



Argentina

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Will 2015 mark the end of the Kirchner era?

In December 2015 the transition will be taking place between the Kirchner era and *postkirchnerismo*. The brief illusion that the constitution might be amended to allow Cristina Fernández de Kirchner to run for a third consecutive term vanished when the ruling Frente para la Victoria (FpV) failed to muster the necessary two-thirds of both chambers of congress in the mid-term legislative elections of 2013. Now the *kirchneristas* have embarked on a strategy designed to hold on to the main instruments of power even if they lose next year's elections.

The elections to pick a new president and renew a third of the senate and half of the chamber of deputies are scheduled for 25 October 2015. Before that, on 9 August, all aspiring candidates must contest the 'open, simultaneous and mandatory' primaries (PASO in the Spanish acronym). Because of the number of potential candidates of key parties and alliances at this stage (five in the case of the FpV), it is only then that a clearer indication of trends will emerge.

Critical to this is the FpV's choice. Buenos Aires governor Daniel Scioli has been making a strong pitch, and surveys show him as a plausible challenger to the rising star among dissident Peronists, Sergio Massa (now leader of the Frente Renovador, FR). But it is not at all certain that President Cristina Fernández will be persuaded to accept him. Her own most mentioned candidates are Florencio Randazzo (governor of the province of Entre Ríos) and Julián Domínguez (president of the federal chamber of deputies).

Though much depends of who is anointed and against whom he will be running, surveys conducted by *La Nación* and *Perfil* in October suggest that the FpV could emerge from the primaries with the notional support of 28% to 31% of the electorate. Many analysts say this could lead to a two-round contest, in which the FpV might lose. There has been speculation that, should enough opposition parties and alliances coalesce for the primaries (or should there be a split in the pro-government Peronist camp), the opposition might just muster the votes necessary for a first-round victory.

The *kirchnerista* camp appears to be contemplating the possibility of a defeat next year. At several recent rallies the keynote speaker — the President's son Máximo — repeated a new slogan: 'We may lose the government but we will not relinquish power.' This is what guides the *kirchnerista* camp's strategy.

Máximo Kirchner, who has tended to keep out of the limelight so far, is the founder and guide of La Cámpora, the most radical faction in the *kirchnerista* camp, which, in tandem with economy minister, Axel Kicillof, and his trusted

Edited by Eduardo Crawley

“Together they have at their disposal the wherewithal to act upon the government, which considers them responsible for what cabinet chief Jorge Capitanich recently described as an attempt to stage a ‘market coup’ through currency speculation, capital flight and ‘financial destabilisation’ — the weapons of ‘economic terrorism’.”

economists, has been taking control of a number of key institutions. These include the central bank (BCRA), the securities commission (CNV), the tax collection and customs agency (Afip), the office of the procurator for economic crimes and money laundering (Procelac), the office of the inspector-general of juridical persons (IGJ), the justice ministry’s financial information unit (UIF), and the federal audiovisual communications administration (AFSCA). A government nominee has been appointed national procurator-general (head of the federal public prosecution service).

All of the officials appointed to run these institutions will hold their positions at least until November 2015, and some of them enjoy longer tenure. Together they have at their disposal the wherewithal to act upon the next government – and on the forces that Cabinet chief Jorge Capitanich recently described as conspiring to stage a ‘market coup’ through ‘economic terrorism’, that is through currency speculation, capital flight and ‘financial destabilisation’.

The Kirchner years: presidential elections		
27 April 2003		
Candidate	Party/alliance	%
Carlos Saúl Menem*	Frente por la Lealtad	24.34
Néstor Kirchner	Frente para la Victoria	21.99
Ricardo López Murphy	Movimiento Federal Recrear	16.35
Elisa Carrió	Alternativa para una República de Iguales	14.15
Adolfo Rodríguez Saá	Frente Nacional y Popular	14.12
Other		9.05
*Withdrew from runoff.		
28 October 2007		
Candidate	Party/alliance	%
Cristina Fernández de Kirchner	Frente para la Victoria	44.92
Elisa Carrió	Coalición Cívica	22.95
Roberto Lavagna	Una Nación Avanzada	16.88
Alberto Rodríguez Saá	Frente Justicia, Unión y Libertad	7.71
Néstor Pitrola	Partido Obrero	6.19
Other		4.62
23 October 2011		
Candidate	Party/alliance	%
Cristina Fernández de Kirchner	Frente para la Victoria	53.96
Hermes Juan Binner	Frente Amplio Progresista	16.87
Ricardo Alfonsín	Unión Cívica Radical	11.15
Eduardo Alberto Duhalde	Partido Justicialista	5.89
Other		12.13
Source: IFES.		

“In charge of the prosecutors is the new national procurator-general, whose tenure lasts beyond the end of the current presidential term...”

