

## **Resistance builds to Argentina's new president**

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**Claudio Katz**, a long-time Argentine political activist, member of Economistas de Izquierda and [author of numerous books and articles](#), examines the first three months of conservative President Mauricio Macri's tenure and argues that he will face increasing mobilization against his austerity plans, especially in light of an escalating economic crisis.

Meanwhile, now out of power, the center-left populist Peronists are adopting the cloak of opposition through their still-powerful trade unions, community organizations and various factions of the Justicialist Party. As Macri attempts to co-opt certain sectors of the Peronist apparatus, others are organizing strikes and protests against cutbacks, increased police repression and a pro-U.S. turn in foreign policy.

These actions have provoked a sharp debate among the revolutionary left over how to relate to these oppositional Peronists, particularly supporters of termed-out President Cristina Fernández de Kircher. In this article translated from Spanish and abridged for publication here by Todd Chretien, Katz implies that these forces cannot simply be ignored by the revolutionary left, but must be understood in light of previous developments inside Peronism as a precondition to developing an attitude toward their role in resisting--or co-opting the resistance to--the right-wing government's offensive.)

MAURICIO MACRI, the newly elected conservative president of Argentina, is attempting to push through brutal austerity measures while subordinating his administration to the United States. The only question is: Will he succeed? He won office by a small margin based on dishonest campaign pledges in a political climate that will make gutting the rights of workers and the poor difficult. So which way is the balance tipping at the end of his first three months in office?

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### **A Limited Offensive**

Soon after taking office, Macri was shocked by the anger displayed by laid-off workers--20,000 in the state sector and another 30,000 in the private sector. Macri aimed to use the fear of layoffs to force through wage cuts. Alfonso Prat-Gay, Macri's Minister of the Economy, verbalized the implicit blackmail: Workers must choose between accepting lower pay or losing their jobs.

Macri justifies his offensive by claiming public employees are lazy. But this accusation is never backed up. First, they throw the workers out and only then do they evaluate them.

Arbitrary mass firings are as common as political vendettas. Instead of stabilizing the enormous mass of public employees brought in during the administrations of President Nestor Kirchner [from 2003 to 2007; he died unexpectedly in office] and Cristina Fernández de Kirchner [from 2007 to 2015], Macri preyed on precarious job security to ram through cuts.

Nestor and Cristina [she is often referred to by her initials CFK or her first name], Argentina's presidential power couple, portrayed themselves as modern-day versions of Juan and Evita Perón. They presented Kirchnerism as 21st century Peronsim--authoritarian populism with a social democratic and nationalist coloration. [For a brief note on the history and nomenclature of Peronism, see the end of this article.]

A huge public employees' strike on February 24 initiated resistance to the government's abuses. In fact, most workers would not be intimidated as they honored picket lines and attended the strike-day march. Workers reacted similarly in the battle against a government plan to impose a 25 percent ceiling on wage hikes.

Macri attempted to eliminate labor-management parity committees' right to adjust wages according to market conditions [that is to keep up with galloping inflation, which is currently running at nearly 30 percent per year], as had long been the practice in all areas. For example, teachers forced Macri to back off. In the end, teachers won salary increases below inflation, but they violated the wage caps put forward by the government.

Macri also stumbled when it came to using repression to complement austerity cuts. The PRO [Propuesta Republicana, or Republican Proposal, one of the conservative governing parties in Macri's coalition] gave out clubs to the police to use against protesters in Cresta Roja and allowed them to carry lethal weapons in order to disperse pickets, as they said, "in five minutes."

Police measures such as these were not considered for similar marches in the past. The police beat people who have been evicted or had their lights cut off because they've lost their jobs. The government's new police protocol was issued on the eve of the February 24 strike and march, but it could not be put into effect, which set off celebrations in the streets.

The detention of Milagros Salas has become another test of strength for the government's campaign of repression and it has provoked large protests.

