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Argentina

The Day After Macri’s Downfall

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Argentina's recent elections have set the country's right on the path to defeat. But that won't immediately put the working class back in the driver's seat â€” much greater mobilization is needed for that.

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The thumping electoral defeat of neoliberal president Mauricio Macri is a major political event that marks the opening of a whole new situation in Argentina.

By voting overwhelmingly for the Peronist candidate Alberto Fernández in the August primaries, the country’s popular classes discovered a way to censure the governing right-wing coalition and express their wholesale rejection of austerity politics. The outcome also carries strong implications for the rest of the region, hopefully foreshadowing the defeat of Trump, Bolsonaro, and the wider Latin American right, whose continental plans are now partially destabilized by the loss of a strategically vital associate in Macri.

The tentative victory (October’s general elections will confirm what is already a near-irreversible numerical advantage) is also a popular triumph insofar as it injects the working class with a greater sense of confidence, lifts up social expectations previously trampled under Macri’s administration, and, looking ahead, may very well provide the spark needed for a renewed struggle for social conquests lost in the intervening period.

In a sense, the election itself was a belated expression of four years of popular struggle against the Macri government. However, this victory is also deeply ambiguous, contradictory, and could quickly dissolve if not accompanied by mass social mobilization.

The defeat of Argentina’s right was achieved by channeling popular support towards the moderate figure of Fernández. Leading up to that moment were several key episodes. In the months before the primaries, ex-president Cristina Kirchner decided to cede the presidential candidacy to Fernández in an act heavy with symbolism, its intended audience being first and foremost the ruling class.

To understand the significance of that gesture, it is important to recall that Fernández and Cristina Kirchner had a serious falling out in 2008, when then-president Kirchner entered into open hostility with the “establishment.” Fernández jumped ship at the precise moment when Kirchnerismo declared war with the rural oligarchy and the media monopoly of Grupo ClarÃ-n.

More than a reconciliation of differences, the new Fernández-Kirchner ticket is the crowning achievement of a strategy pursued by Kirchnerismo to adapt to the current conjuncture. That strategy has in its sights: restoration and reincorporation with the traditional Peronist apparatus, renewed commitment to the IMF and international finance capital, and assurances of governability and mutual understanding with local dominant classes.

Much has been made of Cristina’s “power play” opting out of the presidential race and handpicking as her presidential running mate a moderate figure from outside the Kirchnerist rank and file. Her true cunning, however, was to recognize that Cristina herself, widely despised by part of the middle and upper classes, was her own greatest obstacle to the more moderate governing strategy she wished to pursue.

A fine-tooth reading of the electoral results reveals both the strength of Argentina's anti-Macri, anti-neoliberal struggles and the limits of those same struggles. With little to show in terms of significant social victories over the last four years, the neoliberal offensive in full swing, and a lack of an alternative mass politics that could embody a radical solution to Argentina's crisis, it seems that a "minimalist realism" has become widespread among the populace. And that mood plays into the hands of the type of governance offered by the current moderate Peronist vehicle.

That's all to say, there is a tension within the popular consciousness: between elevated expectations for a return to the redistributive politics of the "Pink Tide" (more ideological, although more progressive in its effects) and a certain "possibilism" (more realist in terms of its expectations for the future government, but also more demobilizing) that would be content to soften the current austerity regime. In other words, Fernández's victory is progressive to a great extent for what it sets out to attenuate, inspiring a sense of confidence among popular sectors that the neoliberal onslaught can at least be halted in its tracks.

Managing the Crisis

Macri's defeat has reignited an ongoing crisis that, until relatively recently, appeared to be momentarily contained. The day after primary elections the Argentine peso was devalued by 25 percent and the price of stocks and bonds plunged to historic lows. The term "financial terrorism" became commonplace: the behavior of the "markets" had revealed capital's impersonal, authoritarian side, betraying its narrow conception of democratic politics. The interests of concentrated capital, unhappy with the election outcome, acted decisively with their customary methods to impose strict conditions on the incoming government: runs on the stock market and capital flight.

But there was another, simpler story behind the shock-and-awe of "financial terrorism." With Macri's defeat it has become painfully clear that the country's debt and the financial architecture holding it up are simply unsustainable, no matter how much Trump and the IMF attempted to provide a lifeline for Macri's reelection and the continuance of the current economic policy. Desperate, Macri himself effectively allowed the latest run on the national currency to follow its course when he could have intervened, acting instead as the political instrument for the market's "faceless authoritarianism." "Vote that way and you face the consequences" the president announced in a press conference the day after elections.

The Argentine head-of-state issued an apology for that statement two days later, in what amounted to a confession of the government's political isolation and disorientation as it rapidly loses support among its capitalist backers, mainstream media, and even key partisan alliances, all of whom are now calling for an orderly transition to the incoming Peronist government.

