

Argentina: From popular rebellion to “normal capitalism”

James Petras

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Introduction

Between December 19-21, 2001 a massive popular rebellion overthrew the incumbent President De la Rúa amidst the greatest street battles and highest casualties (38 protestors were assassinated) in recent Argentine history. Major demonstrations and street blockages took place throughout the rest of the country, in an unprecedented alliance between the unemployed, underemployed workers and a substantial sector of the middle class which had just been defrauded of its savings. In quick succession three Congressional aspirants who sought to replace De la Rúa were forced to resign. From December 2001 to July 2002, the burgeoning popular movements were a power in the streets and a visible presence in all provinces, blocking highways as well as the major boulevards of Buenos Aires and provincial capitals. It is estimated that up to 4 million persons participated in demonstrations out of a potentially active population of 30 million (Argentina's total population is about 38 million). Numerous writers on both sides of the spectrum spoke of a “pre-Revolutionary situation”, they wrote of “dual power” between the “piqueteros”, neighborhood assemblies” and the “occupied factories” on the one hand and the existing state apparatus. There is no question that the principal arms of the state apparatus (the judiciary, the police and the armed forces) as well as the traditional parties, politicians and Congress lost their legitimacy in the eye of a majority of Argentines in the events leading up to and immediately after the uprising of December 2001.

The most popular slogan “Que se vayan todos!” (“Out with the politicians!”) reflected the general hostility of the public toward the major parties and political institutions. Yet seventeen months later, over 65% of the electorate voted and the top two candidates were from the Justice Party (Peronist) including Carlos Menem, President between 1989-2000, the main culprit for the collapse of the economy and the impoverishment of millions of Argentines. Facing a resounding defeat in the second

round, Menem withdrew and Nestor Kirchner with a little over 21% of the vote became President.

Barely two and a half years after the uprising President Kirchner was enjoying a 75% approval rating, the support of the three major trade union confederations, the backing of the human rights organizations (including the militant Madres de la Plaza de Mayo), vast sections of the middle class and many important “piquitero” organizations of the unemployed, in addition to the backing of the IMF (with some opposition).

The abrupt and profound political transformation raises a series of important theoretical and practical questions about the nature of the popular movements and uprisings – both their achievements and limitations. More specifically the Argentine “political transformation” raises several other questions concerning the process of re-legitimization of political institutions which were clearly discredited; the political strategy of a neo-liberal regime in a time of widespread rejection of failed neo-liberal policies; the “reformation” of the Peronist Justice Party – subsequent to the December 2001 uprising; the multi-polar international economic strategy (ALCA, MERCOSUR, Free Trade Pact with the EU; bilateral relations with Venezuela, Brazil and China) designed to gain export markets.

If significant political changes have taken place, they occur in a context of substantial continuities on socio-economic structures and policies, which have had only slight impacts in the class structure, including unemployment, incomes and poverty. Moreover the most serious obstacles to any sustainable, equitable and vigorous economic development remain untouched: foreign debt payments, capital flight and overseas deposits, privatizations, and disinvestment by foreign and domestic owners of strategic enterprises. The big question facing the “re-bourgeoisification” of Argentine politics is embedded in this heterodox regime – how deep and far can the Kirchner administration proceed with political and social changes in the face of his commitments to strategies and institutions linked to the past? Specifically, is Kirchner’s vision of a “normal capitalism” growing out of the reigning neo-liberal politico-economic configuration viable? Leaving aside the vagueness and ambiguity of the term (what is “normal”?), is there any possibility for Kirchner to cultivate a “national bourgeoisie” in the face of neo-liberal

policies, free trade agreements, a limited domestic market and energy and infrastructure bottlenecks resulting from the previous privatization policies?

To address these questions we will proceed to examine the changes and continuities during the Kirchner regime. Our purpose is to analyze the underlying logic and dynamics of the regime and to understand its future course, potentialities and constraints.

