

# Argentine government announces “emergency” measures to face deepening recession and growing unrest

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As the interlaced economic, political and social crises in Argentina deepen amid fears of “social upheavals,” President Mauricio Macri announced “emergency” measures and negotiations with the International Monetary Fund (IMF) to halt seemingly unstoppable capital flight.

In a televised address to the nation Monday, he appealed to “the world to support us” and sought to wash his hands of all responsibility by pinning the blame on the ongoing drought, the policies of the last government and the trade war between the US and China.

Macri lamented that “for two years the market had also supported us” and threatened that “poverty will increase.” He then blamed all “Argentines...not capable of showing unity of compromise in implementing the structural reforms”—that is, workers for actively opposing hundreds of thousands of layoffs and draconian social austerity.

Macri promised to cut to zero the 2019 primary deficit from a previous target of 1.3 percent of GDP by accelerating the previously adopted austerity package, while axing half of his cabinet, the equivalent of 10 full ministries, including Labor and Health, and imposing a new tax of four pesos per dollar on agricultural exports.

The Argentine peso fell 4.3 percent against the dollar after Macri’s speech and further on Tuesday, surpassing a 30 percent drop during the last month. The raising of the interest rate from 45 to 60 percent last week and the promise of barebones austerity Monday have not halted the precipitous decline.

This week, Argentine Finance Minister Nicolás Dujovne is holding meetings with IMF chief Christine Lagarde. The economy is in such a brittle state that the Central Bank president, Luis Caputo, decided to cancel his trip to Washington, D.C., to monitor the peso from Buenos Aires. On Tuesday, Macri spoke on the phone with US President Donald Trump to discuss the IMF negotiations, with Trump claiming to “strongly encourage and support his engagement.”

The context of the talks with the IMF was summarized by *Bloomberg* on Monday: “Macri is in a pinch to please investors by cutting spending, while ensuring that the belt-tightening austerity doesn’t cause social upheaval ahead of next year’s election.”

For six years, the administrations of Cristina Fernández de Kirchner and Mauricio Macri have faced the deepening global economic crisis—and a public-sector debt accumulated since the 1980s—through austerity, ballooning interest rates to attract financial capital at the expense of industry and cuts in social spending. Since late April, these conditions have burst into a hemophilic loss of capital and a precipitous fall in the value of the peso, with all accumulated consequences being placed on the shoulders of the working class.

There are parallels with the 1998-2001 crisis, when investments virtually ran out for the IMF regime of privatizations and social austerity imposed by the Peronist administration of Carlos Menem largely due to the Brazilian and Russian financial crises. Subsequent pro-finance policies under Kirchner and Macri have turned Argentina into the tip of the iceberg of a vast economic and political nightmare for ruling elites all across Latin America, where the external debt has increased more than 80 percent since 2009, according to the UN Economic Commission for Latin America and the Caribbean (ECLAC).

With well over a third of Argentines living below the poverty line and a decrepit state of health care, education and social infrastructure, the country has also boasted the fastest growing cohort of US-dollar millionaires. The US, European and Argentine financial oligarchies fear that Argentina could become the Western Hemisphere’s Tunisia and trigger an “American Spring” of popular unrest that could spread across the continent and beyond.

Such fears and the desperate gestures of the Macri administration have alienated financial investors, who are demanding greater guarantees that social opposition to parasitism and austerity will be decidedly crushed.

An important example is Ukraine, where sharp austerity by the far-right Poroshenko regime has not satisfied the banks, and the IMF has refused to grant more than \$8.7 billion of a \$17.5 billion potential loan. In Argentina, the IMF has only given \$15 billion from a \$50 billion package agreed to in June. Media reports indicate that Macri's team is requesting that Lagarde release another \$29 billion disbursement this week.

The Ministry of Economy announced Monday that it expects a 42 percent inflation rate—the highest since 1990—and a 2.4 percent economic decline for 2018, along with 25 percent inflation and no growth next year. Meanwhile, the government has set a wage increase limit of 20 to 25 percent, condemning workers to intolerable pressures.

Looting of supermarkets has spread across the country this week. A few hours after Macri's speech, a 13-year-old boy was shot dead as squads of heavily armed police sought to disperse a group of rock-throwing youth attempting to sack a store in the northeastern city of Sáenz Peña. Several other children were seriously injured, heralding a bloody escalation in the state efforts to repress social unrest after the government approved in July a plan to deploy the army for domestic operations.

In neighborhoods throughout Buenos Aires, Córdoba and other cities, workers and youth organized Monday night on social media to take to the streets and bang pots and chant against the Macri administration. The last two years have seen intermittent, regional walk-outs, massive marches of teachers and other workers, three national strikes, and university and factory occupations as workers and students struggle to find a way to oppose Macri's attacks.

Facing this seething anger, the government has relied on the Peronist-led trade unions to suppress social opposition with symbolic strikes and empty appeals for wage negotiations or *paritarias*. The pseudo-left Left Front (FIT), which claims to be “anti-capitalist,” leads an increasing number of trade unions, and includes several legislators at the local and federal levels, has in turn played a key role channeling mounting opposition behind the pro-capitalist and anti-worker trade unions and Peronism.

Macri concluded his speech arguing that Argentina deserves more than “a collection of scandalous notebooks,” referring to the corruption case known as “Notebook-gate,” which has become the front line of the government's political offensive against ex-president Cristina Fernández de Kirchner, who is leading the polls ahead of the 2019 elections.

Kirchner's vice-president, Amado Boudou, was sentenced last month to six years in prison in a different corruption case, while the “Notebook-gate” scandal that began on

August 1 has already involved 26 arrests, 17 plea bargains, 70 raids and 52 subpoenas. Kirchner has herself appeared twice in court and has had her apartments searched. This case is based on eight diaries written by a chauffeur of a former top official under Kirchner's Ministry of Federal Planning, including details on numerous pick-ups and deliveries of bags with millions of dollars in alleged kickbacks, even to the residences of the Kirchners.

The enormous corruption network revealed is increasingly weighing down on the political and economic crisis of the Macri administration. The stock prices of major companies connected to the scandal have fallen, while Macri's cousin and other figures who have continued doing business with the current government and the Macri family are among the alleged bribers.

This has pushed the Peronist factions led by Senator Miguel Angel Pichetto and former presidential candidate Sergio Massa further away from Kirchnerism. However, Fernández de Kirchner has responded by approaching Hugo and Pablo Moyano, who lead the Truckers' Union, as well as a large faction of the main trade-union central CGT, and the Multisector F21 movement (MF21). The Moyanos have described these talks “as a first step after many years of distance from Cristina to explore the possibility of unifying Peronism to come back to power.”

The MF21 has won the support of large sectors of the CGT and CTA confederations and constitutes a cynical effort to give a progressive face to Kirchnerism in order to regain control over the trade union bureaucracy and win the 2019 presidential elections. Their “National program,” approved on August 16, demands freezing all sackings, increasing real salaries for public employees, cutting the working day without reducing wages, “taxing the capitalists,” “reviewing the debt” while not adopting austerity policies, subjecting all new loans to popular referendums, and nationalizing all commodity trade and the banks.

In an interview after Macri's speech, the former FIT presidential candidate of the Morenoite Socialist Workers Party (PTS), Nicolás del Caño, repeated a set of almost identical populist demands, while promoting the illusion that the right-wing Peronist bureaucrats would fight for them.



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