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Unemployment and Clientelism: The *Piqueteros* of Argentina

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Abstract

This paper sheds light on possible explanations for the growth and endurance of the *piquetero* social movement in Argentina, developed from a comparative perspective based on Latin America. I show which institutional arrangements, political actors, and configurations of power contributed to the success of the *piqueteros*. Applying the basic principles of the rational choice approach, I find that the success of the *piquetero* movement was produced by the current political division in the ruling party (the *Peronist* party), by the over-regulated Argentine labor market, and by the impact of the Argentine economic crisis through the unemployment rates.

Keywords: unemployment, social movements, federalism, institutions, unions, Argentina.

OVERVIEW

Among the Latin American countries, only in Argentina did a social movement of well-organized unemployed people, called *piqueteros*, emerge in the middle of the 1990s.¹ *Piqueteros*, organized in several autonomous associations, claim social assistance from the Argentine government in the form of temporary jobs, special subsidies, and food assistance. The *piquetero* movement is split into several organizations, of which seven are the most important.² To achieve their goals, they have organized several massive protests in the main cities of Argentina, which have led to the occupation of squares, avenues, public buildings, and business premises. To achieve these goals, the organizations of *piqueteros* have been able to incorporate a number of members by providing them with food and subsidies thanks to the social programs “Trabajar” and “Planes Jefe y Jefa de Familia” (Lobato & Suriano, 2003; Weitz-Shapiro, 2006).³

This paper sheds light on possible explanations for the success and sustainability of the *piquetero* social movement in Argentina, developed from a comparative perspective based on Latin America. The selection of Latin America as a framework for comparison allows us to achieve valuable conclusions due to the use of a relatively large range of countries. At the same time, because of similarities among Latin American countries in

¹ Iván Schneider and Rodrigo Conti (2003) claim that the first important *piquetes* (occupation of roads or avenues) occurred in the middle of 1995. Maristella Svampa & Sebastián Pereyra (2003), however, claim that the *piqueteros* movement acquired a solid organization only after 1997. I also use the definition of a social movement taken from John McCarthy and Mayer Zald (1987) which states, “a social movement is a set of opinions and beliefs in a population representing preferences for changing some elements of the social structure or reward redistribution, or both, of a society.”

² See Table 2.

³ The “Programa Trabajar” was a temporary unemployment relief program that was in place between 1996 and 2002. In May 2002, “Trabajar” replaced by a more extensive program called “Planes Jefes y Jefas de Familia”. Thus, the less than a quarter of a million beneficiaries of the program “Trabajar” was increased to approximately two millions the program “Planes Jefes y Jefas de Familia” was created (Galasso and Ravallion, 2003). The “Planes Jefes y Jefas de Familia” was created in the midst of the 2002 crisis. It was the first universal unemployment subsidy policy in more than 25 years.

terms of their culture and their economic and political development, I will be able to isolate and determine more clearly the impact of some variables on the growth and endurance of the *piquetero* movement.

Within this comparative framework, the *piquetero* movement is part of major trend in social movement activity in the region, largely focused on demands that are specific and territorially based; not on structural changes. Following this tendency, the *piquetero* movement did not demand significant structural changes in the Argentine government. Structural demands such as a nationalization of oil and other energy resources, a broad default on all external debts, a constitutional assembly, and a change towards a socialist regime have remained purely rhetorical and excluded from any negotiation with the Argentine executive.

On the contrary, the *piquetero* movement has established a mutually beneficial relationship with political actors in the Argentine executive branch. In this paper, I present and analyze the institutional dynamics of this mutually beneficial relationship. Other Latin American movements that have established cooperative relationships with the state do not present these particular institutional dynamics and mechanisms of the *piquetero* movement. The presence of these dynamics -- characterized by the division of the ruling party, the federal government, and the movement into two competing factions -- makes the growth and endurance of the *piquetero* movement a fascinating case in the region.

Because of the presence of this supportive relationship between the *piquetero* movement and the Argentine executive, and the way in which this relationship was developed and structured, the current literature on social movements does not provide us with an accurate and complete framework to fully understand the conditions and reasons behind

the growth and endurance of the *piquetero* movement. As McCarthy and Wolfson state (1992), cooptation for social movements tends to happen locally, at regional levels, or only for certain infrastructural locations. Cooptation of national-level movements by state actors tends to be rare and all these types of movements tend to be short-lived.⁴ The *piquetero* movement is not only a national-level movement, but also one that has remained alive and considerably strong for a relatively long period (since 1995). All these features make the *piquetero* movement a fascinating case for analysis. This paper attempts to offer an explanation in order to fill this gap in the literature and account for the success of the *piquetero* movement.

In order to explain the growth and endurance of the *piquetero* movement, one set of possible explanations focuses on economic factors such as the economic crisis, the high unemployment rates, and the lack of flexibility of the Argentine labor market. The other set focuses on political factors such as the relationship between the *piquetero* movement and labor unions, and the cooptation of the *piquetero* movement by the Argentine state in a somewhat mutually beneficial relationship.

After discussing the limitations of the economic explanations, I turn to evaluate the effect of the political and cultural factors that triggered and shaped this social phenomenon. After a selective comparison of all these factors, I find that the features of the political interaction between the *piquetero* movement and the Argentine state are critical not only to understand the case at hand, but also to develop generalizable theories for predicting the growth of this kind of movement elsewhere in Latin America. Thus, the study of this case

⁴ These features are even valid for movements that find widespread support for their goals and little or no organized opposition from the population of a geographic community. These movements are much more likely to be co-opted by state structures.

potentially provides us with a new framework to evaluate and fully understand the growth and endurance of social movements with mutually beneficial relationships with politicians, bureaucrats, or institutions of the Latin American states.

ECONOMIC FACTORS (THE CONTEXT)

The Latin American debt crisis and the 1980s recession, caused by the exhaustion of the import substitution model of the previous decades coupled with excessive international lending, triggered a process of economic liberalization throughout the region that modified both the political strategies and industrial bargaining power of organized labor (Collier, 1979; Levitsky & Way, 1998). In an effort to successfully address the crisis, most Latin American countries began opening their economies and adjusting their states through privatization, deregulation, and decentralization in the 1990's (Cox Edwards, 1997). The level of unemployment in the region that had begun to increase during the 1980s recession peaked due to privatizations' negative effect (Birch & Haar, 2000). Table 1 shows the evolution of urban unemployment in several countries of the region during the 1990's (see the Appendix).

Several countries reached high rates of urban unemployment such as Argentina, Nicaragua, Panama, Peru, and Colombia during this period. Although Argentina registered a high level of unemployment in 1995 when the *piquetero* emerged, it is also possible to find other Latin American countries with similarly high rates, such as Colombia in 1998 or 1999 or Nicaragua in 1993, 1994, and 1995 during the same decade. However, no other country in Latin America has experienced the growth of a well-organized social movement of

unemployed people. Thus, high unemployment rates cannot entirely explain the growth and endurance of the *piqueteros* in Argentina.

The level of social discontent in Argentina was also triggered by an economic recession in 1995. The Argentine GDP fell 4.2 percentage points in that year, when the social movement emerged. Nevertheless, during the recovery, with growth rates of 4.8 and 8.6 respectively in 1996 and 1997, the *piquetero* movement continued to grow (Parodi, 2003; Lobato & Suriano, 2003). The kind of short economic recession that occurred in Argentina in 1995 is common in any economy, but in no other short economic recession has a social movement of unemployed people emerged. Therefore, the general economic framework produced by the 1995 short recession cannot entirely explain the growth and endurance of the *piquetero* movement.