The Political Transformations

The Kirchner regime has carried out an important series of changes in the judicial, military and law enforcement institutions. Namely, he has successfully replaced the corrupt “automatic majority” of the Supreme Court justices appointed by ex-President Menem with a group of respected jurists. He has forced into retirement many of the top generals and police chiefs with dubious human rights credentials, many involved in illicit contraband, kidnapping and extortion activities. He has led the successful fight to repeal the amnesty granted by previous presidents (Alfonsín and Menem) to the generals involved in the mass murder of 30,000 Argentines during the “dirty war” years (1976-1982). He has been active in demanding that Congress clean up its high level of bribe taking (especially the bribed taken in 2001 to pass anti-labor legislation). Through these policies, Kirchner has partially re-legitimized public institutions by at least giving them a semblance of honesty, accountability and responsiveness to human rights concerns. Equally important through style and substance he has re-legitimized the Presidency as a valid interlocutor with sectors of the popular movements, human rights groups, trade unions and the international financial institutions. As a result Kirchner, as of March 2004, had a high popularity-rating going into his second year in office. Nevertheless, these important political changes did not significantly affect the nature of the public institutions or their political-class allegiances.

The “reformed” military is a case in point. While some of the high-ranking officials were “retired”, most of those who took their place were of the same school of authoritarian politics – and profoundly hostile to the re-trial of the genocidal generals. This became evident during Kirchner’s visit to ESMA, the former Naval Academy converted into a museum recognizing the victims of the military terror. The same is true

in the judiciary and police: changes in personnel at the top have not changed the “rules” and context of operation of the officials. Many of the judges are still part of the old order and the police still engage in corrupt and violent activities. The partial “house cleaning” is not a continuous process and the conditions exist for the reproduction of the old system, once circumstances and mass pressure recede.

The annulment of the amnesty has not led to a rapid re-trial of the genocidal military officials. Human rights observers claim that there will be a prolonged process of litigation prior to the trials, in part because a substantial sector of the pro-Menem Peronists are important state governors and congress people and continue to oppose human rights trials. While Kirchner has made significant changes at the top he has not changed the structural linkages between the political institutions, his political party (the Peronists) and the neo-liberal economic elites both foreign and domestic who continue to control the economy.

Some policy changes have taken place under Kirchner, weakening the long-standing authoritarian elites. The President intervened in Santiago de Estero to remove the Mafiosi governor whose family ruled with an iron fist for over half a century. In line with his effort to build his own independent political base – against the right-wing Peronists – Kirchner has promoted what he calls “transversal alliances”, coalitions that cut across existing party and social movements. While still heavily dependent on Peronist governors, the Kirchner project envisions a new political party of the Center-Left – based on a return to the national-popular politics of the earlier Peronist era, but with less corruption and repression.

During the first year in office the Kirchner regime was generally tolerant of piquetero activity – including street blockages – thus avoiding violent confrontations that might alienate his supporters among the human rights groups and reignite mass protests. While the Kirchner regime was initially respectful of the democratic rights of the piqueteros to protest, he refused to rescind the political trials of 4000 activists arrested during the previous regime. Moreover his provincial political allies continued to savagely repress mass protests, jailing and injuring many in San Luis, Santiago de Estero, Salta and Jujuy. Worse still Kirchner’s Minister of the Interior promises to enforce a court ruling in April 2004 criminalizing piquetero street blockages, a measure which has

united the entire piquetero movement in a massive protest in May 2004. Kirchner's first year in office has been based on a realistic assessment of his precarious position, the proximity of the December 2001 uprising and the need to convert his general popularity into an organized and "organic" base of support. Kirchner has moved with great astuteness in this regard – balancing his liberal economic policies with human rights measures and widespread but minimalist welfare policies. He has complied with most of the IMF commitments but has rejected increases in budget surpluses and higher payments to private bondholders – thus keeping the international financial institutions at bay, while creating the popular image of being independent of the IMF. He has proceeded to satisfy symbolically many of the demands of the human rights groups over past violations, without threatening the current military officials. He has not reversed the privatizations but he temporarily froze the prices for energy, electricity and other public services, a policy he subsequently reversed. Kirchner retains most of the subsistence "labor contracts" but has not increased payments beyond the \$50 a month rate and has eliminated over 20,000 recipients who the regime claimed were ineligible despite protests to the contrary by some piquetero organizations.

