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Argentine Government Investigates Media Conglomerate's Purchase of Newsprint Factory

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The Argentine government's investigation into the background of the only national newsprint company and its decision to regulate the manufacture and distribution of the product that is so essential for the print media began a process whose outcome remains unclear. It also deepened a dispute between President Cristina Fernández de Kirchner and the two most powerful multimedia groups in the country, which, since she took office in 2007, have become the most hard-line opponents of the constitutional government.

On Aug. 24, President Fernández released a report by a special investigative commission titled, "Papel Prensa: the Truth," which contains all existing documentation from the company's' official files and records. The economic groups that own the dailies Clarín and La Nación appear as the responsible parties and sole beneficiaries of the alleged illegal appropriation of the newsprint factory and the fraudulent management of newsprint production and supply to other print media in the country.

The incidents described in the 26,000-page official report seem taken from the state-terrorism practices of the 1976-1983 military dictatorship.

The revelation served to open debate on a topic overdue in Argentine society since the country returned to democratic rule in December 1983: the participation of civilians in the March 24, 1976, bloody coup, which ushered in the dictatorship that finally ended, seven years later, leaving a toll of thousands of people murdered, at least 500 newborn babies kidnapped, and some 30,000 people disappeared.

Report says widow forced to sell company

The company Papel Prensa (PP) had not yet begun operating when, on Aug. 6, 1976, the sole owner, Jewish Argentine banker David Graiver, died in a suspicious plane crash in Mexico. The dictatorship, which had targeted Jews, accused Graiver of being "the banker of the Montoneros," referring to the armed opposition group founded by a group of Catholic young people, followers of the late three-time President Juan Domingo Perón.

A few weeks after Graiver's death, his wife Lidia Papaleo was forced to sell the PP stock. Papaleo testified in court that she was taken against her will to the offices of La Nación, where several military officers and the top executives of Clarín awaited her. Papaleo said that Clarín CEO Hector Magnetto told her, "Sign, or you and your daughter will die."

In her testimony, Graiver's widow named La Nación director Bartolomé Mitre as also being involved in the forced sale. Magnetto and Mitre still head the two companies.

A few days after the incident in the La Nación offices, Papaleo was kidnapped and for several months was tortured and humiliated in one of the dictatorship's many secret detention centers.
As of that day, PP became the property of the two dailies, the evening newspaper La Razón (later absorbed by Clarín), and the state. Clarín held 49% of the stock, La Nación 22.49%, and the state 28.08%, with 0.43% in other hands.

When the president released the damning report on Aug. 24, the opposition—the two dailies and much of the political leadership—was convinced that she would expropriate the company. That morning, Clarín and La Nación had both published a statement charging that the document that Fernández would release later that day was "a story fabricated to justify the takeover of Papel Prensa." The statement referred to an "authoritarian" and "anti-democratic" attack, and Clarín's headline read, "Who Controls Papel Prensa Controls the Written Word."

At the same hour that the president spoke, the group of legislators who invariably oppose everything coming from the executive held a press conference to repeat the same line.

"They [opposition lawmakers] converted Congress into a business group's law offices," said independent Deputy Martín Sabbatella.

President puts ball in legislative, judiciary courts

But the president surprised everyone by ordering that the report be handled through institutional channels. She made the strategic political decision to limit the power of Grupo Clarín, a commercial empire that includes four other dailies and several magazines, an over-the-air television channel and 24 cable channels, as well as dozens of radio stations, two entertainment-program producers, the largest Internet provider, and a news agency.

The president announced that the other branches of government would decide what to do about PP's past and future. The commerce courts will have to rule on the validity of the 1976 "sale." The criminal courts will have to determine whether human rights violations occurred within the context of the "negotiation" with Graiver's widow. And the Congress will have to debate a bill that has three basic components: 1) a declaration that newsprint production for print media is in the public interest; 2) the creation of a "regulatory framework for basic inputs" that gives equal treatment to all newspapers in the country; and 3) the creation of a bicameral commission so that lawmakers can exercise "real control" of the company's operations.

The morning paper Página 12—which supports the presidential decision as do all other small newspapers in the country—said that, by acting democratically, the government ran the risk of submitting the matter to two entities that do not support her—the legislature and the judiciary.

In both houses of Congress, the governing party lacks a majority and is barely the largest bloc, and it has already suffered more than one setback on less-important issues. In the courts, wrote Página 12, the burden of proof falls on whoever is asking to nullify a contract or accusing an alleged criminal, and, if the proof does not measure up, the presumption of innocence prevails.

"It will not be easy to obtain favorable verdicts, not in cases as complex and with so few precedents, and even less so with judges who are judicial conservatives and, in addition, pro-business," wrote the newspaper, adding that Fernández is not naïve, she is aware of those possibilities, but "her option is also viable in other arenas: it appeals to public opinion in defense of human rights, and in that arena she has what it takes to win."

Although expropriation was never mentioned, the major dailies and the political opposition described the decision as "authoritarian," "arbitrary," and "totalitarian." They also called it

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"Chavista," referring to Venezuelan President Hugo Chávez, a term the Argentine right uses pejoratively.

Criticisms also came quickly from outside the country. The day after the president spoke, the Miami-based Sociedad Interamericana de Prensa (SIP) called her proposal "unconstitutional" and said that the Fernández administration was using it "to take control of the press."

In Washington, State Department spokesperson Mark Toner said that the US was "paying close attention" to the "strong domestic debate" regarding journalistic freedom in Argentina.

But there were also supportive voices, including from press unions in Brazil, Chile, and Uruguay, and from Spain's Foro de Organizaciones de Periodistas (FOP). Presidents Luiz Inácio Lula da Silva (Brazil), Rafael Correa (Ecuador), and Evo Morales (Bolivia) said that the initiative should be used as a starting point to draft legislation in their countries. And, from its Paris headquarters, even the controversial Reporters Sans Frontières (RSP) said that "freedom of the press as an editorial freedom should not be confused with defending the economic interests of the media" because "it is not at all suitable for one press group to own half the stock in the only company that supplies newsprint and to charge unregulated prices, when regulation is necessary in the name of pluralism."

Long history of tensions between president and media group
The president has had a contentious relationship with Grupo Clarín since she took office. In 2008, only four months after Fernández arrived at the Casa de Gobierno, Clarín led a ruthless effort to oppose a bill to tax soy producers that ended with a split between the president and Vice President Julio Cobos (NotiSur, April 11, 2008) and (Aug. 1, 2008).

Clarín, which, together with La Nación, organized a huge annual agriculture demonstration of international scope, led the opposition to that bill because it has important business interests with the multinationals promoting the "transgenic soy boom" (US companies Monsanto, Dow, DuPont, and John Deere; Swiss firms Syngenta and Nidera; German companies BASF, Claas, and Bayer; and Canadian Massey Ferguson).

With the renationalization of the retirement system (NotiSur, Dec. 12, 2008), the group lost the management of one of the largest private pension funds. Later, the government withdrew Clarín's authorization for monopoly transmission of sports events (especially soccer) and the right to provide phone and Internet service.

However, the most serious situation, and what could deal the media conglomerate an enormous moral blow, involves human rights, as in the PP case. Grupo Clarín's largest shareholder, Ernestina Herrera de Noble, is accused of receiving two infants who were children of women disappeared during the dictatorship and adopting them during the same period that the military forced Lidia Papaleo to sell her newsprint factory.

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