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Argentine Agricultural Producers Set Sights on Legislative Elections

by LADB Staff

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Shortly after celebrating the 25th anniversary of the end of the last military dictatorship (1976-1983) and a few months before legislative elections, Argentina is at a critical juncture. With the support of rightist and centrist political parties and the major communications media, landowners and businesses tied to production and export of soy and other agricultural products accuse the government of authoritarian practices that threaten their economic interests.

On the verge of a repetition of last year's conflict, which plunged the country into chaos and brought shortages of basic foodstuffs when agricultural sectors stopped their activities and interrupted transit on national highways (see NotiSur, 2008-08-01, 2008-10-24), the government warned of a "destabilization plot."

Like last year when a group of prominent intellectuals met to "defend institutionality" and oppose actions of the agricultural producers, this time the intellectuals time warned of a "pro-coup climate," which, by "distorting reality," could tilt the country toward "some more or less violent break with democracy." Without being that extreme, the Universidad de Buenos Aires the largest academic institution in the country warned of the "dangerous role" the communications media are playing by taking the position of "unconditional allies" of the rural sectors.

The confrontation in 2008 occurred after the government of President Cristina Fernandez de Kirchner imposed an export tax on soy and other grains, aimed, the president said, at establishing a more equitable income distribution. The government said at the time that the money would be used to build hospitals and schools and carry out highway infrastructure projects. However, business leaders and the media called the plan confiscatory.

Faced with rising production costs and falling international commodity prices, the producer associations demanded a plan that would guarantee them more profits through subsidies and soft credits to purchase machinery and inputs. Making things worse is the dramatic situation created by a prolonged drought the worst in the last 50 years that has damaged crops and caused the deaths of huge numbers of cattle. Producers talk of losses of between US\$4 billion and US\$7 billion.

Opposition conjures up authoritarian images

In a country that spent the better part of the last century except for brief intervals living under military dictatorships, the mere mention of "authoritarian practices" or "a dismissive climate" reminds society of the worst of its recent history. Two leaders of the agricultural protest and officers of the Federacion Agraria Argentina (FAA), Eduardo Buzzi and Alfredo de Angeli, compared the Fernandez government with the last dictatorship more than seven bloody years during which 30,000 people disappeared, a systematic plan to steal babies of guerrillas or political dissidents was carried

out, and thousands of citizens suffered the most awful torture for having established the soy-export tax.

Perhaps to add a little drama to the information, which speculated on the possibility of a new agricultural lock out, a Jan. 6 article in Buenos Aires daily Clarin began, "Today, protest leaders again put on the uniform of generals in an army preparing for a new battle against the government. The bloc will meet to review the troops who did not lose enthusiasm but did lose discipline. They will try to contain the hotheads and delay the beginning of combat." The article, written in language typical of a war report, was, nevertheless, titled, "Those from the countryside looking to lower tone of conflict."

The president, politically weakened after the 2008 confrontation, is being questioned on any decision she makes and for some serious issues but also for trivial things such as her hair style or clothing. Without giving sources, but with information taken from local media stories, BBC Mundo on Dec. 31 ran a surprising article saying that President Fernandez spends US\$350,000 a year just on clothing, that to store her clothes and shoes she needs "a 95-sq meter space, something like a three-room apartment."

The article went on, "It is estimated that, when she finishes her term in 2011, she will need a closet the size of a medium-size parking garage." The article, posted on the BBC Web site, also said, "Her trips abroad present another problem, especially for a woman who changes her clothes as many as five times a day, in that she often arrives late to meetings with world leaders because she is 'getting ready.'"

World financial crisis affects conflict with producers

The global crisis and the drought drove the agricultural producers to increase their demands. Gradually, the government took steps to alleviate the situation. It opened a line of low-interest credit for buying agricultural machinery, it proposed tying fertilizer prices to the price of grains (soy, corn, and wheat), and it offered financing for exports.

Next, the government set a subsidy for milk producers, cattle growers, and feedlots. It established a system to give free feed to producers who have less than 500 head of cattle on their land. Finally, it declared an "agricultural emergency," automatically exempting the rural sector from paying any taxes until January 2010. In another resolution, it made the *cartas de porte* (transportation permits), which last year cost producers nearly US\$70 million, free.

The *cartas* are something like a passport needed to move any agricultural products within the country (seeds for planting, grains taken to ports, or beef destined for packing plants). The right to administer the *cartas* had been given to the FAA during the last dictatorship, and during 2008 it received more than US\$1 million in commissions.

The producers' trade associations rejected all the measures. In some cases, they said the measures were "insufficient," in others, that they were "abusive." And they continued to up their demands. President Fernandez called on them to "act with solidarity" and explained that the agricultural-emergency measure implies "that all Argentines make a great effort, because no other economic

sector has this benefit, not the owners of construction businesses or hotels and restaurants, no one here stops paying taxes if their business is going badly." The associations said that the government's declaration of a state of emergency was "a joke," that "the state should share the losses," and asked that the government declare an "agricultural disaster."

The difference is significant. In a state of emergency, tax payments are postponed for a year; in a state of disaster, the taxes are wiped out. In this instance, and for the only time, Clarin distanced itself from producer demands. On Jan. 28, economist Silvia Naishtat wrote, "The countryside is not the only sector that carries a heavy tax load."

The automotive sector, which also is suffering a drop in production and heavy losses for its businesses and workers, pays on average 40% of each sale in taxes....In Argentina, as in most countries with a market economy, the tax burden does not mean being a partner of the state. And neither does it give rights. Until now, the tax burden is that, a burden."

In this climate of confrontation, which includes various acts of violence, such as the physical aggression toward Agustin Rossi, head of the pro-government deputies, and the fire set in a building where officials have met with dissident producers, the trade associations decided to begin in March gradually applying a plan that would start with a five-day stoppage of soy exports and "could escalate to a tax rebellion."

The political opposition, which supports the demonstrations and dreams of mounting a great front that would include the centrist and rightist parties and representatives of the large economic corporations, has already begun to charge, until now without proof, that there will be fraud in the October legislative elections. It tries to use the conflict and the verbal extremism of the leaders of the agricultural protest and wants to have on its lists the leaders of the FAA and the powerful Sociedad Rural Argentina (SRA). Its illusions are based on the words of Eduardo Buzzi: "For now, our actions are aimed at wearing down the government, but what we want is to bring about a humiliating defeat in the legislative elections."

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