Finally, the lack of flexibility and the high regulation of the Argentine labor market deserve deeper analysis. Regulation has tended to raise labor costs, create barriers to entry, and introduce rigidities in the employment structure in Latin America. According to Alejandra Cox Edwards (1997), there are four areas of direct intervention by government in the labor market. These areas consist of wage determination, including collective bargaining and dispute resolution; job security legislation; mandatory contributions to social security; and subsidies for workers training. Such labor market regulations make formal employment more expensive and thus, these state interventions contribute to an over-expansion of precarious forms of temporary employment or informal employment, a feature of the *piquetero* movement. Finally, these regulations hinder countries from responding rapidly to new challenges from increased foreign competition.

In the Argentine case, some scholars such as Guillermo Mondino and Silvia Montoya (2000) have blamed Argentina's persistent high rate of formal unemployment on an increasingly binding lack of market flexibility in the area of labor regulations. In particular, severance payment regulations hurt employment decisions. Thus, firms substitute workers for a more intensive use of hours. In addition to these regulations, Carola Pessino (1997) argues that both the high fixed costs of hiring and the restrictive collective bargaining agreements in Argentina have reduced labor demand, and consequently, have increased the rate of formal unemployment. Indeed, the constraints of labor regulations may have provided additional incentives for the consolidation of the informal nature of the *piquetero* movement.

However, Sebastian Edwards and Nora Lustig (1997) argue that this lack of flexibility and the high regulation of the Argentine labor market were also present in most other Latin American countries. Thus, Edwards and Lustig state:

Although reform programs have affected almost every sector, labor markets remain highly regulated in most countries. In the mid-1990s the vast majority of Latin American nations continued to rely on labor legislation enacted in the 1950s and 1960s or even earlier, favoring employment protection, with lifelong job security in the public sector, and taxing labor heavily. As of 1997, only a handful of countries had reformed their labor markets in a significant way. It is no exaggeration to say that the labor market has been forgotten in Latin America's economic reform (1).

For Edwards and Lustig, labor market regulations and institutions in most Latin American countries remained restrictive in the mid-1990s. The excessive regulations favoring job security, high payroll taxes, and restrictive policies on minimum wages have all had a negative effect on market flexibility and employment generation in the formal sector in most of the Latin American countries. Alejandra Cox Edwards (1997) also highlights the

excess of labor market regulation in most countries of the Latin American and Caribbean region. These regulations have included detailed conditions for labor contracts for all workers in the formal sector: limits to temporary contracts, legal barriers to employer-initiated dismissal, employer liability in the case of dismissal, vacation days, extensive maternity leave, and employer obligation to provide meals, transportation, and accommodation. Cox Edwards points out that only Chile, Perú and Colombia have introduced broad changes to deregulate their labor markets.

Yet a comparison between the Argentine labor market and other Latin American countries reveals that lack of labor flexibility and the rigid design of formal unemployment insurance were characteristic not only of Argentina, but of the region as a whole. Therefore, the excessive regulation in the Argentine labor market cannot by itself entirely explain the growth and endurance of the *piqueteros* movement.

Hence, when applied in isolation as well as from a comparative perspective, none of these economic explanations (such as unemployment rates, market regulations, and the temporary crisis of 1995) can fully explain the growth and success of the *piquetero* movement in Argentina. What other factors, then, could explain the growth and endurance of the *piquetero* movement in Argentina? This question poses a challenging puzzle for scholars from other disciplines within the social sciences besides economics. In order to explain the growth and endurance of the *piquetero* movement, we should take into consideration the extensive literature that scholars from other social sciences have developed on the growth of social movements. However, as noted earlier, the institutional dynamics and mechanisms of the mutually beneficial relationship of the *piquetero* movement with the

Argentine state makes the existing literature incapable of fully explaining the growth and endurance of this social movement.

Therefore, considering this gap in the current literature, how should we explain the growth of the *piquetero* movement under a comparative framework based on Latin America? This is the puzzle that this paper attempts to solve. In spite of this limitation, the current literature on social movements represents an ideal starting point to analyze the rise of this social phenomenon.

This literature developed from other social sciences to explain social movements' behavior can be divided along two main lines: those concerned with the notion of identity and those concerned with strategy and material needs (Cohen, 1985). In this paper, I employ the methodological tools developed by the school focused on strategies and material needs in order to explain the growth and endurance of the *piquetero* social movement.

STRATEGIC FACTORS; APPLYING RATIONAL CHOICE.

Since the early 1980s, many collective forms of protest in Latin America, especially in urban areas, have emerged. New interests and new ways of doing politics are central to these protests. This new wave includes the emergence of peasant movements, agrarian reform movements, and student revolutionary movements among others (Escobar & Alvarez, 1992). Some of these new Latin American social movements have shared two basic characteristics. First, these social movements have emerged primarily in response to material demands (Arato, 1992; Baker, 2002; Escobar, 1992; Hellman, 1992). Related to this feature, Judith Hellman (53) argues, "Their struggles are principally organized around the satisfaction

of basic needs.”⁵ Second, the relationships of these movements with political parties or with the state have been tense and characterized by conflict (Calderón, Piscitelli & Reyna, 1992; Hellman 1992).

The *piquetero* social movement clearly shares the feature of “basic needs.” Thus, the typical member of the movement is an unemployed Argentine citizen interested in getting subsidies to improve his or her precarious conditions of life. Because of the clear presence of these material incentives, the rational choice approach can provide us with the necessary methodological tools to evaluate the nature of these needs (as preferences) and their impact on the growth and endurance of the *piquetero* movement.

Nevertheless, as we will see, the relationship between the *piquetero* movement and the Argentine executive has been mutually beneficial to some extent, and not strictly one of confrontation. The fact of a mutually beneficial relationship and the special institutional dynamics between the *piquetero* social movement and the Argentine state makes the growth of the *piquetero* movement a fascinating case. Therefore, this case provides us with a new framework to understand and study the development of social movements with this feature in Latin America.

Likewise, the basic assumption of power of the political process model based on institutions and configurations of power will be useful in order to identify the political causes that contributed to the growth of the *piquetero* movement.⁶ Thus, my goal is to identify

⁵ Other types of new social movements in Latin America do not share this “need-based” characteristic. A significant portion of contemporary social movement literature is concerned with the emergence of “identity-based movements” during the same period, such as women’s rights, indigenous rights, and gay rights movements.

⁶ For example, under this assumption, another group of scholars has been able to identify other causes for the emergence of social movements based on institutions and configurations of power. For example, Scott Mainwaring (1986), Cathy Schneider (1995), and Miguel Carter (2003) found that the Roman Catholic Church has encouraged movement development in several Latin American countries. For the development of some

which institutional arrangements, political actors, and configurations of power contributed to the growth and endurance of the *piqueteros* movement.

Therefore, I will focus on these two premises provided by the previous literature on Latin American social movements: satisfaction of basic needs and the nature of institutional arrangements that contribute to the movement's growth. Because institutions significantly influence individual behavior and help determine the parameters within which choices are made and through which preferences are derived, they will provide us with valuable information in order to identify the relevant causal relationships in my analysis (March and Olsen, 1984; Shepsle and Weingast, 1987).⁷ In order to understand and analyze the interactions among members of the *piquetero* movement, the institutional arrangements, and the other relevant political actors, I find the rational choice approach to be an appropriate methodology to employ in exploring the central questions of this puzzle.⁸ This approach focuses its efforts on analyzing strategic behavior of political actors given certain rules or institutional constraints. Finally, the selection of this approach to analyze the growth of the *piquetero* movement becomes well-suited when considering the movement's goals: subsidies of different types to satisfy "basic needs." The use of subsidies and its impact on an economy or polity can be modeled by using the techniques of the rational choice approach.

other social movements in Latin America, the Roman Catholic Church played a central role as an irreplaceable ally.