Kirchner's most ambitious and successful social program is in the area of pharmaceuticals: The government guaranteed public provision of drugs at a 90% discount in the primary care clinics for low income families – covering 15 million people. In addition the government claims to provide anti-viral medications for AIDS victims. The Minister of Health, Gines Gonzalez Garcia, claims the new Generic Prescription Law affects 82% of the drugs prescribed in Argentina – allowing 4 million Argentines to have access to drugs previously beyond their purchasing power.

Given the high level of abject corruption in the state apparatus, Kirchner was obligated to make changes in personnel in order to have a political instrument to pursue the "normalization" of capitalist development. For example, given the connivance of high police authorities with gangsters and criminal police involved in widespread extortion, blackmail and kidnappings of business people, it was impossible to secure investors and new investments. While the Supreme Court was controlled by corrupt judges at the beck and call of ex-President Menem there was the constant threat of any change being ruled "unconstitutional". The key to Kirchner's political, judicial and

military reform is found in his desire to make the state over in the image of “normal capitalism” without unmaking its capitalist and even “neo-liberal” character.

Unquestionably some of the changes were positive, as far as they went – but it is also the case that as Argentine capitalism once again goes into crises even these ‘reformed’ state institutions can serve to repress and block necessary changes.

Economic Performance and Social Conditions

The recovery underway in Argentina reflects the profound class bias in the Kirchner regime. Foreign trade based on agro and mineral exports have boomed – but have led to few if any ‘trickle-down effects’. International trade negotiations over ALCA have taken place and some disagreements have been aired but mainly affecting Argentine agro-exporters and not with labor, environmental or social interests.

Between March 2002 and January 2004 industrial production grew by 33 percent. Economic growth in 2003 was 8.7 percent. According to official statistics unemployment declined 5.9 percent, from 21.5 percent to 16.3 percent. Early projections based on January to March 2004 suggest GNP may continue growing at a similar rate for most of the year unless energy shortages curtail growth unless energy shortages curtail growth. In large part this growth is based on favorable internal and external circumstances rather than on any structural changes. The prices for most of Argentina’s principle agro-mineral exports were at record highs in 2003 to mid-March 2004 – oil, meat, grains, soybean at near record highs, providing a trade surplus of over 5% of the GNP. This allowed the Kirchner regime to meet the 3 percent surplus with the IMF and allowed for financing the partial economic recovery and the work plans (unlike the case in Brazil where the Da Silva regime allocated a 4.25% budget surplus to pay off creditors at the expense of the local economy and the unemployed).

In large part the progressive economic image of the Kirchner regime is an artifact of the context in which it acts more than in the substance of its policies. Given the ultra-liberal policies currently practiced in Brazil, Mexico, Uruguay, Peru, Ecuador, Chile and elsewhere, and given the devastatingly destructive give-away policies of his predecessors, it is understandable that many journalists, leftist intellectuals, human rights activists and

others perceive Kirchner's vision of "normal capitalism" as progressive. If one adds the attacks from the far-right in Argentina (sectors of the military, the Nacion newspaper, financial speculators and provincial governors tied to ex-President Menem) and sectors of the IFI's externally it is plausible to argue that, against them, Kirchner is "progressive", but only in a very limited sense, both in time and space.

