Accumulation and hegemony in Argentina in the age of kirchnerism

Gastón Ángel Varesi

1National University of La Plata, Argentina. E-mail address: gastonvaresi@hotmail.com

Abstract: This paper analyzes the accumulation model and hegemonic disputes that took place under the first administration of Cristina Fernández de Kirchner. First, this article examines some core structural elements that shaped transformations and tension at the model level: industrial performance, the energy crisis, changes in the world of finance, and the status of subordinated classes. Subsequently, this paper looks at three key moments in the political dynamics of the economic policy: tax withholdings and the agrarian conflict, the launch of the national plan to confront the global crisis, and the progressivist radicalization of public policy. The questions guiding this work are as follows: what are the characteristics of the accumulation model? How are the hegemonic disputes tied to the performance of the model in Argentina between 2008 and 2011?

Key Words: Economic policy, accumulation model, economic growth, post-convertibility period, administration

Date received: January 20, 2016
Date accepted: June 20, 2016

INTRODUCTION

The main objective of this paper is to analyze the political and economic dynamics that affected Argentina in the post-convertibility age, particularly during the first administration of President Cristina Fernández de Kirchner (between 2008 and 2011). To do so, two approaches are used: the accumulation model and the construction of hegemony to which it is tied, emphasizing the principal conclusions that can be drawn by linking the two dimensions together.

Following a description of the theoretical perspective and a few key aspects of the post-convertibility model and how it was shaped, as well as the advent of Kirchnerism as a political subject, the text presents an analysis of the aforementioned period, beginning with the set of core structural factors in the model, to later delve into three contexts in which the relevance of the political dynamics of the economic policy are evident. This requires highlighting the political plot and ideology of any hegemonic construction, tied to the dispute of societal projects and change in power relationships expressed in the formulation and implementation of economic policy, which has an impact on the accumulation model. Said contexts are: the new sliding-scale taxes and the agrarian conflict, the formulation of the anti-crisis plan linked to the government's project, and the process by which public policy became radicalized, aiming to reconstitute hegemony. As such, the conclusions
reflect a point of departure to invite debate, articulating various political, ideological, and economic dimensions to think about the current state of affairs in Argentina.

DELINEATING THE THEORETICAL APPROACH

The term accumulation model is understood to constitute a special-temporal snippet of the expanded capital reproduction process in which a set of regular social relationships can be observed, which interact relatively coherently among themselves throughout a certain time period, tied to three core aspects: 1) economic policies, 2) economic variables, and 3) class divisions, with power relationships;² in turn, one model can be differentiated from another due to a different order of precedence for the relationships and variables that appear as relevant and their characteristics.

Up until now, it has been maintained that a more polished analysis of the accumulation process requires addressing elements inherent to the political or policy sphere and ideology. In that sense, the construction of hegemony can be analyzed, understood as the political, ideological, and cultural power of one social group over another (Gramsci, 2003). Hegemony consists of a social relationship that cuts across various dimensions: part of the material substrate tied to the position of the classes in the structure and is realized in superstructures, through a conception of the world that embodies the overall vision of and expresses the interests of the ruling group, building consensuses and concessions, while also expressed in diverse forms in common sense, in daily practices, and, in its most developed stage, in a particular form of State.

Accordingly, this analysis shall focus on Kirchnerism as the governing political force, characterizing the government project that began to drive the State. The State shall be understood, as asserted by Poulantzas (1981), although indeed primarily acting on behalf of the interests of the hegemonic class or fraction of society, as displaying relatively autonomous power, insofar as it ensures the overall political interests of the dominant bloc, founded on an “unstable equilibrium of compromise” (Gramsci, 2003) among different class fractions.

Economic policies constitute a state action that influences the shape and maintenance of an accumulation model, insofar as the State plays an important role in the global economic orientation, setting the "rules of the game," and in managing some of the surplus, using it, in turn, to build hegemony, and distributing resources to engender harmony among the class fractions in connection with changes in their power relations. These changes are addressed using the Gramsci (2003) proposal, investigating the relationships of social forces, closely tied to the structure, objective, analyzing social groups in relationship to the development of productive forces, and viewing the function and position they occupy in production itself. This entails an analysis of the economic power of social groups, subsequently complemented by addressing the main aspects of the relationships of political forces, through hegemonic disputes.

On this point, the category of populism is of particular interest to understanding the logics behind the construction of Kirchnerism as a political subject. Accordingly, on the one hand,

² Taken as theoretical antecedents are the contributions of Torrado (1992) and Basualdo (2007).
it is possible to revisit Laclau (2005), who understood populism as a political-hegemonic logic tied to the articulation of demands, which entails identifying an adversary in a process of identity formation and the emergence of subjects in the heat of antagonism. On the other, it is possible to return to a second current of analysis of populism anchored in socioeconomic matters, beginning with the idea of the populist compact (Rajland, 2008), which refers to the strategy, gestated in countries of peripheral capitalism, based on forming a pact that makes the State the essential manager in building consensus and harmonizing unstable equilibria among different dominant and subordinated fractions.

