

Argentina: a crisis of riches

By Ivan Briscoe,
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The man who made his name raiding supermarkets to feed the hungry has a new cause to fire him. Under a giant banner hoisted on three straining branches of bamboo, followed by fifty unemployed supporters and a van with a deafening loudspeaker system, the *piqueteros* leader Raúl Castells is attracting unusual allies. Ruddy, tall men with neckerchiefs and suede jackets stroll over to join his protest march. It is a strange meeting: farmers from the *Pampas* rub shoulders with the hard-eyed poor from Buenos Aires, food-producers and food-robbers stand together against a common enemy.

After months of protests, an eighteen-hour debate in Argentina's senate came to a white-knuckle conclusion [1] in the early hours of 17 July 2008, deciding the fate of President Cristina Kirchner's [2] plan to impose sliding export duties on the country's main farm products. In a decision that left the government reeling, and Argentine politics in a state of extraordinary flux, Cristina's vice-president Julio Cobos made the casting vote against [3] the bill.

For weeks beforehand, the verdigris dome of Argentina's parliament had watched over a seething political landscape. As soon as the president declared on 17 June that she would send a bill to congress, tents sheltering militants from all sides of the dispute sprang up. When Castells [4] and his marchers approach, a tide of television cameras submerges him. He makes his soundbites, checks his mobile-phone, and strides to the parliament's doors, where a breathless crush of farmers, jobless and journalists overcome the hapless congressional staff. Everyone piles in, looking for legislators to pressure. Outside, the protesters sing:

"What are those famous duties going to be spent on?

They're all thieves

They're all dealers

Let them shit

In the fields they plough."

Not long ago, and whatever the misgivings, it seemed that a new regime had taken hegemonic control of Argentina. From the political and economic ash that was the aftermath of the massive crisis of 2001-02, first Néstor Kirchner, and since December 2007 his wife Cristina Fernández, emerged to establish a tight grip on power: a comfortable majority in congress, sixteen out of twenty-three provincial governors and a steady spread of the central state, helped by an estimated \$8 billion in discretionary presidential funds.

Argentines, formerly familiar with the thirteen varieties of alternative bank-notes printed in 2001 and a life of grubbing for pesos, had enjoyed [5] four years of rapid economic growth and a plunge in the poverty rate, from 54% in 2002 to 23% in 2007.

There were signs of discontent, [7] particularly amid the recently refurbished middle classes of major cities, who voted against the high-handed ways of the president in elections in October 2007 [8] ("we accept the result, but they should know that the capital must join the system", was Cristina's acid response). The odd scandal spluttered into life, the crime-rate angered the editorial writers of the august conservative newspaper *La Nación*, power-cuts and inflation were a bother. But now all is different: the regime has been transmogrified into a fearful, harried beast, seeing coups around every newspaper masthead and evening news bulletin, returning to the Peronist mass rituals as if the late general, missing his stolen hands, had not finally - albeit as recently as 2006 - been entombed [9] in his personal mausoleum.

The unresolved undercurrents of Argentine conflict have surfaced once again. Yet the guilty party comes this time around from a strange quarter. Whereas the roadblocks, pot-banging, capital-flight, and general anti-political venom would seem redolent of the mass impoverishment of December 2001, there is now a strong sense of historical pastiche. European consumers fret in the supermarkets. Egyptians and Haitians [9] riot. Argentina beats itself raw while relentlessly, absent-mindedly sucking in the world's commodity windfall. Not even 100 days of protests could stop the cash flood: according to the government, over \$10 billion of farm products were sold abroad in the first five months of 2008.

"It all seems like those cowboy films in which they are about to blow open a goldmine but they end up all killing each other", explains Miguel Bein, [10] a leading analyst and former deputy economy minister.