⁷ Institutions in this paper are defined as the formal rules that constrain and shape the behavior of individuals and political actors, who attempt to maximize their utility as rational actors (North, 1990).

⁸ The rational choice approach focuses on the analysis of strategic behavior. The basic assumption of this approach rests on the concept of rationality. Under this concept, individuals always attempt to maximize their utility, given their exogenously determined preferences. This association between individuals with their preferences is well-defined by Kenneth Shepsle and Mark Bonchert (1997). These scholars consider an individual exclusively in terms of the things he or she wants and the things he or she believes. Since political behavior is often about making choices, the rational choice approach attempts to explain political outcomes by considering how political actors make choices given their preferences, their incentives, their constraints, and their desire to maximize their utility.

With respect to the external institutional incentives for the *piquetero* movement, I find that the two relevant key political factors that encouraged the *piquetero* movement are 1. - the particular structure of the current ruling party (the *Peronist* party) and its effects in the internal disputes within the executive branch for getting relatively more political rank; and 2. - the relationship between the *piquetero* associations and Argentine labor unions. Although political parties and labor unions have influenced the growth of other Latin American social movements, I argue that these institutions have played a central role in the sustainability and endurance of the *piqueteros*. I explore the rationality underlying institutional incentives in the following parts of this paper.

The first interaction: *Piqueteros* and the Argentine state

The clientelist demand

The first interaction that is worthy of more extensive evaluation is that between the *Peronist* party and the *piquetero* movement. The *piquetero* movement emerged when a conflict divided the *Peronist* party. The party had lost cohesion because of the political struggle between its two visible “caudillos,” or leaders: Carlos Menem, who wanted to be reelected in 1999, and Eduardo Duhalde, who retained considerable power in the province of Buenos Aires and in the *Peronist* party (Almeyra, 2004; Levitsky 2003.)

This division within the *Peronist* party has been explained by several scholars. Thus, for example, Kurt Weyland (1999) concludes that the *Peronist* party’s organizational structure is inoperative, and that its leaders hold adversarial relationships among themselves and personalistic relationships with the *Peronist* rank. With a slightly different interpretation, Steven Levitsky (2003) points out that the *Peronist* party is an informal mass party with deep roots in working and lower class society. However, because the party is

informally organized and weakly institutionalized, the formal leadership bodies lack independent authority and autonomy from the main political leaders. Thus, with this weak and ineffective central bureaucracy, the party fails to integrate all the subunits (“the mass”) or to link them together horizontally.

During the first years of the *piquetero* movement, this decentralized and informal structure of the ruling party allowed the main political leaders, Menem and Duhalde, to accumulate relatively more political power than their competitors, and enabled them to execute this power over other agencies, local politicians, and regional governments across the Argentine polity (Jones, 1997, 2002). It seems logical to conclude that the particular decentralized structure of the ruling party (*Peronist*) contributed to the growth and consolidation of two main leaders as equilibrium: Duhalde-Menem first, and Duhalde-Kirchner afterwards.

The other institutional set of rules that defines the relationship between the national leaders and the regional political bosses is determined by Argentine federalism. In the Argentine federal system, a certain portion of fiscal resources is distributed among the provinces and local governments (through the law of *Coparticipación Federal de Impuestos*.)⁹ Through these fiscal laws and financial transfers, local leaders can achieve some political autonomy from the Argentine executive. Because of the existence of these rules, Lucinda Benton (2002) argues that national leaders must grant political and fiscal benefits to the local leaders of the political parties to succeed in their political careers.

⁹ The *Coparticipación Federal* is the process by which part of the taxes collected by the central government are reallocated to the provinces. Under this institutional mechanism, the distribution of fiscal resources among the provinces is not uniform (Tomassi, 2002).

Thus, these benefits and financial resources are constantly negotiated between the national leaders and their political bosses. For example, because of the mechanisms of fiscal distribution of resources established by the law of *Coparticipación Federal de Impuestos*, each main leader and his political *Peronist* allies in the Congress (Senate) can negotiate with the local leaders fiscal transfers of financial resources to the provinces. In exchange for these fiscal resources, these national political leaders ask the local leaders for support of their personal agendas and those of their nearest political allies in the party (Benton, 2002).

Another source of negotiation between the *Peronist* party's main leaders and the local leaders lies in the latter's control of the construction of the local party lists, through closed lists. Due to this institutional rule, Argentine legislators have a strong incentive to keep a good relationship with their local party leaders. Therefore, a main leader's ability to influence legislators of his own party also depends on whether the provincial party leaders support the administration (Jones, 2005). All these institutional rules of Argentine federalism have made local party leaders, especially governors, crucial players both in provincial politics and in the formation of national political coalitions (Monaldi, 2005).

These constant negotiations and compromises have helped reinforce the relationships between the main leaders and the local-level political bosses across the Argentine government. On one hand, the main leaders, Duhalde and Menem, competed with each other to achieve support from the regional leaders, and on the other hand, the local leaders fought among them for Duhalde or Menem's support for their agendas in their jurisdictions.

It was precisely the division of the ruling party and the federal government into two main factions - coupled with its interaction with the *piquetero* movement and the division of the movement into two factions - that made the growth and endurance of this type of

movement possible in Latin America. Thus, under a comparative perspective, there have not been ruling parties or Latin American executive branches so clearly divided into two factions in the region. Moreover, as noted later, the presence of some electoral rules in Argentina can complete the explanation on the incentives (for party leaders and *piquetero* leaders) that support the mutually beneficial relationship between the state and the *piquetero* movement.

This division of the ruling party and the federal government is not only important to explain the growth and endurance of the *piquetero* movement, but also relevant to understand the intra-movement dynamics. Moreover, as I also note later, this decentralized institutional dynamics also divided the organizations of the *piquetero* movement into several organizational groups that were aligned with one of the two factions of the federal government.¹⁰

Thus, the mutually beneficial relationship between the Argentine state and the *piquetero* movement -- characterized by this institutional dynamics -- cannot be found as a relevant feature in other Latin American movements. What can be found is literature on social movements that hold cooperative ties with states (Passy and Giugni, 1998; McAdam, Tarrow, and Tilly, 2001; Tarrow, 1998; Koopmans and Statham, 1999). Nevertheless, there is not a specific model or theoretical framework in the previous literature that can explain the particular institutional dynamics and mechanisms with two competing factions within the ruling party, the executive branch, and the movement.

Hence, under this decentralized and divided structure of the ruling party and the rules of the federal government, Duhalde's main challenge was to avoid Menem's reelection and

¹⁰ See Table 2.

to consolidate his power in the *Peronist* party and Argentine state.¹¹ Thus, the lack of cohesion within the *Peronist* party, the adversarial relationships among leaders, the strength of the national leaders, and the informal organization of the ruling party allowed Duhalde to pursue these goals. As Levitsky points out:

Duhalde began to build a provincial base in 1990, when he created the Federal League, which was based on a network of local party and union leaders who opposed then Governor Cafiero...After winning the governorship, Duhalde based on an alliance between the League and the *ex-Cafieristas*, who had organized the Buenos Aires *Peronist* League (LIBEPO).

