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Argentina's Crisis: Macri, the IMF and Other Victims of Austerity

Argentina's current context is one of economic contraction, inflation, an increase in interest rates and a strong devaluation of the currency, which has lost 50% of its value with respect to the US dollar so far in 2018. For all these woes the Argentinian president found the solution in resorting to the IMF. But he did manage to find a multitude of parties responsible for the current situation: the rise of oil prices, drought, the commercial “war” between the United States and China, troubles in Turkey and Brazil, and above all the corruption and bad policies of previous governments.

But while the Argentinian president did his best to assign blame to his enemies, near and far, the explanation for the crisis – the failure of neoliberalism – was right in the middle of the screen, since nobody embodies neoliberalism better than Mauricio Macri himself.

Finance minister Nicolás Dujovne later presented more details of the measures that the government wishes to implement, before departing to meet the IMF in order to secure an early release of funds. These measures include a tax on exports and a promise to reduce the 2019 deficit to 0. In the agreement with the IMF the goal was 1.3%, so this reduction will hinge on bigger cuts to public spending and hikes in energy and transportation prices. It should be stressed that these measures do not represent a shift, but rather a doubling-down on the policies that have been implemented since the Cambiemos coalition took power. The past two years have seen brutal increases in electricity and gas prices, a pension reform, massive layoffs in the public sector, major cuts in areas such

as [science](#), [education](#) or [healthcare](#), [attacks](#) against labour rights, etc., with disastrous [consequences](#) for the population.

The Argentinian government, who was represented by Dujovne in the US, hopes that this latest round of sacrifices to the almighty markets will slow down the currency devaluation and secure the blessing of the high priests of the IMF and Wall Street. Nevertheless, prophecies about market uncertainties do have a tendency to self-fulfil. Not only that, the Argentinian executive, now slashed in less than half, is a team of businessmen that will know which interests to protect when push comes to shove. [\(1\)](#)

Discursive platitudes

Macri's [speech](#) was littered with elements that would have sounded extremely familiar to anyone who followed the austerity programmes that were implemented since 2010 in countries like Portugal or Greece. When the Argentinian president said that “we have been living above our means”, any Portuguese person could have recalled listening to their own president in 2011 – Cavaco Silva – say [exactly](#) the same thing.

Along the same lines, this was also the verdict reached by the [Greek](#) prime minister – Georgios Papandreou – who signed the first bailout agreement, and the all-powerful German finance minister – Wolfgang Schäuble – has [always](#) harped on this string to justify the austerity imposed on Greece. In truth the sanctimonious discourse of “living within our means” is no modern invention, but rather something that has always closely followed the neoliberal doctrine, even going back to [Thatcher](#).

Another common element was the admission, with dishonest concern, that these measures will result in increased [poverty](#). In 2011, the Portuguese prime minister went even further, saying that only by [getting poorer](#) would the crisis be overcome. In exchange, there is always a pledge that “the most vulnerable will be looked after”, and that those with more resources will be called upon to make bigger sacrifices, when it is well known that, almost by definition, the purpose is quite the opposite.

The cases of Greece and Portugal

Keeping in mind the distances between the examples we discuss, the similarities in the official discourse demand that we at least examine what took place in Greece and Portugal. In these cases the IMF was not the only creditor institution: it was joined by the European Central Bank and the European Union to form the fearsome “troika”. These were perhaps the most extreme cases of the austerity that was imposed throughout the continent in response to the [crisis](#) that broke out in 2008.

Greek GDP contracted by more than 40% since 2008. After the implementation of the memoranda of agreement with the troika, unemployment has consistently topped 20%, and youth unemployment has been around 40%. More than that, 4 out of 10 children are at risk of poverty. These are but a few indicators, among many others, that showcase the devastation that was unleashed upon the Greek people, while billions of euros of bailout money ended up directly in the hands of foreign banks.

As for the stated goal of the austerity packages, Greek public debt grew from 146% of GDP at the time of the first “structural reform” programme (2010) to 180% of GDP in 2018. Although officially Greece has exited the bailout programmes, the debt remains absolutely unpayable, and the idea that Greece can go on for decades balancing budgets under this weight is an illusion.

The Portuguese case is slightly less tragic. The 2015 elections resulted in a defeat for the right-wing coalition – which had implemented the deal signed with the troika in 2011 – and the emergence of a new government solution, which from afar might seem like it is on the left. The new government put an end to austerity and managed to revert the economic tendency and register economic growth once more.

The mere action of putting an end to austerity, while slowly reverting salaries and pensions to their 2011 levels, was a demonstration that the path of harsh budget cuts and tax increases was not the only choice. However, Portuguese public debt remains unpayable and an obstacle, among others, which will have to be confronted sooner or later.

Where austerity leads to

This small transatlantic detour is useful to illustrate that, despite some declaring them as successful, the bailout plans did not manage to bring debt under control in Europe’s peripheral countries. But that goal, as well as the sacred budgetary targets, are simply argumentative artefacts.

Austerity packages, which are often more eloquently branded as “structural reforms”, are nothing but mechanisms to transfer wealth from labour to capital, with an underlying logic that profits are private and losses are socialised. When salaries and pensions are cut, when healthcare and education budgets are shrunk, when public services are dismantled, when thousands of workers are laid off, in order to pay back creditors, the people are being sacrificed to safeguard the interests of a handful of shareholders, be they national or foreign.

