

The Political Economy of Privatization of YPF in Argentina

Sang-Hyun Yi

(Pusan University of Foreign Studies, Institute of Iberoamerican Studies)*

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I . Introduction

In January 1999, Argentina fully privatized its oldest and the largest state petroleum enterprise in the country, YPF. The primary purpose of this study is to analyze why and how the Argentine state has privatized YPF. In 1907, Argentina discovered the first oil reserve at Comodoro Rivadavia, the remote Patagonian frontier in the South. The discovery of oil altered Argentine politics and its economy in many ways. Since the early 1920s, the state-owned petroleum company YPF (Yacimientos Petrolíferos Fiscales) has dominated the Argentine petroleum sector as a practical monopoly in the exploitation, development, and processing of oil and natural gas through the refinement, transportation, sale, and distribution of final products.

* 이상현(Pusan University of Foreign Studies, Institute of Iberoamerican Studies, sanghyunyi@gmail.com), “아르헨티나 국영석유회사 YPF 민영화의 정치경제”.

During the 1990s, Argentina experienced a drastic neoliberal economic reform. The Peronist president Carlos Menem implemented a neoliberal economic policy against its own party's tradition. The implementation of neoliberal economic policies in Argentina was extensive and speedy. Most federal-level public enterprises including YPF were privatized and most markets were deregulated. However, the Argentine economic reform was not simple and easy. Rather, it was a complex and long process in which many political forces negotiated and struggled for their own interests.

The Argentine state needed almost a decade to privatize fully the oldest and largest state-owned petroleum company. The long privatization process of YPF started legally in 1991 when YPF was converted into a public and limited liability corporation. In 1993, YPF was partially privatized, as the Argentine state sold more than 50 percent of its stock to private investors. The full privatization of YPF was completed in 1999 when Repsol of Spain acquired controlling stock from the Argentine state and the stock market.

From the privatization of YPF case, I draw several research questions: why has the Argentine state privatized YPF? How has the Argentine state privatized the oldest and the largest state enterprise in the country? Which factors led to the full privatization of YPF? This research is designed to answer these questions. In essence, I argue that the full privatization of YPF is a result of the political-economic situation that YPF and Argentina faced. Therefore, full privatization of YPF resulted from the combination of the company's meager economic benefits and low political opposition to privatization.

This chapter unfolds as follows. First, I review the process of YPF privatization, which consists of three stages corresponding to different degrees of state ownership of YPF: 1) restructuring; 2) partial privatization; and 3) full-privatization. Then, I analyze the economic performance of YPF. By examining a number of economic performance indicators of YPF, I reveal that the poor economic performance of YPF

is a result of the monopolized and politicized petroleum market. After discussing economic variables, I discuss the weak political opposition to the privatization of YPF. To support my argument, I pay particular attention to several possible opposition sectors such as the left, the petroleum labor union, and the military. In conclusion, I verify my argument through comprehensive analysis of YPF privatization

This study has several contributions. First of all, the study on the privatization of YPF provides us with a basis to analyze the whole process of economic reform implemented by the Menem regime. Also, the findings in this study have several theoretical implications. The study helps to identify conditions of particular market-oriented reform as well as general economic policy. Furthermore, this study contributes to theorization of privatization by elucidating determinants of public enterprise reform.

II. The Privatization Process of YPF

II.1. Restructuring: 1989-1992

In 1989, Argentina experienced a full-blown economic crisis. Inflation raged, fiscal deficits widened, and external debt became swollen. In this situation, newly elected President Menem started stabilization programs emphasizing public sector reform and economic liberalization. As a part of the reform package, the Menem regime decided to privatize YPF.

The economic performance of YPF recorded unsatisfactory results during the 1980s. Even though there was discordance about methods of transforming YPF, its reform was welcomed almost unanimously. In this context, the Menem regime's plan for privatizing YPF proceeded in two directions: 1) the restructuring of YPF to transform it into a profitable and slimmed down company and 2) the deregulation of the

petroleum market to improve conditions for attracting private investors. The Menem regime processed the restructuring of YPF under the name of 'Global Transformation Plan of YPF (Plan Transformación Global de YPF).' Unlike the other cases of privatization in Argentina, the Menem regime restructured YPF before selling it to private investors.

According to Yeatts' explanation (1996, 153-154), the privatization of YPF had two goals: 1) obtaining cash to ease the urgent financial crisis of the state and 2) generating foreign investment in a high-risk country like Argentina. In doing so, the Menem regime had to choose one of two ways to privatize. The first option was to sell YPF as a single enterprise to maximize revenue. The second option was to sell YPF as several companies after dividing it. The first option required the transformation of YPF into a profitable company while keeping its monopoly status after privatizing it, which could maximize its value in the privatization process. The second option could create a more competitive market situation after privatization at the cost of more state revenue from privatization. The Menem regime went for the first option to earn higher revenue. Therefore, as the first step of privatization, YPF needed to transform itself into a streamlined company, which was a requirement in the new economic environment.

In order to be a profitable and efficient company, the restructuring process of YPF employed various political and economic methods such as joint ventures, sale of unnecessary or unprofitable assets, and layoffs. Also, the Menem regime propelled the restructuring process with deregulation of the petroleum industry and federalization of petroleum ownerships to increase the efficiency of the petroleum market as well as to mitigate political opposition from provincial political powers against privatization.

On December 31, 1990, by issuing decree 2778/90, President Menem declared that YPF was a subject of privatization and was destined to be reorganized. In accordance with another decree (2723/90 on December 28, 1990), "Yacimientos Petrolíferos Fiscales Sociedad del Estado," a

corporation fully subject to public laws, changed its legal and regulatory framework in January 1991 into “YPF Sociedad Anónima,” a company that ultimately would be governed entirely by private laws. The change of YPF legal status facilitated privatization as well as the restructuring process.

By consulting with McKinsey AICC, an international consulting firm, YPF accelerated its restructuring process. For assets classified as nonstrategic but potentially profitable, YPF tried to make joint ventures with the private sector. It auctioned off a part of the exploitation rights for central oil fields in Vizcacheras, El Huemul, El Tordillo, and Puesto Hernandez. Joint ventures were offered to foreign companies in return for an equity share in the oil production (*The Financial Times*, May 14, 1992: 35). Even though the Argentine state initially offered 50 percent of the exploitation for central oil fields, it eventually sold between 60 and 90 percent because of the government’s financial urgency. YPF also sold unprofitable physical assets, including producing properties, pipelines, most of the tankers for river and sea transportation, airplanes, the naval warehouse, retail outlets, ports, buoys, in-house drilling and exploration services, research laboratories, and some refineries such as Campo Durán, San Lorenzo, and Dock Sud.