Salas emerged as a key leader in the Tupac Amaru neighborhood association in the wake of the December 2001 Argentinazo [mass protests which forced the resignation of four presidents in the wake of a financial crash]. Salas subsequently joined the Argentine Workers Center (CTA in Spanish), whose leadership has tended to support the Kirchners. After Salas was arrested for organizing an encampment, the Macri administration pressured a judge to impose a stiff sentence in order to send a signal criminalizing social protests.

Although seen as a heroic figure to many, Salas has come under fire from the left for her authoritarian and clientalist methods, including charges that she functions as a representative of Kirchnerism in the movements in exchange for significant state funding. Be that as it may, she is an elected member of Parlasur (the South American parliament) and these debates should be settled politically, not by imprisoning her.

Macri's plans for repression include the reintroduction of the army in domestic security operations under the guise of fighting drug trafficking. Argentine Chief of the Army

César Milani first limited domestic military activity to intelligence matters, but is now moving ahead with emergency measures that allow the army to reinforce police operations in poor and working-class neighborhoods.

Macri is playing with fire by delegating such authority to a military that is riddled with corruption. A recent jailbreak by prisoners in the Province of Buenos Aires only goes to show the rot and raises the dangerous specter of a Mexican-type scenario developing.

As Macri's administration has set its sites on a conservative restoration, his officials have revived the theory of the "two devils"--that "both sides" were to blame for political violence during the 1970s and 1980s. In fact, the Argentine military overthrew the democratically elected president in 1976 in one of South America's bloodiest coups.

Incredibly, the generals now claim that 30,000 people were not disappeared by the military, they meet with organizations representing those who committed genocide, and they even removed Laura Bonaparte's name from a health center. After three of Bonaparte's children were disappeared by the military regime, she founded the Mothers of the Plaza de Mayo, one of the bravest and most widely recognized human rights organizations in Argentina. The outpouring of indignation in response to these reactionary changes forced Macri himself hesitate.

At the moment, the decisive confrontations are concentrated in the labor-management parity committees--that's where we will see who wins a round with respect to the 25 percent wage ceiling. A very different balance of forces will emerge depending on whether this restriction is successfully imposed, partially fractured, or completely cracked open.

The other key fight in play is resistance to a proposed 300-500 percent utility rate hike. The government argues that cheap service is unsustainable, but they are hiding how the utility companies use multi-million dollar subsidies to increase their profits without investing in service and technology upgrades.

The rate hikes, without public hearings or cost analysis and coming amid a wave of cuts, only goes to reinforce opposition to this scam and the promise of future improvements carries little credibility. There's no plan or official control over investments, and many high-ranking officials are former company managers. Protests by residents against power outages may be a harbinger of popular reactions to such impunity.

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**The Storm Clouds Gather**

Macri is running into difficulties with his allies in the unions. He is trying to close a deal with the cream of the trade union bureaucracy in order to fragment working-class resistance. He offered them a seat at the table in managing public works and also to reduce taxes on the highest-paid workers. In return, he immediately received high praise from Hugo Moyano, the leader of the CGT (General Confederation of Workers), the largest union coalition Argentina.

But this romance is cracking under the (mis)management of the tax rates paid by workers. During the campaign, Macri promised to cancel certain taxes, and his first post-election pronouncements suggested he would make only neutral modifications, including compensatory wage increases that would be matched with a rise in the tax ceiling. He then repeated what CFK had offered in the past: a one-time, non-taxable bonus which would not effect the tax brackets.

But Macri's small print is much worse. As the rise in the taxable wage floor is less than inflation, meaning some 200,000 workers [including 100,000 retirees] who were exempt from specific taxes in the past must now pay up because their [inflation-adjusted] wages cross tax bracket thresholds. In addition, the preservation of old tax scales ensnares all those affected by the 35 percent tax bracket [due to wage inflation], while millionaires usually pay no more than 16 percent.

The PRO celebrated taking office with a festival of tax cuts for capitalists, but now they are finding it difficult to repeat Kirchner's justification that employee tax rates "affect only 10 percent of workers." The CEOs who prepared the government's employee tax decree introduced a penalty disguised as a benefit. While protecting all advantages granted to big companies, the administration has rushed to safeguard the state treasury when it comes to taxing workers.