By 1995, not only had the Duhaldist Machine consolidated its influence in the Province of Buenos Aires, but also in many bureaucratic dependencies of the Argentine federalist state across the provinces. By obtaining support from a portion of the *Peronist* party's elite, Duhalde could build up his own clientelist network (Oviedo, 2001). Thus, Duhalde's achievement can be explained by the combination of the characteristics of the *Peronist* party and the federal government. First, the division and decentralization within the *Peronist* party contributed to the division and competition within the federal government between the two main leaders. Then, this division and fragmentation in the federal government influenced the direction of the alliances that the regional leaders forged with the two main political leaders. Mariano Tomassi (2002) makes explicit this last mechanism when he describes Duhalde's strategies:

First in fighting Menem's reelection bid, and then in fighting the interparty presidential competition as the *Peronist* candidate, Duhalde made generous use of the largest budget in the country, that of the province of Buenos

¹¹ Barbara Geddes (1994) introduces the powerful assumption in the rational choice literature that conceives of the state as a collection of self-interested political leaders. Geddes' model considers politicians and bureaucrats to be rational individuals who attempt to maximize career success, based on certain preferences. Thus, for example, for party leaders, Geddes (1993, 169) states, "Party leaders further their careers by increasing the electoral success of their parties and by achieving greater influence within their parties. Many of their goals will thus coincide with those of politicians in their parties, since both politicians and party leaders benefit from policies that give their party electoral advantages."

Aires. Given the importance of the province, and the federal fiscal linkages emphasized in this paper, those actions had dire consequences for Argentina.

Thus, in order to avoid Menem's reelection and to strengthen his political base, Duhalde viewed the growth and endurance of the *piqueteros* movement as presenting a vehicle for achieving these goals through patronage and strategic alliance-building. Through these alliances and patronage, Duhalde's ultimate goal was to buy votes to ensure favorable results in electoral periods. The effectiveness of this strategy has been carefully analyzed by Susan Stokes, Valeria Brusco, and Marcelo Nazareno (2004). In survey research conducted in Argentina, Stokes, Brusco, and Nazareno found a significant correlation between clientelistic policies and voting behavior. To explain this outcome, these scholars point out that people receiving gifts and subsidies are focused on parties' programmatic appeals rather than on past performance in deciding how to vote. This machine's ability to hold voters accountable for their votes was called "preserve accountability" by Susan Stokes (2005).

Several assumptions are required in order to achieve a parsimonious analysis of the interaction between Menem and Duhalde, and its results. First, I assume that Duhalde was the incumbent within the *Peronist* party. On the other hand, Menem was the challenger who attempted to increase his political base and votes for his reelection. Second, I also assume perfect information between the two political actors---Menem and Duhalde. Then the situation may be modeled as the following extensive game with perfect information:

Players: Menem (the challenger) and Duhalde (the incumbent).

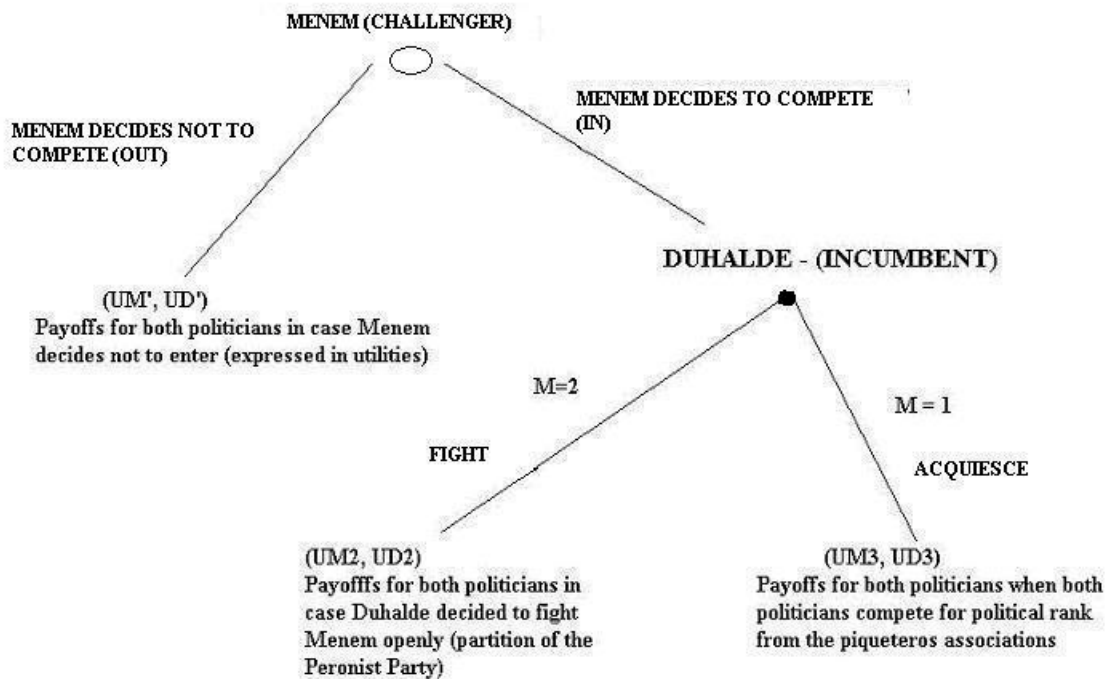
Terminal histories: (Menem decides to compete, acquiesce), (Menem decides to compete, fight), and Menem decides not to compete.

Player function: P(\emptyset)=Challenger (Menem) vs. P(In)=Incumbent (Duhalde)

Preferences:

- The challenger's preferences are represented by the payoff function U_1 (Menem decides to compete, acquiesce) = UM_3 ,
- U_1 (Menem decides to compete, fight) = UM_2
- U_1 (Menem decides not to compete) = UM_1 ,
- The incumbent's preferences are represented by the payoff function U_2 for which U_2 (Menem decides to compete, acquiesce) = UD_3 ,
- U_2 (Menem decides to compete, fight) = UD_2 , and
- U_2 (Menem decides not to compete) = UD_1

The game is readily illustrated in the following diagram:



Sub-game Nash equilibrium:

* Because $UD3 > UD2$ and $UM3 > UM'$, Menem decided to compete for political rank for his re-election. In other words, the threat created by Duhalde to impede the "entrance" was not credible.

* The solution (UM3, UD3) represents a sub-game Nash equilibrium.

The small circle at the top of the diagram represents the start of the game ("the empty history"). The label above this circle indicates that the challenger chooses an action at the start of the game ($P(\emptyset)$ =Challenger). The two branches labeled *In* and *Out* represent the challenger's choices. The branch labeled *In* leads to a small black disk, the label beside which indicates that Duhalde (the incumbent) takes an action after the history *In* (that is, $P(In)$ =Incumbent). The two branches emanating from the disk represent the incumbent's choices, *Acquiesce* or *Fight*. The pair of symbols ((UM2, UD2) and (UM3, UD3)) beneath each terminal history gives the players' payoffs to that history, with Menem's payoff listed first.

Because of Menem's final entrance in the competition for political support for his re-election from the *piquetero* associations, I can deduce that the threat created by Duhalde to impede Menem's competition was not credible. Thus, Menem could anticipate that Duhalde would remain within the *Peronist* party ($M=1$, because of $UD3>UD2$). Then, Menem determined that his own payoff would exceed the payoff in case Menem had decided not to compete for this political market ($UM3>UM'$). This outcome is a *sub-game Nash equilibrium*, in which both leaders compete with each other for political rank within the *Peronist* party.¹²

Therefore, by competing, Menem and Duhalde strengthened "political clientelism" by providing food and subsidies to as many different sectors as they could.¹³ Also, because there were no substantial claims for substantial structural changes in the Argentine state from the *piquetero* associations, Menem and Duhalde felt comfortable in continuing their clientelist strategies to gain more political support from this new and potential "political market." This competition reshaped the nature of alliances between several political bosses at various levels of the Argentine government and the leaders of key groups in civil society. New emerging leaders, organizing masses of unemployed people, found this political competition particularly attractive.¹⁴ Therefore, the emergence of the *piqueteros* in 1995

¹² This *sub-game Nash equilibrium* also represents the equilibrium derived from the maximization of an intertemporal Bellman (1958) equation for both leaders and for every period. Thus, the partial solution (for the clientelist demand) is represented by $M^*=1$ for every period, a sequence of decision rules for $\{N_{DUHALDE}^*\}$, and a sequence of decision rules for $\{N_{MENEM}^*\}$. This solution also satisfies the budget constraints of both leaders.