In this way, it is understood that in the deployment of capitalist accumulation, ideological-cultural elements play a role, impacting policy formulation and the conflictual dynamics from which they are derived.

THE SHAPING OF POST-CONVERTIBILITY ARGENTINA

The rise of Kirchnerism as a political subject finds its antecedent in, on the one hand, the recovery of various of the popular demands expressed in the crisis of neoliberalism in 2001, set out as a moment of healing and overcoming and, on the other hand, the foundational policies initiated in 2002 under Eduardo Duhalde that gave rise to a new accumulation model.

Néstor Kirchner was sworn in as President of Argentina in 2003, with a tight win, and launched an ambitious strategy to build hegemony by substantially modifying the relation of political forces, in turn based on a national-popular conception of an ideological model, with a government project oriented towards “growth with social inclusion.”

When it came to economic policy, his administration implemented a model that various authors have denominated neo-developmentalist (Schorr, 2012; Varesi, 2013; Katz, 2015, among others) and whose features between 2003 and 2007 can be summarized into five areas.

First, the internationally competitive exchange rate policy boosted exports, in a context of favorable prices worldwide. The ratio of exports to Gross Domestic Product (GDP) was a path to the realization of capital, going from 12% in 2001 to 25% in 2007. Moreover, taxes on exports through withholdings contributed to the reconstitution of public accounts. The economic recovery entailed rising industrial production, which between 2003 and 2007 grew at an annual average rate of above the GDP overall (10.3% vs. 8.8%, respectively). It was supported by dynamic exports and a nascent phenomenon of import substitution resulting from the protections generated by changing the exchange rate, which also allowed SMEs to develop, key to declining unemployment.

Likewise, the inflationary effect tied to the devaluation substantially reduced real wages and, alongside the relative freezing of utilities rates, high commodities prices, and the new exchange rate, endowed productive-export agents with a central role in the class structure, with high profit margins, rising through the ranks of the upper echelons of business (Varesi, 2013).

In particular, a productive-export model emerged in a broader neo-developmentalist regime. From another perspective, authors such as Svampa (2013) have remarked on the extractivist nature of the model when it comes to natural resources.
Second, important income policies were enacted involving annual increases to the minimum wage in real terms, support for collective labor agreements, the increase and expansion of minimum retirement, and price agreements to limit inflation. These policies proved to have positive effects, reducing poverty and homelessness between 2002 and 2007 from 57.5% to 21% and from 27.5% to 7.5%, respectively, in a context of plummeting unemployment, which fell from 23.5% to 7.2%, and inequality, as the Gini coefficient went from 0.537 in 2003 to 0.485 in 2006. The country has yet to structurally modify the functional distribution of income, however, and labor informality remains widespread.

Third, the Kirchner administration undertook an audacious strategy in the face of privatized utilities companies, cutting off the privatization wave by returning some of them to state control and negotiating new rates below the rise on goods, in order to reduce costs for industry, and provide subsidies to family consumption of the main utilities: electricity, gas, water, and transportation.

Fourth, a strategy to unburden the country of its debt was launched, to pull Argentina out of its default with a major reduction and restructuring which diminished the portion of public debt in foreign currency, while simultaneously reducing the foreign debt and increasing domestic and intra-state debt, improving debt indicators when it comes to the GDP, exports, and reserves. Moreover, it helped reduce local interest rates, which turned out to be negative in real terms, stimulating productive recovery and putting the brakes on the financial valuation process characteristic of the neoliberal regime.

Fifth, it broke with the International Monetary Fund (IMF) treaty that objected to the new economic policy, expanding the relative autonomy of the state in the framework of changing international power relations, where Argentina moved away from the North American strategy rejecting the Free Trade Area of the Americas (ALCA) in 2005 and becoming a fierce defender of the new Latin American integration process, together with Venezuela and Brazil.

In this way, the Kirchner administration shaped the new accumulation model, with greater state intervention and relative state autonomy, grounded in a productive-export logic, which at the level of relations of social forces did not manage to reverse high rates of concentration and economic foreignization, but did inject SMEs with new energy and substantial improvements in the living conditions of the lower classes, while making progress in a social compact strategy as the key feature of its governance project. Thus emerged a new model of relations of forces where banking-financial capital, which constituted the central core of the previous model, began to become subordinated within the power bloc.

**STRUCTURAL ASPECTS OF THE ACCUMULATION MODEL BETWEEN 2008 AND 2011**

There are four essential structural nuclei that can help elucidate the reach and limitations of the model between 2008 and 2011.