The Argentine state earned about US\$1.5 billion from the auction of exploitation rights for central oil fields and about US\$250 million from the secondary fields (Margheritis 1999, 206). In sum, the Argentine state collected more than US\$2 billion from the sale of assets and joint venture contracts.

Meanwhile, deregulation of the petroleum market dealt with the liberalization of prices related to oil production, distribution, and commercialization (including export and import). Before the deregulation, neither contractors of YPF disposed extracted oil freely, which should have been handed over to YPF, nor could private refineries purchase petroleum for producing. Petroleum was assigned by quotas and the refineries took pre-established margins for their work

(Gerchunoff 1994, 8). Deregulation of the petroleum industry started in January 1991. In regard to YPF, the most important move was the Conversion of Service Contracts. In November 1991, Menem issued Decree 2411/91 to carry out renegotiation with the Houston plan contractors. This move aimed at reducing the financial burden of YPF, because under the old scheme, YPF had to purchase contractors' oil at the established price regardless of the international price. In these negotiations, existing service contracts were converted into either exploration permits or exploitation concessions, in which former contractors "were entitled to full ownership of oil and to dispose freely of that oil which is produced in the block (Albarracin and Dow 1995, 10-12)." Until May 1992, a total of twenty-six production contracts were converted into concessions--equivalent to 93 percent of all previous production contracts (Bianchi 1993, 15-17).

As a result of the restructuring, oil extracted by YPF dropped from 98 percent of the total production in 1989 to 43 percent in 1991 (Manzetti 1999, 115). However, the restructuring led to the swift financial turnaround of YPF. From a deficit of over US\$700 million in 1990, YPF earned a profit of more than US\$500 million in 1992.¹⁾ The restructuring of YPF not only ameliorated the financial results of the company but also reduced the number of workers. The company's payroll decreased from 51,000 in December 1990 to 8,000 in December 1993. The reduction of workers was based on the introduction of a new labor agreement that permitted layoffs (YPF S.A., 1993, *Annual Report*: 2).

In conclusion, the Menem regime succeeded in restructuring YPF, which not only enhanced the efficiency of both the financial and organizational capability of the company, but also laid the groundwork for debilitation of the political opposition to the transformation of YPF. Therefore, by implementing the restructuring, the Menem regime paved the way for privatizing YPF.

¹⁾ Calculated from YPF SE, *Memoria y Balance General*; YPF SA, *Memoria*; YPF SA, *Annual Report*.

II.2. Partial Privatization: 1993

The Menem regime needed a special law to privatize YPF because the State Reform Law of 1989 (23,696) did not include provisions for the privatization of YPF. In September 1992, the National Congress made a political decision to privatize YPF when it approved Law 24,145, which disposed decree 2778/90 in 1990.

The plan of privatization was already established with the beginning of the restructuring of YPF. As Natale testified, whether YPF was going to be privatized or not was not on the table. The main objective of discussion was focusing on the form of the privatization of YPF. Thus, the discussion in congress mainly dealt with how to privatize YPF. However, there was a disagreement over the operating mechanism of the privatized company. The main concern was “who assumes the charge of the management of YPF? (Natale 1993, 185-187)”

Despite the fact that the opposition was not strong, approval of the privatization law of YPF was not a simple process. In fact, the regime needed several attempts to reach the necessary quorum for a vote. The main deterrent to making the quorum was the opposition Radical party, even though its actions in congress were focused not on privatization itself but rather on timing and means of privatization. As Juan Pablo Baylac, a deputy of UCR (Unión Cívica Radical), said, “The truth is that the opposition was not against the privatization itself but against the way that the privatization had been developed (Interview with Baylac 2002).”

However, various groups in the congress tried to take advantage of the passage of the YPF privatization bill when reaching a quorum was at the center of political negotiation. At first, a “Group of Eight,” who opposed the economic reform policy proposed by President Menem, consisted of eight rebellious Peronist congressmen. The second group was the so-called “*los dipusindicales*”, who represented the labor unions in the Peronist party. Unlike the Group of Eight, *los dipusindicales* did

not want to defy the president and his policies but rather intended to gain economic interests on behalf of the labor union, CGT. The final group was composed of members of the small provincial parties, especially from the oil-producing provinces. Like *los dipusindicales*, the small provincial party members were mainly interested in the economic interests of their own provinces rather than political struggle against privatization.

Faced with resistance in congress, President Menem threatened to authorize the privatization of YPF by issuing a decree if the necessary quorum could not be reached. Meanwhile, Domingo Cavallo, the minister of economy, warned congress that if it did not approve the YPF privatization bill before the end of October, "Argentina could not satisfy with the compromise of primary surplus of US\$1,536 million which was obligated by the International Monetary Fund (*Clarín*, September 19, 1992)." However, the threat was not the only way to quell the resistance. President Menem and his Peronist party used various appeasement measures to persuade rebellious congressmen to vote for the bill. Menem first targeted the nationalists, although nationalist arguments against privatization including those of the Radicals were not strong enough to block the measure. To allay their fears, Menem gave up its full-privatization proposal of YPF assuring the nationalists that there would be a minimum 20 percent of state ownership of the privatized YPF. Second, for *los dipusindicales*, by negotiating with the CGT, the president promised to watch out for the political and economic interests of the labor union even though many of those interests only concerned the labor leaders. Finally, for the oil-producing provinces, Menem allotted 39 percent of YPF stocks to cancel debts owed to the provincial governments.

Finally, the Law of the Federalization of Subsoil and Privatization of YPF, No. 24,145, was approved on September 24, 1992. The vote was 119-10 in favor with one abstention. Only Peronist deputies and allies such as UCeDé and some provincial parties including the Movimiento

Popular Neuquino participated in the vote. Opposition party members refused to participate in the vote (Fundación Arturo Illia 2000, 33).

<Table 1> Results of the Vote to Partially Privatize YPF in 1992

	In Favor	Against	Absent	No Participate	Total
Partido Justicialista	102	0	0	15	117
UCR	0	0	0	84	84
UCeDé	9	0	0	1	10
Other Parties	8	10	1	27	46
Total	119	10	1	127	257

Sources: Cámara de Diputados de la Nación, *Diario de Sesiones*, September 23 and 24, 1992: 3338; Secretaria de la H. Cámara de Diputados de la Nación, Cámara de Diputados de la Nación: Su Composición y Comisiones; *Página 12*, September 24, 1992; *La Nación* (Edición Internacional), September 28, 1992.

