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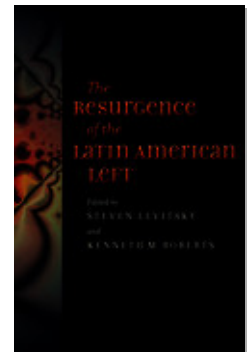
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## The Resurgence of the Latin American Left

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# *Argentina*

## Left Populism in Comparative Perspective, 2003–2009

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It is difficult to place Argentina within the recent wave of leftist resurgence in Latin America. Comparative approaches that locate the governments of Néstor Kirchner (2003–7) and Cristina Fernández de Kirchner (2007–11) in the new map of the Latin American Left differ significantly. Although most general analyses (Cleary 2006; Leiras 2007, Roberts 2007) agree that the Kirchners' administrations are part of the leftist movement sweeping the continent, Castañeda (2006, 38), for instance, grouped Argentina together with Venezuela and Bolivia, in the category of "irresponsible" and nonreformed populism. Gallegos (2006, 39), however, has contrasted the demobilizing effects of the Kirchners' relationships with social actors in Argentina with the experience of continuous social movement mobilization by Evo Morales in Bolivia.

The two Kirchner administrations' policies defy easy classification. The Kirchners confronted international creditors and the Catholic Church and repeatedly clashed with large oil companies (most notably Shell Corporation) and rural business interests; they clearly prioritized economic growth over inflation control, and they re-nationalized the pension system. Moreover, they established solid alliances with popular actors such as mainstream unions and some of the largest unemployed workers' organizations and community-based social movements, and they promoted a series of trials of the military accused of human rights violations during the 1976–83 dictatorship. At the same time, they ran fiscal surpluses, established a good relationship with the national peak industrial association, the Argentina Industrial Union (UIA), and were unwilling to roll back the major privatizations carried out during the 1990s.

To classify the Kirchner administrations within the current map of the Latin American Left,<sup>1</sup> we measure their "degree of radicalism" with respect to two issues that are relevant for left-wing politics: the mobilization of organized lower-class actors and the challenge to business and financial interests. We do not claim that the pursuit of popular mobilization and the attempts to undermine the interests of the economic elite necessarily bring about major social redistribution or equality, a question that is

obviously important for left-wing politics. We simply contend that these are reasonable criteria to assess a question that has historically loomed large in any analysis of leftist politics, namely its degree of radicalism with respect to major expressions of the socioeconomic cleavage. This approach further allows us to compare the Kirchner governments with those led by other populist and established left-wing parties in Latin America.

The study thus examines the Kirchner governments on two fundamental dimensions: (1) the degree to which they have promoted the mobilization of organized popular actors in the formal and informal sectors and (2) the extent to which they have undermined or challenged the interests of the economic establishment, understood as the main domestic and foreign capitalists in the areas of finance, services, industry, and agriculture. In the first section, we analyze the political strategy of the Kirchners toward organized popular actors. We show that they integrated popular actors (i.e., social movements and labor unions) into their governing coalition primarily through policy concessions and state appointments. At the same time, these allies became vital supporters of the government, notably during the 2008 “farm war,” in which rural producers staged a 90-day lockout and carried out massive roadblocks against the administration of Cristina Kirchner.

In the second section, we review the political economy of the Kirchner administrations, examining economic, labor, and social policy to assess the government’s relationship with business and organized popular actors. We find that the government clashed more with domestic business on regulatory policy (controls on the price of public utilities and the price and exports of wage goods) than on macroeconomic policy or state ownership. We show that a macroeconomic scheme that combined a relatively expansionary monetary policy with some orthodox fundamentals was buttressed by the state capture of economic rents of international bondholders (through an aggressive and unilateral debt rescheduling), of private pension funds (through reforms that ultimately nationalized the pension system), and of rural producers (through increasing export taxes).

In the final part of the chapter, we argue that the Kirchner governments have navigated a middle ground within the current Latin American Left in terms of their radicalism. We select two cases that have been taken as examples of moderation and extremism in the region, the administrations of Luiz Inácio Lula da Silva in Brazil and those of Hugo Chávez in Venezuela, to shed some light on the factors that, we believe, have shaped the incentives for radicalization in the Argentine case: whether the Left in government had previous linkages to organized popular actors and the extent of party-system collapse.

Before we proceed, two important points should be mentioned. First, despite heightened political polarization triggered by the Kirchners’ left turn, the political

regime remained democratic. Elections were free and fair, there was no repression of social protest or serious attacks on the media or the judiciary, and after the conflict with rural producers in 2008, Congress became a decisive arena of policymaking and government accountability. Finally, the Kirchners made no unilateral effort to rewrite the constitution.

Second, we classify the Kirchner governments as left, even though their political party, the Peronist Justicialista Party (PJ), is not. As Levitsky and Roberts argue in the introduction, the Argentine left turn was underpinned by a populist machine, the PJ, which was able to form a broader left-wing policy coalition. Of course, Peronism, as such, is not easily located on the left-right spectrum. Since its emergence in the 1940s, it has shown remarkable ideological and policy divergence. Historically, Peronism has harbored extreme right nationalists and left-wing guerrillas, both combative and business unionists; it has pushed state nationalizations and macroeconomic expansion as well as vast privatization and neoliberalism. In the 1980s, the PJ built a patronage machine that facilitated policy adaptation to neoliberalism in the 1990s (Levitsky 2003) and which to a large extent also supported the left turn under the administrations of Néstor and Cristina Kirchner.

### The Political Underpinnings of the Argentine Populist Left: Machine Politics, Labor Unions, and Social Movements

Néstor Kirchner, of the Peronist party, was the first president to be elected after the 2001 financial and political crisis had toppled the administration of the centrist Alianza and had plunged the country into a dramatic economic collapse. An improbable president, Kirchner came to power with the support of the mainstream Peronist machine, which allowed him to win the presidential election with a slim margin. Once in office, Kirchner gained high levels of popular support because of his anti-neoliberal political discourse, which sharply criticized the market-oriented reforms conducted by the PJ administration of Carlos Menem (1989–99). During the 1980s, the Peronist party, a traditional populist labor-based party of the import substitution industrialization (ISI) period, underwent a dramatic transformation. It severed its linkages with organized labor and became a patronage-oriented machine party (Levitsky 2003). This organizational transformation allowed the Peronist party to remain electorally competitive in a context of declining unionization. In the 1990s, machine politics helped the PJ implement sweeping market-oriented reforms and prevent mobilization against state adjustment.