The peculiar nature of the Argentine electoral system, with obligatory primaries that hardly qualify as primaries, is feeding into a political crisis whose outcome is anyone's guess. The government's downfall is irreversible and yet there is no new authority invested with the formal power to govern, much less any elected parliamentarian bloc representing the incoming political force. And this intensified crisis could produce a spectacular collapse within Macri's already debilitated party coalition.

There is also the prospect of the current chaos escalating into an economic crisis of even larger proportions. The 25 percent devaluation of the national currency in just one day is an enormous blow to popular income. But that shock was already anticipated and even encouraged by Alberto Fernández, who during his campaign declared on more than one occasion that the Argentine peso was overvalued. Fernández's goal is clear enough: let Macri do the "dirty work" in the months to come, depressing wages and letting austerity follow its course, so that the economy can rebound when he assumes office.

Moreover, the collapse of Macrismo and the national economy will also grant Fernández more political currency, greater presidential authority, and an excuse to assume a posture of passivity in the face of continued austerity measures.

However, faced with the possibility that Macri could leave the nation’s fiscal situation in the red, particularly after having launched a series of “populist” measures to attenuate the escalating social crisis, or that the crisis itself could become so severe as to jeopardize future governability, Fernández also needs to subtly temper confrontation with cooperation and work in concert with the outgoing conservative administration.

With his hand forced by the escalating crisis, Macri has adopted a set of interventionist measures: capital controls (a true “cultural defeat” for Macrismo, whose flagship opposition to market interventionism distinguished them from Kirchnerismo) and the declaration of a partial default on short-term debt, both of which will lay the groundwork for the next government.

The Fernández-Kirchner ticket is buoyed by the rapid implosion of Macri’s Cambiemos coalition. Different from other episodes in national history where a major crisis served as a pretext for austerity, the “Kirchnerist model” never saw the kind of major explosion that would have justified the type of measures implemented by the Argentine right over the last four years. Instead, the current course of events begs the question whether the kind of “catastrophic crisis,” of the type that Macri would have preferred for the administration before him, will not cut short Argentina’s short-lived and unprecedented experiment in right-wing “democratic” governance.

The Specter of Inflation

Should the national economy go into an inflationary spiral, or the crisis reach hyperinflationary levels and destroy the national currency (still a distant possibility), the consequences would introduce an added dimension of unpredictability. As Perry Anderson once remarked while speaking in Buenos Aires: “there is a functional equivalent to the trauma of the military dictatorship, inducing a people through democratic and non-coercive means to accept the most drastic neoliberal policies: hyperinflation.”

Hyperinflation acts as a collective trauma whereby the entire social order as such begins to break apart, opening the door to appeals for stability at any cost and a generalized, paralyzing sense of fear. As AdrÃ-an Piva notes regarding Argentina’s hyperinflationary spiral of 1989: “In a society where relations between individuals are mediated by monetary exchange, a crisis of the currency is, at the same time, a process of generalized social dissolution.”

The current inflationary spiral is not necessarily attributed to the government and is often portrayed as a “spontaneous” process with no immediate guilty parties. This makes any type of unified political struggle difficult. In such a scenario, capital looks to bend the will of the working class with the threat of spiraling prices and a devalued national currency, undermining popular income and social relations at large.

Still, an inflationary spiral can fail in its disciplinary goals if the working class succeeds in pushing against established wage limits. This took place in Argentina during the crisis of 1975, and again between 1981-1982. Faced with that challenge, the dominant classes sometimes will accommodate and opt for stability rather than fanning the flames of an intense wage battle. And when this does take place, not only is the blow to wages softened, the existing material loss of the working class is compensated with greater consciousness, combativeness, and class autonomy.

1975, 1981-82, 1989, 2001-2; the successive crises to the national economy have repeated the same basic pattern

that Argentina is currently witnessing: violent devaluations, high inflation, a fall in wages, and worsened labor conditions. But the outcome of these crises was not always the same for the working class.

In 1975, the Argentine workers’ movement defeated the economic plan of Isabel Perón and Celestino Rodrigo, waging an intense class battle that was only put down by the imposition of a military dictatorship. The 2001 crisis likewise marked the beginning of a watershed moment in Argentina’s modern history, producing a popular uprising that saw the power of the dominant classes significantly curtailed.

By way of contrast, the crisis of 1989-1991 inaugurated the infamous decade of neoliberal restructuring led by president Carlos Menem. In other words, crisis is a moment of radical uncertainty in which the relation between social classes can be redrawn in a decisive manner.

That said, Argentina’s left â€” its social movements, trade-union organizations and political parties â€” needs to place a wager on the current conjuncture: that Macri’s defeat, bringing with it a renewed level of confidence for popular struggles, can be extended into a deeper cycle of struggles capable of preventing the destruction of wages and a broader social defeat.