**Discrepancies in Industrial Performance**
First, it must be noted that the evolution of the production of goods has to a certain extent been undermined, as the growth rate of the service producing sector has increased. According to the Center for Research and Education of the Argentine Republic (CIFRA) (2012a), the growth rate in the added value of goods-producing sectors went from an annual cumulative rate of 9.2% between 2003 and 2007 to 8% between 2007 and 2010, while that of the service-producing sector went from 3.2% to 6.3%, respectively, practically doubling its growth.

This leads to a second aspect, related to the discrepant evolution of industry, as in the period 2008-2011, it showed a slowdown, in contrast with the good momentum evident between 2003 and 2007. Aiming to characterize the former period, Schorr (2012: 20) asserted:

Until 2007, widespread growth was recorded, which was particularly important in manufactures, which had been damaged by the regressive sectoral restructuring in the time period 1976 to 2001 and which tend to be characterized by a high presence of SMEs and elevated employment requirements: machinery and equipment, diverse metal mechanics, textile and clothing, footwear and jewelry, etc. In any event (…) in this phase there were no structural changes in the industrial profile inherited from the years of neoliberal hegemony. This, because the predominant branches (food, chemicals, steel and aluminum, automobiles, and oil byproducts) also took off.

Kulfas et al. remarked that in the former phase: "The traditional divorce between industrial production and employment that had characterized the post-substitution era was reversed" (2014: 34).

Around the end of 2007, the country experienced an inflection point in industrial performance, in the form of dual layers:

a) The falling competitiveness of the exchange rate, which began to lag behind high domestic inflation rates. With the exception of 2009, the real exchange rate kept appreciating, mainly with respect to the dollar. Even so, it would be a mistake to think of this as the end of the competitive exchange rate policy because, as can be observed in CIFRA (2012a), the real multilateral exchange rate, although on a downward trend, in December 2011 was 41.2% higher than in 1999.

b) The industry was also affected by a change in relative domestic prices, insofar as "industrial prices rose far below the average of the economy, losing part of what had been gained since 2002," (Porta et al. 2014: 41).

In this way, the intensity of industrial production, whose added value had grown at 10.2% annual average between 2002 and 2007, fell, exhibiting an increase of 6.2% between 2008 and 2011. The loss of momentum was also evident in the employment/product elasticity: "While in 2001-2007, the employment/production elasticity was 0.5, between 2007 and 2010, it was barely 0.01" (Schorr, 2012: 22). This slowed industrial job creation, added to rising production, which led to an increase in labor productivity, which in 2011 hit a mark 40% higher than what it was in 2002 (Porta et al., 2014).
Besides the overall performance of this second time period, there are two specific key moments during it, one tied more directly to the impact of the global crisis, with growth of only 3.7% of industrial GDP per capita in 2008 and contraction of 1-4% in 2009, and other of rejuvenation, linked to anti-crisis policies and improved international conditions, with strong growth of 8.9% in 2010 and 10.1% in 2011.\footnote{Data from MECON (2012).}

One problematic aspect facing the sector that has an impact, above all, on the accumulation model is its performance in foreign trade: the industry's trade surplus became a deficit again starting in 2007 (except for 2009). According to Schorr (2012), only a handful of branches tied to the processing of basic resources maintained surplus performance, with strong concentration of foreign currency, while the rest displayed a high deficit: in 2010, the top one hundred firms had a surplus of around USD21 billion, while the rest of the sector suffered from a deficit of USD 24 billion.

When it comes to public policy, there were a few novel measures in industrial matters, such as restrictions on importations, various tariff increases, efforts to redirect investment projects to the industrial sphere, but, in general, these policies were subordinated to the decision to prioritize certain macroeconomic equilibria at the time, without stylized planning (Schorr, 2013). Although significant progress was made in reinvigorating the industrial fabric, the absence of major structural changes made it difficult to overcome historical problems, such as the persistence of an \textit{unbalanced structure} (Diamand, 1972), which is expressed not only in the competitiveness of sectors tied to natural comparative advantages, but also to the fragmentary structure itself of industrial capital and external restrictions that lead to a deficit trade balance in the sector.

\section*{The Energy Crisis}

The process of economic expansion generating growing energy demand began to surpass local capacity, which had been devastated by neoliberal policies, especially the privatization of YPF, the historically state-owned hydrocarbon company, which in the 1990s was bought by the Spanish Repsol. The Repsol strategy had focused on overexploiting the wells explored during the state-owned era of YPF, leading to the increasing depletion of oil and gas reserves, which fell 45% and 63% respectively between 1999 and 2007 (Mansilla, 2008). Repsol concentrated on plundering the resources and maximizing its profits, financing its global expansion at the cost of emptying Argentine reserves, because while Repsol obtained 50\% of its global profits in Argentina, it only allocated 20\% of its investments to the country.