In the aftermath of the 2001 crisis, the pursuit of a left-wing policy agenda and governing with the support of the established PJ machine would seem to be incompatible tasks. Yet Kirchner was able to steer the PJ machine toward a new policy ori-

entation, as well as to build strong linkages to social groups outside the PJ machine, such as unemployed workers' federations, which contested the promarket policies of the 1990s. Top-down, uncontested leadership of the PJ machine provided a predictable base for governing and electoral support, while the construction of linkages with social actors—including social movements and traditional labor unions—underpinned Kirchner's left-wing policies.

The resulting coalition was not created without internal conflict. The PJ was divided in many provinces throughout the 2003–9 period, and in the 2009 midterm election, the Kirchners lost significant votes to a “dissident” PJ, which cost the government control of Congress. For the most part, however, the PJ proved to be a stable source of electoral and political support. The PJ machine backed the government in exchange for patronage and influence over candidate selection, while popular actors in the informal and formal sectors were granted state positions and policy concessions.

In this section we examine the level of radicalism of the Kirchner administration with respect to organized social actors, that is, unemployed workers' organizations and labor unions, along three dimensions: incorporation in the state, inclusion in the partisan coalition and electoral nominations, and promotion of direct action or street demonstrations against political adversaries or business.

### *Unemployed Workers' Organizations*

When Néstor Kirchner came to power, the organizations of the unemployed mobilized actively in demand for social programs and jobs. Unemployed groups had emerged in the late 1990s confronting the PJ machine, and their contentious activity had increased significantly during the administration of the Alianza (1999–2001). In 2003 the largest organizations managed to mobilize about 100,000 beneficiaries of state-sponsored workfare programs, which the interim administration of Eduardo Duhalde (2002–3) expanded in order to dampen protest and alleviate the effects of the 2001 crisis (Garay 2007). Although protest had diminished since the expansion of workfare programs, it nevertheless remained high. For example, between January and April 2003, when presidential elections were held, these movements of the unemployed organized 70 acts of protest.<sup>2</sup> High levels of protest presented Kirchner with a choice between responding to policy demands of unemployed groups and confronting them through repression. Confrontation had not helped presidents in the past. Kirchner's strategy was to court these groups, especially (though not only) the largest ones, which were not linked to any political party, and to eventually ignore the more radical ones, which tended to be associated with small left-wing parties.

Some of the largest unemployed workers' movements indeed threw their support

behind Kirchner.<sup>3</sup> Through policy inducements, which initially included participation in public works and support for microenterprises and, later on, pension expansion and new income transfers (analyzed below), Néstor and then Cristina Kirchner negotiated a reduction in protest activity and mobilized loyal groups both in support of government policies and against adversaries.<sup>4</sup> Indeed, the organizations of the unemployed helped organize massive rallies for the Kirchners and mobilized against agricultural interests and big business (see *La Nación*, March 16, 22, 2006). This was particularly the case in the administration of Cristina Kirchner, when unemployed and other social movement leaders openly confronted the massive mobilizations of rural producers against increases in export taxes, becoming the symbol of progovernment support.

Unemployed organizations further participated in the Kirchners' coalition with state appointments. Although some also joined the Kirchners' faction within the PJ, the Victory Front (VF), the organizations were principally incorporated through state appointments. By 2006 at least 50 members of various unemployed organizations, including their main leaders, held positions in the state.

### *Labor Unions*

Initially, Néstor Kirchner's antineoliberal rhetoric garnered the support of the more leftist factions of the labor movement, the Central de los Trabajadores Argentinos (CTA), which organizes teachers, around half of state workers, and a few industrial unions. In office, however, the government consistently courted the mainstream Peronist Confederación General de los Trabajadores (CGT), which encompasses private-sector workers and public-sector unions not aligned with the CTA. After 2003, when economic growth resumed and the labor market tightened (especially through employment creation in the formal and unionized sectors), the mainstream labor movement became a crucial ally in promoting governability. The Kirchners' administrations rewarded the Peronist unions with labor policy measures (analyzed below) in the areas of industrial conflict, wages, and labor law reform. They did not however, reestablish the CGT's formerly important role in the PJ or institutionalize its influence within the VF structure. Moreover, the government rewarded labor with the appointment of union-friendly officials in crucial state positions such as the ministry of labor or the office for the control of the union-run health system. The alliance with the Peronist labor movement (especially with the dominant faction of the CGT formed by transportation workers) paid off: no general strikes were called for the first time since the democratic transition, the CGT unions organized some massive progovernment rallies, and they publicly supported the government and participated in street demonstrations during the "farm war" of 2008.

## The Political Economy of the Kirchner Administrations

This section examines the political economy of the Kirchners' governments along three lines: economic (including macroeconomic, regulatory, and state ownership), labor, and social policy.

### *Economic Policy*

#### MACROECONOMIC AND FINANCIAL POLICY

The fundamentals of the macroeconomic policy of Néstor Kirchner's administration and that of his successor, Cristina Kirchner, were put in place under interim president Eduardo Duhalde, in reaction to the traumatic crisis of 2001. Argentina had been a poster child for economic liberalization during the 1990s. The full convertibility of the peso (one-to-one to the dollar) implemented by the Menem government (1989–99) meant in practice that capital movements inside and outside the country would set the monetary base. Indeed, a wave of capital inflows sparked by international bond market expansion fueled a domestic economic boom in the first part of the 1990s. In this period the country underwent most of the structural reforms recommended by the Washington Consensus. However, exchange rate appreciation (which hurt domestic production); the evaporation of capital inflows after the Asian, Russian, and Brazilian crises of the late 1990s; and the ensuing domestic recession culminated in the fall of the Alianza government (1999–2001) amid a financial meltdown, riots, and social chaos (see Etchemendy 2005).

The Duhalde administration (a national unity government formed by the bulk of the Peronist party machine and supported by the Radical Civic Union [UCR], the traditional centrist party around which the Alianza had been formed) stopped servicing the debt with bondholders and formalized the currency devaluation that the market had imposed at the end of 2001. The exchange rate was allowed to float (reaching 4 pesos in April 2002 and stabilizing around 3 pesos afterward, i.e., a 200% devaluation), while the government had to deal with the whole set of contracts broken in a previously dollarized economy: frozen deposits and bank loans in “Argentine” dollars, prices of privatized public services (also dollarized), and defaulted debt obligations. After a dramatic fall in output and employment, when Néstor Kirchner took power in May 2003 the worst part of the crisis had passed. Although inflation jumped through 2002, the feared hyperinflation did not occur.<sup>5</sup> The economy had started to rebound as a result of high international commodity prices, firms' large idle capacity, and the incentives for domestic business given by the government-financed liquidation of firms' dollar debts with banks and the loss in real wages after the devaluation. However, the

country was still in shambles: poverty had reached 50% of the population, unemployment was 17% in 2003, and social contestation was still high.

