifications': Carlos Filgueira, *El Dilema de la Democratización en el Uruguay*, Montevideo: Centro de Informaciones y Estudios del Uruguay (CIESU)/EBO, 1984, p. 25.

<sup>12</sup> The case for reform of the electoral system is argued by Luis E González, 'Los Partidos Políticos y la Consolidación de la Democracia', *Búsqueda* (256–9) 22 November–12 December 1984. It also forms part of the programme of the Unión Cívica.

**Table 1: Presidential election results in Uruguay, 1971 and 1984**

	Colorado				Blanco (Nacional)				Frente Amplio				Total					
	Bordaberry 000	Other (4) 000	Total 000	%	Ferreira 000	Other (2) 000	Total 000	%	Frente Amplio 000	Other (4) 000	Total 000	%	Other (4) 000	Total 000	%			
1971	380	22.8	302	18.1	682	41.0	440	26.4	229	13.8	669	40.2	304	18.3	9	0.6	1664	100
Montevideo %	23.2		16.2		39.4		24.3		5.5		29.8		30.0		0.6		100	
Interior %	22.5		19.5		42.0		28.0		19.9		47.9		9.6		0.5		100	
	Colorado				Blanco (Nacional)				Frente Amplio				Total					
	Sanguinetti 000	Pacheco 000	Total† 000	%	Zumarán 000	Other (2) 000	Total† 000	%	Frente Amplio 000	Other (4) 000	Total 000	%	Other (4) 000	Total 000	%			
1984*	563	31.0	172	9.5	745	41.0	529	29.1	103	5.7	634	34.9	394	21.7	45	2.5	1818	100
Montevideo %	26.0		9.1		35.9		25.2		1.4		27.1		33.8		3.2		100	
Interior %	35.5		9.8		45.6		32.6		9.5		42.1		10.6		1.8		100	

Sources: Julio T Fabregat, *Elecciones Uruguayas 1971*, Montevideo: Cámara de Senadores, 1972; *Carta de Uruguay*, IV (198), 5 December 1984

Notes: \*preliminary count, excludes 3.9% of votes cast, and blank votes  
†includes votes not cast for a particular candidate of the party

to the most voted party, but the double simultaneous vote also allows the voter to choose which candidate of his party to support. Thus each party may split into factions, each with its own ideology and fielding its own candidates for the presidency and legislature, without weakening the electoral strength of the party as a whole. Although the majority faction of the party (determined in this instance by the 1982 party elections) is pre-eminent within the party machinery, the system encourages the left–right fragmentation of each party, strengthening its chances of securing the presidency but weakening its prospects of a majority in the legislature because of proportional representation in the parliamentary elections occurring simultaneously. In short, the electoral system makes for ideological incoherence within the parties and obstructs the translation of voters' preferences into effective government.

The 1984 elections did in fact see a reduction in the number of lists compared with 1971, with ten presidential candidates (including two Colorado, three Blanco, one FA, one UC) and forty-eight lists of candidates for the House of Representatives (of which eighteen were Colorado, twenty-one Blanco, and five FA). The results are summarised in Table 1 and compared with those of 1971. The victory of the Colorado party, and of Sanguinetti within it, was more decisive than opinion polls had predicted. It was certainly more conclusive than that of Bordaberry in 1971, whose right-wing victory with 22.8 per cent of the poll was only possible because of the addition of minority left-wing Colorado votes. To that extent, the electoral system has functioned rather better on this occasion, and Sanguinetti enters office with much greater personal authority. Nonetheless, the Colorado party has only thirteen out of thirty seats in the Senate and forty-one out of ninety-nine in the House of Representatives, of whom three senators and seven representatives belong to Pacheco's right-wing, pro-regime, *Unión Colorado y Ballista* faction. The new administration has therefore to secure cross-party alliances to enable it to govern effectively.

Within the Colorado party there has obviously been a major shift away from Bordaberry's right-wing faction (supported by Pacheco) in 1971 to the more centrist and anti-regime group led by Sanguinetti. But the total vote for the Colorado party remained remarkably stable. For the Blancos, on the other hand, the result was extremely disappointing. The *Frente Amplio* was the only major party clearly to increase its share of the poll. Within the FA, the Communist Party lost ground to List 99, the independent socialist group, which probably appealed particularly

to younger voters. The relative success of the FA was overshadowed, however, by its failure to win control of Montevideo. Even so, support for the Frente is strongly concentrated in the capital, and that helps to impart a curious bias to the national pattern of results. While predictably it received a higher share of the poll in Montevideo than elsewhere, both of the traditional parties received a lower percentage vote in Montevideo than in any other department in the country.

Overall, the election result suggests that voters were seeking stability and reassurance, and therefore chose the most conservative option available (excluding of course the minority pro-regime factions), in preference to the more radical but less predictable alternatives of the Blancos and Frente. The latter did less well than opinion polls had suggested, probably because voters who were undecided when canvassed were more likely in fact to vote for a traditional rather than ideological party. It may be that the electorate cautiously chose a president appropriate to a transition period, rather than one whose programme was innovative or had great positive appeal. Certainly it is ironic that in their overwhelming anxiety to put paid to the regime, Uruguayans voted for the party that the military intended and the United States hoped they would elect.