This strategy, alongside the scarce exploration of transnationals that concentrated most of the activity in the sector, led to a new flank of external restrictions: "The energy trade balance fell gradually, until it became a deficit in 2011. While trade exchange in 2003 closed at USD 4.867 billion, eight years later, the balance displayed a loss of USD 3.029 billion" (CIFRA, 2012a: 10). The impacts of this sectoral dynamic generated serious effects for the overall accumulation model, through the trade balance.
Between 2010 and 2011, fuel purchases explained 28.3% in the increase in the country's exports. This was due, principally, to the rise in four fuels (gasoil, fuel oil, liquefied natural gas, and gaseous fuel), which between 2003 and 2011 went from accounting for 17.3% to 80.4% of the total fuels and lubricants imports. Measured in overall external purchasing, it rose from 4.0% to 12.7% (CIFRA, 2012a: 10).

The State has been taking action to intervene in the energy crisis, as public investment generated 77% of the new electrical supply between 2002 and 2012, developed primarily through the state enterprise ENARSA (31% of the total) (MECON, 2012). Even so, the deteriorating energy balance sparked a debate that is here to stay on the national agenda: the need to return YPF to state control, which finally happened in early 2012, giving rise to one of the most important structural reforms in the entire model, alongside Decree 1277/2012, which restored state regulation over the production, refining, and marketing of hydrocarbons.

**Transformations in the World of Finance**

Two key policies marked the world of finance: the nationalization of the Retirement and Pension Fund Administrators (AFJP) and the continuity of policies to reduce the debt burden. The nationalization of the AFJPs in 2008 produced diverse effects: a) The elimination of the private individual system and the return of the solidary, distributive system; b) The formation of a Sustainability Guarantee Fund, which allowed the State to use National Social Security Administration Funds (ANSES) to enact public policy and intervene in numerous private companies through the shareholder participation that the AFJP had in them; c) It generated changes in financial conglomerates, groups of financial entities of all types centered around a bank, which in December 2010 accounted for 74.45% of the total assets in the financial market.

By doing away with the AFJP as a financial entity, the process of gravitation to public financial conglomerates became further entrenched, whose share of total assets rose from 24.2% in 2004 to 42.12% in 2010. Another key element was the reduction in the foreignization of the sector, insofar as the share of foreign conglomerates fell sharply: from 59.9% of assets held by financial conglomerates in 2004 to only 27.35% in 2010, accompanied by the advance of national private capital, with an increase of 15.76 percentage points in the same time period, reaching 26.66% (Kupelian and Rivas, 2011). Although concentration in the sector was maintained, the progress made by public banking and its financial entities "made them function as multiple 'witness' companies, permitting the regulatory and oversight authorities to be more effective in their mission" (Kupelian and Rivas, 2011: 71). This process of increased regulation would meet a new milestone in the reform of the Organic Charter of the Central Bank in 2012.5

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5 This implied the implementation of a multiple mandate, as it not only had to safeguard the stability of the currency but also to promote financial stability, employment, and fair development. It also modified the liberal perspective of autonomy of the BCRA, establishing that said entity was self-sufficient but must act in the framework of the policies stipulated by the government. Moreover, the BCRA was empowered to regulate interest
The nationalization of the AFJPs also had a major impact on the strategy to reduce the national public debt burden, because many of them had a good portion of their portfolios in public debt bonds, so the State managed to recover these bonds.\(^6\) Accordingly, the gravitation of the public debt in relative terms to the rest of the indicators continued to fall, and the change in its structure deepened, with a rise in intra-state debt, which rose from 1% in 2003 to 38% in 2012, with a notable share from the Central Bank of the Argentine Republic (BCRA), and, to a lesser degree, the ANSES (De Lucchi, 2014). In this sense, the second debt exchange of 2010 contributed, reaching 92.7% of the debt in default from 2001 (after the first successful exchange in 2005).

On this path, the government created the Debt Restructuring Fund, aiming to avoid three matters: 1) the deterioration of the national budget; 2) falling into public spending adjustments with recessive consequences; and 3) having to resort to the international market at higher rates. After a first failed attempt, through Decree 298/10, the Argentine Debt Restructuring Fund was formed with some USD 7,504,000,000 in reserves, allocated to paying the public debt service by 2011.

**Subordinate Classes: Income and the Labor Situation**

The accumulation model had diverse impacts on the subordinated classes. In the realm of jobs, its results continued to be outstanding: unemployment declined again, following a critical peak in 2009, falling to 6.6% in the second quarter of 2011, similar to under-employment, which hit 8.5% the same year.\(^7\)

Unregistered wage work, which had displayed a rapid decrease since 2003, when it affected 49% of workers, until 2007, continue to fall but at rates notoriously lower, until it hit 34.5% in 2011, which is tied to the reaction of registered jobs, whose annual cumulative growth rate fell considerably, from 9.9% between 2003-2007 to 2.3% in the period 2007-2010.\(^8\)

Moreover, the slowdown in the evolution of the production of goods and the advancement of the service sector had its correlation: while goods producers created formal jobs with an annual cumulative rate of 11.4% between 2003 and 2007, starting in 2011, it did so only at 1.6%, in contrast with the services sector, which went from 9.5% to a much lower slowdown of 4.5% in the same time period.

