Electoral Amnesia in Argentina

written by Todd Chretien, Claudio Katz | June 24, 2015

[*Introduction by Todd Chretien: In the run-up to Argentina's national elections in October, a scramble for power has divided the incumbent Peronista party into warring factions. Founded by Juan Perón in 1946, the Partido Justicialista ruled through sometimes radical nationalism, state intervention in the economy, clientelist patronage and control over trade unions, and the loyalty of sections of the bourgeoisie and an elite political class of bureaucrats. After the dictatorship of the 1970s, the party emerged as the main beneficiary of the return to democracy, only to be buffeted by a severe depression in 2001, accompanied by the mass uprising known as the Argentinazo.*

Nestor Kirchner's 2003 election restored the party to power, and the subsequent appointment and reelection of his widow, Cristina Fernandez de Kirchner (popularly referred to as CFK) after his death in 2007 cemented Kirchnerismo's dominance over the party for more than a dozen years. But a series of scandals–including the mysterious death of Alberto Nisman, a special prosecutor who the right alleges planned to implicate CFK's administration in a cover of a terrorist bombing of a Jewish cultural center–and a slowing economy have cast a pall over the Kirchner's contribution to Latin America's "Pink Tide"–so named for the string of left and center-left governments that have ruled most of South America for more than a decade.

This year's election will present Argentine voters will a dizzying array of choices, especially at the local level, but also in the fight for the presidency. Daniel Scioli, whose career has included stints as a professional powerboat racer and Nestor Kirchner's vice president, hopes to carry on his political patron's administration under the Justicialista-led Front for Victory (FpV) electoral alliance. But a series of splits have divided the ruling party into a multitude of factions. One of the most successful is headed by one-time Kirchnerista Sergio Massa, who served as Chief of the Cabinet of Ministers in 2008 and 2009 for Fernandez de Kirchner. Massa is running on the dissident Justicialista Renewal Front.

On the right, the current mayor of Buenos Aires, Mauricio Macri, heads a coalition of strange bedfellows composed of Macri's own conservative PRO party (Propuesta Republicana) and the longstanding social democratic Radical Civic Union (Unión Cívica Radical, or UCR). The pact is justified on opposition to the Kirchnerismo's supposed authoritarian tendencies, but smacks of rank electoral opportunism.

Meanwhile, the collapse of any credible mainstream challenge to the left of Kirchnerismo has opened the door for the Left and Workers Front (Frente de la Izquierda y los Trabajadores, or FIT). This coalition came together in 2011 in response to a new electoral law raising the threshold for small parties to win seats in Argentina's generously proportional system. Initially composed of the Socialist Workers Party (Partido de los Trabajadores Socialistas, PTS), the Workers Party (Partido Obrero, PO) and the smaller Socialist Left (Izquierda Socialista, IS), the Front won 2.5 percent of the presidential vote in 2011 and won three seats in the National Congress. The Front and its constituent groups command a significant following among students, workers and the poor. But it has incorporated only a minority of the existing revolutionary left organizations and is now engaged in a discussion about whether to open the coalition to broader left-wing forces–and if so, how.

In an article originally published at Rebelion.org and here abridged slightly in translation, Claudio Katz, widely published Argentine author and member of the Economists of the Left collective, dissects the economic and political landscape, putting the upcoming elections in the context of rising

social tensions and the beginnings of a potentially historic political reorganization of the country's revolutionary left.]

ARGENTINA FINDS itself in the midst of an unusual electoral sequence. On very few occasions have there been so many opportunities to vote in so little time, and the electoral calendar isn't letting up. Between national, local and primary elections, people will go to the polls five or six times this year.

This succession of elections has involved lots of voting, but not much debate. The main candidates promote similar agendas and even look a lot alike. You have to use a magnifying glass to find the real differences between Mauricio Macri, Sergio Massa and Daniel Scioli. It has never been so clear that the three candidates in play are really all the same.

The presidential administrations of first Nestor Kirchner and then his widow Cristina Fernandez de Kirchner (popularly know as CFK) of the last decade are coming to a close at long last. They are ridden with merely artificial polarization and stacked with clearly right-wing proposals. The only thing that is in question is who will get to lead the conservative turn that is coming down the road.