The government's lies didn't hold up long and the trade union higher-ups have responded by offering a legislative counterproposal. They've distanced themselves from Macri without involving themselves in any struggles.

The same sort of conflicts can be seen in the relationship between the old-line Peronist *oficialismo* apparatus and the opportunist politicians who sometimes ally themselves with it. Macri started out by eroding support for Peronism. For example, he made agreements with *oficialista* Sergio Massa [CFK's ex-chief of staff and third-place finisher in last fall's presidential elections], various state governors, including the governor of Salta, Juan Manuel Urtubey and Diego Bossio, director of the Social Security Administration under CFK. Several other Peronist personalities drew close to Macri as he went about trying to divide the Kirchnerist bloc in Congress.

But now he's paying a price for this operation. Political bosses in the provinces are now demanding that he transfer funds promised to them in exchange for their support. Massa may have accompanied Macri to the economic summit in Davos, Switzerland, but he lent his support to the CGT's proposal on taxing profits. In other words, Peronism is placing eggs in different baskets in preparation for its return to power.

The political tools Macri is using are really quite fragile. He can't even mobilize his own base--instead, he is forced to rely on resentment against Kirchnerism.

He's trying to close the legal circle around Cristina by emphasizing corruption among Kirchnerist leaders. Every day, some friendly judge uncovers new charges against Lázaro Báez, a wealthy businessman with close ties to Nestor Kirchner, or raises questions about how the Kirchners became so wealthy, the Hotesur money-laundering scandal, shady

dealings by Cristina's ex-Chief of Staff Aníbal Fernández and ex-Vice President Amado Boudou, or outright theft by Jaime Stiuso, the former Chief of Intelligence. Loyalist judges are working overtime to expose old embezzlement cases in order to cover up new misappropriations.

But this hypocritical campaign may rebound against the PRO's own management. It will prove difficult to ignore a string of corruption charges, including those against sportscaster and conservative candidate Fernando Niembro, dark business dealings surrounding the mysterious Iron Mountain fire (when millions of Buenos Aires city government documents -- led by then-Mayor Macri -- as well as filings from banks like HSBC and JP Morgan, went up in smoke), or cases of illegal espionage linked to Macri himself.

By bringing so much attention to corruptions scandals, Macri is taking a big risk. After all, he has appointed financiers accused of laundering money to be in charge of supervising banking operations.

These same figures have given millions of dollars to intermediaries who in turn sell government bonds on commission. And all the CEOs he has appointed to run state ministries have maintained tight relations with the firms they personally directed as recently as late last year. This association typifies a structurally corrupt government.

Yet Macri has no other choice--he must follow this dangerous path. At first, he tried to maintain an optimistic discourse of good vibes, hoping to make the situation palatable. He has, however, stuck to the rules providing impunity for former presidents like Menem and Fernando De la Rúa.

However, unease generated by his actions pushed him to look for a scapegoat. Thus, he has pointed to the "Kirchnerist heritage" of corruption and mismanagement in order to justify the bitter austerity pill he wants society swallow each day. It's the only tale he can tell.

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**The Economic Background**

Macri has to confront a highly unstable economy. He began his administration by making significantly regressive income transfers in favor of the capitalists. The agricultural sector received the simultaneous gifts of currency devaluation and reduced tax withholdings. The extractive mining bosses were rewarded with lower taxes. The oil companies, which made fortunes during the period of high prices, obtained compensation for today's low prices.

Bank profits swelled with the lifting of controls, and by transforming interstate debts into private liabilities. Taxes on champagne and high-end cars were even trimmed to add to the fun. But runaway inflation is ruining the party. Macri had to admit his consternation, and he became upset with how his plans were working out.

It is true that the Kirchner administration engaged in deficit spending and floated the peso during the last months of the election in order to postpone what everyone expected would be a new round of post-election austerity, no matter who won. But prices are today spiraling far higher than can be explained by delayed cutbacks. Instead, they are the direct result of Macri's devaluation of the peso, utility rate hikes, markups at supermarkets, and the destruction of a system of subsidized prices. Exporters and large commercial and industrial groups are pocketing most of the loot at workers' expense.

