

7-4-2003

President Kirchner's Policies Supported

LADB Staff

Follow this and additional works at: <https://digitalrepository.unm.edu/notisur>

Recommended Citation

LADB Staff. "President Kirchner's Policies Supported." (2003). <https://digitalrepository.unm.edu/notisur/13163>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiSur by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

President Kirchner's Policies Supported

by LADB Staff

Category/Department: Argentina

Published: 2003-07-04

After little more than a month in office, Argentine President Nestor Kirchner has dispelled assumptions that he would be a weak president controlled by former President Eduardo Duhalde (2002-2003). In his latest show of strength, Kirchner forced Corte Suprema de Justicia (CSJ) president Julio Nazareno to resign.

At the same time, Kirchner met with International Monetary Fund (IMF) managing director Horst Koehler, and emphasized that Argentina wanted a new agreement with the IMF, but not on terms that would jeopardize the country's incipient economic recovery.

Kirchner's strong actions during his first weeks in office, popularly referred to as "K style," have the support of more than 80% of the population, according to most polls. "Some people tell me that I am opening many fronts, and I tell them that it is not that I am opening fronts," said Kirchner. "We have needs everywhere and one has to go to where the needs are and look for solutions."

Kirchner tackles politicized court

The CSJ has long been seen as corrupt and politically tainted, with many of the judges openly loyal to former President Carlos Saul Menem (1989-1999) and his associates. In a recent poll, more than 50% of Argentines said they would like to see all nine CSJ judges changed. Reforming the CSJ was one of Kirchner's priorities (see NotiSur, 2003-06-06). At the president's prompting, the impeachment committee of the lower house had begun hearings on 22 charges of corruption and malfeasance against CSJ president Nazareno, including his receiving a bonus for living outside the capital while actually residing in Buenos Aires.

As the inquiry proceeded, two incidents made it clear that Nazareno's power was slipping. He found he did not have the five votes necessary to sign the decision, set for July 4, in favor of redollarization. And he failed to win the support of his colleagues for his effort to promote one of his daughters to a higher position in the court. Rather than wait for Congress to render an expected guilty decision, Nazareno resigned on June 27 "for personal reasons."

"The shameful way justice was being administered has come to an end," said Kirchner after the resignation.

Nzareno's resignation has two immediate effects. It breaks the "automatic majority" on the CSJ, which consistently handed down rulings favoring Menem and his cronies. And it makes it clear that the CSJ will not have the votes to force the banks to return frozen deposits in dollars.

"This is a political victory for Kirchner," said political analyst Rosendo Fraga. "Now the key is the objectivity with which Nazareno's replacement is chosen. If the method is apolitical and objective

and someone is chosen based on a consensus, then this will be the first positive step in a renewal of the institution."

Some critics had said Kirchner merely wanted to unseat the current high court to replace it with his own allies. The Argentine Constitution gives the president the power to nominate CSJ justices subject to confirmation by a two-thirds vote in the Senate.

On June 20, Kirchner signed a decree limiting his power and that of future presidents to fill court vacancies. The measure establishes that a president's high court nominees must be reviewed by professional and social organizations before the Senate votes on whether to confirm them. The decree also requires that nominees submit a sworn declaration of their assets, which will be public, and give their previous judicial experience.

Justice Minister Gustavo Beliz said civic groups would review the qualifications of future nominees and the government tax service would review their financial statements. "We want a court that is independent and competent and not an embarrassment," Beliz said. "Society is demanding a court that is credible and trustworthy." Beliz said there might be new legal proceedings against some other members of the CSJ, but that would "depend on Congress. Two names that were mentioned were CSJ vice president Eduardo Moline O'Conner and Judge Guillermo Lopez.

On July 2, Kirchner nominated jurist Eugenio Raul Zaffaroni to the high court. Zaffaroni is director of the Criminal Law Institute at the Universidad de Buenos Aires Law School and heads the Asociacion Argentina de Profesores de Derecho Penal. The review process will take 30 days.

IMF managing director visits Argentina

While much attention was focused on the CSJ, Kirchner was also tackling another thorny problem as IMF managing director Koehler made a two-day visit to Argentina June 25-26. "[Kirchner] obviously has a vision," Koehler said of the Argentine president. "I do think this vision should be implemented and that it will lead this country to strong growth and social cohesion." Koehler admitted that "the IMF may have underestimated the recovery of this economy."

Even without IMF help, during the first quarter of 2003, the economy grew by 5.4%, in contrast to a more-than-10% contraction in 2002. When asked whether IMF policies worsened the situation in Argentina, Koehler said that "the core problems of this country lie in Argentina itself." But he added that the IMF "has reason to review its policy and its approach to Argentina so as to draw lessons out of experience."

Then came the downside. Koehler said any agreement with the IMF would involve "a need to deepen and broaden the process of structural reform." That would likely include more spending cuts and higher taxes, revised revenue-sharing with provinces, and reorganizing the financial sector.

In January, the IMF agreed to reschedule US\$7 billion in debt as part of an interim agreement set to expire in August. During the visit, Argentina and the IMF said they would begin negotiating

a multiyear agreement, which some fear could force the Kirchner administration to make some politically unpopular decisions regarding new IMF demands.

Government officials argue that repayment of the debt should be linked to the expansion of the economy and maintain that the bulk of any concessions must come from creditors, not from Argentina's people. There is concern that IMF-imposed adjustments could delay or even curtail the recovery.

"There are good expectations," said chief of staff Alberto Fernandez, but he added, "It is clear that if the country does not grow, it cannot pay its debt."

The IMF argues that Argentina can achieve sustained growth only if foreign investment and credit flows resume, and for that, the government needs to begin repaying bondholders, permit banks to foreclose mortgages, and allow privately owned utilities to raise rates. Mortgage foreclosures may be a major stumbling block in a new agreement with the IMF.

Nearly a year ago, the Argentine Congress suspended mortgage foreclosures for 90 days on homes that were a family's "sole and permanent residence." That law has since been renewed three times, but will expire in August unless Congress extends it again, which is likely. The foreclosure issue has come to symbolize what many Argentines consider the IMF's intrusive and callous attitude. Those who agree with the IMF's position say foreclosures are necessary to guarantee investors and other creditors what they call judicial security.

"How can a market economy function without an adequate degree of contractual certainty?" asked Juan Luis Bour, director of the business consulting Foundation for Latin American Economic Research. But even many banks oppose so drastic an approach and favor a system of mediation that would allow debtors to renegotiate repayments on more favorable terms.

After Koehler left, Kirchner suggested that the IMF undergo a "healthy self-criticism" regarding its economic policies, and he warned that his government would not accept impositions from the IMF. "As of now, the time when they could come to scold us has ended," said Kirchner.

On June 23, Jorge Rivera, UNICEF representative in Argentina, asked the IMF to include a social clause in any new agreement with Argentina. "This social clause would protect the special social investments directed toward priority programs that establish concrete goals," said the letter to the IMF. Those goals are related "to fundamental rights: that no child go hungry and that all children and adolescents attend school." He warned that 70% of Argentine children are suffering from the lack of a social vision in agreements made with international lending institutions.

A recent report from the International Labor Organization (ILO) said 22% of Argentine children between the ages of 5 and 14 work, and 40% of those children have dropped out of school. There are now 1.5 million of these children compared with 252,000 in 1995, a 600% increase according to UNICEF.

-- End --