One milestone in the break with neoliberalism was expressed in support for collective labor negotiations. They doubled the average from the decade prior in 2004 with 348 agreements and collective labor conventions encompassing 1,200,000 workers, and peaking in 2010, when there were 2,038, reaching 4,200,000 workers. This favored a reduction in inequality within wage-earning sectors, whose Gini coefficient (taking income of the main occupation) continued on a firm downward trend, from 0.442 in 2003 to 0.362 in 2012.

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\(^6\) The State also repurchased debt securities when their prices fell due to the impact of the global crisis (De Lucchi, 2014).

\(^7\) INDEC data presented by CIFRA (2012a).

\(^8\) Idem.
(MECON, 2012). This progress was also evident in comparison to other countries in the region:

collective negotiations covered 80% of registered workers, something like 55% of private wage-earners. In Mexico, this figure is 17% and in Chile a meager 5.6% (...) in Brazil, Chile, and Mexico, nearly all workers that are part of an agreement are under a local, municipal, or company agreement, while in Argentina, the vast majority are covered by activity-level agreements that tend to attenuate wage spread and increase general basics (Etchemendy, 2011: 158).

One key tension is tied to the persistence of high inflation levels, which, after leaping to 27.1% in 2008 and falling to 14.6% in 2009, due to the contractive effects of the global crisis, leveled off at 23.1% in 2010 and 23.4% in 2011.9 According to the Center for Research and Education in the Argentine Republic (CIFRA) (2013: 11), "the acceleration of price levels, which had been foretold since 2007, finds among its principal causes rises in international food prices and oil prices (imported inflation) and, in the framework of the intense distributive bid unleashed by the agrarian conflict, the high degree of economic concentration (oligopolistic inflation)." It is possible to observe the oligopolistic formation of prices: in the period 2007-2010, the average variation of industrial prices was explained primarily by highly concentrated branches, which contributed 63.6% of the increases (CIFRA, 2013). This put limits on the distribution of income, as the salaried share of total income in 2010, according to various measurements, was between 9 and 13 percentage points above what it was in 2003, but only between 1 and 4 percentage points as compared to 2001 (Basualdo, 2011).

Likewise, the set of real wages saw increases: that of wage workers registered rose 59.2% between the third quarter of 2002 and third quarter 2011, while that of non-registered also rose at 50.3%.10 The rate of the two stages of the model is also expressed in the evolution of real wages: while in the period when the model was shaping up (2002-2007), the real wages of registered workers rose 35.9%, this progress slowed down, presenting an increase of 17.1% between 2007 and 2011. A similar dynamic can be seen in the real wages of unregistered workers, with a rise of 32.9% between 2002 and 2007, and of 13.1% between 2007 and 2011.11 In turn, an important channel of wage heterogenization persists through whether a job is formal or not, because according to CIFRA (2012a), the wage levels of unregistered workers was less than half of that of registered.

Another path by which the subordinated classes were fragmented can be observed in the discrepant performance of real wages between workers in the private and public sector; while the former saw wages rise 28.6% between 2001 and 2011, and 60.1% since the dramatic year 2002, the latter saw this rise in only 18.4% in the same time period and 554% since 2002.12

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9 IPC data, nine provinces from CIFRA (2013).
10 With respect to 2001, these values were 27.2% for registered and only 10% for unregistered.
11 Prepared by the author based on data presented by CIFRA (2012a).
12 Information prepared based on the CIFRA (2012a) database, taking the third quarter of each year.
When it comes to industrial wages, Porta et al. (2014) asserted that between 2002 and 2012, real wages presented growth of 77%, with a trend towards convergence among different sectors, favoring homogenization. In turn, it was only recently in the period 2011-2012 that the share of these workers advanced with respect to the product, ending up at 4% above 1997.

Wage raises entailed rising labor costs, but they increased below the enhanced productivity of workers:

Between 2009 and 2011, the productivity growth rate took off as compared to years prior, reaching, in 2011, a value of 31.6% over the end of the convertibility age. The labor costs exceeded the last year by 3.8% of 2001 levels and unit labor costs were 21.2% below that threshold (CIFRA, 2012a: 29).

These elements allow for the debunking of the argument used by employer sectors that seek to point the finger at wage increases as the principal cause of inflation. On the contrary, since 2007, it has become palpable that inflation responds primarily to economic concentration, with the oligopolistic formation of prices that enables it, and the refusal of big capital to give up higher profit margins, transferring wage increases to prices in order to maintain advantages in the distributional dispute. Moreover, retirement continues to make progress, as retirement coverage went from 70.2% in 2001 to 93% in 2010 (MECON, 2012), based on inclusion-related public policies. Moreover, Law 26.417 on Retirement Mobility was approved at the end of 2008, stipulating two retirement increases per year, varying depending on the evolution of wage rates and the public accounts.