The sales of stock were successful both in the international financial market and the domestic one. In June 1993, the Argentine state sold 160 million stocks, equivalent to 45 percent of the total, at the price of US\$19 per share. The Argentine state earned US\$3.04 billion from the public offering. The state used about US\$1,700 million, equivalent to about 60 percent of the sale, to pay part of the debt held by the retirees. The rest of the earnings went to the petroleum producer provinces as petroleum royalties. Also, in July 1993, the state sold 17.7 million stocks to the retirees and swapped another 28.5 million stocks social security bonds (Margheritis 1999, 220-221). About 96,000 pensioners had participated in the stock swap. The pensioners were required to retain shares at least one year.²⁾

²⁾ However, faced with another election in April 1994, Menem allowed pensioners to sell their stock earlier. *The New York Times*, March 30, 1994, p. D5.

〈Table 2〉 The Distribution of YPF Stock after the Partial Stock Sale in 1993

(Total: \$353 million stocks)

Type A	State	20.3%	71.2 millions
Type B	Provinces	11.2%	39.8 millions
Type C	Employees (PPP)*	10.0%	35.3 millions
Type D	Private	58.3%	206.2 millions

* Programa de Propiedad Participada
Source: *ECOS*, February 1995: 4.

The privatization of YPF in 1993 was not full-privatization but partial privatization. Even though the Argentine state sold more than 50 percent of its stock, YPF was still under control of the Argentine state. Thus, YPF converted itself into a mixed corporation. The congress made some instruments that prevented YPF from full-privatization. The state was required to retain 20 percent of the stocks. Also, by way of a golden share (Calleja 1999, 64), the state held veto power on such matters as “1) Decisions on merging with other corporations; 2) Accepting a takeover whether hostile or not with more than 51 percent of the capital stock; 3) Transfer to third parties of all production rights, whereby all exploration and production activities by YPF would be ended; and 4) The voluntary dissolution of YPF Sociedad Anónima (Section 8, Law 24,145; Quoted from Yeatts 1996, 154-155).”

In conclusion, the privatization of YPF turned into a financial exit for the Menem regime in 1993. The privatization of YPF enabled the Menem regime to attain its political goals by overcoming the financial problem originating from hyperinflation and external debt crisis. That is, President Menem and the Peronist party not only managed to privatize YPF, but also consolidated its political support. In particular, soft political opposition to the partial stock sale in 1993 led the Menem regime to attempt full-privatization in 1999 when the macroeconomic situation fell into another difficulty.

II.3. Full-Privatization: 1999

After selling YPF stocks partially in 1993, President Menem and the Peronist party had proposed full-privatization at various times.³⁾ In fact, the original proposal advanced by the regime in 1992 was full-privatization. Like the public stock sale in 1993, the Menem regime considered the remaining package of YFP stock as a savings account to salvage the finances of the regime in the case of emergency. The first attempt happened in 1994. Some Peronist members of congress proposed selling the remaining 20 percent of the stocks held by the state to finance the construction of 100,000 houses in order to garner support in the presidential election of 1995 (*The Financial Times*, June 7, 1994: 25). Even though these attempts did not succeed, full-privatization of YPF was just a matter of time.

Like other decisions in the past, full-privatization of YPF became reality due to macroeconomic difficulties. The so-called Tequila effect of Mexico in 1995 drove the Argentine economy into a turbulent situation. The Convertibility Plan became a conspicuous burden to the Argentine economy not only because the Argentine state needed to keep up foreign reserves to sustain the currency system, but also because the strong Argentine peso resulting from the plan deteriorated the current balance. To make things worse, the recession widened fiscal deficits, which again ignited the problem of public debt. In addition, like the first attempt in 1994, the presidential election of May 1995 influenced the decision of full-privatization, although the Menem regime had to postpone the sale of stocks due to an international financial crisis and the ensuing stock market crash.

³⁾ In 1996, the Argentine state allowed YPF workers to sell their 10 percent stake in YPF, even though the workers did not complete their payment for the stocks. Since they had acquired the stocks in 1993, YPF workers were saving by installment to pay for their shares. Finally, the workers sold their 10 percent stake in July 1997. *The Financial Times*, November 6, 1996, 4; *The New York Times*, July 19, 1997.

Congress passed the bill for full-privatization of YPF in March 1995. Meanwhile, in December of the same year, congress had to pass the same bill with a modification allowing the administration to extend the duration of the Provincial Development Trust Fund up to fifteen years. The modified law opened the way for the Menem regime to sell the remaining YPF stocks at the most appropriate time. Unlike 1992, the debates in congress were not intense. Even though members of opposition parties criticized the regime's intention as "the sale of grandmother's last jewelry (Cámara de Diputados de la Nación, *Diario de Sesiones*, March 25, 1995: 705)," the law passed easily in congress. The vote was 103-51 in favor with 5 abstentions (Cámara de Diputados de la Nación, *Diario de Sesiones*, March 25, 1995: 712). There was another creative maneuver to garner support in congress. At this time, the Menem regime earmarked earnings from the sale for "the Provincial Development Trust Fund," created after the Mexican crisis to encourage the privatization of provincial banks and public-service firms (EIU, *Country Report: Argentina*, 2nd quarter 1998: 20). However, due to the need to cover the urgent financial deficit, the Menem regime chose not to deliver the money to the Provincial Development Fund directly. Instead, the Menem regime required the fund to purchase state bonds, with the promise of buying them back. The revenue from the sale of the 14.9 percent stake was equivalent to 5 percent of the planned national revenue in 1999 (*Clarín* January 21, 1999).

In January 1999, the Argentine state sold 14.99 percent of YPF stake for US\$2.01 billion at the price of US\$38 per stock to Repsol, the Spanish oil company. The Menem regime had originally planned to sell its remaining 20.3 percent stake as an open bid in international and local markets. However, worldwide financial market turmoil ignited by the Asian crisis thwarted the plan. Then the Menem regime wanted to sell a 14.99 percent stake to "a strategic partner" as a package to maximize revenue from the sale (*The Financial Times*, November 5, 1998: 31).

In May 1999, Repsol completed its purchase of YPF, acquiring the other 85 percent of controlling shares at the price of US\$44.78 each. Even though there was some opposition from the YPF executives related to the change of YPF provisions, the political opposition was just quiet. “The opposition Alliance appeared to accept the final sale as a virtual *fait accompli* (*The Financial Times*, May 1, 1999: 21).” As a result of this final sale, the federal government received US\$837 million for 5.01 percent stake, Santa Cruz province US\$948 million, Chubut province US\$78 million, and the rest of the stockholders US\$11,442 million (Calleja 1999, 63). In spite of full-privatization, the Argentine state kept a golden share, whose number was reduced to one thousand stocks by the law in 1995, to use the veto power that was assured it by Law 24,145 in 1992 (Calleja 1999, 64). However, the full-privatization of YPF not only terminated state control of the seventy-seven-year-old petroleum company in Argentina, but also handed over the petroleum ownership to foreigners.