The growth sector in exports, across the board, is in large part because of the devaluation, the high demand for Argentina's commodities and the low starting point for measuring the recent recovery. Between 2001 (the year of the financial economic collapse) and 2003, Argentine exports grew between 11% and 124% depending on the sector – the biggest growth takes place in agriculture and petroleum commodities, which did not require new investments. The devaluation also stimulated the growth of local industries, as imported capital and finished goods became too expensive. The net result was significant trade surpluses. The same pattern of trade surpluses is evident in 2004: for the first two months of 2004, Argentina realized a \$1.7 billion dollar trade surplus. In large part the Argentine export boom moves economic recovery because its domestic market is still very depressed.

Export growth has bypassed the majority of Argentines for several reasons. The export growth sectors are very capital intensive and employ a very small number of workers (mechanized agriculture and petroleum). The income and profits from the export sector accrue to a very small class of foreign capitalists and local agro-oligarchs who transfer a substantial percentage of their earnings abroad, lessening the so-called "multiplier effect" on the rest of the economy. Overall inflation figures of approximately 4% were highly deceptive as they reflected prices of durable and capital goods; prices of meat and other basic consumer food items rose by nearly 20%, thus prejudicing workers, public employees and unemployed workers with frozen wages.

For Argentine stock speculators 2003 was a glorious year as stocks jumped over 100%. Backed by the IFIs, foreign bondholders still refused to accept a 75% reduction on their defaulted paper from previous regimes. The financial system showed some recovery as deposits rose 50% since the middle of 2002, yet more than 90% are held in short-term accounts of less than 30 days. The financial and industrial sectors of capital show little inclination to make long-term, large-scale investments, which would sustain

growth. Instead they continue to send their earnings abroad and in some cases disinvest. During 2003 net capital inflows were a negative \$3.8 billion dollars. Almost all of “growth” in 2003 was based on activating existing unused capacity, which still remains a serious bottleneck in the economy. A particular high risk obstacle to growth is the foreign monopolies in the country’s electricity, gas, water, and telecommunications industries which have not made major investments as agreed to during the signing of the privatizations contracts. As a result even the one-year growth of 2003 is in danger as the monopolies have created gas and electrical “scarcities” to increase the rate of profits via increased prices, thus forcing reductions in producer and consumer usage.

Kirchner’s continuation of the fundamental structures of economic power is creating serious economic obstacles to even medium-term growth. Worse the social crisis has deepened or practically stayed the same as in the past.

Continuity of Social Crisis:2003

While the gross national product increased in 2003 it still was 11% below the level of 1997. While per capita GNP increased by 6% it is still 17% below what it was 7 years ago. While unemployment declined 5% it was still a hefty 16.3%. Moreover the number of part-time workers increased from 13.8% in 2002 to 16.6% in 2003. If we combine part-time and unemployed workers the net gain between 2002 and 2003 (the ‘recovery’ year) the change for the better is very marginal – 2%. The “recovery” has not had any major impact on the working class in relation to the problem of employment. If we subtract the 2 million beneficiaries of the \$50 a month work plans it is evident that the worst of the crisis still affects the bulk of the working class. Data related to salaries, poverty and indigency levels also substantiate the argument that Kirchner’s continuities in economic policies have not had any positive impact on the worker and salaried classes.

Between 1997-2003 average salaries declined 22.4%. There was a steady but gradual decline until 2001, which was followed by a sharp fall in 2002 of 17%. Salary deterioration continued through 2003 falling 0.8% during the Kirchner Presidency because the economic growth failed to have any spill-over effects on public sector workers whose salaries were frozen (until May 2004) private sector workers whose trade

union leaders supported Kirchner's policy of holding back wage demands to spur growth. The fall in purchasing power during the 2003 "economic recovery" was even greater if we look at the above average increase in prices of basic foodstuffs, which form a larger proportion of the family basket for working class families. Clearly the export-driven recovery, compliance with the IMF's stabilization program and the high returns to speculators in the Argentine stock exchange came at a continuing high price for the majority of wage and salaried Argentines.

The most striking illustrations of Kirchner's elite-based recovery is found in the year to year data on poverty levels and indigency.