THE POLITICAL DYNAMICS OF ECONOMIC POLICY

There are three moments where the political-hegemonic dimension had notable influence on the accumulation model. The Cristina Fernández de Kirchner (CFK) administration had to confront two critical junctures in its early days: the agrarian conflict of 2008 and the impact of the global crisis in 2009, during which it set forth the scope of the political project and the ideological model of officialism, crowned by a third moment of political radicalization.

The "Farming Conflict" and the Emergence of the Opposition Alternative

The agriculture conflict began in March 2008 with the passing of Resolution 125, which established a series of sliding-scale withholding taxes, varying depending on international prices, for grains and oilseed crops; with an increase for soy and sunflower (and a slight decrease for wheat and corn). This measure was launched in an environment of spiking soy prices of 118% in just one year.
The withholding tax policy was designed to, on the one hand, lead to an anti-inflationary effect so that the combination of high international prices and the competitive exchange rate would not have a big impact on the price of goods locally. In the case of soy, although it is a product destined 95% for export, its high profitability means that it has gained ground over other crops tied to national consumption (such as wheat and sunflower, whose production declined 8% and 33%, respectively between 1996/1997 and 2006/2007, while soy grew 331%), also entailed a price increase of land and amplified a set of social-territorial problems tied to soyization. On the other hand, this policy was meant to capture a portion of the income and extraordinary earnings obtained by the sector, by virtue of a favorable national and international context, in order to divert them to other social fractions.

The enforcement of sliding taxes prompted a rapid response from agricultural employers and all stakeholders involved in the agro-business, giving rise to the gestation of genuine antagonism, as the trade association aspect of the dispute was transcended, leading to a specifically political dimension, revolving around the constitution of two belligerent poles with their own respective identity constructions, and challenging various elements central to both the accumulation model as well as current hegemony.

It was in this way that the longest agricultural conflict in the history of Argentina emerged, which would eventually five rise to the first political and economic defeat of Kirchnerism. The initial proposal in the "125! contained various weaknesses: it did not differentiate between different agents (for example, by size and geographic location) and lacked an adequate communication strategy and strategy to build consensus. The agrarian pole managed to achieve strong unity around the central demand against with withholding taxes, calling them an interventionist aggression by the State in the sector, and resorting to, at the ideological level, the maxims of the minimalist State and the vision of Argentine “farming” as the motor of development. In turn, political progress in this pole led to long years of a triple concentration process: of land, capital, and the processes of management and productive organization (Varesi, 2014), which meant that by 2008, a mere 6% of economic agents, mainly large owners, seed pools, and agriculture and livestock-financial companies, which produced more than 1,500 tons per campaign, accounted for 54% of total soy production.

The CFK administration sketched out a strategy based on the double logic of populism: 1) As the political logic, it articulated demands, delineating its own identify and turning the adversary into the role of antagonist, which spun the conflict as a sort of national government=the people=democracy vs. oligarchy=dictatorship=neoliberalism. In this sense, CFK identified the agrarian protest of 2008 with that of February 1976, which constituted the prelude to the coup d’état behind the start of the last dictatorship and the first neoliberal reforms; 2) As a populist compact, it sought to articulate the interests and agents of the ruling classes and subordinated classes, led by the State, indicating that the withholding taxes were the cornerstone of redistributing surpluses, linked to the functioning of the neo-developmental model, and capturing agricultural income to drive reindustrialization, increase public investment, get the country out of debt, and implement social policies.

Source: Created by the author based on data from the Ministry of Economy.

13 From the widespread logging of native forests to the loss of million heads of livestock.
However, the initial difficulties faced by the national government in establishing distinctions between agrarian agents and including the mass of small growers, and the notable role of the main communication media in favor of the agrarian employers, gave rise to the strengthening of the agrarian pole in relations of political forces, bringing together a broad range of actors, and even adding in the opposition parties, thus gestating the first conservative and liberal alternative to Kirchnerism, which managed not only to repeal both in the streets and in Congress the sliding taxes (when it was sent to be approved as a law), but also proved to be triumphant in the legislative elections of 2009, leaving the CFK administration in a critical state.

The Anti-Crisis Plan as the Start of the Reconstitution

The global crisis started to be felt locally though two main routes:

a) In foreign trade: there was a drop in both the amount and prices of exports, cutting off the continuous growth since devaluation, and entailing a diminished trade surplus of 27% in January 2009 over the year prior (Lozano, 2009). This situation started to be slowly reversed with the variation in commodities prices, showing the dependent nature of the national export model.

b) Adjustments in companies’ production plans: with a drop in Fixed Gross Domestic Investment, which in the first quarter of 2009 reached its highest peak in falling annual variance over 2002: -14.2%, and capital flight amounts tripled, which, alongside deteriorating foreign trade, led to meager GDP growth of 0.9% annual in
2009, industrial setbacks, and a major slowdown in construction, prompting rising unemployment, which hit 9.1% in 2009.