The Trio's Similarities

The tremendous similarities between Scioli, Massa and Marci are confirmed by the stampede of political operatives racing from one camp to another. These sorts of jumps are common to Justicialismo, but the practice has now been extended across the political spectrum. Right up to the filing dates for candidates, it's been hunting season for party insiders and financiers.

Once in motion, the candidates competed over who could say the least in a flood of ads set to pop music. All of this has prompted laughter and thousands of jokes. This vacuous parade has stoked cynicism from many commentators who offer up the candidates' patent lies as the common sense of these electoral battles. Everyone assumes that former presidents Carlos Menem's or Fernando de la Rúa's broken promises would be repeated, and that no candidate would carry out their pledges once elected. The principles of bourgeois government are on full display.

Another indication of the charade was the rush to conjure up candidates. Publicists sought out well-known figures to attract votes. The precedent that was inaugurated when the Justicialistas recruited singer and actor Palito Ortega and Formula One racing star Carlos Reutemann to run for office and has now been adopted by all competing parties. And in the province of Buenos Aires, the ballot lines are headed by models, boxers and experts in frivolity.

Given all of this, Argentina's most popular TV host Marcello Tinelli set the tone for the campaign, making imitations, dancing around stage and sharing crude jokes prerequisites for any candidate wanting to appear presidential. A quick glance affirms that this clowning around tells you all you need to know about of our hopeful future heads of state. In fact, they have already been filtered through the establishment's selection process at the provincial or municipal level, and the only question left for the public is if they retain a certain degree of sympathy or charisma to win elections.

Cynics justify this circus by blaming society at large. They argue that the people "don't want to see reality," but they are forgetting how the powers that be (and not the people in general) manipulate the electoral choices available.

Their empty phrases are just another indication of the fraud underway. Scioli emphasizes "continuity," Macri stresses "change," and Massa promotes something in between which is equally

indecipherable. Meanwhile, the men of the PRO drone on about the need for "dialogue in place of confrontation." They deploy all manner of bells and whistles, offering up happy thoughts to stamp out pessimism.

It's the same marketing that the Latin American right has used to reinvent itself based by inventing new social discourses, promises of assistance, and youthful candidate profiles. They emphasize the centrality of management and proclaim the dissolution of all ideologies.

This degradation of politics fits right in with PRO's plans, which looks to absorb not only the traditional right wing that organized the cacerolazos–the pot-banging protests against the Kirchners–but also the minions of the privatizing NGOs. These sectors are more comfortable with apolitical messages than with the old reactionary anti-communist line.

Massa's operators have opted for a suitably accommodating slogan "Change within continuity," which allows him to "preserve the positive" and "change the negative." He hopes to use these concepts to obscure his ultra-conservative stance, which he nonetheless put on full display during his visit to the United States.

Scioli doesn't need any advice on how to maneuver without saying anything of substance. He managed to climb to the highest posts in the Menem and Kirchner administrations without ever once speaking a single sentence that meant anything.

The government's publicists try to fill in this gaping hole with Scioli's main campaign message: defend what has been gained against a return to the 1990s. But this supposed contrast to the past must omit Scioli's whole political trajectory and his striking similarity to the other candidates, all of whom have traveled the same path designed by the establishment.

No one knows who will win the trophy in October. Most current opinion polls have been conducted by campaign operatives and offer unreliable data, leading to a constant reevaluation of who is out in front. Recently, the populist Massa's numbers have been in a free fall, and this is adding to pressure on him to drop out of the race. But reaching an agreement with right-wing Macri will be difficult because the posts up for grabs extend beyond the heads of each ticket.

The establishment finds itself in its traditional dilemma. Its most reliable man (Macri) isn't the person who will guarantee them their tightest control over the state (Scioli). Thus, the powers that be are handing out campaign contributions to both candidates, incentivizing Macri to converge with sections of the Justicialistas (Reutemann and Massa), while Scioli is encouraged to build bridges to the right-wing elite.

The real problem for these power brokers is not who is going to win, but how the eventual winner will deal with the social-economic crisis waiting in the wings.

Preparing for Economic Adjustment

The current government has managed to cover up the conservative economic turn it made this spring. By maintaining the link to the dollar (it would have risen by 15 percent) in the face of inflation (not less than 25 percent), consumption was restructured over the course of the year, and all adjustments have been passed along to the incoming administration.