This transfer of wealth also occurs under the form of privatisations. These can be blatant or hidden under the pretext of the inefficiency of public management, but bailouts and

structural adjustment plans have always been tremendous opportunities for capitalists. In the Greek case, important state assets, such as airports or the [port of Piraeus](#), one of the biggest in the Mediterranean, ended up in private hands.

In truth, the Macri government has already made its position quite clear on the issue of privatizations, for example in the [energy sector](#), where the state is looking to [sell](#) its stake in several projects. In addition, the Argentinian company that produced satellites, ARSAT, was sold to an American company. The agreement with the IMF, and especially the version on steroids that will allow for an early release of funds, is sure to bring a new wave of privatisations, much to the delight of investors, and reviving ghosts of a not-so-distant past in Argentina. [\(2\)](#)

But it is not just through privatisation that room is opened up for private companies, especially multinational corporations, to flourish. The mere reduction of the reach of the state and public services leaves an open space to be filled by the whims of the market. In this context, the suppression of the health ministry, now reduced to a secretariat in the new ministry for health and social development, is quite symbolic. That this happened at a time when the implementation of the Universal Healthcare Coverage (CUS), a programme with a [mercantile](#) view of healthcare, is being discussed, is not a good omen for public healthcare in Argentina.

At this point we should go back to the issue of “living within our means”. The evolution of capitalism, even in times of crisis, has seen an ever growing concentration of wealth. It is estimated that 8 men own about as much [wealth](#) as the poorest half of the planet’s population. Therefore there are people living above what should be their means. But these are not pensioners, or public workers, or trade unionists, etc., as some would have us believe.

Resistance and Repression

The Cambiemos government offensive, which will be intensified in the coming months, has been met with [resistance](#) from the Argentinian people in the streets. For example, a [faculty strike](#) in the university system, in protest against cutbacks in higher education and reforms in the pension system, was joined in August by a strong student mobilization in support, with several universities throughout the country temporarily [occupied](#).

Trade unions, contradictions [notwithstanding](#), also look to resist, and have called a [general strike](#) which is taking place on September 24-25. And perhaps there has been nothing more surprising and inspiring than the mobilisation of several hundred thousand people to defend the legalisation of abortion. Despite the goal not having been achieved for now, the

awakening of consciences and the scale of the street mobilisations are building blocks for the upcoming struggles. The challenge is to turn all these struggles into attractor poles of a single, unified battle front.

While it is fair to say that the rapid development of the crisis has caught the Argentinian government by surprise, the fact is that preparations to contain and repress any resistance to austerity had long been on the march. The [decree](#) which allows the armed forces to intervene in internal security matters, something which had not happened since end of the dictatorship, is particularly significant, not to mention the installation of US [military bases](#) in Argentinian territory.

The government and its talking heads have put forward a fallacious argument, namely that, with a tremendous sense of duty, those in charge are doing what needs to be done with no concern for upcoming elections. In reality what they are doing is ensuring that the interests of capitalists are shielded for decades, way beyond next year's elections. It is the purest defence of class interests. Because at the end of the day power is not confined to the presidential palace or to legislative chambers.

An important difference with respect to cases such as Portugal or Greece is that in Argentina, thanks to the hegemony of media conglomerates such as the Clarín group, a scapegoat to which attention can be diverted has been put in place. This is the (alleged) corruption of Cristina Fernández de Kirchner and members of her government, which is presented as the root of all evils that befall Argentina. Similarly to what has happened in cases such as Lula's in Brazil, the goal is to have the trial in the media for short-term political gain. (3)

The cases of Portugal and Greece, alongside many other recent examples of "rescue plans", give an idea of what is to come. Under the excuse of "having lived above our means", different mechanisms to transfer wealth to capital, brazen or hidden, will be implemented. And faced with the difficulty of meeting unrealistic budgetary targets that are imposed from the outside there will be no solution other than imposing more and more sacrifices on the majority of the people.

After its failure and exhaustion as a political project, neoliberalism resurfaced in Latin America essentially leaning on the media and on the (politicisation of the) judicial system. It now looks to contain any alternative, in the case of Argentina, by mortgaging the country's future and reactivating repression mechanisms. All of this places Argentina in the front line of a battle that is not just about next year's presidential elections. The task

ahead is to resist, every day and in every way, against this renewed offensive, and at the same time to construct a true, and radical, alternative.

Notes

(1) On September 17 Dujovne [presented](#) the 2019 [budget](#) before the Argentinian Congress. It is, in his words, an “austere budget”, with a 7% cut on public spending, a prediction of economic contraction of 2.4%, and a zero deficit goal.

(2) It is worth recalling that this is no pure ideological matter for Macri, since the [Macri Group](#) is one of the largest business conglomerates in Argentina, with activities over a range of sectors, and having directly benefited from privatisation of state assets in the past.

(3) Our goal is not to vouch for anyone’s innocence, rather to point out the clear manipulation of justice for political ends and the double standards (or lack of standards) of the media.

In Argentina, for example, a large circus has been set up surrounding the famous “notebooks” which detail the corruption of a former official during the Kirchner governments. The notebooks came from a remorseful driver, but up until now only [photocopies](#) of the smoking gun have been presented. In exchange, Macri featuring in the [Panama Papers](#) did not seem to merit the same level of scrutiny from the media, and the same can be said about the “[fake contributions](#)” and money laundering in the campaign of Maria Eugenia Vidal, governor of the province of Buenos Aires and one of the main figures of Cambiemos.

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