Now, while Europe, following IMF prescriptions, was rescuing the banks and pushing the burden of the adjustments to the people, with shrinking public investment in health, education, culture, and wages, in Argentina, an anti-crisis plan was launched, in connection with the ideological model of the government project centered on a defense of employment and production, which expanded public spending as a way to drive economic and social dynamics, stimulating demand.

Some of the essential measures were:

- **a)** An increase in devaluation to protect local production and boost exports, alongside the establishment of a vast system of import controls.
- **b)** Exemptions and tax cuts to drive investment, plus tax moratoriums.
- **c)** "Money laundering" to promote the repatriation of undeclared income abroad.
- **d)** The quadrupling of resources allocated to the Productive Recovery Program, which granted companies subsidies to complete wages, with the obligation of maintaining jobs, and constituted the main program that was part of the plan.
- **e)** A massive public works project, which invested funds in roadway infrastructure, social habitats, energy, mining, and public transportation.
- **f)** Social measures, like increasing the minimum wage, consumption incentive plans, the creation of 1,000 cooperatives, and the Universal Child Allowance, among others.

**Source:** Created by the author based on Indec and CIFRA (2013).

![Figure 2. Inter-annual Growth Rate of GDP at Constant Prices](image)
This set of measures proved able to confront the main effects of the global crisis, leading to two years of good GDP growth: 9.2% in 2010 and 8.9% in 2011, while, according to MECON (2012), global GDP grew at 5.1% and 3.8%, respectively, and that of the Union of South American Nations (UNASUR), 6.6% and 5%, respectively. The investment rate reached 22.8% of GDP in 2010 and 24.5% in 2011, constituting the highest peak not only in the entire post-convertibility age (whose average was 21% between 2003 and 2012), but also in the entire economic history of the country. With this economic revival, driven in turn by strong support from private consumption, unemployment fell again to 7.2% in 2011.

Even so, the economic landscape was in no short supply of chiaroscuros, insofar as the persistence of high rates of foreignization meant that the economic rejuvenation translated, in 2011, into record levels of profits and dividends (USD 7.331 billion) earned by transnational companies, with the problem that these profits were increasingly sent in remittances abroad, reaching 70% of the same, consuming 45.5% of the positive balance of the trade balance. In this context, strong controls were imposed over the purchase of foreign currency, which had a positive short-term effect, reversing, as of the end of 2011, the increased capital flight trend (CIFRA, 2012b), and managing to salvage equilibrium in the external sector. On the other hand, the total fiscal surplus of the national public (non-financial) sector began to deteriorate and became a deficit (1.7% of GDP in 2011), linked to the expansion of public spending as an economic and social boon.

**Progressivist Radicalization and Hegemonic Reconstitution**

In the face of the flagging support of the ruling class and the formation of an opposition alternative, Kirchnerism dug its heels in deeper with its strategy to fight against adversaries, and sought to rely on allied productive sectors and, increasingly, the subordinated classes, initiating a process of *progressivist radicalization*. This arose in a framework in which the partnership between peoples' governments and the left in the region was deepened, leading to the strengthening and expansion of the Southern Common Market (Mercosur) and, subsequently, the creation of the Community of Latin American and Caribbean States (Celac), as well as an approach to the BRICS, especially China and Russia.

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14 It should also be noted that pursuant to World Bank data, gross fixed capital formation with respect to GDP, after hitting a high point of 20% between 2006 and 2009, fell again, reaching 18% between 2009 and 2011.
15 This explained in 2011 the 54.8% contribution to growth in aggregate demand, more than 10 percentage points than in 2010.
16 It went from 3.251 million dollars in September to a negative balance of -159 million in December 2011.
17 From a different perspective, Levy Yeyati and Bragagnolo (2012) assert that the two main problems are increased risk in the country and the return to the dollarization of savings.
18 As a correlate to this, relations with the United States and international financial bodies have deteriorated, limiting, for example, access to international credit.
The defeat in the 2008 agricultural conflict had made evident the need to dispute how information, ideas, and feelings were being built. In this context, the government promoted and approved the Audiovisual Communication Services Law No. 36.522, which represented a democratizing initiative thanks to its anti-monopolistic stance, derived from the limitation and distribution of licenses that it established, and leading to the recrudescence of the conflict that the officialism already had with concentrated communication groups, like Grupo Clarín, which had already been affected by the nationalization of football broadcasting and its subsequent free broadcasting. Moreover, a fierce dispute revolving around the main input of the written press gestated, beginning with state influence in Papel Prensa.

In turn, the weight of the State expanded in the accumulation model through new nationalizations, such as those of airlines, the AFJPs, the Military Aircraft Factory, and more.

Education investment went from 3.64% of GDP in 2003 to 6.50% in 2012, allocating resources to help the lower classes get engaged with education and making strong investments in universities and scientific research. In social policy, the Universal Child Allowance was notable, which in 2010 and 2011 reached 3.5 million people, reaching 30% of children under the age of 18. This policy was expanded in 2011 with a pregnancy allowance.