The new government preserved the main traits of the macroeconomic orientation of its predecessor—Kirchner even retained Roberto Lavagna, Duhalde's last minister of the economy, until October 2005. Exchange rate depreciation vis-à-vis the dollar and the Brazilian real was initially the consequence of a steep devaluation at the beginning of 2002. Under Kirchner, however, it was increasingly achieved through Central Bank intervention in the context of constant capital inflows: the monetary authority purchased dollars available in the market from mounting exports. Part of the resulting pesos were recaptured by the Central Bank through medium-term bonds, with the goal of averting excess liquidity and inflation.<sup>6</sup> Exchange rate depreciation served the dual purpose of favoring tradable productive sectors and consolidating the fiscal front as the state captured part of the grain and oil foreign sales through export taxes.

Regarding international financial policy, the International Monetary Fund (IMF), which had been relatively patient with Duhalde, demanded a "sound" economic policy (i.e., a floating exchange rate, price adjustments in privatized public utilities, restructuring or privatization of public banks, and an even larger fiscal surplus) and "good faith negotiations" with defaulted bondholders to resume economic assistance. Rhetorically, Kirchner blamed the IMF and the World Bank for the failed policies of the 1990s and the 2001 crisis, and he threatened to suspend payments (and briefly did it in September 2003). He refused to sign a new agreement with the IMF that would imply policy conditionality in exchange for new funds. However, while the rest of the public debt had been in default since January 2002, money flows from the Argentine Treasury and the Central Bank to the IMF and the World Bank continued relentlessly until 2006, when the government canceled the totality of the IMF liabilities. The relation with the IMF, thus, oscillated between confrontation and mutual deterrence: the IMF objected to the postcrisis economic policies and the default on bondholders but could not risk a default on its own balance sheet from one of the three largest world debtors. The Kirchner administration, for its part, strove for policy independence but feared a common front between the IMF and bondholders. The price for a "divide and rule" strategy vis-à-vis international creditors was, therefore, servicing on schedule the debt with the IMF.

The administration, however, maintained a tougher stance with bondholders, as it pushed for considerable capital reduction, interest rate repudiation, and the re-scheduling of payments. Two debt-restructuring offers were made to a variety of institutional and individual creditors, in Dubai (2003) and in Buenos Aires (2004). Although the second one was more generous, the final outcome when the restructuring process was completed in 2005 would have been unthinkable in the heyday of



financial globalization in the 1980s and 1990s: the Argentine government obtained a reduction of about 55% in the defaulted nominal debt capital, refused to service the interest rates unpaid throughout the default period, extended considerably the average maturity, and lowered the exchange-rate risk, as about half of the new bonds were denominated in local currency.<sup>7</sup>

The question is how defiant of dominant capitalist interests this macroeconomic scheme was, and the extent to which it was designed by the Kirchner administration or simply inherited from the prior administration or made possible by external economic forces. Generally speaking, like any heterodox and (neo-)Keynesian approach based on monetary expansion and low interest rates, Kirchner's economic policy implied a positive-sum game between workers and capitalists, especially those located in the tradable sector. Of course, an "artificially" depreciated exchange rate (i.e., one achieved through Central Bank intervention in the context of massive current account inflows) in itself is not "leftist" or even "populist" in view of its implicit consequence of low real wages—indeed it was the trademark of the well-known mercantilist and generally antilabor approach to development in East Asia. Moreover, any neoliberal technocrat of the 1990s would have envied the fiscal surpluses that the administration achieved.

However, the expansion of "universal" price subsidies (analyzed below), state infrastructure spending, the support for unions in their quest to recover real wages, and a heterodox approach that combined yearly rates of around 10% GDP growth and 10% to 18% inflation between 2005 and 2007 was criticized by orthodox and right-wing economists. Certainly, the external environment of low interest rates in the developed world (which made the offers of debt restructuring more attractive) and high commodity prices benefited a macroeconomic scheme largely inherited from the previous government. That said, the Kirchner administration was savvy enough to profit from the external bonanza while maintaining a policy frame that served to strengthen its main coalitional base of urban popular sectors and industrial business. Likewise, it skillfully realized that the IMF was on the defensive after the emerging markets' financial crises of the late 1990s. The fiscal surpluses during Néstor Kirchner's administration were as much a consequence of high commodity prices as they were of the debt repudiation and rescheduling, the nationalization of private pension funds, and export taxes on farmers and oil producers. By 2008 domestic inflation had mounted,<sup>8</sup> fueled by international commodity and food prices, rising state spending, and the farm strike. In 2009, however, the international financial crisis temporarily curbed inflationary expectations. In reaction to the crisis, the government increased spending and sponsored programs that subsidized wages in a group of large companies. Still, in the context of further exchange rate depreciation since 2008, and of the government's expansionary strategies to cope with the crisis, in 2009 Argentina's

inflation remained among the highest in the continent, estimated at approximately 15% by private consultants.

#### REGULATORY POLICY: COPING WITH WAGE-GOODS PRICES

Regulatory policy (more than macroeconomic policy or state ownership) is the domain in which the Kirchner governments clashed most with domestic capitalists, and it is also the area in which they rewarded popular constituencies more directly. By regulatory policy we mean three general initiatives: (1) price controls and export taxes and quotas on wage goods (basically, gasoline, milk, and beef) and the main food crops, (2) price controls in public utilities, and (3) subsidies to businessmen (and therefore to consumption) in areas such as energy, transport, and food production. These three types of measures are underpinned by the same goal: to protect popular sectors' short-run income.

Price controls and export bans on "wage goods"—those that constitute a large portion of popular consumption, such as gasoline, milk, and, in Argentina, beef—developed after 2005, when economic growth had recovered and inflationary pressures arose. In response to a domestic price increase, the government raised export taxes on beef and finally shut down exports in March 2006 in order to drive down prices. Not surprisingly, these measures triggered a reaction from rural producers' organizations, which called for a business lockout against official policy in July of that year. After tough negotiations, the government permitted exports selectively and established "reference prices" for the cuts of beef most consumed in the domestic market.