A soya story

Recurrence is the motif that most preoccupies the average Argentine. The store of self-deprecating anecdotes offered up to explain the country's refusal to succeed is a novelty for a proud nation, a proverbial way to explain the fact that for every five to ten years of moderate good living and economic growth, there comes a monumental crisis: a dictatorship (1976), hyperinflation (1989), a system crisis (2001), and now this still inchoate unrest. Winston Churchill's reported observation about General Perón [11] still cuts deep: "the first soldier to burn his flag and the first Catholic to burn his churches."

Grand theories of self-destruction and decline, however, do little to explain the divisions that have opened up following the low-key announcement on 11 March 2008 of a new system of

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sliding taxation on farm exports. Since 2002, these duties, also applied to gas and oil, have been justified as a means to redistribute the excess earnings of sectors that benefited from the violent devaluation of the peso and keep a cap on domestic inflation. All well and good: as the former, irreproachable economy minister [Roberto Lavagna](#) [12] observes, without such duties domestic food prices would now be between 15% and 20% higher. Meanwhile, hinterland cities such as Rosario, Pergamino and Laboulaye have boomed from the spending of enriched landowners.

Yet the sliding-scale had from the first moment a very particular target. Although soya has absolutely no purchase on national food habits - 95% is exported - it is bar none the emblem of the new global reach of the *Pampas* [13] breadbasket: estimated sales for 2008 stand at \$26 billion, or nearly 10% of GDP. It is also, or so the government maintains, a transgenic crop that fits perfectly with the designs of massive landowners, and thus with a class whose share of national wealth and power has remained impervious to political attack. Alternatively, the farmers say, soya is a cash-cow, the source of the central-bank's buoyant reserves, and the latest target for an avaricious and autocratic government longing to return to post-war [Peronism](#) [14], when all grain exports were run by the state. At current prices, the new rules mean a tax on soya export earnings of 47%.

The expansive wave of protest has been tremendous. Some 300,000 farmers and supporters gathered in Rosario on the nation's flag day, 25 May, to rail against the duties; by mid-June, there were 300 road blocks across the country, and food price inflation during the strike was running at over 20%. In Buenos Aires, the rich northern suburbs, enervated by the class rhetoric pouring from the government, erupted in a pot-banging protest coordinated by text messages. For the first time, poorer suburbs joined in.

The next day, 17 June, cars suddenly began hooting again across the city. After five years of snubbing the media, with his wife's government seemingly unable to staunch a sustained popular attack and sniping from her own ranks, Néstor Kirchner had decided to defend the policy in a press conference. Hours later, in a ceremony broadcast on all the nation's TV channels and radio, Cristina announced that in the spirit of "institutional quality", she would let congress decide the fate of the bill.

Subsidies and suspicions

The rediscovery of national conflict on such an apparently remote issue of customs and excise has marked the end of an unusually benign period, born of the uniqueness of the 2001 crisis. Whereas the preceding decade of neo-liberal rule had catapulted Argentina into the ranks of Latin America's most unequal nations (the incomes of the richest 10% were ten times higher than the poorest in 1974, thirty times higher in 2002), the crisis generated vitriol for the political class and the [International Monetary Fund](#) [15], while exuding an unexpected social balm. Bank-account freezes and devaluation hit the upper and middle classes, just as [unemployment](#) [16] engulfed the poor; the culture of popular assemblies, though short-lived, was genuinely national.

["Evo Morales: the unauthorised version \[6\]"](#) (16 January 2007),

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The church-brokered salvage programme, based on two million targeted handouts, was universally accepted.

Significant differences certainly separated the candidates in the 2003 elections. But the most eloquent detail was the withdrawal of ex-president Carlos Menem [17], winner of the first round of the elections, as poll after poll ahead of the second round showed 70% of the population would never let him back into power.

That negative consensus - buoyed by a consumer-boom, and animated by Néstor Kirchner's displays of wrath and spring-cleaning of the state and the judiciary - has since disintegrated. For the government's supporters, the critical moment came in 2006, when salary levels finally climbed back to what they had been before the crisis even as income distribution stood still - or (according to some measures) worsened. "An extremely oligarchic and politicised establishment resisted attempts to claim more of the nation's wage base through the use of inflation", argues Horacio Verbitsky, celebrated chronicler [17] of the military-dictatorship's crimes and one of several intellectuals to have joined in a campaign to defend the Kirchners.

