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# Rage against the system

## Argentina is going through a polycrisis. A rocking anarcho-capitalist could benefit in the upcoming elections

Whether financially, socially or politically, Argentina is not in great shape. Despair, anger and cynicism are spreading, all of which spell bad news for democracy. In the primaries in later this month and the presidential elections in October, voters will voice their discontent. The World Cup was indeed a most welcome and necessary break from the daily flow of bad news. Yet football cannot help when it comes to politics: the winning team did not even get a photo opportunity with President Alberto Fernández, whose sole focus is to hold out until December 2023 when his newly elected successor takes office. There has indeed been quite a shift in Argentine politics. As in other democracies, far-right system busters have arrived on the scene, providing an outlet for the anger.

The most recent Argentine presidential elections were actually a sign of a normal, mature democracy and have, in each case, brought about peaceful change. For Argentina, all this is still relatively new: before 1983, breaking with democratically elected governments and fleeing towards authoritarian regimes was the norm. The pandemic, however, aggravated the financial and political situation to such an extent that political stability has hit turbulent waters. Much of what we are seeing evokes the social challenges of the crisis-ridden years shortly after the turn of the millennium.

## A shift to the right

The presidential elections will take place in October – and the primaries on 13 August will determine the candidates for the party coalitions. New far-right players are fuelling an anti-democratic and anti-institutional mood and are managing to shift the debate towards the right. The difficult situation and a lack of substance in its political compass mean that the current Peronist centre-left government has little chance of being re-elected: the country is facing major difficulties, ranging from inflation of more than 100 per cent and an increasing poverty rate of at least 39 per cent, on the one hand, to a severe drought and failed harvests

and resulting foreign exchange reductions, on the other. Added to this is the political stalemate existing between the political camps created by the complex financial situation and exacerbated by personal attacks and accusations. Critical factors in this vicious circle are the debt crisis and the pandemic.

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In these conditions, it would be difficult for any party to win an election, particularly when there is neither a unified leadership nor a clear mission, as is currently the case with the squabbling government coalition that will contest the elections as *Unión por la Patria*. The fact that the incumbent president Alberto Fernández is not standing again underlines the weak position of the governing party. Internal tensions arose, particularly in relation to the renegotiation of the newly contracted high debt levels with the International Monetary Fund (IMF) in 2018, from which the government's approval ratings could not recover. Only after months of wavering indecisiveness did the governing coalition decide to contest the elections with a candidate acceptable to all parties, the current Minister of Economic Affairs, Sergio Massa. It seems like a good call, as recent polls put Massa at about 31 per cent, thereby giving a significant boost to the government's chances of re-election. Even if they cannot hold the presidency, the key focus for the Peronists is to avoid losing the congressional and senatorial elections.

Sergio Massa has created a power base with the *Frente Renovador* group which forms part of the governing coalition. He was also a presidential candidate in 2015, when he positioned himself as an opponent of the Peronist candidate and achieved third place. As a deputy, Massa eventually assumed the office of President of Congress, before becoming Minister of Economic Affairs in 2022. In spite of the continued high inflation rates, he managed to use his good contacts to business and the US to cultivate his image as a man of action. The Peronists stand a fairly decent chance of success with Massa at their helm. The fact that the new election coalition is named 'Unión por la Patria' is an indication of the Peronists' drift to the right. Instead of 'Progress' or 'Welfare for All', they are campaigning with 'Fatherland'.

## Deep dissatisfaction

The coalition's main opposition is the Conservative camp surrounding Juntos por el Cambio, which would receive up to 33 per cent of the votes according to the most recent polls and is benefiting from the muddled financial and precarious social situation in the country. The favourite for the Conservative primaries is the hard-hitting Patricia Bullrich. She wants to submit the country to shock therapy: a rapid reduction in public spending and a strong currency devaluation, both of which would hit the many poor households particularly hard.