By the end of Kirchner's first year in office over half of the Argentine population still lived under the poverty line (51.7%). Despite high growth, poverty levels declined only 2.6% between 2002-2003, frustrating any reading of Kirchner's first year as an "economic success story". Worse still the level of indigency continued to be extraordinarily high – 25.2% in 2003, actually rising 0.5% over 2002.

The National Bourgeoisie and the Energy Multi-Nationals

The explanation for the inverse relation between GDP growth and salary, poverty and indigency deterioration is found in the behavior of the state and the national bourgeoisie: the state for allocating billions in debt payments to the international lending agencies – instead of job creating public investments; for continuing to allow lucrative privatized enterprises like Repsol Petroleum to transfer billions to their home office; for not taxing the \$150 billion dollars in overseas holdings of the Argentine elites; for failing to channel foreign exchange earnings of the agro-mineral elites into job creating domestic production. In a word, Kirchner's commitment to the neo-liberal imperial-centered model of his predecessors does not provide the political-economic instruments, resources and capabilities to directly tackle deep structural configurations, which generate poverty, indigency and declining living standards.

The "national bourgeoisie" taking advantage of Argentina's import constraints has launched an economic recovery of sorts. Taking advantage of the large reserve of unemployed, Argentine capital has expanded production by exploiting low-paid labor and

longer hours of work to increase output, without any significant new investments or technology. In effect the industrial recovery has taken place via the activation of unused existing capacity. There is little sign of any large scale, long-term new industrial investment. Once this “easy development” runs its course, Kirchner’s “national bourgeoisie” shows few signs of sustaining development. In the meantime, the strategic foreign owned economic sectors are moving hard and fast to capture whatever economic surplus emerges from the recovery. Foreign creditors and the IMF are demanding an increase in the valuation of the deflated bonds. The privatized gas and electrical companies, which reaped exorbitant profits between 1996-2001, failed to comply with their investment agreement with the government. As a result, with the recovery, the country’s industries and consumers face a severe energy crisis. By April 2004 the state agency in charge of regulating the electricity wholesale market was forced to lower the voltage to prevent greater black-outs induced by the big electrical companies (Financial Times, April 5, 2004 p.4). During the last week in March more than 30 industries were affected by blackouts. According to the Financial Times, the energy crises could reduce economic growth by 2% in 2004 (ibid). The Kirchner regime capitulated allowing gas companies to raise prices by 100% over the next 15 months. While the Presidential claims that smaller companies and residential consumers will not be affected, most likely the larger industrial users will pass on to consumers the higher energy costs in higher prices. Even more important the regime’s energy price increase accepts the “principle” of raising rates, and of rewarding corporate blackmail. Kirchner’s regime has privileged the position of the privatized foreign-owned petroleum companies thus rejecting popular demands to re-negotiate the unfavorable terms of the privatization.

The petroleum and gas industries are one of Argentina’s principle export and foreign exchange earners. Beginning with his earlier period as governor of Santa Cruz province, Kirchner has been a staunch supporter and promoter of the privatization of petroleum and a close ally of the Spanish multinational owners, the Repsol Petroleum Company. The long-term deep structural links between the Kirchner regime and the foreign owned petroleum corporations represents a triple threat to Kirchner’s vision of “normal capitalism”. In the first instance, the demands of the energy sector for higher charges to consumers (both industrial and household) will certainly be inflationary,

unpopular and lower Argentine producers' "competitiveness" on international markets by raising the cost of production. Moreover by raising rates Kirchner's image as an "independent national statesman" is called into question. Kirchner's forceful but inconsequential accusations that the foreign-owned energy companies failed to invest since 1996 are true – but is not followed by any positive actions or even investigations, let alone renegotiations of the privatization contracts. Secondly the energy "crisis" undermines Kirchner's vision of "normal capitalism" based on an alliance between agricultural and energy exporters and the national industrial bourgeoisie. The energy shortage has already led to cutbacks in industrial production as the foreign multi-nationals flex their muscles.