¹³ Gay (1990) defines "political clientelism" as "the distribution of resources (or promise of) by political office holders or political candidates in exchange for political support, primarily—although not exclusively—in the form of the vote".

¹⁴ Felipe Auyero (2000) argues that the experience of clientelism in Argentina proved to be a decisive factor in the workings of hierarchical social arrangements between contemporary *Peronism* and its clients. Thus, Auyero states, "The structure of relations among brokers, clients, inner circles, and state officials as well as the location of individual actors in the network are the bases for exploring their behavior, perceptions, and attitudes".

coincided with the division and conflict within the *Peronist* party, but not with a radical change in the social programs previously implemented by the former President Raúl Alfonsín.

It is also important to point out that the co-optation of the *piqueteros* was also facilitated by social linkages that bind unionists and *Peronism*. These social linkages were mainly forged during periods of shared adversity and struggle against military rule (Levitzky & Way, 1998). Steven Levitzky and Lucan Way add,

a clear example is the relationship between Carlos Menem and CGT leaders Diego Ibanez and Lorenzo Miguel, with whom Menem was detained after the 1976 military coup. Menem and Ibanez shared a cell during the three years they spent in prison together.

Because the *piquetero* leaders have previously been leaders or key members of labor unions, several of these leaders could also maintain personal relationships with influential members of the *Peronist* party (Almeyra, 2004). This fact also could have contributed to a more efficient process of co-optation by reducing the transactional costs of the process. Finally, according to Levitzky and Way, union dependence on the *Peronist* party (and on the State) is quite pronounced in Argentina. To support this argument, Levitzky and Way argue, “Financially, only a small fraction of union income is derived from membership dues, and therefore, most unions rely heavily on resources over which the government exercises at least some discretion.” By providing more information and, consequently more predictability, these financial procedures -- already common and recurrent -- could also reduce the transactional costs in the bargaining process between the *piquetero* leaders and the *Peronist* leader.

The same scheme previously framed for Menem and Duhalde could also be applied to analyze the interaction between President Néstor Kirchner and Eduardo Duhalde. Likewise, Duhalde plays the role of incumbent and Kirchner, the role of entrant (the challenger for gaining political rank). When Néstor Kirchner assumed the presidency in 2003, he lacked significant political support from his own political party (Partido Peronista or Justicialista). Most of the *Peronist* political bosses were aligned with the other strong leader of the *Peronist* party---the former President Eduardo Duhalde. However, in the year since taking office, Kirchner has attempted to forge solid political support in order to consolidate a greater margin of political autonomy within the Argentine government. The *piquetero* movement has clearly represented a tool to achieve this goal. Moreover, due to the suddenly high (and increasing) rates of unemployment and social decomposition of Argentine society produced by the deep economic crisis of 2002,¹⁵ Kirchner saw the co-optation of the increasing mass of unemployed as an opportunity to avoid or minimize any generalized dissatisfaction with his government.

Nevertheless, Kirchner's efforts to achieve more political power have created a permanent conflict of interest with Duhalde's supporters within the Argentine government and the *Peronist* party. Also, although the origin of the *piquetero* movement was strongly influenced by the Menem-Duhalde rivalry, its expansion and consolidation were in part intensified by the Duhalde-Kirchner rivalry.¹⁶

The division of the *piquetero* movement into two political branches and several associations demonstrates the considerable level of influence of the *Peronist* party with its

¹⁵ See Parodi (2003).

¹⁶ We must also consider the effects of the acute and deep economic crisis that Argentina experienced in 2001 and 2002.

“caudillos” Menem and Duhalde, and then with Kirchner and Duhalde in shaping the *piquetero* movement. Each branch of the *piquetero* movement openly supports one of the two *most* powerful Argentine “caudillos,” Kirchner or Duhalde.¹⁷ Moreover, the division within the *piquetero* movement into several associations also suggests to us that the network of social and personal relationships between the *piquetero* leaders and *Peronist* leaders also shaped the movement. Because the network of social alliances and personal relationships is usually decentralized and dispersed, this could explain why each branch of the *piquetero* movement is not cohesive and contains different organizations. Thus, certain former unionists with relevant linkages to leaders of the *Peronist* party could have received more attention than others from any branch of the ruling party. This fact could explain their personal emergence as *piquetero* leaders.

Table 2 compiles the division of power within the *piquetero* movement (see Appendix). Notably, there is no publicly official data on the activities of the *piqueteros*, so the following is based on data reported to the press by leaders of various factions of the movement. However, data from table 2 provides us with some idea of the final optimal number of *piqueteros* chosen by Duhalde and Kirchner: $N_{DUHALDE}^* = 80,940$, and $N_{KIRCHNER}^* = 82,000$.

The clientelist supply

In the *piquetero* organization, the *piquetero* leaders are the intermediaries between the State and the members. Again, because the leaders in the ruling party are attempting to maximize political support, they have each granted several concessions to the *piquetero* leaders through their respective political bosses who are variously situated throughout the

¹⁷ *La Nación*, November 30, 2005

Argentine government (Escudé, 2005). Due to these concessions, the *piquetero* leaders have been favored with a certain level of political autonomy and influence. The *piquetero* leaders enjoy their power thanks to the subsidies, food, and temporary job opportunities that they receive from different factions within the Argentine government.

I will assume that the leaders attempt to increase their level of autonomy and political power through participating in the movement. For this purpose, they channel as many resources as they can from the State to the members of their associations. By doing this, the leaders try to incorporate as many members as they can into their respective associations.¹⁸

To succeed, the leaders must consider the individual utility maximization of their members. This calculation is based on the rational choice theory of economist Marcur Olson (1971), which focused on the weighing of costs and benefits, rather than ideologies and grievances. Under this concept of rationality, the individual will adopt a course of action that yields the highest expected utility, where the expected utility of any action is the sum of the individual's valuations of the possible outcomes multiplied by the probability that these outcomes will occur if the individual chooses the given course of action (Salert, 1976). However, Olson's collective action theory has been criticized because it does not solve the problem of free rider behavior in the theory of public goods as it relates to the case of revolutions.¹⁹ Barbara Salert (26) outlines this dilemma quite succinctly,

This problem typically arises when the group of people interested in the public good is large. In this case, the contributions of any single individual toward supplying the public good may be expected to be small-so small, in fact as to

¹⁸ Therefore, I assume the following:

If “**n**” is the number of members and $U_{\text{leader}(n+)}$ is the utility function of a *piquetero* leader (the payoff is defined by the level of autonomy and political power), then $U_{\text{leader}(n+1)} > U_{\text{leader}(n)}$.

¹⁹ Free riders attempt to get accessed to the provision of a certain good without any cost. Because any entrepreneur or the state cannot discriminate among customers when they provide public goods, the customers try to consume the good and avoid any payment.

be virtually negligible. For example, the average potential revolutionary probably expects to have very little impact either on the probability of the success of the revolution to fail if he does not participate and succeed if he does. If this is the case, the individual is in a situation in which, given the nature of public goods, the probability of his receiving the good (in this case, the results of a revolution) is not dependent of his actions.

