

CHAPTER I

The Decline of the Democratic System, I: Crisis, Social Mobilization, and Authoritarianism

How the Crisis Came About

URUGUAY IS a country of 176,215 square kilometers with a population of 2,930,564 (1985 census). Although highly urbanized, it contains some of the most fertile land in South America; 88 percent of the country's land is arable compared to an average of 24 percent for the land in the rest of the continent. This makes Uruguay somewhat distinct from other Latin American countries, as does the image that Uruguay cultivated in the past, at home and abroad, of being a country with a stable political system and progressive politics. Uruguay prided itself on its civic values—nonmilitary and European—as well as on its liberal courts, its developing economy, and the equitable distribution of its economic wealth. It boasted a high standard of living and a society not embroiled in the political convulsions that have characterized other South American nations. Ever since its first constitution, in 1830, Uruguay subscribed to a model of liberal democracy that included the separation of powers, regular and free general elections, and guarantees of individual rights.

Uruguay's economic underpinnings, however, have been weaker than its social and political traditions. Because Uruguay's economy is based on cattle, it depends on foreign trade; as it did a century ago, Uruguay today exports meat, wool, and hides and is vulnerable to the oscillations of large markets and international export business cycles. Internally, Uruguayan production has depended on a small, restricted economic group, but one that has always been national, in contrast to the international capitalist monopolies that control production and the extraction of natural resources in most Latin American countries.

Two industries dominate Uruguay's economy. The cattle industry, which exports meat, wool, and leather, is privately owned by Uruguayans, employs a small workforce, and generates most of the foreign currency needed for investment. A second major industry provides essential goods and services to the domestic economy. This activity uses imported primary materials and requires state protection, but state investment has so diminished in recent years that domestic industries are becoming increasingly controlled by foreign capital.

Until the late 1960s, the state played a key role in the economic and social life of Uruguay, distributing much of the country's income and fostering progressive social policies. The principal sectors of domestic industrial production were state-owned monopolies: ports, water plants, electricity and telephone services, the oil refinery, alcohol and cement industries, railroads, and a large part of the commercial sector. Fifty-seven percent of the adult working population was employed by the government. But at the end of the 1950s, production and exports began to stagnate, an indication that the economic system had been doing little more than subsisting at a comparatively advantageous time in international trade. Nevertheless, the country did not change its economic policies or habits; cattle continued to be the main export, and imports remained the basis of domestic industry. The return on a unit of land also stayed the same, most of the land being given over to cattle raising, which uses much acreage at a relatively low yield—90 percent in natural pasture and only 4 percent under cultivation. Investment per hectare declined, as did the employment level. Clearly land was not being properly used, and other investments were not being made to increase production per hectare. Industry suffered a slowdown in the same period. Between 1920 and 1955, a sustained accumulation of capital had made possible the installation of considerable industry; by the 1960s, this sector was functioning at only 50 percent of capacity.¹ And the meat-packing industry, one of the most important sectors of the economy, had remained unchanged for forty years.

Several events brought about this reduced industrial activity. One was the fact that by the 1950s the process of substituting imports of nondurable consumer goods for domestic products had exhausted itself. Another was the small size of the domestic market, aggravated by slow population growth. And the shrinking market could not be helped by producing for a larger area: Export industries can reduce a country's autonomous decision making in favor of decision making by the large export corporations operating in the area. Agriculture also was affected by lower export prices after the Korean war. In addition,

such industry as there was required steady imports of primary materials, fuel, machinery, and equipment. These conditions provoked a more or less permanent imbalance in the country's foreign trade. Even applying import restrictions in 1963 could not substantially aid the balance-of-payments problem, and significant capital flight abroad made the financial situation worse.

Repercussions from the economic crisis were felt socially and politically as well—in inflation and social discontent, expressed politically in the elections of 1959 when, for the first time in more than ninety years, the National party unseated the Colorado party and produced a change in the direction of economic policy. The focus turned to rural capitalism, whose interests were anti-industrial and antiprotectionist and favored livestock production. Industry and labor saw salaries and jobs threatened; there were confrontations, further aggravated by inflation. A combination of price rises and income losses dominated the 1960s. Another consequence of inflation was a shift in Uruguay's major income source from agricultural export to finance, with speculation in foreign moneys by private banks. Uruguay's "secret" banking laws—and the absence of restrictions placed on banking activity instituted during the government of Pacheco Areco (1967–1971)—made Uruguayan banks attractive to foreign capital.

This new financial activity took the form of monopolistic capital and a swelling of the foreign debt to U.S. banks and international agencies. The inability of Uruguayans to rid themselves of financial dependence and push toward new development resulted in a rapid decline of democratic institutions at the end of the 1960s and early 1970s. The government's repeated monetary "economic readjustments" were ineffectual in bringing about economic recovery and resulted only in a further deterioration of income and greater economic insecurity and social instability. There was an increase in social protest and in labor conflicts, including work stoppages and strikes. Large sectors of the population became exasperated with the government's policies. Indeed, the entire political system became dysfunctional in its ability either to represent social interests or respond to demands placed on the government. The two major political parties, the National party (Partido Nacional, or Blanco party) and the Colorado party, paralyzed by dissension in their ranks, were unable to offer much help.