The only official response is a ridiculous *online* monitoring program that supposedly exposes price gougers in real time. Instead of stopping runaway inflation, the government offers webinars. Inflation has already forced the ouster of the director of INDEC (the National Institute of Statistics and Census of Argentina), who had been presented as a statistics genius. Faced with various indices making the government look bad, they tried to cook up some good news to influence public opinion.

Shortages are accentuating the recession and forcing families to spend all their income on basic necessities. Yet Federico Sturzenegger, chair of the Central Bank, is only reinforcing the downturn by raising interest rates and cutting money supply. With consumption flat, investments frozen and exports stagnant, prospects for a rebound in the second quarter are dim. Everything depends on Macri's promise that investment dollars will now pour into a business friendly Argentina.

Without this investment, there is no way to stabilize the economic adjustment. So Macri slashed taxes on the rich, hoping for a flood of investment that never materialized. The immediate \$25 billion in loans promised by Minister of the Economy Prat-Gay did not materialize, nor did the expected large daily currency surplus from exporters.

While a relentless demand for foreign currency continues, the administration could not even sell its first batch of government bonds. And it has already had to spend half the credit it has secured in order to sustain its exchange rate with the dollar. Private companies are buying foreign currencies to turn a profit [essentially, they are speculating on the price of the peso], and high-income individuals are doing the same to preserve their savings. For this reason, Argentina's foreign reserves are at the same level or lower than the dangerous floor left by the outgoing government. This vulnerability was front-page news, but it is now being carefully hidden.

The sort of spontaneous "confidence" that the PRO government might have hoped for is being undermined by the very price and exchange rate merry-go-round unleashed by its own policies. On top of this, financial stress in Europe, the slowdown in China and recession in Brazil all make any sudden influx of foreign investment highly unlikely into a country deep in the red.

Even the current low level of external debt will not ensure an inflow of credit. After all, creditors carefully monitor a state's capacity to pay and Minister Prat-Gay undermines this every day by lowering taxes and accentuating the recession. Moreover, the government's designs to improve its fiscal position with regressive tax policies, rate

hikes, layoffs, and wage cuts have only worsened the slowdown and led to a reduction in state revenue.

This is the context in which the government is negotiating with the so-called vultures--the group of international investors who have demanded full payment on defaulted government bonds left over from the 2001 crash. Some \$15 billion in cash will have to be set aside for payments, which is several times greater than the initial value of the bonds. This negotiated release of funds is laughable and could open up the state to demands for further payments by dissatisfied "holds outs" and "holds ins."

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**Diplomacy and the Press**

Macri is hoping to create some breathing space in the international markets by making a strong show of submitting to imperialism. Like all right-wing leaders, he hopes favors can be exchanged, but he forgets that all great powers use up and then discard their subordinates.

In Davos, Macri showed off his colonial posture for the first time, meeting with British Prime Minister David Cameron without mentioning so much as a word about the disputed Malvinas a.k.a. Falkland Islands. He did receive high praise from all the assembled financial titans, but they simultaneously confirmed Argentina's total irrelevancy in their list of priorities.

Trying another angle, Macri resumed his love affair with Israel, assuring Prime Minister Benjamin Netanyahu that there are several good business opportunities to be discussed in connection with the state of emergency in Argentina. And he stressed the importance of connecting with Israel's intelligence agency, the Mossad, in order to revive the investigation of state prosecutor Alberto Nisman's mysterious death.

Alongside ex-intelligence officer Jaime Stuiso and certain judges, Macri is promoting the hypothesis that Iran was somehow responsible for Nisman's death and was aided by CFK's administration in exchange for a trade deal. This story was concocted in the United States by Republican Congressmen and the Zionist lobby in order to undermine Obama's nuclear agreement with Tehran.

To top it all off, the resumption of intimate relations between Argentina and the United States will be on full display with the arrival of President Obama on March 24.