And this in turn means giving a hard look at the “new Peronism” that will soon be taking the reins of government. Here, for the Left, the issue is not only the political class â€” it also means analyzing the powerful Peronist apparatus that steers mass politics through its intermediaries in trade-union leadership and social movements.

Peronism’s Eternal Return

One again, due its enduring relevance in the political arena, the present time is as good as any to revisit the theoretical and political enigma posed by Peronism. And to do so we need to consider one of its fundamental pillars: Argentina’s organized labor movement.

According to much of Marxist literature, trade-union bureaucracy serves a dual function. It acts on the one hand as a force of containment, pacification, and integration of the workers’ movement into the state. On the other hand, in order to accomplish that it needs to maintain a real presence in the working class, mobilizing certain struggles and satisfying certain demands.

This dual nature also applies to the contradictory status enjoyed by the trade-union bureaucracy. On the one hand, the bureaucracy is situated at a strategic location to exploit its dual nature (drawing on the strength of the state and the workers’ movement as needed), while an attack on the workers’ movement can just as well turn into an attack on the bureaucracy’s own survival.

Argentina’s trade-union bureaucracy, like most, is deeply conservative, but the conservation of its status has often been tied up with the defense of the victories of the workers’ movement. Today in Argentina, where the working class is more heterogeneous and fragmented than in the “old workers’ movement”, this aspect of the trade-union bureaucracy often extends to the leadership of the country’s “new social movements” (the feminist movement is the exception, where much of its dynamism and combativeness can be explained by its resistance to institutionalization and bureaucracy).

Latin American populism, like classic European “worker reformism,” reproduces a number of the contradictory features of trade-union bureaucracy. Better still, a classic instance of populism like Peronism can be understood as the state representative of trade-union bureaucracy.

In Argentina, Peronism fulfilled the role that European social democracy played during the welfare state era. Increased productivity during the “Fordist era” and postwar growth allowed for a transaction that was as much typical of Argentina as other Western states: the working class accepted discipline, monotony, and exploitation in exchange for greater access to consumption.

In more general terms, the working class managed to politically subordinate aspects of the capitalist regime in exchange for the workers’ own social subordination. This transaction brought with it an institutionalization of the class struggle, with trade unions being integrated into the state in a manner typical of that era’s class compromise between labor and capital (be it through social democracy, Latin American populism, labor parties, etc.).

But Peronism is an opaque and complex phenomenon that resists facile comparison. One feature setting it apart is its incredible political elasticity.

Like so many other dependent nations of the time (the mid-1940s), Peronism was characterized by an admixture of anti-imperialism and nationalist ideology. Lacking any connection to Marxist mass-based politics or democratic workers’ culture, Peronism was from its origins subject to the personal control of a charismatic caudillo.

Its principal ideological sources were heterogeneous but overwhelmingly anti-communist: social Christianity, military nationalism, and popular conservatism. Those values, combined with political verticalism, cultural conservatism, and a carefully managed, economically empowered working-class, formed what has come to be known as “historic Peronism” or the “First Peronism.”

But the story of Peronism did not end in the mid-1950s when Perón was overthrown in a military coup. The ensuing decade saw the heavily Peronist working class transform into a clandestine resistance force, fighting against the military dictatorship and their own political proscription. The late 1960s and 1970s witnessed another renovation of the Peronist identity, this time reaching a new generation of radicalized youths who would lead what is known as “revolutionary Peronism.” That process of radicalization was finally interrupted in 1976 with the military junta.

Peronism would go on to experience further mutations in the post-dictatorship period. It was ultimately Carlos Menem, a lifelong Peronist, who during the 1990s spurred the aggressive capitalist restructuring of the national economy along neoliberal lines, effectively altering the developmentalist pattern of accumulation that Peronism itself had developed since the 1940s.

Within the Peronist tradition, the phenomenon known as “Menemism” should serve today as a cautionary lesson against the logic of lesser-evilism. Menem managed to resolve Argentina’s hyper-inflationary crisis in a peculiar manner, pegging the national currency to the dollar and pursuing a program of aggressive economic liberalization that, in the first years of his government, enabled the formal sector of the working class to enjoy considerable consumption benefits. The trade-union sector largely accompanied this process.

But Menem was also radically dismantling national industry and his liberalization program was causing the ranks of the unemployed to grow. All in all, a brief period of enhanced consumption power for the working class was enough to buy their consent, active or passive, for the country’s savage neoliberal restructuring.

In some cases, the very same political leadership that the masses recognize as their own are the ones capable of imposing damaging policies that go against their interest, particularly through control of the trade unions. Gramsci analyzed such processes under the name of “transformism.”