The full-privatization of YPF in 1999 finalized a decade-long privatization process of YPF. The historical evidence showed that, since it had started the restructuring process in 1989, the Menem regime had kept the full-privatization of YPF in mind. But the Menem regime took ten years to accomplish this in order to maximize its revenue from the sale of the company. The YPF case also showed that the most important factor to decide the timing of privatization was the macroeconomic situation of the country. Political events of the country played an important role in deciding the timing as well. However, neither the macroeconomic situation nor political events determined the type of public enterprise reform implemented. In the next sections, I will show how the economic benefits of a public enterprise and the power of political opposition determined the type of public enterprise reform.

III. Economic Benefits of YPF

III.1. Economic Benefits of YPF

When he embarked on the privatization campaign in 1989, President Menem publicly criticized YPF for being the only money-losing petroleum company in the world (Calleja 1993, 37). This argument is partly right and partly wrong.

<Table 3> Fiscal Balance and Debt Situation (US\$ million)

Year	Total Assets	Total Debts	Operating Income	Net Income
1979	3,801	2,102	-122	499
1980	4,913	2,461	-442	105
1981	5,230	4,714	-314	-2,072
1982	4,450	5,668	-202	-1,687
1983	9,516	5,490	-148	-1,781
1984	8,750	5,753	-425	-91
1985	9,245	6,723	-66	-524
1986	9,023	5,887	-222	-173
1987	n/a	n/a	n/a	n/a
1988**	8,849	1,768	-176	36
1989**	9,148	3,049	-286	-257
1990**	80,786	27,260	-781	69
1991	8,045	3,564	263	253
1992	7,349	2,851	523	256
1993	7,198	2,232	714	706
1994	7,509	2,423	708	538
1995	9,137	3,298	961	793
1996	10,142	3,768	1,519	817
1997	11,427	4,487	1,608	877
1998	12,166	4,957	1,127	580

* Operating Incomes in 1979 and 1980 include financial results.

**Total Assets and Total Debts in 1988, 1989, and 1990 indicate billions of Australes.

Source: Calculated based on YPF Sociedad del Estado, *Memoria y Balance General*, various

issues; YPF Sociedad Anónima, *Annual Report*, various issues; YPF Sociedad Anónima, *Memoria*, various issues; YPF Sociedad Anónima, *Memoria y Estados Contables*, various issues.

<Table 4> External Debt of YPF(US\$ million)

Year	External Debt of YPF	External Debt of Argentina
1975	350	7,875
1977	741	n/a
1980	2,906	27,162
1983	4,366	45,069
1988	4,927	58,303

Source: SIGEP (Sindicatura General de Empresas Públicas); Banco Central; Camara de Senadores De La Nación (República Argentina), *Diario de Sesiones* (June 25, 1992)

As we can verify in Table 3, it was true that YPF had recorded enormous debts as well as continuous deficits. However, many scholars (Bravo 1992; Margheritis 1999; Gerchunoff 1994; Ortiz 1989; Calleja 1993) agree that state petroleum policy was to blame for YPF's poor financial situation. In fact, the major cause of the operating deficits was the regulated petroleum market based on fixed prices. Under the regulated market system, as I mentioned earlier, the state fixed the price of petroleum production, distribution, and commercialization. As a result, YPF not only assumed an anti-inflationary role by adopting a low price for its products in the market, but also functioned as a tax collector by overloading the combustible tax onto consumers. On top of that, YPF had to pay hydrocarbon royalties to the provinces that had produced petroleum. In total, YPF delivered about 50 percent of its net revenues to the National Treasury and the Provinces (Margheritis 1999, 197; Bravo 1992, 83-84).

Also, in order to achieve self-sufficiency in oil by promoting mass domestic production, the state favored service contracts with private producers. However, the contracted price with the private producers was generally so high that YPF lost money by purchasing oil under the

service contract. The military regime, in particular, obliged YPF to transfer its oil fields and production facilities to the private companies without pay. Under the contract, YPF had not only to purchase their oil at a more expensive price than YPF normally paid, but also to sell the same oil to private refineries at a lower price than before. According to Bravo's estimation (1993, 83-84), from 1976 to 1989 these contracts including oil fields and production facilities had reduced YPF income about US\$11 billion.

On the other hand, lax management was responsible for the poor operating results of YPF. The Argentine state always used YPF as its own political resource. Overemployment, investments in uneconomic regions, and frequent changes in top managers were the hallmarks of lax management at YPF. Table 3 shows that after starting the restructuring process, the operating income of YPF turned around from deficit to surplus.

The chronic deficit YPF had run until that point led to a lot of debt. YPF was the largest debtor as well as the largest company in the debt-ridden Argentine government. Even worse, a major portion of YPF's debt was from abroad. Rather than channeling money from the state treasury to YPF, the military regime encouraged public enterprise to borrow from abroad (Manzetti 1999, 81). As a result, between 1980 and 1989, its external debt rose from US\$2,934 million to US\$5,473 million. The heavy debt of YPF prevented it from making enough investments to continue production while also hurting public finances. Therefore, the deregulation of the petroleum market and the privatization of YPF was not only able to promote investments in the petroleum industry, but also reduce the external debt and fiscal deficit. As former Minister of Economy Roberto Teodoro Alemann, said, "The Argentine state intends to clear up debt accumulated due to inefficiency in state companies, and this will affect the YPF sale (*The Oil and Gas Journal*, December 7, Vol. 90, No. 49: 27)."

III.2. Economic Benefits of YPF and the Issue of Privatization

Before restructuring in 1989, YPF had been an inefficient and debt-ridden company, although the main reason was the petroleum policy of the Argentine state. The most important figure who criticized the bad financial situation of YPF was President Menem. In fact, the Menem regime used the inefficient and bad financial situation of YPF as a reason to privatize it. According to the report written by the SIGEP (Sindicatura General de Empresas Públicas) about the situation of twenty-six public enterprises, the problems of YPF are 1) delayed investment, 2) financial deterioration, and 3) lack of port equipment.

Many people in the pro-privatization sector agreed with the government's argument. In 1989, as Hernán Cornejo, the Peronist governor of Salta, mentioned, "If YPF does not have enough capacity for oil production as the company has claimed, it would make the participation of private, national and foreign capital necessary (*Página 12*, July 4, 1989)." In the parliamentary debate, the Peronists and their allies in congress suggested that the bad financial situation was the main reason to privatize YPF. For example, by inserting information about the YPF financial situation, Pedro Molina, a Peronist senator, concluded that YPF should be privatized because the wrong petroleum policy during previous regimes resulted in the expansion of foreign debt in both Argentina and YPF (Cámara de Senadores De La Nación (República Argentina), *Diario de Sesiones*, June 25, 1992: 1133-1136).

