The Long Agony of the Kirchner’s Argentina

Argentina’s Economic and Political Outlook

THE BROOKINGS INSTITUTION / AMERICAN UNIVERSITY

Sergio Berensztein / Director

Washington DC - March 24, 2014
I. What Argentina is Not

II. Social and Economic Context

III. Political Context

IV. Electoral Indicators

V. Final Comments
I. What Argentina is Not
Argentina in the News

Venezuela

• Is ruled by a civic-military regime, increasingly more and more authoritarian.

• It manages huge oil resources – the main source of its popularity and electoral support.

Argentina

• Is ruled by an increasingly more and more pragmatic government that lacks those resources and popular support.

• The Armed Forces are not a significant player (consider the late designation of General Cesar Milani).

• The energy crisis is one of the most important problems of the country.

• Regardless of hyper-regulation and controls, agribusiness is not going to be confiscated and therefore the government depends upon farmers to get hard currency.
We tend to analyze the current context through the same theoretical frame as recent crises (1975, 1982, 1989, 2001). But the contexts are different, both external and domestic.

- Thanks to the soybean revolution, and despite capital flights, Argentina generates more hard currency than ever and has more central bank reserves.

- Despite reputation and pending litigation, liquidity and a low debt/GDP ratio allow Argentina to go back to markets as we speak.

- Although there are mounting labor conflicts, there is no vacuum of power; no relevant actor wants the current administration to collapse. Furthermore, Pope Francis generates a tempering effect on the entire polity.

- **The size of the State** is the largest in Argentine history (more than 50% of GDP); poverty alleviating / clientelistic programs help soften the consequences of stagnation.
II. Social and Economic Context
General Country Situation

“How do you evaluate the general country situation?”

Source: Poliarquia Consultores.
General Country Situation

Retrospective Evaluation

Prospective Evaluation

Source: Poliarquia Consultores.
Argentina’s Prospective Economic Situation

“How do you think will the economic situation be a year from now?”

Source: Poliarquía Consultores.
“In Argentina it is often to have good times and high consumption that finally end in crisis. In your opinion, how likely is it that in the next 2 or 3 years there will be a new economic crisis in our country?”

Source: Poliarquía Consultores.
Inflation Indicators

**Perception of Inflation (last month)**

- Prices have substantially increased: 83%
- Prices have moderately increased: 79%
- Prices have remained stable / decreased: 50%

**Inflationary Expectations (next year)**

Source: Poliarquía Consultores.
Most of the conflicts take place in the public sector: Over the last couple of years, labor conflicts in the private sector have remained stable, while conflicts in the public sector have increased significantly. In 2013, the public sector accounted for 60% of the labor conflicts, in fact, during the last trimester that proportion grew up to 66%.

Source: Nueva Mayoría and Observatorio del Derecho Social (CTA).
III. Political Context
Cristina Fernández de Kirchner's Image

Source: Poliarquía Consultores.
“Do you approve or disapprove Cristina Fernández de Kirchner’s administration as President?”

Source: Poliarquia Consultores.
Trust in Government Index (ICG-UTDT)

Source: UTDT / Poliarquia Consultores February 2014.
Trust in Government Index: Capacity to Solve Problems

The Gov. is solving the problems
It needs time to solve them
Does not know how to solve them

Source: UTDT / Poliarquia Consultores February 2014.
IV. Electoral Indicators
### Electoral Preferences for 2015

**Spontaneous Answer**

"¿Who would you like to be the next President of Argentina?"

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<tr>
<th>Date</th>
<th>Sergio Massa</th>
<th>Cristina Kirchner</th>
<th>Mauricio Macri</th>
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<th>Hermes Binner</th>
<th>Julio Cobos</th>
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*Source: Poliarquía Consultores.*
“If the Presidential Elections were held today, who would you vote for from the following candidates?”

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<th>Sergio Massa</th>
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Source: Poliarquia Consultores.
The Image of the Main K Leaders

Source: Poliarquía Consultores.
V. Final Comments
The GIA reflects the social climate and is constructed from three indicators...
Close to a Crisis, but not there yet

Source: Poliarquía Consultores.