And so the government subverted the orthodoxy. In place of fiscal restraint, it appointed its price police, in the form of Guillermo Moreno, and sponsored huge collective wage-rises. To spread the wealth, it sponsored an ever growing bill for subsidies to the private sector, covering electricity bills, food, fuel and transport, and expected to total \$8 billion in 2008. No one could doubt that the record secured Cristina's victory.

Meanwhile, a dormant opposition began to sense that the government's fingers were spreading too wide. The renewal of the state had turned into a resurgence of concentrated political power, and with it the traditional abuse of office. For Lavagna, the process dates from 2006, when the government, having given up its emergency economic powers, asked for them back again. "In five months or so, the president moved from a process of institutional normalisation to exactly the opposite", the former minister argues. "I would lie if I told you I worked under an authoritarian Kirchner. But this latter Kirchner definitely matches the stories of him as a provincial governor."

Well before a Miami court heard in December 2007 that the \$800,000 found in a Venezuelan businessman's suitcase had been destined for Cristina's presidential campaign, the urban middle classes were sensing that the holiday from history was over. Inflation, driven by a huge election overspend in 2007 - when state expenditure rose by 45% - was eating into real income, even as the recently purged and politicised [18] national-statistics bureau claimed otherwise. Meanwhile, Kirchner's former chauffeur in Patagonia has become one of the regime's favoured business tycoons.

Suspicion of the political establishment and wariness of the oligarchy had dovetailed during the country's crisis of 2001 into one vast, heaving social discontent. Soya, the petrol of Argentina's plains, appears to have broken them apart for good. This, says Néstor, "is the first major battle for the redistribution of income." La Nación [19] is intransigent: "Once again, the national authorities are using the poor as hostages to justify an

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unjustifiable measure." Grossly simplified, it would appear to be a battle between two antagonistic grudges: one against wealth, the other against power.

Perón and the gorillas

Soon after the Argentine state declared itself bankrupt in 2001, Orlando Balmaceda left his thirteenth-floor flat overlooking Buenos Aires's western sprawl, took his most valuable possessions to a nearby pawnbroker, and returned home to take a long siesta. His wife, learning that he had just sold his autographed photographs of General Perón and Evita [20], rushed to the shop with everything that she had to hand - a number of new compact discs - and somehow bartered the photos back.

"When my father was a child, he worked with his father in the farms. My dad scraped earth from the roots of onions to protect them from the cold. He was eight or nine years old", Balmaceda recalls. "At that time, there were no Sundays, no defined working hours, no bank holidays, and no retirement. All of that changed when Perón came."

Now retired after being summarily ejected a decade ago from his job in a welfare fund, Balmaceda can plot his life in terms of the tides of Peronism. His father, a skilled worker utterly devoted to the cause, joined the mass rallies and ensured President Perón was the godfather of the family's seventh son. When the movement was banned after 1955, Balmaceda was beaten and jailed. He was sacked during the downsizings of the "traitor", Menem. Now, at long last, after eighteen years of prohibition, murderous infighting, and neo-liberalism, he finds a Peronist government that is "closer than many to the word of Perón. I won't say it's ideal, but it hasn't forgotten Perón doctrine: 'to govern is to create sources of employment'."

Others remember the general and his clan in ways that are not so flattering. The so-called "gorillas" despise the patronage culture of the movement and its thuggish ways. For Peruvian author Mario Vargas Llosa, the trauma of finding his bus to the Freedom Institute conference assaulted by *piqueteros* led him to muse on the sorry decline of Argentina from haven of literati to a land of long-haired cavemen. Elisa Carrío [21], the ultra-Catholic runner-up to Cristina in the presidential elections, regularly predicts a coming social breakdown. "What problem does the government have with the dream of being middle class?" she asked on a recent television show. "On behalf of which bank account?"