Private capital backed up the attack on YPF's inefficiency presented by the Menem regime. Luis Rey, president of petroleum company Pluspetrol, affirmed that "YPF today is not efficient" and "neither the State nor the stockholders of YPF has capability to invest for the development of the company (*Página 12*, November 19, 1989)."

However, as we can see from the financial results of YPF above, despite its public enterprise status the successful restructuring process between 1989 and 1991 turned YPF into an efficient and profitable

company. It bolstered the opposition sector against privatization during 1992 when congress carried out deliberations about the YPF privatization bill. However, the pro-privatization sector not only maintained its position that YPF had been inefficient, but also suggested that the privatization of YPF would be the only way to keep sustaining an efficient and profitable company after restructuring. According to an interview by the Newspaper *Página 12* with Domingo Cavallo, minister of economy, in 1993 before the privatization:

Página 12: YPF is a company that gives much profits and, according to what you said yourself in the Bolsa, Estenssoro (the president of YPF), transformed YPF from being inefficient into being very efficient. Why did you privatize YPF?

Cavallo: Because it is the only way to maintain that style of management.

Página 12: Until now, as I know, Estenssoro has been a public employee and YPF is a public company.

Cavallo: But you can not imagine the support that President and I gave him. It is unimaginable. It is impossible to maintain that type of support indefinitely. Unfortunately Estenssoro has been accused from various sides and by a lot of organizations, which wanted to force him to run the company like the other public companies. What Estenssoro did and what we allowed him to do is something new. It is titanic. No Radical government could have done it (*Página 12*, June 20, 1993).

In conclusion, evidence shows that the low economic benefit of YPF for the Argentine state is a main determinant to privatizing YPF. In fact, the main financial indicators show that before implementing the restructuring process, YPF had been in deficit and debt-ridden shape. Even though the successful restructuring process changed YPF into an efficient and profitable company, the pro-privatization sector did not

give up its attack on YPF and kept emphasizing the necessity of privatization. The sector argued that privatization of YPF was the only way to sustain YPF as an efficient and profitable company because the state enterprise structure itself would not only worsen the financial situation of the company, but also burden the national treasury. Finally, the pro-privatization sector persuaded the Argentine society to accept the privatization of YPF.

IV. Political Opposition to the Privatization of YPF

The main purpose of this section is to analyze the political determinants of YPF privatization. I examine how the Argentine state successfully implemented the privatization of the oldest and largest public enterprise in the country. The privatization process of YPF overlapped with the period of the Menem regime (1989-1998). Therefore, the politics of YPF privatization necessarily deal with the relationship between the Menem regime and political forces who opposed the privatization. I analyze this process by focusing on three possible opposition forces: the left, the labor union, and the military.

IV.1. The Left

In reference to the political determinants of public enterprise reform, the power of the left is important because the left would be the most consistent opponent to the privatization policy. In Argentina, however, the left was too weak to prevent the YPF privatization. In fact, Menem's initiative on neoliberal economic reform was an unusual move for a Peronist president because his party had long been a major advocate of a state-centered economy. In spite of Menem's unexpected betrayal and his painful neoliberal reform, powerful leftist political forces did not emerge in Argentine politics. As such, the Menem regime did not meet

meaningful resistance from the left during the massive privatization process of public enterprise--including its largest public enterprise, YPF. To account for the weak political power of the left during the process of YPF privatization, this section examines leftist political parties, the political ideology of voters, and institutional features such as the legal restrictions governing public enterprise and its resources in the mineral sector.

Traditionally, the Argentine political party system has been bipartisan, with the Partido Justicialista (Peronist) and the Unión Cívica Radical (UCR) dominating. After the emergence of Perón, the Peronist party played a major role in popular elections, while UCR assumed the role of the main opposition party until Alfonsín won the presidency in 1983. The Peronists had absorbed the low and middle class, including industrial labor. UCR had its support from the middle class. In this context, the ideologically-oriented parties remained weak, unlike in neighboring countries in Latin America.

In spite of the two-party dominance, small parties cannot be underestimated because to attain a quorum for the start of deliberations or for the vote, the ruling parties often needed the cooperation of small parties (Llanos 2002, 33). In Argentine politics, there are three groups of small parties. The first one, the most important, was made up of provincial parties. According to Llanos's research (2002, 117-121), although the provincial parties shared many common characters, the political behavior of each party, especially voting patterns in congress, was not homogeneous. Furthermore, in many cases, each party member behaved differently depending on economic or political interests. With some exceptions, the same rule could apply to the right-oriented parties. Although they can be categorized as provincial parties, both the UceDé (Democratic Center Union, mainly from the metropolitan area) and the Republican Force (from Tucumán) were right-oriented parties. In addition, Movement of Dignity and Independence (MODIN) also fits in the right-oriented category. The other type of small party in Argentina is

the leftist party. Both the Christian Democratic Party (PDC) and Intransigent Party (PI) can be classified as center-left, while the Socialist Unity and the United Socialist Party represented the moderate faction of socialism. In addition, by forming alliances, the divided hard-line of socialists also managed to enter congress.

After the presidential election of 1989, Menem and his Peronist party replaced electoral allies like minor center-left and left parties (the Movement for Integration and Development, the Christian Democratic Party, and the Intransigent Party) with conservative right and provincial parties, aiming at securing votes for the passage of economic reform laws (Manzetti 1999, 94-95). When the Peronist party introduced its market-oriented economic policy in 1989, the presence of leftist parties in congress was negligible. Among 254 in the deputy seats, only 2 leftist party members existed in the Chamber of Deputies, and none in the Senate. Also, in 1992 when the privatization bill of YPF was deliberated, there were only four leftist deputies: three members of Unidad Socialista-Honestidad, Trabajo y Eficiencia (US-HTE), and one from the Movimiento al Socialismo (MAS). In the end, all four members of the leftist parties did not participate in the vote for the privatization of YPF in September 1992 in order to avoid giving the ruling party a quorum, although their boycott did not change the result of the privatization vote. In brief, the weak presence of leftist parties in the parliament reduced any possible opposition to the privatization of YPF.