Nevertheless, for Salert, the weaknesses of Olson's theory disappear when private goods (goods for which exclusion is possible) or "selective incentives" (for example, subsidies) are attached to the public good so that the individual cannot obtain the private good, unless he simultaneously helps to provide the public good. Thus, for the *piquetero* case, the *piquetero* leaders have been able to solve the problem of "free rider" by monitoring closely the *piquetero* members' activities and participation in the movement (Svampa & Pereyra, 2003; Escudé, 2005). The goal was to convert a potential public good into a private good to solve this problem of collective action (Taylor, 1990). Thus, by granting private property rights through monetary allowances (participation in exchange for the subsidy), the *piquetero* leaders ensured the active participation of their members and the consolidation of their power.

The special design of the electoral rules in Argentina can also help to explain the growth and endurance of the movement when considering the role played by the *piquetero* leaders. Although the 1985 Political Parties Law requires that Argentine political parties have democratic elections for intra-party leadership positions, this law does not force political parties to choose candidates for public office. In the election of these leaders, three methods of candidate selection were employed by the political parties between 1983 and 2001: elite arrangement (imposition of a list by a *caudillo*), assembly election, and direct primary election.

The overwhelming majority of candidates in Latin America are usually chosen by elite arrangement, with a few exceptions (De Luca, Jones, and Tula, 2002). These rare primary elections took place in Mexico (*Partido Revolucionario Institucional* in 1999), Honduras (*Partido Nacional* in 1996), and Costa Rica (*Partido de Liberacion Nacional* in 1997). Therefore, under a comparative perspective, the two types of intra-party elections – assembly election and direct primary election - have been only present in Argentina among the countries with relatively high rates of unemployment such as Colombia, Nicaragua, and Panama.

According to Miguel De Luca, Mark Jones, and Maria Ines Tula (2002), when elections take place, every list tries to obtain the strong support of its own machinery composed of regional or neighborhood leaders. In addition, every list needs other organized groups with strong ability to mobilize large numbers of people. To maximize the likelihood of being elected in these intra-party elections, the potential cooptation of the *piqueteros* was a price that *Peronist* politicians could not afford to evade.

Therefore, the design of the electoral system in Argentina can also help to understand why the *Peronist* leaders decided to privatize public goods through working with the *piqueteros*, and not with citizens at large. Thus, it was rational and politically profitable for *Peronist* leaders to distribute part of their available public subsidies through the *piquetero* leaders instead of distributing the totality of their resources to buy votes at the national level.

For a parsimonious analysis, I assume that members in the *piqueteros* movement are identical (homogeneity of preferences). The benefits that each member receives from belonging to the movement include subsidies (S represents the amount of allowance for each member of the *piquetero* movement) through monetary allowances, food, and temporary

jobs. A member's consumption of private goods is represented by Y . Therefore, a representative member's taste is represented by a utility function,

$$U = U (Y, s) \tag{1}$$

I also assume that the utility function satisfies standard requirements such as nonsatiation (an increase in either good will augment utility), convexity of the indifference curves, and being twice continuously differentiable. Then each member attempts to maximize utility subject to a budget constraint,

$$F (Y, s, C) = I = Y + G^i (S, C^i)/C^i, \tag{2}$$

where I is the individual's income, the price of the private good is unity, S is the total amount of subsidies available for any of the *piquetero* associations, $G^i(.)$ is the cost function of any of the *piquetero* associations, and C^i is the membership size of any of the *piquetero* associations. The costs of the *piquetero* associations will depend positively on both the size of the total amount of subsidies and the number of members. To find the optimal provision and membership requirements, a representative member is depicted as maximizing his or her utility function. The first order condition is as follows:

$$U_s / U_y = G_s / C^i \tag{3}$$

In addition to this condition (3), an individual joins the association or remains within it because the total utility of joining or remaining within the association exceeds the total utility of remaining unemployed and without membership. Thus, in equations (2) and (3), each value of "s" determines a different number of *piqueteros* interested in joining a *piquetero* association. The total number of individuals interested in joining the movement

²⁰ The model presented here to explain members' behavior is a slight variation of the one used by McGuire (1974) for modeling clubs.

with a particular value of “s” determines the total supply function for the Argentine polity:

$$N_{\text{total-supply}} = f(s).$$

Linking demand and supply

Considering the interaction between the clientelist supply and the clientelist demand, the next step in this analysis is to integrate both partial analyses into one solution for the Argentine political market (between the state and the *piquetero* associations). This equilibrium solution is defined as follows:

- $M = 1$ for every period,
- The sequence of decision rules for the two main leaders and all the *piquetero* members (households) satisfies this equation for every period.

$$N_{\text{LEADER 1}^*} + N_{\text{LEADER 2}^*} = N_{\text{total-demand}^{**}} = N_{\text{total-supply}^{**}} \quad (\text{for every period})$$

where N^{**} represents the equilibrium for the number of *piqueteros* co-opted by the Argentine leaders. Thus, for example, according to our available data, the N^{**} was 162,940 in 2004, and S^{**} (subsidy) was 150 pesos per month in 2004 and 2005.²¹

The model in a comparative perspective

The model described in this paper and the assumptions about the structure of the ruling party can provide us with the framework to understand the growth and endurance of such a movement in a Latin American polity. Thus, the presence of a strong conflict and competition between the two most powerful “caudillos” within the ruling party contributed powerfully to the success and endurance of the *piquetero* movement.²²

²¹ See *Clarín* (July 14, 2004, page 10), Bleta (2005), and *La Nación*, (2005, November 13.)

²² For parsimonious purposes, this model only analyzes the effect of one particular organizational structure within the ruling party in order to explain the emergence of a movement of this kind in Argentina. Thus, the model predicts outcomes in the presence or the absence of this structure. However, this model does not account

Therefore, on the one hand, under the presence of a hegemonic leadership, leaders prefer to grant subsidies and buy votes without the costs of supporting a distinct social movement.²³ On the other hand, however, under tough competition between the two main factions within the ruling party (*Peronist*), Argentine political leaders preferred to tolerate the political costs imposed by a distinct movement due to its continuous violations of the Argentine law, to support its endurance with subsidies, and to permit the formation and strengthening of its particular identity -- the *piquetero* identity.

Recent statistics on the evolution of the *piquetero* movement confirm this statement. Because of the decline of Duhaldism within the *Peronist* party after Kirchner took office in 2003, competition between the two main leaders of the *Peronist* party has been weakening since 2003. Duhalde's opposition to Kirchner was effective until 2005, when Kirchner challenged Duhalde's domination in the province of Buenos Aires and defeated him. Duhaldism is residual now within *Peronism* (Calvo, 2005). In fact, Duhaldism was routed in the last election of 2005, when it lost even in such enclaves as Avellaneda, Florencia Varela, San Miguel, Almirante Brown, Lomas de Zamora and Quilmes, traditionally loyal to Duhalde and his allies. In addition, Duhalde himself is semi-retired, and he currently lives in Montevideo.

This decline in the levels of competition within *Peronism* has coincided with a significant reduction in the activities of the movement, measured by the number of

for the effect of other emerging incentives or institutional arrangements that might produce the emergence of a movement of unemployed people in other Latin American countries.