For this opposition, banging its "Teflon pans" according to government wits, the nemesis has the name of Luis D'Elía, a belligerent and highly pro-Chávez activist, formed in the land occupations of the 1980s in Greater Buenos Aires. D'Elía's men regularly bust up opposition protests with fists, sticks and bats - seemingly with the government's acquiescence (see Matt Moffett, "Argentine Tax Plan Lands a Tough Ally [22]", *Wall Street Journal*, 15 July 2008).

democracy: the view from Argentina [17]" (1 June 2006),

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Celia Szusterman, "Argentina's new president: Kirchner after Kirchner [17]" (29 October 2007),

Ana Caistor-Arendar, "Cristina Kirchner's moment [17]" (14 December 2007).

On a notorious radio appearance - now immortalised [23] on YouTube - an interviewer began by making a highly inappropriate reference to D'Elía's dark skin. It was not a wise quip, but what it unlocked was revealing:

"I hate the *puta* oligarchy, I hate the whites, I hate you. I hate your money, your house, your cars. I hate your history, I hate people like you who defend an unfair and inequitable country."

The return of these class- and race-inflected categories of political identification is possibly the greatest oddity of contemporary Argentina. The crisis of 2001 had not only sealed these cracks; it also consigned them to the oblivion of mass survival. For the interim president Eduardo Duhalde [24], the entire political establishment had to bear its responsibility for the national nightmare. The Kirchners likewise had promised to redraw Argentine politics by turning Peronism into a technocratic, centre-left party modelled on the Spanish socialists, and abandoning the old raucous calls on the people's loyalty.

Twice in recent months, however, the president has filled the Plaza de Mayo with a classical trinity of Peronist belonging: unions on the right of the square, social movements and *piqueteros* on the left, and the hardcore political factions streaming down the middle to the beat of a drum. The Peronist Youth, seedbed of the 1970s guerrilla movement, has been utterly renewed; for many radicals it is a profoundly stirring experience to see them walk past, in public view again.

Yet how did this happen? When and why did the consumer boom or Cristina's plan to model the country on Germany become a pillage of historical resentments? How can the wounds of recent Argentine history be transcended when the people are split in two by the opposition and the president herself: "When I started to see that some of those who sneaked into the [farmers'] campaign... were simply insulting us for having reinstated human rights in Argentina", she told the Plaza de Mayo, "then the situation became complete and total."

The return of history

In one respect, the farm conflict has slipped easily into the Kirchners' political worldview, anchored in redress for the victims of the last military dictatorship and redemption for those activists who survived (among them, defence minister Nilda Garré). Of the four organisations behind the protests, the *Sociedad Rural*, which represents the country's largest ranch-owners, provided the dictatorship's economy minister and applauded the junta's iron fist. As historian Oswaldo Bayer [25] argues, the pattern of contemporary ranch ownership can in fact be derived from the 19th-century Indian extermination campaign carried out by General Julio Roca [26].

The case for historical amends, however, was nowhere to be seen when resolution 125 - the bill which fell at the final hurdle on 17 July 2008 - was first unveiled. Three months later, when the official commemoration of the coup in 1955 to unseat Perón was broadcast on all the country's airwaves, it appeared that the old oligarchic right had never faded away. The landowners, the big media groups, former presidents and ministers were all in league together, sowing chaos. "Everything is impregnated with the spirit of 1955", declared Verbitsky. Kirchner has since gone as far as to say that the pot-banging protest of 16 June was designed as the preliminary step towards a coup.

