

Argentina's honeymoon with Macri is over

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Roberto Lampa

An aggressive implementation of harsh neoliberal economic policy measures in Argentina has ended up awakening strong internal opposition to president Mauricio Macri. [Español](#)



An antigovernmental protester holds a banner against President Mauricio Macri in Buenos Aires, February 2016. (AP/Photograph /Pisarenki)

In an [article](#) last October, published by DemocraciaAbierta, I analysed the Argentine presidential elections, highlighting how, in the case of a victory for Mauricio Macri, his economic relations agenda both neoliberal and restorative of pre-kirchnerismo, on the one hand, and the resilience of political, social and trade union actors, on the other, would represent two central aspects when evaluating the start of his mandate.

The PRO party's first six months in office seem to confirm the validity of this reading.

First, it is indisputable that the economic policies implemented since last 11th of December have an explicitly classist character and are working to restore the neoliberal orthodoxy of the 1990s: an almost 60% appreciation of the exchange rate; an elimination of state subsidies for electricity, water, gas and public transport; mass layoffs in the public sector; the closure of the Pro.Cre.Ar aid programme for first home-buyers; the closure of the Progres.Ar and Pro.For scholarship programmes for secondary and university study; austerity policies and inflation-targeting policies from the central bank, among others. And from the other side: an (almost) complete elimination of export taxes for agriculture and mega-mining; a removal of foreign currency purchase restrictions and an increase to a five million dollar monthly individual purchase limit; lump sum payments to vulture funds (including huge commissions for the banks involved in the operation); transfers to the banking sector both via differential interest rates (fixing deposit and lending rates is now completely deregulated) and by dollar futures (the strong increase in the exchange rate decided in December triggered the payment of securities linked to dollar futures issued by the Central Bank during the previous administration).

The predictable results of such "shock therapy" have been a tremendous transfer of wealth to the richest sectors of

the country, and a catastrophic setback for salaried workers and low-income sectors. Despite the difficulties that we economists encounter because of statistical lockout imposed by the government on the National Institute of Statistics and Census (Instituto Nacional de Estadística y Censos, INDEC) and the Ministry of Labour, various points have been observed: a significant increase in inflation (8% in April, the highest in the last 13 years); a sharp rise in unemployment (up until the 30th of April, there were 60,024 layoffs in the public sector and 64,762 in the private) and a huge increase in poverty (in which, according to a report from the private Universidad Católica Argentina, 29% of the population found themselves in 2015, a proportion which then increased to 34.5% in the first quarter of 2016, an increase of 1.4 million people).

If economic policies implemented by the government and its results were predictable, the initial reaction of other political actors (the parliamentary opposition - which has its own quorum in both houses - unions and social movements) during the first months of government has been a surprise. Not only have the actions of Macri not been criticised, but they have been justified, often defined as a necessary *readjustment* or the country's economy.

This paradoxical Stockholm syndrome, manifested by opposition and public opinion, has allowed the new government to implement a long series of radical reforms in a very limited time period, surprising most analysts who in some cases have begun to talk about a throwback to the 1990s (characterised as much by the harshness of the neoliberal adjustment as the absence of social conflict).

The positive climate is over

However, the political and social climate has abruptly changed since April.

Thanks to a manoeuvre by the controversial and highly politicised judge Claudio Bonadio, the executive has launched a case against the former president, basically accusing her of not having devalued the peso to prevent dollar futures soaring. But when the judge summoned former President Cristina Fernandez de Kirchner (CFK), threatening to remand her in custody, the Kirchner militants went out in her defence, transforming her appearance in federal forums into a great political act, in which CFK returned to the centre of the political-media scene, delivering devastating criticism of the government of Macri and its anti popular policies.

The re-emergence of CFK has triggered a domino effect within the opposition to prevent the ex-president returning to shift them from the centre of political debate, the more moderate sectors of Peronism and the unions (traditionally representing the right of the movement) have promoted and approved a law that suspends all job redundancies for six months, unless double compensation is provided. This law was immediately vetoed by Macri, which has led the unions to further radicalise their position, the latter now discussing a common agenda to mobilise and fight against the labour policy of the national government.

Similarly, the government has suffered another tough parliamentary setback when not only the opposition but also its allies in the Unión Cívica Radical and the Coalición Cívica voted against the inclusion of national civil servants in the money laundering law, which would have allowed Macri to repatriate at zero cost around 18 million dollars of funds of which he affirmed possession overseas and had not previously declared. And finally, the privatisation also of part of the shares of the National Social Security Agency (which handles pensions and family allowances) proposed by the government has clashed with strong parliamentary opposition.

If all this we add the very difficult diplomatic relations with Pope Bergoglio and the Church, due to the arrest of activist Milagro Sala Salvador de Jujuy, it is understood how, in the last month, Macri and the country's honeymoon has ended abruptly.

The new administration's excessive dogmatism in the economic sphere and also a certain lack of political and democratic culture amongst its members (almost half of the government is made up of senior executives of large multinational companies), has meant that Macri quickly wasted an enormous amount of political capital. The ghost of CFK and the highly obstructionist attitude of the Peronist parliamentary sectors represent a real threat to the

government's future political and economic agenda. If we add to this growing labour unrest and social tensions generated by the current severe economic recession, it is easy to foresee that the Argentine government will face increasing difficulties in the near future. Having squandered his initial capital, will Macri be able to keep on top of things and redress his situation?

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Translated from its original in Spanish by Katie Oliver, member of DemocraciaAboerta's Volunteer Program