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Argentine President Cristina Fernández de Kirchner Begins Second Term with Flurry of Activity

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After a resounding first-round re-election victory in which she obtained 54.11% of the votes (NotiSur, Nov. 4, 2011), Argentine President Cristina Fernández de Kirchner (CFK) began work in her second term at a remarkable pace. Between the Oct. 23 election and her Dec. 10 inauguration, she enacted several important measures affecting the interests of the most powerful economic sectors (oil, mining, insurance) and the wealthiest 10% of the population (residents of private barrios and exclusive neighborhoods in large cities).

To stop the hard-currency drain with which the aforementioned economic sectors were attempting to accelerate capital flight and consequently cause a peso devaluation, the president’s new policy requires that companies convert all future export earnings to pesos and keep the earnings in Argentina.

CFK also cancelled subsidies that have benefitted the wealthiest Argentines—unfairly giving them the same subsidized rates for electricity, fuel, gas, and water as the most disadvantaged sectors of society.

The subsidies on basic services were eliminated in two stages. The first, effective Nov. 7, applies to banks and financial institutions, insurance and cell phone companies, and interests involved in extractive activities (hydrocarbons and mining). The second, effective Jan. 1, 2012, affects individual owners of luxury homes and automobiles, sports and recreational boats, and private planes.

The measures, announced as part of the policies to bring about more equitable wealth distribution, were followed by others with significant repercussions. The policies that control mining and oil operations and eliminate subsidies to those sectors were enacted by decree. The second set of measures, which required legislative action, was approved by a Congress in which the pro-administration parties have regained majorities in both houses after two years of opposition control.

The newest measures include: 1) a rural-workers statute—opposed by the agribusiness trade associations—that humanizes their work and guarantees rural salaried workers the same rights as all other workers; 2) a declaration that the production, marketing, and distribution of newsprint is in the public interest—as a way to guarantee freedom of expression; and 3) a law limiting the amount of land that can be in foreign hands. The changes received the support of all political, business, and social sectors that have backed the CFK administration. Only one, an anti-terrorist law, divided the waters and put on the opposing side unions and humanitarian organizations that fear that future governments could use the law to criminalize social protest.

President treated for cancer
Out of the blue, on Dec. 27, when no one could have imagined such a thing, the news broke that CFK was suffering from thyroid cancer and would undergo surgery on Jan. 4 and that she was
temporarily cancelling political activities. On Jan. 3, Vice President Amado Boudou picked up the reins of power and is expected to take her place for three weeks.

Although everything was planned and the government continued functioning normally, on Dec. 27 major announcements stopped and speculation began regarding the prevalence of cancer among progressive South American leaders. And with good reason. In just two years, cancer has struck several prominent and respected leaders in the region including Paraguayan President Fernando Lugo, Venezuelan President Hugo Chávez, and Brazil's President Dilma Rousseff and former President Luiz Inácio Lula da Silva. Brazil also lost Lula's vice president José Alencar, who died in March 2011. In addition, in early 2010, Lucía Toplanki, Uruguayan senator and wife of President José Mujica, was treated for breast cancer. The situation gives cause for reflection but not for the conspiracy theories to which some sectors of political world are prone.

Learning from others' mistakes

The Argentine government learned from Bolivian President Evo Morales' mistake in removing fuel subsidies in 2010. The measure enabled the Bolivian government to stop the smuggling that was decimating the public treasury, but it also unleashed a wave of price increases and had repercussions on the budgets of the poorest families. Morales had to revoke the measure (NotiSur, March 25, 2011).

Taking that experience into account, CFK explained the reasons for ending the subsidies and, most important, the unfairness when the beneficiaries were large businesses and wealthy individuals. After forcing oil and mining companies to convert their export earnings into pesos and insurance companies to repatriate their foreign holdings, the government increased controls on buying foreign currency. As of Nov. 1, such operations had to be approved by the national tax office based on the profile of each buyer.

These measures succeeded in beginning to stabilize the market, but the depletion of reserves did not stop. "The principal problem was that people were going to the dollar, egged on deliberately by the major economic groups that carried out a destabilizing operation with the excuse that the dollar was 'cheap,' but they failed," said Banco Central president Mercedes Marcó del Pont on Dec. 30, saying that the foreign-exchange drain that had begun in August 2011 had been stopped.

On Dec. 16, Congress approved the Estatuto de los Trabajadores Rurales, a law that the opposition had refused to debate since 2010 when it controlled both houses of Congress. Under the new law, campesinos will enjoy an eight-hour workday—ending the slavery-like concept of "sunup to sundown" shifts; they will have one day off a week; they can retire at age 57 (because of the toll of such jobs on health); they cannot be paid less than the national minimum wage; and they will have the right to annual paid vacation time. More than 2 million workers will benefit from the rural-workers law.

Another law was passed the same day, which limits the amount of land that foreigners can own. The total amount of national territory that can be owned by foreigners is 15%, and citizens from any one country can own no more than 30% of that total.

A week later, the Senate passed a bill declaring the production, marketing, and distribution of newsprint to be in the public interest. The law put limits on the monopoly of Papel Prensa, a
company belonging to the two principal national dailies—Clarín and La Nación, not coincidentally the firms that have led the opposition to the CFK administration and that began, in 2008, a destabilizing campaign that almost toppled the president (NotiSur, Oct. 1, 2010).

Pro-government forces split on anti-terrorist law

The anti-terrorist law was voted on in the same session. The measure was aimed at controlling drug-mafia activities and money laundering and was a demand of the Financial Action Task Force on Money Laundering (FATF), an intergovernmental organization created in 1989 by the Group of 7. The FATF warned the Argentine government that, if it did not pass the law, the country risked economic sanctions and exclusion from certain international agencies.

Human rights advocates pointed to a similar law that FATF pushed in Chile, which was used to repress the Mapuche people's social demands. Although human rights advocates do not distrust the CFK government, they fear that a future administration could take advantage of the measure to criminalize social protest. Marcó del Pont got nowhere in pointing out that a rash of emails went out last November aimed at "generating financial terror" and saying that the law is aimed at people such as the ones behind the email campaign.

The Abuelas de Plaza de Mayo, a pillar of the human rights community and supportive of the government, said that the law worries them "because there is no terrorism in Argentina, and the law could lend itself to many misinterpretations." Estela de Carlotto, a long-time activist with the group, said, "With this government we have guarantees that it is not going to repress social protests, but what happens later, with other governments that interpret the law differently or with judges who will be happy to send to prison those who are demonstrating for their rights?"

The Abuelas were not alone. The Madres de Plaza de Mayo, one of the country's most serious and representative human rights organizations, also opposed it, as did Carmen Argibay and Raúl Zaffaroni, two progressive members of the Corte Suprema de Justicia (CSJ). "Regarding terrorism, there is no crime associated with it that has not always been subject to criminal penalties, so it is nothing more than a pretext, an extortion by FATF, an agency to which Argentine never should have belonged," said Zaffaroni.

Guillermo Almeyra, an Argentine political analyst living in Mexico, wrote in the Mexican daily La Jornada that this anti-terrorist law could be a bad sign. Almeyra says that it is very likely that "the most-voted-for government will have to confront popular resistance in the future," because CFK's 54.11% of the votes was "not a blank check" but rather "a vote to protect what is in danger and against the arrival in the country of financial-capital as the 'solution' to the crisis of capital."

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