The greatest battle with the rural sector was waged, however, during the 2008 "farm war," under the presidency of Cristina Kirchner. In March the government sanctioned "mobile" export taxes (already around 35% of full price at the port) on soybeans, the main export crop of Argentina—that is, the tax would increase or decrease according to the fluctuation of the soy international price. However, the tax curve would rise significantly after soy reached a certain price (\$600 a ton). The government would exact 97% of the income above that figure.<sup>9</sup> This measure, plus the farmers' accumulated grievances, triggered the largest business lockout in Argentine history, which continued intermittently until late June. Small and large farmers, represented by four sectoral organizations,<sup>10</sup> ceased commercializing crops. In addition, they staged a series of roadblocks (to freight transport and occasionally to any type of vehicle) in the provinces, which threatened to generate food and gas shortages in the main urban centers.

When the farmers' protest—which frequently outflanked the sectoral organizations and spurred uncoordinated contention on roads—was joined by street demonstrations of the urban middle and upper-middle classes, along with increasing attacks from the media, memories of the 2001 crisis arose. The Kirchners appeared to be

besieged for the first time since 2003. The government reacted by calling a series of mass demonstrations that once again evinced its core support base: labor unions, allied unemployed workers' organizations and social movements, and the Peronist party machine in the poorer areas of Greater Buenos Aires. In June President Cristina Kirchner finally submitted the resolution on export taxes as a bill to Congress.<sup>11</sup> The bill was unexpectedly defeated by a former ally and unlikely adversary, Vice President Julio Cobos, who cast the decisive vote after a tie in the Senate,<sup>12</sup> and the government was forced to repeal the tax hike. Thereafter, tension with rural producers eased, but divisions within the PJ—especially in the provinces with large rural areas—deepened.

The government of Néstor Kirchner also resumed price controls for gasoline, which had been partially deregulated in the 1990s. After 2004, Shell, Exxon, the Spanish Repsol-YPF, and the Brazilian Petrobras, the main oil companies in the country, began to increase gasoline prices. The government issued a series of regulatory threats in response.<sup>13</sup> Relations with all domestic oil groups worsened again when in 2006 and 2007 the government regulated new export taxes proportional to the changes in the international oil price and later banned the lucrative exports of naphtha in order to drive down domestic prices. The government ultimately reached price agreements with Repsol and Petrobras, which had the informal support of the governments of Spain and Brazil, respectively, and which enjoyed better price margins because of their integration into the upstream production in Argentina. By contrast, the government consistently pressured Shell in the various segments of the market.

Thus, export and price controls and clashes with capitalists in the wage-good areas of beef, gasoline, grains, and others like milk roughly followed the same logic. Booming international prices and local demand after 2005 drove up domestic prices. The government reacted by attempting price controls and issuing various “regulatory” threats to business.<sup>14</sup> Negotiations generally induced new price agreements. However, mounting domestic demand, rising international commodities prices, and lack of supply (especially in the areas of gasoline and, increasingly, beef) would trigger pressures for new price hikes and eventually a new round of negotiations.

In addition, the government controlled the price of public utilities, which had been frozen after the 2001 devaluation. Until 2008 international privatized companies in the areas of electricity, natural gas, and telecoms were only allowed to increase rates to large industrial consumers. Finally, the Kirchners' governments resorted to direct monetary infusions in their quest to lower the price of wage goods and internal transport and energy prices. The government financed electricity generators and bus and railway state and private companies; it subsidized fuels for freight transportation. It also established a series of subsidies to domestic producers in the areas of beef, dairy,

and wheat flour, channeled through the National Office for Agrarian Commercial Control (ONCAA) (see Richardson 2009).

#### STATE OWNERSHIP

The Kirchner administrations did not push a major expansion of state ownership in the domain of production. Despite a virulent antineoliberal rhetoric, the major privatizations of the 1990s were not rolled back. The approach to nationalization was pragmatic: only in the cases in which severe conflicts with established firms erupted about price rates and market conditions after the devaluation did the government push for a state takeover. Included were the main water utility company, Aguas Argentinas (which the government renationalized after the departure of the French company Suez), the national post office, and the main national airline, Aerolíneas Argentinas.<sup>15</sup> In the case of one of the two main companies in electricity distribution (EDENOR, controlled by the French firm EDF), the government set the stage for its takeover by the national business group Dolphin. In all these cases, the desire of private operators to leave the business was evident.

In the area of oil production, the government initially gave way to its nationalistic aims and created a new company, ENARSA, to replace the national oil monopoly privatized in the 1990s. Despite some joint projects with *Petróleos de Venezuela* (PDVSA) and the organization of biddings for offshore oil exploration in Patagonia, by 2008 ENARSA was little more than a menu of good intentions. The cases of EDENOR (electricity distribution), Repsol-YPF (oil), and Transener (which managed the electricity high-tension system) are illustrative of the pragmatic government approach to ownership in strategic sectors. In a tacit agreement with the Argentine government, the Spanish Repsol (the main oil producer in the country) sold a 20% stake in its Argentine subsidiary to the Petersen group, controlled by a family close to the Kirchners. In the case of Transener, the government blocked its takeover by a U.S. investment fund and associated—through ENARSA—with the domestic group *Electro-Ingeniería* to acquire 50% of its stock (the rest was controlled by the Dolphin group). In the case of Telecom, one of the two main phone companies in the Buenos Aires area that were sold to foreign majors in the 1990s, the government backed the national group Wertheim's successful bid for the control of 50% of the company.

#### *Labor Policy*

Labor policy cemented the alliance between the government and the Peronist workers' confederation CGT.<sup>16</sup> Although mainstream Peronist labor unions had accommodated with Menem in the 1990s, their role in the labor market dwindled: in the

context of neoliberal adjustment and low inflation, collective wage bargaining was virtually absent and industrial conflict largely suppressed. Néstor Kirchner's government, by contrast, initially tolerated if not encouraged industrial conflict. In Argentina, the state is legally empowered to call off strikes by issuing a "mandatory conciliation." However, especially during the 2003–5 period, during which wages had not fully recovered after the 2001 devaluation, the government was reluctant to restrain strikes and openly stated that industrial conflict was the natural way for workers to recover real wages. Second, for the first time since the advent of neoliberal reforms, the government intervened in wage policy, both through decrees that stipulated nominal wage increases in the private sector and through increases in the minimum wage. Crucially, the Ministry of Labor ruled by decree that wage increases of a fixed sum had to be included in the collective agreements of every sector, thereby forcing unions and businessmen to bargain over the method and the timing of inclusion of the salary increase. Thus, government intervention in wage policy not only helped unions and formal-sector workers recover real wages, but it also set in motion a dynamic of bargaining-conflict in new collective contracts, the number of which soared under Kirchner (Etchemendy and Collier 2007).