This is in line with President Fernández’s claim that big business in Argentina is conspiring in league with ‘the North’ (meaning the US) to undermine her government. She includes in this purported conspiracy the ‘vulture funds’ — ‘holdouts’ from the 2005 debt restructuring who have successfully sued in a US court for full repayment on the bonds they hold, forcing Argentina into what rating agencies have described as a ‘technical default’.

On the domestic front Fernández has tapped nationalist sentiment with the slogan *Patria o Buitres* (‘Fatherland or Vultures’), which has had the effect of coaxing congress to pass government initiatives more swiftly, provincial governments to become more amenable, organised labour to suspend a planned ‘struggle plan’, and the judiciary to move more slowly on sensitive corruption cases.

In a matter of weeks congress approved a new hydrocarbons law (opposed by some of the oil-producing provinces) which gives the federal government greater power over the renewal of contracts, and the budget for 2015, which allows the government to use up to US\$12bn of central bank reserves to pay existing debt obligations.

Soon to follow is a bill reforming the penal procedural code, which enhances the powers of the prosecutors, among whom are many recent appointees who belong to Justicia Legítima, a group associated with La Cámpora which has also found niches in several judicial oversight agencies. In charge of the prosecutors is the new national procurator-general, whose tenure lasts beyond the end of the current presidential term.

Tight majority in Congress					
Chamber of deputies			Senate		
Party/coalition	Seats	%	Party/coalition	Seats	%
FPV & allies	134	52.1	FPV & allies	38	52.8
Dissident Peronists	28	10.9	Dissident Peronists	10	13.9
UCR	41	15.9	UCR	17	23.6
CC	7	2.7	FAP	4	5.6
FAP	22	8.6	Other	3	4.2
PRO	11	4.3	Total	72	100
Other	14	5.4			
Total	257	100			
Key to acronyms:					
FPV: Frente para la Victoria			UCR: Unión Cívica Radical		
FAP: Frente Amplio Progresista			PRO: Propuesta Republicana		
CC: Coalición Cívica					
Source: La Nación, August 2014.					

“A key piece of the kirchnerista strategy is to gain control of three important components of the Clarín media conglomerate in Buenos Aires city and the Greater Buenos Aires...”

Full control of the judiciary may not prove feasible. Following the deaths of two justices (Carmen Argibay in May and Enrique Petracchi in October) and the late-October resignation of Raúl Zaffaroni, the court is down to four members. Of these, two are considered (not least by the government) as leaning in favour of the opposition: Carlos Fayt and Juan Carlos Maqueda. One, Elena Highton, is considered sympathetic to the government, and the president, Ricardo Lorenzetti, is seen standing somewhere in the middle — occasionally critical but not always. Zaffaroni’s resignation left the government without the most supportive of the justices.

Whereas the government, with its allies, has a narrow majority of 53% in the senate that suffices (together with one of 52% in the lower chamber) to push through ordinary legislation, this is far from the two-thirds required for the approval of an appointment to the supreme court. The only conceivable way to overcome this would be to engineer a quorum of 55, since the requirement is of two-thirds of those present at the time of voting.

A key piece of the *kirchnerista* strategy is to gain control of three important components of the Clarín media conglomerate in Buenos Aires city and the Greater Buenos Aires: *Radio Mitre*, which attracts 50% of the audience in the area, the over-the-air *TV Canal 13* and the *Cable TV Clarín* channel. This is considered vital if the opposition is not to have such a powerful means of influencing the public.

Key crisis indicators						
	2009	2010	2011	2012	2013	2014*
GDP growth (%)	0.9	9.2	8.9	1.9	4.9	..
Exports (US\$bn)	72.4	88	93.6	84.5	82.9	61.4
Imports (US\$bn)	34.1	61.6	68.7	66.6	73.5	48.5
Balance (US\$bn)	38.3	36.4	23.9	17.9	9.4	12.9
Reserves (US\$bn)	48	52.1	46.4	43.3	30.7	27.9
Foreign debt (US\$bn)	117.8	128.6	139.7	142.2	137.6	147.9
Inflation (%yr, official)	7.1	11	9.5	10.6	10.5	23.1
Inflation (%yr, PriceStats)	16.3	25.8	23.9	26	23.2	39.8
Dollar rate (pesos, official)	3.82	4.02	4.33	4.95	6.52	8.53
Dollar rate (pesos, 'Blue')	..	..	4.73	6.62	9.99	14.83
*To September.						
Sources: Indec, BCRA, PriceStats, dolarblue.net						

“It is not clear that enhanced control of the media and exploitation of nationalist sentiment (as with the ‘Fatherland or Vultures’ slogan) will be enough to offset the impact on the public of a crisis that had been worsening...”

The government has charged the communications agency AFSCA with taking legal action against the Clarín group, via the various oversight agencies controlled by radical *kirchneristas*, on a charge of violating the telecommunications law by submitting an inadequate divestment proposal. It alleges that it has engineered the proposal to divide the ‘surplus’ parts of the conglomerate to proxies.

