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# From Privatization to Re-nationalization: What went Wrong with Privatizations in Argentina?

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# Notes

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<sup>1</sup> Argentina, like many other Latin American countries that had experienced the debt crisis of the 1980s and were forced to renegotiate the debt with creditor banks and the IMF, was pressured to adopt neo-liberal policies, which included the privatization of public enterprises.

<sup>2</sup> John Williamson ([1990](#)) summarized the contents of this consensus: fiscal discipline; redirect public expenditure; tax reform; financial liberalization; adopt a single, competitive exchange rate; trade liberalization; eliminate barriers to foreign direct investment; privatize state-owned enterprises; deregulate market entry and competition; and ensure secure property rights.

<sup>3</sup> Most privatization knowledge was based either on the UK experience or that of a few developing countries (e.g. Chile).

<sup>4</sup> President Carlos Menem was in office for two consecutive periods: 1989–95 and 1995–99

<sup>5</sup> Petrecolla and other national experts in this area, the operation of their privatized enterprises, and the worsening of the situation. The provision of massive privatization

<sup>6</sup> It is worth noting that in the emergency blockade of roads as a political crisis.



<sup>7</sup> While the Convertibility Law was sanctioned in April 1991 and indexation was explicitly prohibited, another law (Decreto 2585/91) allowed telecom companies to follow the US evolution of prices as a main reference. In turn, this was applied to other public services. The legal interpretation of this “exception” was that the Convertibility Law referred to indexation only in local currency, as no mention to other currencies was in the Law.

<sup>8</sup> For instance, Edenor S.A., one of the two biggest privatized electricity companies, showed losses due to the devaluation and crisis of about US\$330 million, which was bigger than the accumulated gains from its constituency (own calculations based on information provided by interviews in Edenor S.A.). Aguas Argentinas S.A., water and sewerage for the City of Buenos Aires, declared a loss of US\$400 associated with the devaluation (Press Office, Aguas Argentinas S.A.).

<sup>9</sup> In February 2003 the water and sewage concession in the capital of the Philippines, of which Suez owned over 20%, was terminated. In March 2003, blaming a “global financial pitch”, Suez backed out of a contract they had won in Ho Chi Minh City to provide Vietnam's first build-operate-transfer water treatment plant. In January 2004, Ondeo, Suez's water management subsidiary, pulled out of what was to have been a 10-year contract to manage water services for all of Puerto Rico. In 2005, a Suez subsidiary in Bolivia administered water and sewerage in La Paz and El Alto. Massive popular

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