Finally, the Kirchner era witnessed important negotiations with the mainstream labor movement around "corporatist inducements," that is, regulations of labor law and health policy that helped preserve the organizational power of unions. In 2004 the government reached an agreement with the CGT on a bill that (1) rolled back labor flexibility measures (i.e., those that facilitate layoffs and diminish business contributions to social security) implemented in the 1990s and (2) strengthened the role of national federations vis-à-vis local unions in collective bargaining. In addition, the government regulated a national committee for the negotiation of a minimum teacher wage, with representation of the teachers' unions and the state, and pledged to compensate the provinces that could not afford it. This recentralization of labor relations in a sector thoroughly decentralized in the 1990s—when education services were passed to the provinces—was crucial to enhancing the bargaining power of the main national teachers' union, the Confederación de Trabajadores de la Educación de la República Argentina (CTERA). Real wages in the teachers' sector grew consistently during the Kirchners' administrations.

Of course, the general coalitional fulcrum with organized labor was macroeconomic policy. The combination of a depreciated exchange rate and a heterodox monetary policy led to an expansion of consumption and employment that enhanced union demands and strengthened labor bastions in tradable sectors that had been decimated in the 1990s. Certainly, organized and formal-sector workers (around 44% of the labor force) were in a far better position to reap the benefits of industrial action and real wage gains (see Etchemendy and Collier 2007). The corollary of union

activation was a series of national rounds of collective bargaining that Etchemendy and Collier (2007) called “segmented neocorporatism,” a pattern of peak-level bargaining in which autonomous national unions, business, and government negotiate a minimum wage, and a wage-increase parameter, in exchange for real wage gains and “corporatist inducements,” but the agreements apply only to the formal sector of the working class.<sup>17</sup>

### *Social Policy*

The Kirchner administrations introduced significant social policy changes that expanded access to social transfers, services, and pensions.<sup>18</sup> These initiatives benefited primarily previously unprotected workers outside the formal-labor market and their families, about half of the population, and involved substantial state expansion.<sup>19</sup> The most visible reforms included the creation of different employment schemes and the extension of family allowances to low-income children, as well as the expansion and nationalization of the pension system. The main goal of these social policy innovations was to dampen protest by unemployed workers’ organizations and mobilize popular support (Garay 2010). The reform of the pension system served both to universalize coverage and to capture pension rents to fund other social policy innovations, such as family allowances, productive investments, and social infrastructure.

The Kirchner administration inherited broad-reaching social transfers for the informal poor and unemployed, launched by former president Duhalde after the financial collapse in 2002. The most visible was the Unemployed Heads-of-Household Program (UHHP), a workfare scheme that covered close to 20% of the households in the country by the time Kirchner took office. Income transfers and proemployment initiatives were critical to boosting employment and retaining the support of social movements.<sup>20</sup> Several employment initiatives were launched. Soon after taking office, Néstor Kirchner announced an emergency housing program, which financed public housing built by cooperatives formed by beneficiaries of the UHHP or by municipalities. In the first phase of the program, unemployed workers’ federations were responsible for the construction of 27% of the houses.<sup>21</sup> Another innovation was the implementation of a microenterprise program, designed under Duhalde, which financed (in 2004) about 350,000 microentrepreneurs in 27,000 productive units (small workshops and food-producing cooperatives), providing them with start-up cash for tools and equipment (Ministerio de Desarrollo Social 2004, 2005). Further, by 2006 about 125,000 beneficiaries of UHHP (about 12% of total beneficiaries in 2003) had been hired in public social infrastructure works (water, sewage, paving, sidewalks, and community facilities) carried out by municipalities or by cooperatives formed by social and unemployed workers’ movements. In the context of economic

growth and favorable policy measures, unemployment declined by 50%, from 17.6% to 8.4%, between 2003 and 2009.<sup>22</sup>

In 2009 the Cristina Kirchner administration faced new demands from unemployed groups to expand social benefits. High inflation and expectations about the negative effects of the 2008 international financial crisis on employment triggered mobilization. In response, the government passed a massive extension of universal family allowances directed to households outside the formal labor market (see Garay 2010). Because the program included incentives to maintain school attendance and obtain health checkups, it was expected to substantially improve education and health indicators. The program, called Universal Child Allowance, is the most important social right created since the return of democracy in 1983.

The second major social policy transformation was a set of pension reforms. The pension system had been partly privatized in 1994, offering active workers a choice between a revamped public pay-as-you-go (PAYG) system and a partly privatized scheme that included a public basic pension and a funded scheme administered by pension funds.<sup>23</sup> Choice for the PAYG was constrained, however. Workers could not transfer from the partly privatized scheme to the public system. Since the late 1990s, and particularly after 2001, the private pension system had shown severe technical problems and its legitimacy had badly eroded. Aside from contributing to declining coverage, pension privatization had transferred contributions from the state to private pension funds while forcing the state to pay pension benefits with shrinking revenue.<sup>24</sup> This had helped to fuel the extraordinary growth of the public debt since the late 1990s, which contributed to the financial collapse of 2001. Moreover, private pension funds had invested a significant part of pension savings in public bonds (see MTySS 2003), lending money to the state. The negotiation of those bonds after the financial meltdown of 2001 hurt pension savings, undermining the prestige of the system and lowering the political cost of reform.

Starting in 2004, the Kirchner administration passed a series of pension reforms that extended coverage to the unprotected and allowed workers to choose between the privately administered capitalization system and the public PAYG. The PAYG system was also reformed such that benefits were particularly attractive to older workers. Transfers from the capitalization system to the public PAYG provided the state with considerable resources,<sup>25</sup> which, together with increased revenue from earmarked taxes and payroll contributions, helped fund the expansion of pension coverage.<sup>26</sup> By the end of Néstor Kirchner's presidency, the pension system was virtually universal, achieving the highest coverage ever.<sup>27</sup>

In 2009 the Cristina Kirchner administration further nationalized the private pension system. The 2008–9 international financial crisis, which made financial investments particularly risky and economic prospects grim, provided an opportunity to

expand state involvement in pension policy. Pension funds (owned by the major international banks) did not oppose nationalization. Because of the disappointing performance of the system, private pension funds had not created a significant constituency supporting continuity. The nationalization was critical to help fund infrastructure investments and the dramatic extension of universal family allowances in 2009.