In the Buenos Aires metropolitan area the government already controls, directly or indirectly (for example, through the gaming magnate Cristóbal López), four of the five over-the air TV channels and four of the five cable ones. Its plan, if the suit against the Clarín group prospers, is to auction off its component media, encouraging ‘friendly’ buyers to take them over.

It is not clear that enhanced control of the media and exploitation of nationalist sentiment (as with the ‘Fatherland or Vultures’ slogan) will be enough to offset the impact on the public of a crisis that had been worsening. Annual GDP growth, which was running at 9.2% in 2010, fell to a low of 1.9% in 2012 and bounced back half-way, to 4.9%, in 2013. Forecasts for this year are pessimistic. To cite only three, the UN Economic Commission for Latin America and the Caribbean (Cepal) expects 0.2%, the IMF -1% and the World Bank -1.5%.

Exports have been totalling more than US\$80bn since 2010, but imports have resisted the government’s many attempts to contain them, and the trade surplus has steadily declined from US\$36bn in 2010 to US\$9.4bn in 2013, with results for the first nine months of this year suggesting, if maintained, a return to about the level of 2012.

The central bank’s stock of international reserves has fallen from US\$52bn in 2010 to US\$27.9 (equivalent to just over five months of imports). The government has been seeking to boost them by coaxing grains exporters to advance the liquidation of their earnings and big foreign buyers to make deposits on pledged deals, and speeding up a call for tenders for a planned telecoms project. It must be kept in mind that the 2015 budget makes provision for devoting up to US\$12bn of reserves for payment of pre-existing foreign debt.

New central bank president Alejandro Vanoli has adopted a slogan to embody his policy: ‘The reserves are there to be used.’ The foreign debt has risen, unevenly, from US\$128.6bn in 2010 to US\$147.9bn in September 2014.

Only since 2010 has the government allowed the long-contained official exchange rate for the US dollar to climb by steps from Arg\$4.02 to Arg\$6.52 in 2013, then to Arg\$8.53 in September this year. This, however, has not prevented the black-market (or ‘blue dollar’) rate from climbing more steeply, from Arg\$4.73 in 2011 to Arg\$14.83 in September.

More sensitive for the social outlook has been the rise of the annual inflation rate, from 25.8% in 2010 to 39.8% at end-September according to the unofficial PriceStats calculations. Only this last year has the discredited official inflation rate, which earned the government a threat of sanctions from the IMF, been adjusted to show by end-September an increase to 23.1%.

“Despite the official data on household income the federal government has been dismissive of claims that there has been impoverishment during recent years. Nonetheless it has been taking precautions to prevent a repetition of the year-end waves of widespread looting that took place in the last two years — which suggests that it sees the possibility of social unrest.”

This is still not accepted as accurate by the unions, which have been demanding a special ‘Christmas bonus’ to compensate for the loss of purchasing power. They want this to be granted to those sectors whose last pay increase was below 30%. The federal government has said that it can’t afford to pay the bonus; three provincial governments have announced for the public sector bonuses ranging from Arg\$400 to Arg\$2,000. Some union leaders have said that in the private sector, where the bonuses will be negotiated activity by activity, an appropriate level would be somewhere between Arg\$3,000 and Arg\$4,000.

To put this into perspective, the household survey conducted by the national statistical institute, Indec, showed that at mid-year 30% of households were surviving on monthly incomes of less than Arg\$5,000 (equivalent to US\$337 at the unofficial rate, US\$586 at the official rate).

The government has long benefited from the division of organised labour into five umbrella federations. Three of these are splinters of the old Confederación General del Trabajo (CGT): one pro-government, led by Antonio Caló, and two in opposition, respectively led by Luis Barrionuevo and Hugo Moyano. The two others are splinters of the more radical opposition Central de Trabajadores de la Argentina (CTA): one pro-government, led by Hugo Yasky and one in opposition led by Pablo Micheli.

In the wind, however, are prospects, if not of formal reunification at least of loose coordination by a ‘liaison commission’ similar to that established by the rural business associations. The opposition CGTs would like that to happen soon, preferably before the end of the year; the pro-government CGT’s leadership prefers a yet-undefined date well into 2015 — though the group of bigger member unions known as Los Gordos (the Fat Ones) have indicated that they would rather not wait that long. The purpose of the ‘liaison’ strategy is not only to present a united front to the outgoing government but also to send a message to the incoming one: that it will have to deal with all of organised labour.

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Power companies have been told to take the necessary measures to prevent blackouts. December leave has been suspended for the federal police, the paramilitary Gendarmería (border and riot control police) and the Prefectura Naval (which had the same role along the coasts and rivers). Though the military are barred from taking part in internal security operations, they have been given orders to provide logistical support to the various police forces.