The weak presence of the left is not a new phenomenon in Argentina. As Collier and Collier argue, the twentieth-century Latin American political party system and its ideological tendencies were heavily conditioned by the process of labor incorporation during industrialization. According to the Colliers' classification, Argentina had developed a form of party-incorporated labor populism in which a populist party monopolized the massive electoral and organizational mobilization of labor while leftists were co-opted or repressed (Collier and Collier 1991). That is, as Llanos (2002, 120) also agrees, the

monopoly of Peronism in the labor movement has been the most important reason for the weak political power of the left in Argentine politics. In this context, unlike other neighboring countries, the Argentine left has not attained significant political power throughout the twentieth century. Without having mass appeal to workers, the leftist parties could not construct an electoral foundation in accordance with their ideological orientation. Of equal importance, the chronic split tendency of the leftists has been another obstacle to overcome the position of small party.

Survey results verify why the left has weak political power in Argentina. According to Romer & Associates' October 1995 survey (Estudio Graciela C. Romer Y Asociados 1995), only 12.1 percent of voters self-identify with the left or center-left as opposed to 20.1 percent with the center and 16.3 percent with the right or center-right respectively. Also, according to the Mirror on the Americas 1999 survey conducted by *The Wall Street Journal*, only 14.7 percent of Argentine voters self-identify as being on the left or the center-left, which is the smallest percentage among Latin American countries. According to a calculation based on the same survey, Argentine voters record an average of 5.89 points on a 0 to 10 political ideology scale in which 0 represents the left and 10 the right. In this category, Argentina shows the highest number among nine Latin American countries, which means that the Argentine voters have the most right-oriented political ideology in Latin America.

〈Table 5〉 Voters' Self-Placement on the Left-Right Political Ideology Dimension in Argentina, 1995 & 1999

October 1995 Romer & Associates*							
Left	Center-Left	Center	Center-Right	Right	No Choice	Do Not Know/ No Answer	Total
41	117	269	68	145	470	192	1302
3.1%	9.0%	20.7%	5.2%	11.1%	36.1%	14.7%	100 (%)

1999 Mirror on the Americas** (0–Left; 10–Right)											
0	1	2	3	4	5	6	7	8	9	10	Total
34	13	17	28	43	443	52	51	65	24	149	919
3.7%	1.4%	1.8%	3.0%	4.7%	48.2%	5.7%	5.5%	7.1%	2.6%	16.2%	100%
Left & Center-Left					Center	Right & Center-Right					
135					443	341					919
14.7%					48.2%	37.1%					100%

Sources:

* Estudio Graciela C. Romer Y Asociados. 1995. *Romer & Associates: Survey 32, October 1995: Roper Center for Public Opinion Research Study ARROMER1995-TOP032*, distributed by Storrs, CT: The Roper Center for Public Opinion Research, University of Connecticut.

***The Wall Street Journal*, “Mirror on the Americas,” 1999 edition, <http://online.wsj.com/public/resources/documents/pollmirror1999-eng.html>

The absence of constitutional restrictions on the privatization of YPF also undermined the opposition. Unlike other countries in Latin America, Argentina did not have constitutional rules governing public enterprises and its resources in the mineral sector. Thus, the Menem regime did not have any obligation to seek a constitutional amendment that might need a super majority in congress. In fact, Menem even used executive decrees several times to continue the privatization process of YPF instead of seeking congressional approval. Also, without constitutional rules on the privatization of YPF, the Menem regime needed only a majority vote in a quorum. In the end, the vote on the privatization of YPF in 1992 was passed with only 110 in favor out of 257 deputy members because 127 opposition members did not participate in the vote. The absence of constitutional rules on YPF and its resources thus reduced the possibility that the oppositional forces could act as a veto player in the process of YPF privatization.

Meanwhile, in 1995 the emergence of the center-left Frepaso (Frente del País Solidario) put life into the possibility of leftist politics. However, “the leaders of Frepaso acknowledged the irreversibility of privatization and trade liberalization and endorsed the Convertibility

Plan in 1991 (Levitsky 1998, 22).” As Frepaso and the Radicals joined the Alianza in 1997, Argentine politics returned to bipartisan politics in which two catch-all parties competed with each other.

In conclusion, the YPF case of Argentina shows that the left was significantly weak at the time of the privatization. Thus, the Menem regime did not meet serious challenge from leftist political forces that might derail the privatization. Several reasons and conditions contributed to the powerlessness of the left in the process of YPF privatization. First of all, the dominance of the Peronists in the labor movement undermined the political power of the left. Evidence also supports that Argentine voters are more right-oriented than those of other Latin American countries, which leads to the underperformance of leftist political parties in elections. Furthermore, the absence of constitutional restrictions on YPF made it more difficult for the opposition to block the privatization of YPF.

IV.2. The Labor Union

In the process of YPF privatization, the most interesting sector was petroleum labor. The labor union of YPF, Sindicato Unidos Petroleros del Estado (SUPE), was created on September 23, 1946, during the period of Juan Perón. SUPE is the only national labor union in the petroleum industry. In Argentina, with the reenactment of three main labor laws⁴⁾ during the Alfonsín regime, the corporatist structure of the labor movement, which had been legally suspended during the military regime, reemerged. This legal scheme not only assured leadership control over the rank and file within the union, but also strengthened the monopoly of each national industrial union (Murillo 1997, 76). Therefore, as a monopolistic national union in the petroleum industry,

⁴⁾ Law 23,551 on professional association, Law 24,250 on collective bargaining, and Law 23,660 on welfare funds (Murillo 1997, 76)

the union leaders of SUPE consolidated their authority over the rank and file.

In this context, in order to privatize YPF, the Menem regime tried to separate union leaders from the rank and file and attempted to split the rank and file to soften labor opposition. To facilitate the fragmentation of the union, the regime used a carrot-and-stick strategy. In doing so, the Menem regime assured the “organizational survival (Murillo 1997)” of the union by offering political and economic interests to the union, while openly declaring a tough stance against resistance.

Faced with this situation, the union leaders of SUPE decided to choose organizational survival at the cost of losing more than 80 percent of its union members in the process of privatization. The decision was based on various considerations. At first, the severe economic crisis did not make any possible allies for opposing the privatization. In other words, the economic crisis and the subsequent economic reform persuaded Argentine society to support the privatization of public enterprises. Needless to say, in this situation, it was difficult for the labor union to reverse the privatization process. According to Julio Schiantarelli, secretary of organization of SUPE,

I believe firmly that even Argentine society in any survey or poll results shows that the majority of society was in favor of privatization of YPF. The state detached those companies which were not very skillful but were loss-making and they (public companies) at that time stopped the state from taking care of other basic issues or basic needs such as health, education, social security... etc. Then at that time there was huge social and political consensus in favor of privatization... We did not believe that we were able to reverse the situation (Interview with Schiantarelli, July 4, 2001).