### Scoring Degree of Defiance

In view of the mobilization and political economy strategies described above, table 12.1 disaggregates the outcome, the degree of radicalism, into two main aspects, organized popular mobilization and the challenge to the economic elite, and scores them along their main dimensions. With respect to popular-sector mobilization, we assess (1) whether the government actively mobilized popular actors (in the formal and informal sectors) and (2) whether the actors mobilized are more moderate/pragmatic or more radical. Based on the previous analysis of the Kirchners' political strategy, we score their degree of radicalism with respect to popular actors as moderate. Néstor and Cristina Kirchner allied with organized popular actors and incorporated them into their coalition through policy inducements and appointments. Yet they prioritized the support of more pragmatic and moderate social movements and mainstream Peronist unions (rather than the more leftist CTA) in street mobilizations and public opinion debates.

Regarding the political economy strategy, we assess the degree to which the government affected business interests and profits in economic policy (including macroeconomic and financial policy, regulation, and ownership) and through labor and social policy. Macroeconomic and financial policy constituted a moderate challenge to the main business groups: the government achieved consistent fiscal surpluses, eschewed

Table 12.1.  
*Degree of radicalism under the Kirchner administration*

Arena	Degree of radicalism
Political strategy	
Mobilization of popular actors (formal and informal)	Moderate
Political economy strategy	
Economic policy challenges	
Macroeconomic	Moderate
Regulatory	High
Ownership	Low
Labor policy	High
Social policy	High



tough exchange controls, and refused to openly confront the IMF. At the same time it pursued a high-exchange-rate/expansive monetary policy through Central Bank intervention (significantly undermining the “independence” of the monetary authority established in the 1990s) and deprived bondholders, private pension funds, and agrarian owners of part of their rents in order to solidify the fiscal situation.

In the area of regulatory policy, the stakes were higher, as the government consistently confronted domestic capitalists in its quest to lower wage-goods prices. Finally, in the domain of ownership, the government did not roll back the main privatizations of the 1990s, although it did use selective nationalizations to help empower domestic business groups in some strategic sectors. The main challenge to business was in the area of regulation, not ownership.

Finally, the Kirchner administrations presented a somewhat greater challenge to domestic business in the areas of labor and social policy, using these policies to empower popular actors. Labor policy entailed a complete U-turn with respect to neoliberalism: industrial conflict was broadly tolerated and even initially stimulated, labor flexibility measures were repealed, wage policy and the minimum wage council were reinvigorated, and centralized collective bargaining was notably strengthened. Although business supported and sometimes even praised wage agreements, negotiation was undoubtedly imposed on them after government-backed labor activation. Finally, social policy changes served the goal of cementing popular support. In the case of pension policy, the nationalization of the privatized pension system reversed one of the main symbols of marketization in the 1990s and served to fund the expansion of new social benefits.

## Explaining Defiance

In the 1980s, the Debt Crisis steered Latin America in the direction of economic liberalization. However, a broad literature suggests that countries refracted these international influences in different ways. Levitsky and Burgess (2003), for example, have argued that cross-country variation in the timing and degree of economic liberalization was conditioned by domestic factors such as the extent of economic crises in the ISI model, the electoral challenge posed to incumbents by leftist parties, and the organizational characteristics of the party in power. Likewise, we argue that domestic variables conditioned the degree of radicalism in the “left turn” analyzed in this volume. We highlight two factors: prior linkages to activated popular actors by the Left in power and the degree of party-system collapse. In the case of the Argentine populist Left, these elements shaped the incentives for defiance.

*Prior Linkages to Activated Popular Actors by the Left in Power*

Left-wing governments generally need and seek support from organizations in the popular sectors. Our theoretical assumption is that an ascending Left that has no prior organizational linkages with popular actors will have to actively cultivate their support to attain governability. The courting and initial mobilization of those actors—formal-sector unions, movements of the unemployed, pensioners, or other community organizations—is likely to make some degree of defiance inevitable, both at the level of discourse and at the level of policy via resource redistribution and/or governmental backing in industrial action and demand-making. When leftist governments enjoy stable support from popular actors and their parties or factions possess historical linkages with unions and social movements, the urgency to court them actively—and therefore to challenge the status quo—is less pressing. Isolated leftist governments need to send strong signals from the outset. Consolidated left parties with historical links with the popular sectors, by contrast, know that they have a degree of loyalty secured, especially if the institutional power of popular interest organizations is low vis-à-vis the party bureaucracy. Thus, our first variable refers to the prior and historical linkages of the ascending Left with active popular actors.

Kirchner came to power with a small percentage of the vote share, 22.4%, the lowest of any Argentine president since redemocratization. Although he ran an anti-neoliberal electoral campaign, he lacked any open support or prior organizational linkages with unions or social movements, either within or outside the PJ. Popular organizations—which were highly mobilized at the time—largely ignored Kirchner's antineoliberal appeal.<sup>28</sup> CGT unions divided their loyalties between two other Peronist candidates, ex-President Carlos Menem and ex-interim president Adolfo Rodríguez Saá, in the 2003 presidential elections, and the leftist CTA had no organizational links with Kirchner. Likewise, the organizations of the unemployed opposed all the PJ candidates at that time, particularly Kirchner, who was supported by the Peronist machine of the province of Buenos Aires.

*Degree of Party-System Collapse*

Defiance was also facilitated by the electoral weakness of non-Peronist and moderate centrist parties after 2001. The collapse of the non-Peronist national parties amid the 2001 crisis made defiance relatively easy for two main reasons. First, the threat of partisan alternatives that could occupy the center of the party system and effectively defeat the incumbent in elections on a moderate platform was absent, thus paving the way for defiance. Second, the non-Peronist opposition lacked legislative power to shape the executive's agenda in Congress. Indeed, the fall of the Alianza

in 2001 initially left the opposition discredited and in disarray (Torre 2003). These mechanisms—the absence of a center party that could moderate Kirchner’s agenda by posing a credible electoral challenge and the lack of significant opposition strength in the legislature—allowed the government to pursue a defiant strategy largely unconstrained. The Kirchners’ attacks on sectors of business and their empowerment of combative unions and unemployed leaders were all useful in their recrafting of the dominant coalition within Peronism. This popular mobilization had few electoral costs until the conflict with rural producers helped the opposition capitalize on the surge in discontent and achieve electoral success in legislative elections despite high levels of party fragmentation.