### **Government formation and policy**

As soon as the election result was announced, Sanguinetti declared that he would seek to form a government of national unity. That was inevitable in view of the need to find support in parliament, but also because of the widespread belief (expressed in the *concertación* process) that only solutions enjoying the widest possible support were appropriate to the nation's political situation and economic and social problems. However, after extended negotiations, both the majority Blanco faction and the FA declined to be represented in Sanguinetti's cabinet (though not necessarily in the administration as a whole), doubtless because assurances as to the orientation of policy were regarded as inadequate. These misgivings were surely strengthened by the appointment of Ricardo Zerbino, described as a neo-liberal economist and therefore likely to follow the more pragmatic aspects of the regime's policy, to the key post of Minister of the Economy. In addition, the Minister of Industry and Energy is Carlos Pirán, vice-presidential candidate of Pacheco's right-wing UCB faction. Other parties are represented in the administration, by a member of a minority Blanco group at Public Health, and by the presidential candidate of the

Unión Cívica, Juan V Chiarino, as Minister of Defence. The most surprising and potentially most important appointment is that of Enrique Iglesias to the Ministry of Foreign Affairs, with the express approval of Ferreira. Executive Secretary of the UN Economic Commission for Latin America since 1972, he brings vast experience and international prestige to the government. During the 1960s, Iglesias was head of the planning office CIDE, and then president of the Central Bank. It remains to be seen in what capacity his professional skills as an economist will be exercised in the Ministry of Foreign Affairs, and whether this will imply any moderation of the policy likely to be pursued by the economic team.

While the new government's programme has still to be declared in detail, indications of its probable shape were given in the Colorado party's election proposals, as well as by the composition of the cabinet. An export-oriented economic strategy seems likely. The price mechanism as a guide to resource allocation will be supplemented by a modest level of government intervention, but exchange controls do not look probable. Greatly increased government control is expected only in the financial sector. There are proposals also to reduce the weight of public expenditure, but wages policy provides the best indication of the government's orientation. Its central objective was stated before the election to be 'to halt the present decline and create the conditions for an increase in real wages, consistent with higher employment'.<sup>13</sup> From this, as well as from post-election statements by Sanguinetti ('No neo-liberalism, but no irresponsible populism either.'), it appears that the government will try to defend the present level of real wages, but will resist the strategy urged by the left (and the CONAPRO group of economists) of reactivation through higher wages. Perhaps in anticipation of this a wave of public sector strikes occurred during the first two months of 1985. By February, the Blancos and FA had declared their opposition to the strategy. In foreign policy, the decision to resume diplomatic relations with Cuba and (more predictably) Venezuela, as well as the international eminence of the Foreign Minister, will give the country greater prominence in Latin American affairs. On the sensitive question of calling the military to account for human rights offences under the regime, the new government is unlikely to seek a confrontation with the armed forces. However, Sanguinetti has contradicted earlier reports that the military would

<sup>13</sup> The text of the economic programme of the Colorados was reproduced in *Búsqueda* (246) 12 September 1984.

themselves judge acts committed by members of the armed forces by affirming the jurisdiction of civilian courts in such matters.

### Prospects

What are the chances that democratic government will survive in Uruguay? How great is the risk of a resumption of military rule, perhaps leading to an alternation of civilian and military governments on the Argentine pattern? There is no doubt that the political leadership of all parties has so far acted with a restraint that reflects the popular mood of national reconciliation. There is a general determination not to give the military an excuse for further intervention. Nonetheless, it is reasonable to suppose that a stable democratic system requires more than goodwill and a sense of national responsibilities amongst its party leaders for it to endure. There is indeed some cause for pessimism, arising from Uruguay's present economic crisis and because of the way in which the political system has functioned in the past. This is not a prediction of another military coup in the near future, though the armed forces have withdrawn in good order, and there will certainly be elements among middle-ranking officers who perceive their career prospects to be diminished by democratisation. What could well be in prospect is a nervous and unstable democratic regime, perhaps dependent on emergency constitutional powers, aware of the possibility of another coup, presiding over an economy incapable of sustained growth and afflicted by rapid rates of inflation. In the present state of the Uruguayan economy there is no sector which appears to have the capacity to lead an economic recovery. In the past the failure to find a basis for the integration or alliance of the rural sector with urban capital has been extremely damaging. Unless an agro-industrial strategy emerges which (unlike that of 1974–8) provides a satisfactory basis for accumulation in the primary sector,<sup>14</sup> or unless the renegotiation of the external debt produces unexpectedly favourable terms, the prospects for economic growth are bleak.

The difficulties which derive from the economic crisis will be intensified if the traditional parties again function as they have during times of economic difficulty in the past. During the extended period of economic stagnation in the 1950s and 1960s the parties performed badly

<sup>14</sup> On the experience of the rural sector during the period of neo-liberalism, see M H J Finch, 'The military regime and dominant class interests in Uruguay 1973–1982' in *Generals in Retreat*, P Cammack and P O'Brien (eds), Manchester: Manchester University Press, 1985. The conditions of a successful agro-industrial development strategy are discussed in CINVE, *Crisis Uruguaya*, *op cit*, pp 72–110.



in generating and implementing solutions to the post-ISI crisis, but maintained their position by using the traditional devices of patronage and favours to mediate between voters and a deteriorating economic situation. Since that time real wages have halved and economic insecurity is greatly increased. There will be many low-income families whose main expectation of the new democratic government is access to political contacts capable, as in the past, of arranging a job or pushing through a pension application: what is democracy for if not responsive to the needs of loyal party supporters? This demand for relief from a situation of unprecedented economic distress is already finding expression in the form of urgent claims for higher wages and pensions. Yet on current indications of policy there is no realistic possibility in the short term of anything other than continued austerity. The opposition parties will not wish to stand in the way of the trade unions, and the new government will find it very difficult to do so. In spite of the attempt at *concertación*, no agreement or social consensus was reached on this fundamental issue; conflict over it seems inescapable.