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Continuity and change during the K Era in Argentina

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The death of former Argentine president Nestor Kirchner (2003-07) provides an opportunity to reflect on Argentina's domestic politics, economy and foreign policy. The past decade has been a significant one for the country, with a considerable amount of change. Ten years ago, few international observers would have even known who Nestor Kirchner was. Today, his presidency and that of his successor and widow, Cristina Kirchner (2007-11), may be seen as a break with the past.

The K Era – as the Kirchners' presidencies have come to be known – certainly feels substantially different from what preceded it. Following the return to democracy in the 1980s and during the 1990s the country was subject to a strong dose of neoliberalism and structural adjustment, prompted by international financial institutions like the IMF and overseen by a right-wing Peronist president, Carlos Menem (1989-99). It was a time of economic liberalisation, deregulation and privatisation ethos, which was underpinned by a fixed exchange rate between the peso and the US dollar in 1991. The fixed exchange rate provided a model for the region, being followed in Brazil in 1994 before being taken to a more extreme lengths with the dollarization of the Ecuadoran and El Salvadoran economies in 2000 and 2001 respectively. Argentina's fixed exchange rate helped keep inflation and down and prices stable, while at the same time encouraging greater imports. External spending not only meant the loss of domestic capital, but funds that could both be invested in the local economy and repay Argentina's debts.

In 2001-02 the economic good times came to a juddering halt. A declining economy and a financial crisis led to a run on the banks and chaos. The centre-left president, Fernando de la Rúa, resigned and Argentina entered a period of political and economic instability, which only came to an end with Kirchner's presidential election 'victory', following Menem's decision to withdraw from the second round run-off in 2003.

Despite the uncertainty surrounding Kirchner, he soon became one of the leading lights of the various left-wing governments that emerged in Latin America during the past decade. First, he was willing to turn his back on the financial model that had dominated Argentina since the 1980s by announcing a default on Argentine debt. But whereas this would have made the country a pariah during the neoliberal heyday, paradoxically it gave him greater leverage with the IMF to negotiate and reschedule the debt payments. This was partly to do with Argentina's image as a poster boy for the IMF in the past, having introduced many of the neoliberal measures that it had demanded.

Second, Kirchner's leftward turn was apparent through his and his presidential peers' greater commitment towards greater regional integration. Early in his term he played host to Brazil's President Lula, where both agreed what came known as the Buenos Aires Consensus. This included a shift away from the US-inspired Free Trade Areas of the Americas (FTAA) in favour of more institutionalisation at the regional level, including in Mercosur (the trading bloc which includes Brazil, Argentina, Paraguay, Uruguay and Venezuela as its members). The name of the initiative also presented a more progressive alternative to the neoliberal Washington Consensus which dominated much of the discourse of the 1980s and 1990s. Other proposals supported by Kirchner included the formation of the South American states' organisation, UNASUR (for which he was appointed secretary-general in May) and the proposal between him and Venezuela's Hugo Chavez to build a cross-continent pipeline, along with the establishment of a Bank of the South to provide funds within the region.

However, the K Era has never been as transformative as it appeared. This was largely due to structural factors. Domestically, although associated with the Left, Kirchner never broke the power of the Argentine Right. Economically, he was not as radical as was sometimes portrayed, neither declaring himself against the market nor seeking to create a version of 21st century socialism in Argentina, as Chavez claimed to be doing in Venezuela. Beyond his restructuring of Argentine debt, his solution to the economic crisis was to encourage economic growth. But rather than do this through a greater role for the state, it was the peso's devaluation that enabled large landowners (and especially soybean producers) to take the lead. The agro-business sector's power was evident when it conducted a four-month strike against a proposed tax on the soybean exports early on in Cristina's presidency. Politically, his attempt to build a stronger base between the leftist elements of the Peronist party and society floundered by the midpoint of his own presidency. An attempt to rescue declining political support for his wife led to the 2009 legislative elections being held earlier, in July. Although the Kirchners succeeded in remaining the largest party, they lost their absolute majority in Congress and lost in Buenos Aires, both the largest province and a significant Peronist stronghold.

Externally, beyond the leverage provided by the financial crisis at the start of the decade, Argentina has not been able to impose itself either regionally or globally. In particular the Kirchners' foreign policy has been constrained by the dominant regional power, Brazil. Although both Brazilian and Argentine presidents shared a common vision for greater integration,

the content and vested interests differ. For example, Brazil's influence in terms of exports and markets far outweighs those of its partners in Mercosur. Similarly, Kirchner's Bank of the South initiative with Chavez was watered down in order to gain Brazilian involvement. At the same time, while both Argentina and Brazil want a greater regional presence on international bodies, Argentine foreign policy has been opposed to Brazil's goal of a permanent seat on the UN Security Council. Although Brasilia's objective has not yet happened, Brazil's vision arguably receives greater public awareness than Argentine proposals to increase the number of non-permanent members and allow their re-election. However, even when Argentine foreign policy is in line with Brazil (as was the case on the need for greater financial regulation and reform in the G20 London summit), I would suggest that it is to Brasilia rather than Buenos Aires that global leaders look for Latin American leadership.

With Nestor Kirchner's death, it is now uncertain whether the K Era will continue after the end of next year. Before he began having health complications earlier in the year there had been some suggestions that Nestor Kirchner would run in next year's presidential election; his popularity was such that he was able to transfer his own popularity to Cristina during her campaign in 2007. However, since then Cristina's polls have declined, the 2009 election results confirming this. As a result, it is debatable whether Nestor Kirchner's popularity could have been sustained for next year.

Moreover, his popularity was based on his actions earlier in the past decade and his willingness to stand up to the international financial community. It did not involve the creation of a strong political base or the revitalisation of Argentina's relatively weak and still impoverished civil society following the banking crisis and unemployment. At the same time he never curbed the power of dominant elites in the country. In the absence of these measures, it was not necessarily the case that he would have won next year's election – or that a candidate put forward by himself and Cristina will do so.

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