Yet the figure that particularly infuriates the entrenched Argentine political scene and stands for genuine 'change' is Javier Milei. The 52-year-old Member of Congress refers to himself as a libertarian and an anarchic capitalist, attracting attention with his rock star looks and off-limits proposals: faced with a choice between the State and the Mafia, he would go for the latter. Additionally, he would like to close the Central Bank and dollarize the currency. He regards tax evasion as a human right, and the freedom to bear arms and the legalisation of the trade in human organs are part of his programme. A rejection of the 'political elite' forms the core of his rhetoric. Now and then, his candidate for the position of Vice President rubs people the wrong way by relativising the crimes of the last military dictatorship. The most recent polls suggest that he is settling at around 18 per cent. His support is particularly strong among young men aged between 16 and 24 years old, an age group that has grown up amidst constant crises and has not experienced economic stability. Potential voters are not motivated by Milei's extreme opinions but rather by his rage at the system.

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The high approval ratings of an awkward far-right candidate demonstrate the helplessness of traditional politics when faced with such enormous problems. Those that are frustrated and disgruntled, but do not vote for Milei, will not vote at all. Various provincial elections have already indicated that 40-45 per cent may abstain – in a country in which voting is mandatory. There appears to be no recipe that works – neither the free market policies of someone like Mauricio Macri nor a moderate centre-left course that tries to satisfy the IMF and yet ramps up state subsidies to prevent hardship from soaring further. Debt, insufficient sustainable foreign investment and unstable regulations and framework conditions

have been the result.

## No left alternative

The two politicians to have influenced Argentine politics over the last two decades, Cristina Fernández de Kirchner und Mauricio Macri, are no longer standing for office. They are still active behind the scenes, but steps have already been taken to replace them. What and who will follow remains far from clear. Not only the significant generational change will pose a challenge in the coming years but also the far-right's intrusion in the existing duel between the Peronists and the Centre Right. Milei will ensure that traditional Conservatives will be pressurised by the far right. But many voters from the Peronist camp, generally from the lower-middle or lower class and the informal sector, will also vent their frustration through the ballot box and potentially vote for Milei.

A progressive, non-Peronist coalition will be absent from these elections. Small, progressive parties such as the Socialist Party (PS) are moving over mainly to the Conservative camp. There are barely any options to the left of the Peronists, with the sole exception of a brave, traditional outsider: Argentina is one of the few western countries with a small Trotskyist party in the national parliament. Even in 2023, the *Frente de Izquierda y de Trabajadores* are counting on a few seats in the Chamber of Deputies.

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The tasks facing those who win the elections in October – or the run-off in November – are immense, in terms of both domestic and foreign policy. Inflation is *the* most burning issue for both employees and business. The large IMF debt package needs to be serviced but restricts the country's development, as both debt and the debt agreement negotiated in 2021/22 influence policy. A swap negotiated with China in May and June aims to strengthen the National Bank's reserves and to reduce dependency, to some extent, on the US dollar. Attempts to diversify international links conceal, however, the danger of becoming more dependent on China, already an extremely important creditor and investor. China's only satellite station outside its own borders is in Patagonia.

And what is happening to Argentina's huge raw material resources? Business with the element of the future, Lithium – of which Argentina is

home to the third largest reserves worldwide – and hydrogen is going well, but without any national strategic plans. To avoid a mere sell-off at the expense of the environment, local communities and potential development opportunities, the appropriate measures need to be taken. Questions relating to the development model, investment and trade relations require commitment from parties, unions, civil society, science and an active state to ensure that innovation is promoted in an ecologically and socially responsible manner. The winds in the election year 2023 appear, however, to be blowing in a completely different direction – with little space for progressive economic and financial policy, attacks on a hard-earned democracy and on the importance of human rights, as well as a government and opposition that point the finger at each other. Argentina is going through a polycrisis. This is making life extremely easy for the opponents of democracy.

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