Other factors also affected the degree of radicalism, albeit less significantly. The commodity export boom in Latin America provided substantial resources to many leftist governments (see chapter 2). However, availability of resources did not dictate policy content and political coalitions, because the Kirchner administrations could have used export rents toward other ends. Second, the Kirchners had loosely belonged to the Peronist Left as students during the 1970s, which likely shaped their ideological orientations and may have facilitated their appeal to organizations of the unemployed, progressive Peronists, and other left-of-center groups. In our view, however, the main factors that made defiance likely were the Kirchners’ lack of prior organizational links with popular actors that were highly mobilized at the time and the low electoral challenge posed by centrist parties.

## Argentina in Comparative Perspective

How does the “degree of radicalism” of the Kirchner administrations compare with other cases of the Left in government in Latin America? Brazil and Venezuela are good cases for exploring this question, because they are exemplars of moderate and radical left administrations. The administration led by Lula’s Partido dos Trabalhadores (PT) in Brazil is frequently understood as a case resembling the moderate Left in Chile and Uruguay (chapter 13) and differing from the more radical Left in Venezuela under Hugo Chávez and in Bolivia under Evo Morales. Our aim is to substantiate our claim that the Kirchners’ governments have represented a middle ground within the Latin American Left and to speculate about the plausibility of our explanatory account in a broader comparative perspective.

Table 12.2 scores the three cases in terms of their general degree of radicalism. In all three cases, left governments included popular-sector organizations and social movements in their coalitions. Those actors had never been part of any governing coalition in the past. In Brazil, the PT has a long-standing relationship with the landless and several other social movements and unions, and those relationships have been pre-

Table 12.2.  
*Degrees of radicalism in the left turn*

Arena	Brazil	Argentina	Venezuela
Political			
Mobilization of popular actors by the left in government	Low	Moderate	High
Political economy			
Economic policy			
Macroeconomic	Low	Moderate	High
Regulatory	Low	High	High
Ownership	Low	Low	High

served once in power (Keck 1992; Hunter 2007). In Venezuela, the administration of Hugo Chávez also included new social actors, yet these were generally new territorial organizations (i.e., *círculos bolivarianos* and *consejos comunales*) that he largely created from above during his administration (see chapters 7 and 9).

Left administrations vary, however, in whether they mobilized popular actors in favor of the government. In Argentina, the Kirchners mobilized the organizations of the unemployed in support of their administration and against the economic establishment. They also supported unions' labor market activation. In both cases social and labor policy inducements were important to cement the empowerment and mobilization of these popular actors. Yet, the government mobilized the most pragmatic wings of both informal- and formal-sector organizations (the largest social movements and the CGT). In Brazil, by contrast, social movements like the landless movement (especially the Movimento dos Trabalhadores Rurais Sem Terra [MST]), though granted some policy inducements, were not especially mobilized by the Lula administration against business or propertied sectors, nor were they used to advance a particular political agenda (see chapter 13). Likewise, Lula did not decisively push for an activation of unions in the labor market (which is indeed coherent with a macroeconomic policy framework of low inflation and high interest rates). Finally, in Venezuela, Chávez both created and mobilized more radicalized territorial movements of a leftist vein (though only occasionally organized labor) in a challenging way, amassing popular support for his socialist agenda and against the opposition.

Regarding political economy, the Venezuelan case appears highly defiant in comparative terms. Chávez has prevented business and the wealthy from acquiring foreign exchange, crushed Central Bank independence, and run a relatively inflationary economy. At the same time, economic regulation appears to be high (especially in the food sector) and the property status quo of the 1990s has been seriously challenged in industries such as oil, telecoms, electricity, steel, and cement. Lula, by contrast, emerged as a darling of the international financial community, preserving Central

Table 12.3.  
*Defiance in the left turn*

	Brazil	Argentina	Venezuela
Prior linkages to popular actors	High	Low	Low
Party-system collapse	Low	Medium	High

Bank independence and honoring the public debt (Bianchi and Braga 2005). At the same time, his government revalued the real and prioritized inflation control over economic growth, while regulation and property challenges have been consistently low (chapter 13).

Our comparative framework would suggest that the Venezuelan case under Chávez presented the ideal conditions for defiance (table 12.3). Chávez, like Néstor Kirchner, was relatively isolated when he took power, in both the partisan and the interest arenas. As López Maya (2005) shows, toward 1997–98 Chávez’s Fifth Republic Movement (MVR) was just one of the myriad of leftist groups that mushroomed out of the fall of the Punto Fijo system, with no major organizational linkages to the larger popular sectors in either the formal or the informal sectors. Challenges coming from the centrist parties have been weak in Venezuela, where the established party system collapsed in its attempt to govern the transition to the market. In the case of Argentina, however, only the largest non-Peronist parties collapsed in 2001—rather than all traditional parties. Indeed, compared to Chávez, Kirchner faced opposition within his own PJ and a more consistent challenge of centrist parties in important districts.

By contrast, Lula’s moderation was eased by the fact that organized popular actors (such as the landless workers’ movement [MST] and the labor movement represented by the Central Única dos Trabalhadores [CUT]) had solid historical and organizational linkages with the PT before he took office. Before taking power, Lula already enjoyed the support of a party with strong connections with organized lower-class actors and was less pressed than Chávez or Kirchner to court them through more radical policies. Likewise, Lula faced consistent challenges from moderate and center-right parties, which preserved a good share of the popular vote and legislative chambers in the context of a party system that did not collapse under neoliberalism (see chapter 13).

## Conclusion

This chapter has made three general points. First, we have argued that the Kirchners’ governments have navigated a middle ground within the Latin American Left in terms of their extent of popular-sector mobilization and of the challenges posed to the economic establishment. Second, we have argued that those challenges have been

more pronounced in the policy arena (particularly in areas such as regulatory, labor, and social policy) than in the mobilization arena, where the government prioritized alliances with the more moderate Peronist unions and social movements and limited those linkages to policy concessions and state positions rather than to the partisan sphere. In the electoral arena, the patronage machine of the PJ remained dominant. Finally, we have suggested that the sources of radicalism under the Kirchners' administrations, and perhaps in other leftist governments of Latin America, can be traced to the existence of prior organizational linkages to popular sectors by the Left in power and to the extent of party-system collapse at the time the Left took office.