Most energy experts familiar with the tactics, which energy corporations use to raise rates, question the whole idea of a "crisis" -- particularly when the energy companies lower production "for maintenance reasons". This tactic was used by the MNC's in California, New Zealand, Australia and many other regions, particularly in periods of economic recovery and growth when demand is high and the state is unwilling to intervene against the energy enterprises.

Finally the energy crisis has generated conflict with Argentina's neighbors, namely Chile, Uruguay and Bolivia. In response to the MNC induced "energy crisis", Kirchner has reduced the export of gas to Chile and Uruguay in order to supply local industries and consumers. In addition, Kirchner signed an agreement with Bolivian President Mesa for additional shipments of gas, provoking the wrath of the Bolivian people who demanded a new hydrocarbon law favorable to the Bolivian state before any new agreements are reached. The short and middle range impact of the energy crisis has brought to the fore a major contradiction between Kirchner's regime and the majority of his supporters: The conflict between the privatized foreign owned MNC's, which Kirchner supports, and the demands of the people for an investigation, renegotiation and re-nationalization of strategic industries because of their high profits, abusive practices, price gouging and minimum impact on employment, poverty, tax revenues and national industrial growth. The energy issue, in all its ramifications both in terms of its direct costs to growth and living standards and its symbolic meaning as a reminder of the

continuation of the previous era of corruption and pillage, is central to Argentina's future development and the stability of the Kirchner regime.

Kirchner's energy agreements with Venezuela, Brazil and Bolivia may temporarily relieve the gas supply problems, but those agreements do not deal with the related problem of electricity generation. With demand growing at 1,000 megawatts a year and with spare capacity at only 3,000 MW, with no new plants scheduled by the foreign-owned electrical companies, Kirchner faces a severe political and economic crisis particularly with the economic recovery and the growth of industrial production. Kirchner is a "victim" of his own ideology (neo-liberalism), his structural relations (with the foreign owners of energy and electrical plants), and political alliances (with the Peronist Party – the authors and executioners of ex-President Menem's corrupt privatizations and subsequent pillage).

As Kirchner begins to capitulate to some of the pressures for price increases from the foreign-owned public utilities his popularity starts to decline from 80% at the end of 2003 to 60% in June 2004. Kirchner knows full well the rules of neo-liberal capitalism: The only way to secure some new investments from the foreign owners of strategic industries is to increase their rate of profits—above that of "normal capitalism". Without sacrificing living standards of the workers and increasing costs for local producers in order to increase profits demanded by the foreign MNC's, Kirchner will not get a promise of new investments from the owners of electricity, gas, water, telecommunications and infrastructure. Higher costs resulting from Kirchner's capitulation to high profit margins demanded by the strategic sectors will not only lower his popularity, but his legitimacy as a 'national' leader. Moreover it will lower growth especially in labor-intensive manufacturing sectors – hence fail to reduce unemployment and poverty.

Argentine "national" capital invests by borrowing – not from re-investing its profits in productive sectors (income is sent abroad or invested in high return local short-term bonds). The current growth is not based on new investments but in activating unused capacity. When installed capacity equals demands, growth will stall unless there are new investments, which the Argentine bourgeoisie will only realize if they have access to credit. Both the national and foreign financial sectors are not offering credit

unless the Kirchner regime “compensates” them for their speculative losses incurred subsequent to the devaluation. Overseas private bankers are refusing financing until Kirchner capitulates to their demands to raise the payments offered to the private overseas bond speculators.