This trick is par for the course and has been used before elections in the past. As this strategy required coming to rapid agreements with joint labor-management boards, government officials negotiated strict ceilings on wage increases with the union bureaucracy.

On the one hand, the union leaderships acceded to the wages lost during the year, but on the other hand, they stabilized purchasing power for the months leading up to the elections. The same end was accomplished by adjustments announced for taxes on profits, which provide benefits for the unemployed.

The cosmetics applied today only go to shield the blows that all three candidates are preparing tomorrow. All aim to reduce the fiscal deficit, reduce wages and apply steep tariffs on energy and transportation.

Their programs include devaluations to eliminate the currency black market. Macri wants to eliminate this immediately, Massa talks about doing it in 100 days, while Scioli suggests a longer period. This convergence of goals also extends to substituting investment for consumption as the government's priority. But this turn requires enticing the capitalists who supply the money and implies offering them bigger subsidies in a period of large budget cuts.

The trio plans to finance their new model with international borrowing. Fortunately for them, the current government has already headed down this path, signing agreements with the Paris Club, renationalizing part of Argentina's oil fields (Yacimientos Petrolíferos Fiscales, or YPF) and settling disputes through the World Bank (specifically, the International Center for Settlement of Investment Disputes).

CFK has pursued this course by securing credit from China and issuing bonds on the international market. These new bond issues will not go to finance productive projects. They pay three times the interest offered by the rest of South America and are solely aimed at guaranteeing currency reserves and consumption during the election season.

The financing secured so far will also allow the winner in October to build a bridge to settle with the so-called vultures–U.S. speculators who have refused to settle outstanding Argentine debt, insisting on being repaid $5.4 billion for junk bonds.

An agreement with Thomas Griesa, the U.S. judge appointed to oversee restructuring of Argentinian debt, will be the precondition for a significant influx of dollars, which the incoming president will use to implement structural adjustment. This pending agreement, if it can be reached, will signal a truce with the markets. So far, the vultures have failed to block Argentina from obtaining credit, while the government has failed to win the change of venue to Buenos Aires to settle repayment of the bonds in dispute.

Macri, Massa and Scioli are all eager to settle this conflict, putting into practice some of the initiatives promoted by CFK (changing the law on guarantees, writing off part of the balance, issuing new bonds).

While preparing this turn, the candidates promise a flood of dollars that will make any adjustment painless, and they are competing to show who can sure up the most market confidence to accelerate the bonanza. But none of them explain what will be offered to the potential providers of all this foreign exchange.

Money never flows in because of sympathy with a new president. The lords of finance always first verify that the new head of state has the ability to bestow favors on their business. The great Argentine capitalists are eager to add to their fortunes under the next administration. They are hiding some $70 billion inside the country and another $300 billion abroad.

The failure of fiscal money laundering–tried again and again by the government–illustrates the shortcomings of amnesties in encouraging evaders to repatriate their money.

The rich require stronger official measures to guarantee capitalist profitability. Macri, Massa and Scioli are all disposed to offer them this protection, arguing that "we need their dollars," as if the lack of liquidity were somehow natural instead of arising from paying off illegitimate debts to the vultures and others, and tolerating currency flight.

All of this notwithstanding, the same government which allowed this offshoring will finish up its time in office by launching a parliamentary investigation into the illegal loss of these funds. During the elections, it will attempt to air some aspects of the fraud it has accepted for a decade, but don't hold your breath. A similar commission–which investigated financial maneuvers conducted during 2001-03–eventually shelved its conclusions.

At any rate, the bankers all have confidence in the services they will get from Macri, Massa and Sciola, which is why the price for both public bonds and private stocks are rising in all Argentine markets. They are especially hopeful for big business in the petroleum sector because of a new hydrocarbon bill which the government called on Chevron to design.

The partial nationalization of YPF will not allow the state to recover sub-soil profits; on the contrary, it reinforces the profitability of its associated companies by adjusting the prices, which the state enterprise sets. These additional profits have long been demanded by the companies that extract conventional crude oil, as well as those aspiring to exploit shale deposits. And this same trend holds for all projects in the pipeline, especially in the fields of communication, mining and soybeans.

There is a lot of talk about the speed of the coming adjustment. Some expect that Macri will aim for shock therapy, while others believe Scioli will proceed more gradually. But both will be forced to act under the conditions in which they find themselves upon taking office: one either defined by offers of international relief or one much less favorable. Experts are inclined towards the latter. Forecasts predict falling prices and shrinking export purchases, in a context of a rising dollar and interest rates.