²³ Such a social phenomenon is being seen in Venezuela with the installation of the "Bolivarian committees." In this case, the Venezuelan executive branch prefers to grant subsidies and buy votes without supporting a distinct social movement, which could produce more autonomy for the movement's leaders (intermediaries) and reinforce a potentially troublesome distinct identity.

roadblocks (Masseti, 2006; Consuasor, 2006).²⁴ Furthermore, the structure of *piquetero* alliances has suffered an important transformation: the *piquetero* movement is no longer divided in two main factions. The number of alliances, factions, and political affiliations of the *piquetero* associations has multiplied and diversified (Masseti, 2006). To sum up, the decline in the levels of competition and the changes within the structure of the *Peronist* party -- with the decline of Duhaldism -- have affected the activity and the structure of the *piquetero* movement.

Although some empirical studies provide us with some information on the relationship between the amount of workfare benefits and number of strikes (roadblocks) or the impact of political affiliation (with the president) on the amount of workfare benefits; these works, nevertheless, do not address the growth and endurance of the *piquetero* movement from a comparative perspective based on Latin America (Lodola, 2005; Franceschelli & Ronconi, 2005; Weitz-Shapiro, 2006; Giraudy, 2007). Moreover, these studies do not evaluate the effects of the intra-party competition within *Peronism*, and consequently, within the Argentine government (at the federal or provincial level).

Without this empirical exercise, it is not possible to answer different questions. Thus, for example, these studies cannot explain why Argentine leaders prefer to practice clientelism through supporting the growth of a social movement with greater political autonomy and a distinct identity (the *piquetero* identity). Furthermore, these studies cannot explain why the growth and long endurance of an urban social movement that has kept a dual relationship with the state -- conflictive (due to its roadblocks), and mutually beneficial (political ranks and electoral support for politicians in exchange of subsidies) -- has been

²⁴ The number of *piquetes* (roadblocks) fell down by 8% in 2004 and 13% in 2005 (Masseti, 2006). The amount of *piquetes* continued to decline during 2006 (Consuasor, 2006).

successful in Argentina but not in other Latin American countries. Other attempts to organize a movement of the unemployed or with low income populations with this dual relationship have failed or have had short lives. Clear examples have been the *piquetero* attempts to replicate its movement in Uruguay, Paraguay, and Bolivia.²⁵

However, for further research, I suggest quantifying the impact of the rivalry within the *Peronist* party on the activities (number of roadblocks) and the amount of workfare spent on the movement by the Argentine state. Although this study cannot allow us to analyze the *piquetero* movement from a comparative perspective, with Latin America as a framework, this exercise could quantitatively determine the role and participation of the Argentine institutions addressed in this study on the growth and endurance of the *piquetero* movement.

The second interaction: The *piqueteros* social movement and the Argentine labor unions

The second interaction that is also worthy of more extensive evaluation is the one found between the Argentine labor unions and the *piquetero* movement. This interaction is characterized by a supportive relationship between the Argentine labor unions and the *piquetero* movement. The current support of the former for the latter can also be explained using the basic assumption of rationality. Because labor unions intend to provide their associate members with high salaries and wages, these organizations always attempt to keep the labor supply low. Basic economic theory predicts that a contraction in the labor supply would increase wages in any labor market. Therefore, the permanence and consolidation of

²⁵ Consult <http://bolivia.indymedia.org/es/2004/09/11872.shtml>, <http://www.clarin.com/diario/2004/09/16/elpais/p-01802.htm>, and <http://www.sindicatomercosul.com.br/noticia02.asp?noticia=17765>

the *piquetero* members as an unemployed mass of people would favor the union's long-term goal of high salaries or wages in the formalized labor sector.

In exchange for remaining unemployed, the *piquetero* movement gains the political support of labor unions. In addition, the *piquetero* receive organizational support. For example, Luis D'Elia, leader of the *piquetero* association "Federación Tierra y Vivienda" (FTV), said in an interview that the association of his organization with the labor union "Central de Trabajadores Argentinos" (CTA) was convenient.²⁶ For D'Elía, the *piquetero* movement achieved both unemployment insurance and its "institutionalization" with the political support of the unions. Moreover, D'Elia added that because of the implementation of this unemployment insurance, the labor unions achieved higher wages for their members (Almeyra, 148).

The economic explanation for this relationship is simple. In the context of an economic crisis, wages tend to experience a reduction because of a contraction in the demand of labor, and at the same time, a very likely expansion in the supply of labor. The expansion in the supply of labor can occur due to a reduction in the *reservation wage*, a product of the economic crisis through fewer available jobs and increased needs for cash.²⁷ The strategy employed by labor unions with its support was to increase the *reservation wages* of the *piqueteros* through more organizational support and political pressure. Thus, the final goal

²⁶ The *piquetero* association FTV is now part of the labor union "Central de Trabajadores Argentinos." Ana Dinerstein (2003) describes accurately this relationship, "The FTV leaders became members of the executive committee of the union and both manage the unemployment programmes for the region". In addition, the labor union "Central de Trabajadores Argentinos" has close relations with the "Corriente Combativa Clasista." (Raubert, 2002; Dinerstein, 2003). According to table 2, the *piquetero* associations "Federación Tierra y Vivienda" (FTV) and the "Corriente Combativa Clasista" are the most important *piquetero* associations in terms of the number of social plans that they manage.

²⁷ According to the literature, the *reservation wage* makes workers indifferent between accepting a job or remaining unemployed (Ljungqvist & Sargent, 2004).

of the unions with these actions was to secure and potentially increase the transfer of subsidies from the executive to the movement.

Like the FTV, and as noted earlier, the other *piquetero* associations also have strong linkages with leaders of several Argentine labor unions (Dinerstein, 2001; Patroni, 2002; Rauber, 2002; Almeyra, 2004). These linkages have allowed *piquetero* leaders and unionists to build cooperative relations. Considering the high rates of Argentine unemployment, and the dimensions of the formal and informal sector in the Argentine economy, this group of leaders (associated, in general, with labor unions) has been able to segment the market between unions of workers and unemployed people and thus, to maximize political rank. This segmentation has also helped this elite among unionists compensate, to some extent, for the loss of influence and organizational power it experienced during Menem's government (Levitzky & Way, 1998).²⁸ Thus, this strategic association between labor unions and *piqueteros* could be considered a positive-sum equilibrium for both social networks.

CONCLUSIONS

Several lessons can be obtained from this study. First, among the conventional approaches used to explain the growth and consolidation of social movements, an analysis based on rational choice foundations is particularly well-suited to explain the growth and endurance of the *piquetero* movement. The material interests of the members of the *piquetero* social movement and the importance of the relationship between the *piquetero* movement and some of the Argentine institutional arrangements -- in this case, the ruling party and the labor unions -- are most accurately reflected through this type of approach.

²⁸ Menem's government usually used its discretionary power to discipline confrontational unions and reward supportive ones. These strategies diminished unions' power and enabled Menem's government to privatize several public enterprises (Levitzky & Way, 1998).

Second, because the purposes of the *piquetero* social movement are mainly clientelist (i.e., to obtain material benefits for members and political autonomy for the leaders of the movement), the development of this movement has followed a different pattern from most other traditional Latin American social movements. Other scholars such as Jean Cohen and Andrew Arato (1992), Gideon Baker (2002), Judith Hellman (1992), and Sonia Alvarez & Arturo Escobar (1992) have already alerted us to the emergence and growth of this wave of “new social movements” in Latin America, which in several cases are more interested in demanding economic and social concessions from the state than from the capitalist employers.