Secondly, because the dominant party was Peronist, which SUPE was allied with, union leaders did not attract support from the political arena

against privatization. As I noted earlier, the monopoly of Peronism in the labor movement hindered the development of any labor-based class party, which could have been a viable alternative when the policy of the Peronist party went against labor's interests. Under these circumstances, it was a natural choice for union leaders to opt for negotiation with the state to get more benefits out of privatization rather than to organize opposition against privatization itself. The intimate relationship between President Menem and Diego Ibañez, the head of SUPE at that time, is a good example that shows the relationship between the Peronist party and SUPE. Menem and Ibañez were prison inmates during the military regime. As a SUPE leader said, "it is a hard time and we agree to accept the proposal of the government (*Clarín*, September 30, 1991: 10)."

In this environment, labor leaders including SUPE took advantage of the privatization of YPF to assure their political and economic interests. As I mentioned earlier, to negotiate with the state effectively, labor leaders depended on *los dipusindicalistas* in congress. In return for cooperating to make a quorum to pass the YPF privatization bill in 1992, labor leaders received some rewards from the government.

<Table 6> Agreement between the CGT and the Menem Government
(according to the CGT)

- 10% of YPF will be under the control of workers of YPF.
- SUPE will have representatives in the future directorate of YPF, with control of 20% of the shares that the national state maintains.
- The rapid approval of the law of collective negotiation will be promoted in the congress with reforms suggested by the Commission of Legislation of Labor regarding unionism.
- The extension of liquidation of debt of charitable works which occurred before July 1989 will be studied.
- The quarter that have maintained by labor central en Fonavi will be managed to be maintained now under the control of provinces.
- The law of charitable work as well as the reform proposed by the government regarding labor law will be come up through consensus.

Source: *La Nación* (Edición Int'l), September 28, 1992.

In terms of economic interests, SUPE not only participated in receiving 10 percent of employees' stake in the privatized YPF share, but also was exclusively allowed to manage social welfare funds in the privatized company. In addition, with the assistance of the state, SUPE set up or purchased more than three hundred firms (including transport, maintenance, and oil equipment) and hired more than nine thousand laid-off workers (*ECOS*, February of 1993: 3). Also, in terms of political interests, even after the privatization, SUPE maintained its "monopoly on representation of former YPF workers, who were claimed by the Federation of Private Workers of Oil and Gas (Etchemendy 2001, 15-16)."

The agreement between the state and union leaders did not leave any leeway for the rank and file, who had no institutional room under the monopolized national union structure. There were carrots for the rank and file, too, however. The government spent more than US\$600 million in 1991 and 1992 for indemnification of the layoffs (Ministry of Economy 1993, 43). In fact, many workers were content with the amount of indemnification (Interview with Rodríguez August 13, 2002). Furthermore, all workers were not opposed to privatization. As Madrid (2003) pointed out, the privatization of public enterprises may entail disproportional impacts on union members. While some union members lose their jobs, other union members benefit from the financially improved privatized company. In fact, between 1989 and 1995, the average salary of YPF workers increased from US\$350 to US\$1,650 (*ECOS*, February of 1995: 3), although the number of YPF employees decreased from 37,677 for YPF (plus 15,000 contract employees) in 1990 to 5,079 in 1994.

Not surprisingly, there was resistance against the intention of privatization, even though sometimes it was aimed at strengthening negotiation power instead of actual resistance itself. Indeed, SUPE was not a weak labor union in Argentine history. For example, during the Alfonsín regime, SUPE successfully participated in thirteen general

strikes against the restructuring process intended by the regime. Faced with privatization and massive layoffs, SUPE called a general strike on September 13, 1991. However, the main goal of the strike was not about opposition to the privatization itself but rather about the form of privatization. Even worse, according to the ministry of labor, only 15 percent of total YPF workers participated in the strike (*Página 12*, September 15, 1991). In the end, because of fragmentation between the rank and file themselves as well as between the leaders and the rank and file, the strike failed, leaving nine thousand layoffs.

In conclusion, by adopting the carrot-and-stick strategy, the Menem regime succeeded in privatizing YPF without significant opposition from labor. Several external and internal conditions limited the ability of the petroleum union to oppose YPF's privatization. On the one hand, the severe economic crisis and the Argentine public's strong support of the privatization proved to be the main external factors deterring opposition from the labor union. On the other hand, the lack of autonomy, which is derived from the historically intimate relationship with the governing Peronist party, put fetters on the petroleum union. Thus, the leadership of the petroleum labor union decided to sustain its organizational and economic privileges at the cost of giving up its political power, based on the multitude of union members. In addition, generous economic rewards did play a major role in mitigating the resistance of the rank and file. In brief, the petroleum labor union did not have the necessary autonomous political power to derail the privatization of YPF.

IV.3. Military

Another interesting force in the process of YPF privatization was the Argentine military. For several decades, the military had been the strongest political power in Argentina. Generally, the Argentine military was regarded as political and economic nationalists. Furthermore, the military had established public enterprises in vital industries such as

steel, chemicals, aviations, petroleum, and later nuclear power (Manzetti 1999, 98). Since General Mosconi headed YPF in 1922, the military not only regarded YPF as a symbol of economic independence but also assumed a guardian role against the intervention of private capital in national resources. For instance, the military overdraw the Arturo Frondizi regime in discontent with its petroleum policy that sought to attract private investments in oil fields (*ECOS*, February of 1995: 1; Gadano 1998, 11).

However, since it collapsed in 1983, the military gradually lost its political power due mainly to defeat in external war, human rights violations, and gross economic mismanagement. Despite extant tensions, the Alfonsín regime made a lot of progress weakening the military power. The Alfonsín regime transferred the human rights accusation trials against military leaders from military courts to civilian ones. Also, it cut the military budget significantly, reduced the number of armed forces, curtailed the number of military-owned companies, and refused to compromise over the dirty war (McGuire 1997, 197). Even though the military tried several desperate rebellions against civilian regimes, the downhill slide of military power was accelerated during the Menem regime. Menem totally dismantled the military-industrial complex, and returned the military to a position in the nation's essential sectors like education, health, and justice. Meanwhile, to proceed with its economic program smoothly, the Menem regime made some concessions to the military, including the release of officials accused of human rights violations and greater flexibility over budgetary cases (EIU, *Country Profile: Argentina*, 1992-93: 6).

After giving away its political power in 1983, the main concern of the military has been not the recapture of political power but rather the size of its budget. In fact, between 1983 and 1997, the defense budget as a percentage of GDP fell from 3.5 percent to 1.2 percent. Defense cutbacks were particularly noticeable during the first presidency of Menem when economic reform and privatization proceeded. The

budgetary cut resulted in a dramatic decline of the size of the armed forces. According to a calculation by Pion-Berlin (2001, 148), the size of the military was reduced by 52 percent between 1983 and 1997.