Authoritarian Responses to Social Protest

In Uruguay, as in Brazil, Argentina, and Chile, a military dictatorship came into power after a period of strong public mobilization and politicization. But in Uruguay, the military government developed through a gradual process of increasing governmental authoritarianism and with at least the partial backing of a legitimately constituted civil government, which nevertheless was prone to disavow the essential constitutional mechanisms that had empowered it. Over the years, the Colorado and National parties had been introducing constitutional changes in order to give the executive branch sufficient power to gain control over the country's social-economic crisis and consequent political agitation. Constitutional reforms in 1967 provided for a technocratic, managerial form of presidential administration, dedicated to "development" and similar to authoritarian administrations emerging in other Latin American countries. But President Jorge Pacheco Areco went beyond the constitutional limitations of his office and instituted, "with scientific and juridical conviction," in the words of historian Ramón Real, an "autocratic and authoritarian regime" that was contrary to national traditions.² Pacheco Areco, a journalist by profession, had come into the government as vice-president under General Oscar Gestido, who was elected president in November 1966, the same time that a new constitution was approved that reinforced executive power. Gestido died a year later, and among Pacheco Areco's first acts on assuming the presidency was outlawing various groups on the radical left and closing their two periodicals, *El Sol* and *Epoca*.

Appointments to ministerial and other governmental posts in the Pacheco Areco administration substituted professional politicians from the traditional parties for bankers, financiers, and owners of large landholdings. This created an administration of the rich and a loss of the old social-political relationships and traditional ties between labor and management. The government began losing control over economic and social conflicts. On June 28, 1968, days after the introduction of the Prompt Security Measures (MPS, authorized by Articles 168, 17, and 31 of the constitution), the administration froze prices and salaries and dissolved the salary boards that for thirty years had negotiated labor-management agreements. Prices rose 130 percent, compared to a 60 percent rise in salaries. In spite of an announced state of emergency, a wave of strikes ensued.



1. Central building of the University of the Republic, occupied by military troops, 1968.

The Permanent State of Emergency

The MPS provided the Pacheco Areco government with a constitutional means of imposing economic policies and prohibiting opposition. From 1968 onward, the MPS made legal a "permanent" state of emergency that, during the subsequent presidency of Juan María Bordaberry, continued with a "state of internal war" and the suspension of civil liberties. The MPS were instituted to prevent sudden attacks from outside the country and internal disruption; measures were adopted by executive decree, the president announcing each measure within twenty-four hours of its being presented to the General Assembly. If the Assembly was not in session, a measure went into effect *sine die* and without debate. The 1967 constitution had provided for the

"suspension of liberties" and a "state of exception" (emergency state) only for conspiracy or treason and "only long enough for the apprehension of the criminals." Unlike the MPS, the provision required the executive branch to gain the consent of Parliament before declaring an emergency state. The "exceptional" provision was applied for the first time in 1970 during the Pacheco Areco administration, for a period of sixty days after the assassination of the North American military adviser Dan Mitrione by the MLN-T (Movimiento de Liberación Nacional, Tupamaros). The "exceptional" state became permanent under President Bordaberry in reaction to urban guerrilla violence and the events of April 14, 1972 (see Chapter 2), but the defeat of the rebellion did not bring about a restoration of civil liberties. Parliament three times voted for the continuation of the MPS—in September 1972, November 1972, and March 1973.

At the time the MPS were introduced on June 13, 1968, social disturbances were on the decrease. Labor conflicts had come almost to an end as the *Convención Nacional de Trabajadores* (CNT, the National Workers' Union) and government representatives were in the midst of salary negotiations; student street demonstrations had stopped; and striking bank employees were indicating a willingness to go back to work. Thus the MPS were notable for their "notorious lack of public motives";³ the decree did not allude to any actual disturbances but was based on vague reports of irregular functioning at a federal bank and the fear that government employees might go on strike. The MPS restricted indefinitely the right to strike in both public and private industries, forbade union meetings, and severely limited freedom of expression. Restrictions were placed on a series of rights and guarantees deeply ingrained in Uruguayan society, such as the inviolability of the home, the principle of habeas corpus, the guarantee of due process, freedom of the press, respect for the legitimacy of parliamentary decisions, the autonomy of education, and limits on police functions.

After three years of living under the MPS, a critic summarized their effects. He described a country subject to public decrees, to the substitution of judicial control with arbitrary police rules. No liberty could be exercised; there was no true freedom of the press, of meeting, or of association; union activity was persecuted, and merely being a union representative was motive enough for the application of outrageous administrative sanctions. Personal security, correspondence, private papers, written and oral thought, and a free exchange of information were constantly violated.⁴ The executive twice ignored votes in Parliament to lift the MPS, which the opposition declared in violation