New civil rights were also gained, such as equal marriage, making Argentina the first country in Latin America to recognize same-sex marriage, the Gender Identity Law, which allows any person to rectify his or her gender registration with the government and change his or her name.

The impact of all of the policies enacted was to improve the Human Development Index, which measures performance in education, health, and income, and which rose from 0.777 in 2008 to 0.804 in 2011.  

Finally, there were two milestones that really boosted the hegemonic reconstruction strategy. First, the death of Néstor Kirchner deprived the officialism of, alongside Cristina Fernández de Kirchner, the person who had been its top leader, but at the same time endowed the movement with the hegemonic power of mythmaking, entailing widespread popular mobilization. According to Catterberg and Palanza (2012: 23), the "death of Néstor Kirchner generated a current of empathy between the President and a wide swath of society that up until that point in time had not demonstrated any support for the officialism, especially among middle-class sectors and youth." This brings us to the second milestone: with the effectiveness shown by the anti-crisis policies and the radicalization, as CFK became stronger, the opposition staggered, forcing its main leader, Mauricio Macri, to step down from the national race, and culminating in the dispersal of the conservative approach. The 2011 elections left a historical balance for Kirchnerism with the reelection of CFK with 54% of the votes, 37 points higher than the second-place candidate.

CONCLUSIONS

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19 In 2014, Argentina reached the top spot in South America with 0.836.
Addressing the different core elements and dimensions involved in analyzing the accumulation model and hegemonic dynamics in the first Cristina Fernández de Kirchner (2008-2011) administration allows us to reach a wide set of far-reaching conclusions for the entire period:

- The agrarian conflict of 2008 confirms the crucial importance of the political dynamics of economic policy in terms of both the limitations of the official strategy to turn to its favor the relations of political forces in a conflict, which rapidly skyrocketed from a trade association matter to a protest to transform into genuine antagonism that polarized society, and led to consequences for the entire accumulation model, constraining the State in its efforts to collect on farming income to distribute it to other fractions and underpin the reindustrialization process. Moreover, relations of social forces played a role here: the structural substrate of concentration in land usage, capital, and the management of the productive process endowed the agro-business bosses with greater offensive capacity and, alongside major communication media and the opposition parties, gave rise to the formation of a conservative and liberal alternative.

- The analysis of the anti-crisis plan shows how the political-ideological character of the government project was constituted on a wide battery of economic policy initiatives, in contrast with the classic IMF prescriptions, and accomplished positive results in the short term, by reviving economic variables, which rejuvenated a process of hegemonic reconstitution favorable to Kirchnerism.

- Kirchnerism was shaped on the basis of a double logic of populism: a) the political logic, in articulating the demands in a field of antagonism, delineating the actors tied to the neoliberal paradigm as adversaries and b) the populist compact, aiming to articulate from the State the interests of the ruling and subordinate sectors, constituting a tensioned power between the systemic and rupturist components. The loss of alliances with the ruling class was what gave rise to the deepening of popular measures and confrontation with sectors of concentrated capital defined her as the progressivist radicalization process that led to the reelection of CFK in 2011.

- But there is a structural dimension of the model that is unavoidable and transcends political moments in time. Although there have been noteworthy breaks with neoliberalism that confirm the deployment of a neo-developmentalist model, strengthening intervention and state regulation, engaging in partial nationalization, subordinating previous logics of financial valuation to the world of production and making progress in the reconstitution of income for workers to sustain the social compact, the structural continuities with the previous regime are some of the main limitations on the model itself. An example of this would be: economic concentration; the oligopolistic formation of prices, which, added to other public policy deficiencies made it difficult to keep inflation in check; economic foreignization, with the constant draining of foreign currency abroad; the energy crisis, as a face of external restriction; insufficient changes in the industrial model with a trade balance deficit and the concentration of resources and foreign currency in a handful of concentrated groups, among others. The limitations on the State in collecting resources from the most concentrated sectors and redistributing it, both to other sectors and among class fractions, will generate increasing disruptions that
must be palliated with state resources, eroding the public accounts, in light of the absence of a business world committed to sustaining a sovereign national development process with subordinate classes becoming empowered, but without constituting an active popular subject with the capacity to manage the field of production.

- The subsequent combination of the wear and tear resulting from these three consecutive administrations, added to diverse political-economic blunders, constantly trumpeted by the mass media and politically exploited by the opposition, made these fissures at the level of the accumulation model into cracks in the construction of hegemony. This led to the exacerbation of antagonism, capitalized on by the conservative and liberal alternative, and prompting the defeat of Kirchnerism in 2015 and the arrival of a paradigmatically opposite vision, which, pursuant to the basis of the Macri project, began to unwind the main springs of the neo-developmentalist model and the social compact strategy.

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