Under these conditions, it is just as often demoralization and a sense of a “lack of an alternative” â€” even more than explicit consent â€” that turns these political formations into an effective tool for the capitalist offensive. An example: it was Margaret Thatcher’s historic rival, the Labour Party, that installed the idea that There is No Alternative â€” Thatcher herself, ever the lucid conservative, recognized that her greatest political triumph was the neoliberal incarnation of Labour under Tony Blair.

Generally speaking, when these types of restructuring processes are carried out by political phenomena characterized by “class conciliation,” they are also accompanied by what Gramsci called “attenuating measures.” For example, it was Mitterrand’s Socialist Party, coming off the back of the PCF-supported, progressive “Programme commun,” rather than Gaullist conservatism that introduced neoliberalism in France. That historical background explains to a large extent the so-called “French exceptionality,” basically bypassing the anti-popular shock measures of Thatcher and allowing for the continuance of worker conquests in the midst of the neoliberal offensive.

For and Against Hope

These examples need to be kept in mind as we await the next incarnation of Peronism, which will no doubt be different from both of its post-transition incarnations: Menemismo and Kirchnerismo. The next administration will be seeking to impose a settlement between wages and prices in the hopes of taming inflation, favoring wage and currency depreciation so as to encourage exports and reactivate the economy based on the competitivity afforded by a devalued currency.

But unlike the economic scenario in which Néstor Kirchner took office in 2003 â€” following a 300 percent mega-devaluation of the peso â€” there are no guarantees that austerity and the combination of depreciated salaries and wages will be sufficient to kick-start a cycle of growth.

The future government will have to renegotiate with the IMF, in a scenario that recalls similar situations in Greece and, more recently, the Ukraine. Argentina’s debt stands at nearly 100 percent of GDP and the nation is clearly incapable of servicing short-term debt commitments.

Some argue that the unprecedented amount of loans granted to Argentina by the IMF pose a risk to the organism itself, suggesting that the entity might even adopt a more lenient attitude than in the aforementioned cases. Whatever the case, Fernández has given abundant signs of his eagerness to negotiate, meaning that there will be no recourse to using a potential “unilateral suspension of payments” as a negotiating chip (the same “Plan B” was lacking in the case of Syriza).

Moreover, it is hard to imagine that the IMF will be more benevolent with a government that, unlike the Macri administration, is not “one of its own.” All signs point to a quid pro quo in which any type of renegotiation of debt payment will be conditional on some form of “structural adjustment”: labor and fiscal reform, albeit in a more moderate version than would have been the case under Macri.

The new Peronist government will immediately face the challenge of tamping down an inflamed struggle for the distribution of wealth, only momentarily placated by the electoral cycle and the expectations of a new government. While running a serious, competitive campaign, Peronism has been careful to temper the elevated social expectations that their own victory might stimulate: no “compromise” on wage regression is possible without also taking measures to control the ensuing social conflict, and with it, popular expectations.

Hence the leading voices of Peronism are eager to discourage popular mobilization (effected through the trade-unions and social movements under their influence). Meanwhile popular and working-class wages continue to deteriorate.

Only by combating these tendencies towards social pacification does it become possible to unlock the explosive potential of Argentina’s current political moment. The popular sectors are restless and Peronism itself is not immune to pressures from below. Although hesitant and tepid, some sectors of Peronist trade unionism and social movements are beginning to pronounce their action plans.

Argentina’s piquetero movement (unemployed and informal workers) may once again take center stage, acting as the “weak link” in a chain that is meant to uphold a policy of social demobilization. If the country enters into an inflationary spiral, the likelihood of a return of the piquetero figure will only increase and could prove of vital importance in preventing a neoliberal solution to the crisis like the one taking place in 1989. But the history of the piquetero movement itself has not been immune to national history, and in recent years it has shown signs of accommodation, particularly through forms of social assistance. All the same, it contains semi-insurrectional reserves that might again be activated when “there is nothing left to lose.”

Left-wing trade unionism in Argentina faces the uphill battle of advocating for broad, unified spaces where the regression of wages and living conditions can be effectively challenged. For the most radical sectors of the workers’ movement, this will mean engaging with Peronist trade unions and resisting the time-honored tradition of denouncing from a privileged, minoritarian position.

The electoral defeat of the right wing and the renewed sense of confidence among Argentina’s popular sectors is a foothold from which to launch a new cycle of struggles. Already, this cycle has been launched with an active contradiction between elevated social expectations unleashed by the defeat of Macri and Peronism’s plans for social containment.

Today, Argentine society can once more show the dominant classes that in this country, like almost no other, they are up against a working class whose historic insubordination is a force to be reckoned with.

*Source: Translated by Nicolas Allen for **Jacobin**.*

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