Another critical factor will be the level of popular resistance. Each of the presidential candidates can be seen testing the waters when they appeal to "dialogue and negotiation." Some analysts foresee a pact with the trade union leadership, while others predict a coalition government.

However, unlike what occurred under presidents Raúl Alfonsín and Menem, no one expects a sharp economic collapse. The fiscal imbalance is limited, the banks are stable, and the international picture is even manageable.

Still, there is a strong pressure on the establishment to accelerate the adjustment. Not only is the massive Techint Group demanding wage reductions and the elimination of export taxes, but the Talibans of the bourgeoisie (economists such as Miguel Angel Broda, José Luis Espert, Carlos Melconian and Nicolás Dujovne) are talking about eliminating labor-management boards, reinstating the Domingo Cavallo team (the Minister of Economy under de la Rúa, who pegged the peso to the dollar), and cutting the fiscal deficit in half.

The electoral amnesia predominant today serves to make everyone forget these powerful players. But the same opinions can be heard from the economists advising the trio of presidential candidates (Miguel Bein, Roberto Lavagna and Rojelio Frigerio). They are careful to use moderate language and a strong dose of diplomacy, but they are all talking about the structural adjustment, which is in the making.

Repression as Temptation

Workers' ability to resist constitutes a major obstacle to the blows that Macri, Scioli and Mass are all

preparing. The last general strike was an example of this potential force. It attained a level of cohesion greater than the three previous strikes. Unions pushed for a complete shutdown in the face of a government which didn't even try to persuade them not to.

The strike not only served as a warning to whoever becomes the next president, it also demonstrated the weakness of all the official arguments against the protests. The workers were not thrown off by the media's heavy artillery against "political strikes" that were only "hurting the poor," "helping the bureaucrats" and using "inappropriate methods."

Far from being a battle of the "labor aristocracy" to the detriment of the poorest workers, the strike's demand to raise the threshold on income taxes as part of wage negotiations will stimulate action by all of the oppressed. Because inflation is so high, workers who never before made nearly enough money to cross the threshold are now being forced to pay income taxes, even though their pay is simply being adjusted for inflation.

These strikes may help revive the old traditions of workers with higher salaries taking the lead, and they make the point that relief for the poorest should be financed from business taxes, and not based on taxing incomes of the better-paid employees.

The strikes against the tax, moreover, have clarified the real social situation in the country. If only 10 percent of employed workers are impacted by this tax, the immense majority of workers earn salaries less than what is required for subsistence. The 15,000 pesos threshold for this tax is barely more than the 12,000 pesos needed to meet a family's basic needs. That half of the population survives on incomes lower than 5,500 pesos is hardly compatible with the image of a winning decade.

Macri, Scioli and Mass have all necessarily decided to continue hiding this somber reality behind statistical smokescreens. After proclaiming that Argentina had arrived in the First World–eradicating indigence and reducing poverty to 4.7 percent–the National Institute of Statistics and the Census went silent about all other indices. In fact, poverty has remained at the same rates since the 1990s (around 25 percent), with two important differences: unemployment is not as high, and there is a high level of social spending on assistance to the poor.

At the same time, structural misery has consolidated social degradation and led to an increase in crime. No one even pretends to know the exact figures, but the rough crime numbers tell the story of an obvious multiplication in violent robberies, owing to the terrible marginalization that accompanies the drug trade.

The only response to this social drama on offer from the presidential trio is for the strong hand of the police. This means that security makes up a preeminent place in their campaigns, while they only differ over the nuances of the same punitive populism. All propose stiffer criminal sentences and promise to increase the prison population.

Macri, Scioli and Massa have all spent many years in office and know how crime works, as they have all arranged agreements granting police chiefs immunity in their own districts. These conspiracies are really responsible for reproducing crime, despite the chaos that drug trafficking has introduced.

An enormous ring of corruption surrounds the three candidates, including their close relations with the soccer hooligans who control local territory and engage in shady dealings. Macri is involved with the gangs in Boca, Massa with the same sorts around Tigre, and Sciolo deals with the mafia of the Tristán Suárez sports club.