As a result, when the Menem regime launched its privatization program, the military did not have the power to veto the plan. Because it was busy taking care of itself, the military could not pay attention to other matters like the privatization of YPF. In essence, the Argentine military did not affect the decision or the process of YPF privatization--not only because it did not have much political power at the time, but also because it did not have any direct political or economic interests in YPF.

V. Conclusion

Some politicians criticized the full-privatization of YPF in 1998, sarcastically calling it “the sale of grandmother’s last jewelry,” and some scholars deplored the “*desnacionalización total*” of petroleum (Calleja 1999). However, criticism did not change the destiny of YPF, because the full-privatization of YPF was decided already in 1989.

In terms of the amount of receipts from the sale, YPF was a well-managed privatization, unlike other cases in Argentina. Through the three stages of the process, the Argentine state not only collected a great deal of revenue, but also assured a smooth process of privatization. Based on the political and economic situation of YPF, the Argentine state decided on the full-privatization of YPF in 1989. The Argentine state could not sustain YPF any more because of its low economic benefits. Also, because the power of possible political opposition forces was weak at that time, the Argentine state did not face strong political opposition to its plan. That is, the combination of low economic benefits and low political opposition to the privatization led the Argentine state to decide on the full-privatization of YPF in 1989. However, rather than

rushing to privatize YPF immediately, the Argentine state turned YPF into its long term savings account.

The first step was the restructuring process, in which the Argentine state aimed not only at enhancing the economic benefits but also at terminating political opposition, although the political opposition was already weak. The restructuring process entailed impressive improvement in the economic performance of YPF. However, as we have seen, the Argentine state continued to proceed with the privatization of YPF because the higher economic efficiency was projected by the state to maximize its receipts from privatization. The second stage was partial privatization, in which the Argentine state still held more than 20 percent stake in the privatized YPF. The remaining stakes not only sustained state control over the privatized YPF, but also enabled the state to collect greater receipts from the future sale of stock. Finally, the Argentine state sold its remaining stocks to the Spanish petroleum company, Repsol, at the price of US\$38 per stock in 1998. The US\$38 per stock was two times more than the price in 1993 when the first stock sale happened.

In terms of the timing of privatization, the YPF case illustrates the role of the macroeconomic situation and political events in the privatization process. The macroeconomic situation is an important variable to decide the timing of privatization in Argentina. That is, the economic crisis in 1989 and another economic difficulty in 1998 resulted in the decision of privatization in 1989 and the action of full-privatization in 1999. Political events such as elections also played an important role in deciding the timing of privatization. To garner political support in the political event, the Argentine state tried to take advantage of revenue from the sale of public enterprise. In Argentina, to achieve its second presidential bid, Menem and his Peronist party advanced the schedule of partial privatization in 1993.

Neither macroeconomic situation nor political events can determine the type of public enterprise reform, including privatization. The type of

public enterprise reform depends on the political and economic situation of the company. Therefore, the YPF case in this research shows that the combination of a company's economic benefits and political opposition to privatization determine the type of public enterprise reform. On the one hand, the low economic benefits of YPF as a public enterprise led the Argentine state to decide to privatize YPF because the regime believed that privatization was the best way to create an efficient petroleum market in which YPF was no longer a financial burden on state coffers.

On the other hand, the Menem regime did not meet serious opposition to completing its privatization plan because possible opposition forces to the privatization were weak in Argentina. Unlike in other Latin American countries, the left in Argentina never affected the process of YPF privatization because it was not able to develop significant political power under the Peronist dominated political structure. In addition, the low percentage of leftist voters prevented the left from being a significant veto power. Second, the petroleum labor union, SUPE, proved to be a weak oppositional force in terms of the degree of autonomous power. As a longtime partner of the Peronist party, the leadership of SUPE chose organizational survival at the cost of more than 80 percent of its union members. The lack of autonomous power was the main reason that SUPE gave up the struggle against the privatization of YPF. Finally, the Argentine case shows that a military that does not have particular political and economic interests in a public enterprise is not a significant oppositional power to the privatization of public enterprise. As a political loser in the democratization process, the Argentine military was more interested in looking after its own welfare.

Abstract

1999년 1월에 완결된 아르헨티나의 국영석유회사 YPF 민영화의 정치경제적 결정요인을 도출하고 있는 본 연구는 일반적인 범주에서 경제정책 결정의 조건을 그리고 특정한 범주로는 국영기업 개혁의 조건을 이해하는데 공헌하고 있다. YPF의 민영화는 1)구조조정(1989-92), 2)부분민영화(1993) 그리고 3)완전민영화(1999)의 3단계로 나누어진다. 각각의 단계를 거치며 YPF에 대한 국가의 소유권은 축소된다. 본 연구는 YPF의 완전민영화는 YPF의 낮은 경제적 이익과 YPF 민영화에 대한 강력한 정치적 반대세력의 부재가 결합된 결과라고 주장하고 있다. 우선 본 연구는 지속적으로 적자를 기록한 YPF의 경영실적이 YPF의 완전민영화를 결정하는 요인의 하나임을 보여주고 있다. 아르헨티나 국가는 적자기업인 YPF의 민영화를 통하여 국영석유기업이 국가재정에 부담을 주지 않는 효율적인 석유 시장의 창출을 목적으로 하였다. 또한 본 연구는 좌파, 노동조합 그리고 군부 등 잠재적인 반민영화 정치세력에 대한 분석을 통하여 메넬레프의 YPF 민영화가 심각한 정치적 반대에 직면하지 않았음을 입증하고 있다. 즉 상대적으로 미약한 아르헨티나의 좌파정치세력, 석유노동조합(SUPE)의 자율성 결여, 그리고 정치적으로 몰락한 군부는 메넬레프가 실시한 YPF 민영화를 좌초시킬만한 정치적 반대세력이 되지 못했다. YPF 민영화에 대한 정치적 반대세력의 부재는 YPF의 완전민영화를 결정하는 요인이 되었을 뿐 아니라 YPF의 완전민영화가 심각한 정치적 어려움 없이 추진될 수 있는 이유이기도 하다. 결론적으로 본 연구는 국영기업 개혁의 형태를 결정하는 것은 국영기업의 경제적 이익과 반민영화 정치세력의 힘의 정도라고 결론 지고 있다. 한편 본 연구는 아르헨티나의 사례를 통하여 경제위기와 같은 거시경제적 상황과 선거와 같은 정치적 이벤트는 국영기업 개혁의 형태가 아닌 시기를 결정한다는 것을 밝히고 있다.

Key Words: Argentina, Privatization, YPF, Petroleum Industry, Public Enterprise Reform / 아르헨티나, 민영화, 아르헨티나 국영석유회사, 석유산업, 국영기업

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