The choice of that date is either an official act of stupidity or an unprecedented display of diplomatic submission as it falls on the fortieth anniversary of the 1976 military coup. Surely the State Department claimed no other arrival date was possible, so the Argentina Foreign Ministry approved it without question.

The sharpest provocation of all will be a scheduled visit by Obama, the representative of the empire that supported General Jorge Rafael Videla and his bloody military regime, to the Museum of Memory which honors the junta's hundreds of thousands of victims. But this obsequiousness still faces resistance. In fact, Obama may face the single largest

outcry he has ever encountered abroad, and his presence will convert this coming March 24 into a milestone of anti-imperialist mobilization.

Macri hopes to counteract all adversity by means of major media support and is taking advantage of the same pact with the mainstream press upon which all presidents rely. But no one has made so attacks in so little time. He dissolved the AFSCA (Federal Authority for Information and Communications Technology), disregarding the norms that govern this body. He ignored the principle of autonomy even with respect to the Central Bank. He leaned heavily on DNUs (Necessity and Urgency Decrees, the Argentine analog of Executive Orders) and has replaced the hypocrisy of dialogue with rule by presidential decree.

Macri's administration is taking advantage of the disgust generated by state manipulation of the media over the last decade as the reign of the market was restored. Remember that Kirchner herself used media laws to forge sympathetic private-government media groups, which operated in the same vein as outlets like *Clarín* and *La Nación* that opposed her. And bosses on both sides of this media divide use similar methods to shutter news departments and lay off workers.

This sense of frustration with government interference is being used to revive all the old myths about freedom of the press. Right-wing intellectuals hide the fact that capitalism silences critical voices. They never mention the persecution of Julian Assange, Chelsea Manning, or Edward Snowden. At best, they discuss the role of the journalist, ignoring the question of who owns the media.

But Macri's attempt to transform the media into a simple transmission belt for conservative ideology and official information faces limits. There is a greater awareness among the population about this threat and, at some point, the honeymoon with the hegemonic press will end.

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**Menem and Alfonsín**

Macri and Menem share numerous similarities. Remember Peronist President Menem too embarked on a campaign of full-scale privatization in the 1990s with the expectations that the free market would unleash Argentina's economic engine.

Like Menem before him, Macri, the leader of the conservative PRO, parrots the same idolatry of the market, imagines comparable investments, disguises economic looting with praise of corporate risk takers, and extols the sanctity of the external debt, which simply serves to impoverish the country. He is also reestablishing a pro-imperial foreign policy and military relations with the U.S. without taking into account the consequences. And he is promoting free-trade agreements with the European Union and the Pacific Alliance, repeating the opening to imports that began in the 1990s.

Macri is trying to calm society by trotting out union bureaucrats who themselves participated in dismantling the state, even as he demonizes public employees. But he forgets that the public sector is not large by international standards and it is made up in its



majority by police, teachers, and nurses, positions that will be hard to cut any further. He talks just like Menem's Minister of the Economy Domingo Cavallo did in the 1990s, when he wanted to ignore teachers' salaries, relegating them to the provinces.

But the context is very different this time. Menem governed at the high tide of neoliberalism and was aided by the recent memory of hyperinflation in the 1980s. He took advantage of hopes placed in his huge wave of privatizations and the disappointment with the first years of constitutional rule after the fall of the dictatorship in 1983.

Macri enjoys no equivalent foundation. He is setting sail in the midst of a regional turn to the right, but lacks any social base to sustain a new round of austerity; and he must operate without the benefit of the formidable Peronist apparatus that backed Menem. Worse, people still remember how Menem's massive privatization campaign ended in the 1990s--with the crash of 2001.

Until now, Macri has not dared to embark on Thatcherite-type confrontations--unlike Menem in the 1990s, whose neoliberalized Justicialist Party pushed unemployment up to 18 percent while demolishing local industries and opening the country to imports. Macri is acting with greater caution, but if he stumbles, he may resort to riskier cards played by his predecessors.