Third, the development of the *piquetero* social movement is connected to the political structures of the Argentine ruling party and the rules of the Argentine federalism. For this movement, I find clear causal relationships: when the ruling party is more decentralized and divided into two competing political heads, the *piquetero* associations become correspondingly stronger and more consolidated. The more intense the competition is between the two main leaders, the stronger the *piquetero* movement becomes. This is a case in which the combination of this particular institutional arrangement with a high unemployment rate could create a distinct social movement of unemployed people like the *piquetero* movement. The Argentine economic crisis, the co-optation of the unemployed as an opportunity to avoid popular dissatisfaction, the Argentine electoral rules, and the connections of Argentine labor unions with the *piquetero* associations also triggered this political phenomenon.

Fourth, these findings and correlations again place in question the traditional conception of civil society as the purveyor of democracy in Latin America. There has clearly

been a bias among many scholars to focus exclusively on the contributions of a mobilized civil society when it is involved in attempting to bring about or strengthen liberal democracy (Baker, 2002). However, this tendency is seriously challenged by new empirical findings. These empirical contributions have shown that civil society does not necessarily support democracy, and has in some cases pushed for alternative forms of government (Berman, 1997). As a result, one should be cautious from believing wholesale in the “myth” of a virtuous civil society that is always on the side of good governance (Salazar, 1999; Rucht, 2003).

Within the Latin American context, in Argentina, there has been a dual interaction between the *piquetero* social movement and the two heads of the ruling party (“caudillos”). The final result has been more clientelism, increasing conflict and disunity within the main political party in Argentina (the *Peronist* party), and the strengthening of the power of the “caudillos” in the Argentine polity. Venezuela offers a similar example. In this country, the present-day conflict also defies traditional assumption about the role of social movements in democratization. The 1999 Bolivarian Constitution legitimized civil society’s insertion into the political sphere through plebiscitary measures and citizen-initiated processes. However, the “institutionalization” of Venezuelan civil society did not lead to the building of a common collective interest. On the contrary, this form of “participatory democracy” - coupled with the discredit of the traditional Venezuelan political parties - has increased political conflicts and might weaken democracy (García-Guadilla, Mallén & Guillén, 2004).

Both the recent Argentine and Venezuelan experiences raise relevant questions for further discussion and research. First, civil society can be easily co-opted by state actors through the offering of subsidies and material help. Building this assumption into my

analysis, I have shown that sectors of the executive branch can easily calculate and set a small enough “allowance” per individual in order to accumulate a substantial level of political support from civil society. However, unlike the Argentine case, political leaders in most other countries prefer to grant subsidies and buy votes without the costs of supporting a distinct social movement. For example, in the absence of a division and competition within the Venezuelan ruling “party,” the executive branch prefers to grant subsidies and buy votes without supporting a distinct social movement, which could produce more political autonomy for the movement’s leaders and reinforce a potentially troublesome distinct identity.

Because the members of the target groups are usually poor or unemployed people (high marginal utility for a small “allowance”), the Argentine experience teaches us that the structure of preferences and their limited budgets of these individuals facilitates their cooptation. Second, the impact of civil society on the performance of the Latin American democracies directly depends on how civil society interacts with the political system, the design of institutions, and the incentives that institutions generate in a polity.

Finally, due to the similar economic and social conditions among the Latin American countries, I could generalize the central explanation developed in this paper for Argentina to predict the growth and endurance of this kind of social movement in other Latin American countries. After relaxing the assumption related to the division and competition within the ruling party, a distinct social movement -- with a mutually beneficial relationship with the state -- is not an outcome under this scenario. Thus, leaders might prefer to practice clientelism without supporting the growth of a social movement with greater political autonomy and a distinct identity.

In a first test, for example, this analysis could explain the recent failure of the *piqueteros* to develop new networks in Uruguay. This Southern Cone country shares many of the features of the Argentine context: economic crisis, high rates of unemployment, and a relatively inflexible labor market. However, without the clear division of power into two competing parts within the ruling party, the growth of a new *piquetero* social movement has been unsuccessful. The *piquetero* leaders also tried unsuccessfully to expand the movement to other Latin American countries such as Paraguay and Bolivia. All these failed attempts also provide the necessary basis for comparison and for testing the empirical validity of this model.

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Appendix

Table 1. Unemployment rates in Latin American countries

Country	1990 *	1991 *	1992 *	1993 *	1994 *	1995 *	1996 **	1997 **	1998 **	1999 **	2000 **	2001 **	2002 **	2003 **
Argentina	7.5	6.5	7.0	9.6	11.5	18.6	17.2	14.9	12.9	14.3	15.1	17.4	19.7	15.0
Bolivia	9.5	7.3	5.8	5.4	5.8		3.8	4.4	6.1	7.2	7.5	8.5	8.7	9.5
Brazil	4.3	4.8	5.8	5.4	5.1	4.7	5.4	5.7	7.6	7.6	7.1	6.2	7.1	
Chile	6.5	7.3	5.0	4.1	6.3	5.6	6.4	6.1	6.4	9.8	9.2	9.1	9.0	8.5
Colombia	10.5	10.2	10.2	8.6	8.9	8.6	11.2	12.4	15.3	19.4	17.2	18.2	17.6	16.7
Nicaragua	11.1	14.2	17.8	21.8	20.7	20.2	16.0	14.3	13.2	10.7	9.8	10.5	11.6	10.2
Panama	20.0	19.3	17.5	15.5	15.8	14.3	14.3	13.2	12.7	11.8	13.5	14.0	13.5	12.8
Peru	8.3	5.9	9.4	9.9	8.8	8.2	8.0	9.2	8.5	9.2	8.5	9.3	9.4	9.4
Paraguay	6.6	5.1	5.3	5.1	4.6	4.8	8.2	7.1	6.6	9.4	10.0	10.8	14.7	11.2
Uruguay	9.3	8.9	9.0	8.4	9.1	10.7	11.9	11.5	10.1	11.3	13.6	15.3	17.0	16.9
Venezuela	11.0	10.1	8.1	6.8	8.7	10.3	11.8	11.4	11.3	15.0	13.9	13.3	15.8	18.0

Sources: * ECLAC 1995. Urban unemployment rates

** ECLAC. Unemployment rates

Table 2. The social movement in numbers

<p><u>ALLIED WITH KIRCHNER (the “blandos” or “kirchneristas”)</u> Federación Tierra y Vivienda (FTV) Leader: Luis D’Elía Political affiliation: Central de Trabajadores Argentinos. Members: 125,000 Beneficiaries of social plans: 75,000 Public dining rooms: 2,000</p>	<p><u>ALLIED WITH DUHALDE (the “duros”)</u> Corriente Clasista y Combativa (CCC) Leader: Juan Carlos Alderete Political affiliation: Partido Comunista Revolucionario Members: 70,000 Beneficiaries of social plans: 50,000</p> <hr/> <p>Movimiento Independiente de Jubilados y Desocupados (MIJD) Leader: Raul Castells Members: 60,000 Beneficiaries of social plans: 7,000 Public dining rooms: 1,052</p>
<p>Barrios de Pie Leader: Jorge Ceballos Political affiliation: Patria Libre Members: 60,000 Beneficiaries of social plans: 7,000 Public dining rooms: 800</p>	<p>Polo Obrero Leader: Néstor Pritola Political affiliation: Partido Obrero (PO) Members: 25,000 Beneficiaries of social plans: 20,000 Public dining rooms: 560</p> <hr/> <p>Coordinadora de Unidad Barrial (CUBA) Leader: Oscar Kuperman Members: 4,680 Beneficiaries of social plans: 1,140 Public dining rooms: 28</p> <hr/> <p>Frente de Trabajadores Combativos Leader: Ernesto Aldana Political affiliation: Movimiento al Socialismo (MAS) Members: 7,000 Beneficiaries of social plans: 2,800</p>

Source: La Nación, June 28, 2004. Page 6. This information was provided by the leaders of each organization.