

In economic terms this process continued until 1989. The debt crisis, poor fiscal management, and an inability to break away from import substitution added up to economic stagnation and a sharp decline in investment.

Similarly, Argentina found itself affected by the terms of trade in its international trade, also after by some trade practices imposed by other countries (particularly on the subject of subsidies), which affected its export developments.

On the bright side, democracy had returned in 1983 after many years without free elections. Slowly but steadily, the democratic institutions were restored. At the same time, the people of Argentina became growingly convinced that important changes were necessary in their economic structure if growth and development were to be achieved. But the period ended with hyperinflation.

Also on the brighter side, Argentina began to open up politically and re-join the rest of the world. Territorial disputes with Chile were replaced by negotiated settlements. Considerable progress was made towards economic integration with Brazil.

3. Since President Carlos Menem assumed office in July, 1989, democracy has been further solidified and the re-integration of Argentina with the rest of the world has been carried even further.

Excellent relations have been established with the developed countries and relations with neighboring countries have been further tightened. Diplomatic relations were restored with the United Kingdom and a bilateral system of nuclear safeguards has been elaborated with Brazil. Argentina has also taken an active role in the new international order, having sent forces to participate in a number of United Nations peacekeeping missions.

Political stability and a redefinition of their foreign policy paved the way for attention to be focused on reversing six decades of economic decline.

The administration of President Menem has implemented a new model of growth for the country based on opening the economy as well as fiscal and monetary discipline.