If Menem took office over the ashes of Raúl Alfonsín's centrist administration, then Macri has a harder act to follow: the enigmatic Kirchners. Cristina left power (she was termed out of office, but could run again in 2019) with a huge show of force, leaving a network of supportive activists who filled plazas and organized marches.

However, as it has turned out, hopes are fading for a powerful Kirchnerist opposition mounting resistance to Macri in Congress, the provincial governments, or the federal state apparatus. CFK herself remains silent, while mass support for Peronism continues to undermine the chances of building a progressive force independent of the mainstream parties. There should be no doubt that the Peronist party is a pillar of the conservative status quo.

Paradoxically, Kirchnerism shares a certain affinity with Alfonsín's trajectory. After all, Alfonsín ruled alongside similar democratizing Latin American administrations, he upheld comparable democratic gains in the wake of the military dictatorships giving way to civilian elections, and he provoked tense internal disputes within the traditional leadership of his party.

So when thinking about Kirchnerism, it is useful to remember how Alfonsín's particular sort of centrist movement was buffeted between two polls, nominally united against the Peronists. First, it was absorbed by the nominally social-democratic Alliance for Work, Justice and Education, and then it was gobbled up by Cambiemos, the core of Macri's conservative apparatus. If Kirchnerism follows that same path it will be swallowed by the mainstream of the Peronist apparatus and politics.

Moreover, there are commonalities between the progressive intelligentsia who sustained both of these political trends. Both the Socialist Club and the Open Letter initiative

included thinkers from the left, who each time--in the case of the former, with Alfonsín and in the case of the latter, the Kirchners--visualized themselves as the most advanced sector within each project.

The Socialist Club provided ideological justifications for Alfonsín's policies, based on a supposedly Gramscian-social-democratic transition out of military dictatorship, while the Open Letter intellectuals defended the Kirchners as a component of Latin America's populist renewal, the so-called Pink Tide.

But the Socialist Club maintained its association with Alfonsín even after he supported the 1987 Following Orders Act (*Obediencia Debida* in Spanish), which declared that any crime committed by military personnel ranking lower than a colonel could not be prosecuted. They considered themselves independent from the structures of Alfonsín's UCR [Unión Cívica Radical--Argentina's oldest party, based in a centrist social democratic tradition, and forming a core component of the his governing Alliance], but operated in its orbit and ended up being finally dissolved into and fragmented by it.

The Open Letter initiative was formed by left-leaning intellectuals and civil society figures in support of CFK's government in 2008 when sectors of agribusiness launched mass resistance against her plan to impose a new tax on cash crop exports.

Today, the Open Letter, despite its pretension of independence, follows the vicissitudes of Kirchnerism. After quietly backing Daniel Scioli's failed campaign for president last year, CFK's hand-chosen successor, they have issued no critical assessment or explanation of the electoral defeat.

Nor did they object to reactionary measures carried out by the Kirchners that facilitated the rise of right-wing demagoguery in the first place. And they haven't even considered attempting to repeat the kind of left-wing challenges to Perón himself that arose with the Justicialist Party in the 1970s. In other words, they have learned nothing at all from the path taken by the Socialist Club.

Yet rarely has the Argentine political scene been so open to unpredictable directions. The social battle against new austerity measures will condition all political alternatives in the context of a debate over what has taken place during the last decade of Kirchner rule.

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***A Note on Peronist History and Nomenclature***

In 1945, Juan Perón founded Partido Justicialista, or the Justicialist Party. The terms Peronist and Justicialist are used in a broad sense to refer to the party, its ideology and its followers. In opposition to certain left-wing currents that grew in the 1970s, the main apparatus of the party and its trade union leadership came to be known as *oficialistas*, literally "officialists."

In contradistinction to Carlos Menem's disastrous neoliberal *oficialista* presidency between 1989 and 1999, and in the wake of the 2001 economic meltdown, the Kirchners advocated a left-leaning populist program that caused a rift within *justicialismo*, giving

rise to what is now known as *kirchnerismo* and is understood as a left-populist ideology, movement and section of the party apparatus.

*Translated by Todd Chretien*