The repressive inclinations of the establishment trio are obvious. All aim to criminalize social protest

and legislate some variant of anti-picketing laws, which CFK tried to do without success. They all regularly proclaim that "protests may have been valid in the 1990s," but that is no longer the case in the current universe of well-being.

This turn towards authoritarianism has also been paved by the government. After presiding over cases of genocide, retrieving grandchildren and codifying significant democratic gains after the fall of the military dictatorship, CFK kept the accused torturer César Milani at the head of the army and delegated the management of security to the ultra right-wing Sergio Berni.

Hopes on the Left

The entrance of the Left and Workers Front (Frente de la Izquierda y de los Trabajadores, or FIT) onto the scene as a national force constitutes the most promising element in an otherwise grim electoral scene. Its advance can be explained by the significant presence of left-wing organizers in recent social struggles, successfully directing part of this resistance into the political arena.

Many analysts are surprised by the influence that the three Trotskyist forces who initiated the FIT have gained, pointing out that there is no equivalent situation anywhere in the world. Yet these foreign observers often misunderstand critical factors. For instance, it is important to keep in mind the specific history of Peronismo and the traditional left's (both socialist and communist) failure to understand this movement.

In the current circumstances, the FIT is resisting a polarization that has already ground down significant actors on the political spectrum. The results from the last elections confirm the Front's gravitational pull, even though it did not surpass those of 2013. But if upcoming elections produce merely similar results, then the great hopes for a large break to the left, away from Kirchnerismo, will remain unrealized.

Most evidence points to a right turn in the upcoming elections, based on a conservative reaction to the perceived onset of an economic slowdown and a rise in unemployment. There is fear that what has been gained over the last decade will be lost, and this sentiment leads to paralysis and reinforces loyalty to the status quo.

These reactions are stoked by the incumbent party's reviving memories of 2001, while their right-wing opponents offer an alternative imaginary tale. The latter attribute all the nation's ills to Kirchner's so-called progressive policies, divorced from what has happened in the rest of the world. Brazil's right wing is placing its hopes in a similar narrative.

Faced with these restricted electoral horizons, the left has captured a section of progressive, anti-Kirchner voters. Yet CFK has demonstrated a capacity to react to crises (the fight with the vultures, the mysterious death of special prosecutor Alberto Nisman, etc.). and Kirchnerismo has won the allegiance of an important part of the new militancy in the streets. These tendencies must be kept in mind in order to avoid the exaggerated expectation of the imminent "collapse of bourgeois nationalism."

Clearly, Peronismo has lost the loyalty and mythical status it enjoyed in the past, but this loss is more commonly felt in the hallways of the ministries than it is expressed in militant protests in the streets. And however one measures it, this weakness should not be equated with the extinction of Peronismo as the nation's main political structure of the past seventy years.

The sharp crises that periodically confront Peronismo at the close of each political cycle reopen the possibilities for building a large left-wing force. Various forces have sought to direct these energies in the past, and it is falling to the FIT to attempt this task today.

To do so, the sectarian legacy of orthodox Trotskyism in Argentina must be overcome. The first step past this obstacle was the conclusion of an agreement between the different parties within the FIT. The second step is being confirmed in practice as the old dogmatic rhetoric has vanished from the FIT's speeches, posters and messages directed to the general public.

However, the most controversial problem involves opening up the FIT beyond the closed agreement of the three initiating parties to other organizations and currents originating in different political traditions on the left.

This process has not really begun, and it remains to be seen if FIT will be capable of making this transition. Yet we must not write off this potential beforehand and must emphasize the positive role it has played in rebuilding the Argentine left, even as we point out some of the FIT's negative features–such as its hostility to the Bolivarian revolutionary process in Venezuela or to the Cuban Revolution.

The FIT occupies the vacuum left by political currents that decided to dissolve themselves into Justicialista or into the anti-Kirchnerismo center-left. If the path to returning to this space together is uncertain, then the alternative path of voting for Scioli or for Margerita Stolbizer (the centrist social democrat, currently with little traction in the polls) means political suicide. The Front doesn't provide easy answers for building revolutionary socialism in Latin America, but it does constitute the best chances for doing so up until now.

In the immediate future, a vote for the left is a mandate for resistance to abuses coming down the pike, and this is the chief argument for voting for the FIT. The more deputies and legislators the left wins, the stronger our armor will be when it comes to fighting the new government's plans for structural adjustment.

Translated by Todd Chretien

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