Political commentators in Argentina tend to see this as rhetoric, a polarising [27] and attritional strategy favoured by Néstor to wear down and eventually destroy the opposition. But its intensity can also be gauged against the fragility of every other institution to hand. While the liturgy of Peronist history and old adversaries was advancing, the Kirchners were ruining the flaws in almost all their command structures. Three Peronist state governors were supporting the farmers, and dozens of pro-government deputies were wavering. The *Clarín* media group,

pampered by the first Kirchner presidency and handed new cable television rights by decree, had crossed to the other side of the street. The supreme court was making anti-tax noises. Street protests were no longer coordinated by the government, and the poll numbers were plummeting to 20% in one case. All that was left of the Peronist party was its history, and Cristina, or so it is said, was practising Evita's style of diction.

Strength and trust

A map of Argentina's rival powers could be drawn from an overhead photo of congress during the past few weeks. Hunkered in committee rooms overflowing with protesters, deputies in exceptionally brittle political parties appeared to be fighting their ground against the sway of new pro-Kirchner movements, *piqueteros* such as Castells, and ever-present cable news bulletins. Even the traditional farm lobby was overshadowed by the media prowling of a rural leader with a *gaucho* touch and an inflatable bull, Alfredo De Angeli.

Semi-detached from official institutions, the demand-driven groupings that span out of the 2001 crisis have come to understand that space and influence can be won by pushing to the extremes, sometimes in strange coalitions. Either that, or you make a pact with government; even the worker-occupied factories, darlings of the global social movement, now take subsidies and soft loans from INAES, the government's agency for cooperatives.

The decomposition of traditional structures is felt far and wide. A fascinating paper by Gabriel Kessler on the fragmentation of the country's middle classes reveals how collapsing incomes created millions of "new poor", who were forced into cutting out key markers of their status, particularly private education, holidays and psychotherapy. As recovery has taken hold, the old class lines have been drawn again in the sand, with the restored middle classes desperate to remain distinct from the "structurally poor", while the stable middle classes hunger to reach the upper strata. Either way, the intense individual battle for status has in many ways fed a political contest based on resentment and barely concealed class conflict.

In this context, Roberto Lavagna's recollections of 2002 show vividly how important certain "invisible" messages were to state policy-making: the impression of solidity and confidence was essential to reassure public opinion, markets, international financial institutions, and not least, those Argentines who hold an extraordinary \$150 billion in savings abroad. While the crisis deprived the state of solid vehicles [28] of support and confidence, while social classes crumbled, the period also gave officials a very clear understanding of how important it was to seem strong.

Indeed, strength is the motive that guides the Kirchner regime - the glue that holds the fragile architecture of power together in a hostile environment. Any concession is regarded in pro-government circles as a token of demise, and all opposition a threat; by sending the export duties to congress, the government wanted to win, not to negotiate. But at the same time, in the same bind that afflicts other reforming Latin American governments, it seems uncertain how the institutional consolidation and income redistribution which the governing couple aspire to can be achieved through a politics of antagonism [29]. Nor would it seem possible to alter the historical drift of the country through a coalition that delves into history for its support, or overspends for victory, or alienates its middle classes.

For the moment, there is no hard evidence to show a coup is being mounted. Nor, given the ham-fisted reform of the statistics bureau in 2007, are there reliable figures recording inflation, inequality or poverty. There is no means to ensure the Kirchners' laudable spending promises are met. And there is certainly no way to ensure the opposition is not the same oligarchic right

as before. In short, all political choices by citizens are made without oversight, monitoring or feedback; they are simply acts of faith, soundbite hunches.

It is the particular agony of this Argentine moment, the source of its ongoing search for identity and history. Without an institutional *deus ex machina*, a European Union of the Americas and not a global food shortage, there is little more than the vituperative resentments of lost status and indignant taxpayers against the drippings of nostalgia and the pledges of the Plaza de Mayo.

Balmaceda recalls how, in 2006, he went to a street corner in Buenos Aires to touch the passing coffin of Juan Domingo Perón as it was taken from Chacarita cemetery. He would have told the general one thing, had he the chance: "Thank you, general, for the beautiful childhood that you gave me. I didn't lack a thing."

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