As Levitsky and Roberts argue in the introduction, the Kirchner governments can be conceptualized as a leftist administration led by a populist machine. Important policy choices in the macroeconomic, regulatory, social, and labor arenas displayed a center-left and inclusive character. Political factions and economic groups associated with neoliberalism (especially private pension funds, international bondholders, and privatized companies), in addition to economically powerful rural producers, have been challenged by these policy initiatives. Yet the left-policy turn in Argentina has been based on a complex alliance crafted by the Kirchners based on the Peronist labor unions, the organizations of the unemployed, and the PJ, a traditional populist party effectively revamped into a national patronage-based organization in the 1990s. Unlike the situation in Venezuela, however, the Kirchners' concentrated authority over the PJ machine was exerted amid a political regime that was undeniably liberal-democratic.

#### NOTES

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1. This chapter covers Néstor Kirchner's presidency (2003–7) and the first two years of that of his wife and successor, Cristina Fernández de Kirchner (2007–9).

2. See Database of Protest (1997–2003), in Garay 2007.

3. These included especially Federación Tierra y Vivienda (FTV), formed in 1998; Barrios de Pie; and Movimiento Evita (ME). Movimiento Evita gathered militants of Peronist national and popular currents, some of whom had previously belonged to other unemployed associations, and expanded rapidly after Kirchner came to power.

4. One example of these protests was the simultaneous blockade of 32 gas stations by unemployed groups in response to Kirchner's call for a "national boycott" of Shell, which had increased gas prices. This strategy was successful, and Shell eventually reversed the price increase.

5. Exchange rate overshooting after 10 years of nominally fixed parity led many orthodox

and IMF economists to predict hyperinflation. Many factors, however contributed to the low pass-through effect after the devaluation, including the government control of the prices of public utilities and public sector spending, the ongoing freeze of bank deposits that diminished liquidity, and the formidable excess of supply in the labor and goods markets (see Bonvecchi 2004; Damill, Frenkel, and Maurizio 2007, 13).

6. The Treasury and the public banks also intervened increasingly in the foreign exchange market to contain money creation. In order to alleviate the Central Bank intervention needs, the government imposed capital controls in an attempt to reduce short-term inflows; see Damill, Frenkel, and Maurizio 2007, 26. Despite sterilization, the money supply grew in a range from 1.5% to 1.9% of the GDP between 2003 and 2006 (Cetrángolo, Heymann, and Ramos 2007, 52).

7. On the Argentine public debt renegotiation under Kirchner, see Damill, Frenkel, and Rapetti 2005; Levy Yeyati and Valenzuela 2007.

8. Private sources estimated inflation for 2007 at between 18% and 20%. Owing to the government's politicization of the Statistics Department in the Ministry of Economy, official figures after 2006 were quite undependable.

9. For an interesting analysis of the political economy of the commodity- and soy-based export drive under the Kirchners in relation to past economic cycles in Argentina, see Richardson 2009.

10. These were the Argentine Rural Society (SRA), the most traditional organization, representing mainly big cattle ranchers and landowners; the Rural Confederations of Argentina (CRA), representing local and provincial rural associations; the Agrarian Federation of Argentina (FAA), representing medium and small farmers linked to export markets; and the association of farmer's cooperatives.

11. It should be noted that policy in this area had been managed by the executive branch, without constitutional objections, since the 1960s.

12. Vice President Julio Cobos belonged to a faction of the UCR that had joined the Kirchner electoral coalition but began to distance itself in the midst of the rural conflict.

13. For example, it threatened to revive the "Supply Law," a norm passed in the 1970s that punishes firms that retain production.

14. Many of these threats were issued by the feared secretary of commerce, Guillermo Moreno, a close aide to Kirchner with an inflamed antibusiness rhetoric.

15. In the Aerolíneas case, an alliance between the government and the company unions to undermine the private Spanish owners was evident.

16. For a more extensive analysis of government-union relations under the Néstor Kirchner government, see Etchemendy and Collier 2007, on which we base our present account.

17. This parameter, 19% in 2006, 16% in 2007, and 19.5% 2008, was negotiated by the government with the transport workers dominant in the CGT and served as a reference for negotiations in other sectors, indicating a modality of "patterned bargaining." In some sectors, however, unions managed to surpass that wage increase.

18. For a more extensive treatment of social policy, see Garay 2010, on which this section is based.

19. With respect to social services and infrastructure, under the Néstor Kirchner administration Congress passed a new education law that increased the education budget by 50%, setting a threshold of 6% GDP spending starting in 2010, and improved significantly teachers'

wages and social benefits. The Kirchner administration further launched a large-scale school infrastructure expansion (“750 schools”), while Cristina Kirchner initiated various measures to ensure high school completion, such as distribution of “netbooks” (personal computers) to all high school students in public schools and reforms in the curricula.

20. Social transfers underwent numerous changes in 2005. Between 2003 and 2008, the number of beneficiaries of all cash transfer programs declined by 22%. The main reason for this is that beneficiaries had moved into jobs (see Garay 2010).

21. The Programa de Emergencia Habitacional was one of the housing and social infrastructure programs expanded or launched under Kirchner. See Secretaría de Desarrollo Humano y Vivienda 2005.

22. Unemployment data from the Institute of Statistics and Censuses (INDEC), available at [www.indec.gov.ar](http://www.indec.gov.ar).

23. For a description of the system and its privatization, see Alonso 2000; Madrid 2003.

24. It should be noted that aside from pension privatization, reductions in payroll contributions further depressed pension revenue.

25. Data from the Administración Nacional de la Seguridad Social (ANSES), available at [www.anses.gov.ar](http://www.anses.gov.ar); data from the Administración Federal de Ingresos Públicos (AFIP), available at [www.afip.gov.ar](http://www.afip.gov.ar).

26. Pensioners are granted a minimum pension, out of which the state deducts a fixed installment for unpaid contributions.

27. For a more detailed discussion of pension expansion and pension coverage, see Garay 2010.

28. Elections were held in a context of political instability (see Zelaznik 2007). Three PJ presidential candidates ran for the presidency: former president Menem, former interim president Adolfo Rodríguez Saá, and Kirchner. Menem and Kirchner were the top two finishers in the presidential election. When surveys showed Kirchner winning the scheduled runoff by a landslide, Menem abandoned the race.