In the short term, 2004, Argentina will continue to “recover” based in part on the extraordinary boom in agro-exports, high petroleum prices and the reactivation of industry from its cataclysmic decline between 1998-2002. But the underlying structural and ideological foundations, which produced the crisis and popular uprising, are still in place. Moreover the tendency is for the government to move toward a greater accommodation with the elite foreign beneficiaries of the neo-liberal model. First and foremost, the regime has legitimized the privatizations and called for greater foreign investments in the “development” of basic infrastructure and exploitation of strategic resources. In keeping with this priority the Kirchner regime is gradually (and with occasional “populist” demagoguery) moving toward implementing economic policies, which increase profitability for the firms even at the cost of living standards. The banking reform and debt agreement with overseas speculators will weaken the capacity of the regime to meet the social demands of the majority of Argentines under the poverty line. The unfolding reality is a series of incremental concessions to foreign owners of strategic economic sectors and overseas speculators designed to facilitate financing of local investments. Kirchner’s vision of the decent face of “normal capitalism” appears to be a clay mask, which as it falls away reveals the smirking face of the old ‘pillage and run’ capitalism of the too recent past.

Social Movements: Piqueteros, Neighborhood Assemblies and Punteros

Most writers cite the December 19-21, 2001 uprising ousting then President De la Rúa as a “turning point” in Argentine history. There is no doubt that the mass, largely spontaneous mobilization led to spectacular challenges to the existing political order – at least in the short run. Throughout the country, neighborhood assemblies met in previously quiescent lower-middle class and even middle class barrios demanding the return of their savings. For the first time there were joint marches of the organized

unemployed and sectors of the middle class neighborhood associations. The clientele, patronage system through which the Peronist bosses controlled poor neighborhoods was broken, as new autonomous unemployed movements emerged, took to the streets, blocked traffic and negotiated concessions directly from the state. Public debates over public polity involving over one-fifth of the entire adult population temporarily replaced the elite wheeling and dealing in Congress, which passed for “democratic politics”. The whole political class, their parties and public institutions fell temporarily into total discredit. The populace in Buenos Aires, at one point, even stormed the Congress. Likewise in the provinces, they invaded the legislative assemblies, tossing furniture out the windows in their rage at the venality and unresponsiveness of the legislature and the party bosses who controlled the electoral processes and elected representatives. In the early weeks and months following 12/20-21/2001 it seemed a new political order, a new political discourse, a new way of “doing politics” was emerging.

The movements of the unemployed, with their piquetero activists, were organizing a vast network of the poorest of the poor. The unemployed former trade union metal-workers were applying their old organizing skills learned in the factories to organize the unemployed in their new settings in the barrios. Road blockages had the same effect as factory-based strikes – paralyzing the circulation of commodities. Unlike the bureaucratized trade unions, the unemployed movements took their decisions in mass popular assemblies. Direct and autonomous organization free from party control seemed the order of the day. There was a “feel” of a potential new and more responsive and fully democratic order in the making.

But it was not to be. In the course of only two years, the process of “democracy from below” began to ebb and then went into full retreat during the first year of President Kirchner’s regime (May 2003 – April 2004).

What happened to the promise of a new political order “from below”? What went wrong? What is left from the uprising of 12/20-21/2001 two and a half years later?

The original strength of the popular uprising – its spontaneous, mass, autonomous character – became its strategic weakness, the absence of a national leadership capable of unifying the diverse forces behind a coherent program aimed at taking state power. Instead the potential of the unemployed workers ‘movement’ fragmented into a series of

smaller movements, each led and controlled by local leaders or by small left-wing parties. The middle class assemblies initially drew hundreds of neighbors to all inclusive marathon discussions, which eventually exhausted their participants without leading to any formal organization, specific program or even city-wide coordination. At the same time the small left wing parties brought their sectarian conflicts into the assemblies, driving out many by their jargon, their maximalist programs and their inability to solve pressing immediate problems, such as recovering the savings of middle class depositors in frozen and devalued accounts in the foreign-owned banks.

Between 12/20-21/2001 and July 2002, the mass movements, despite their division, were still on the offensive, challenging the interim President Duhalde. They dominated the streets and calling into question the legitimacy of the political system. In this half-year interim, as the economic crisis deepened and unemployment soared to over a quarter of the labor force and the middle class lost over 60% of their purchasing power, the three trade union confederations (from right to left) failed to respond to the political crisis. The unemployed workers' leaders made no effort to create a new alternative labor-based trade union. The original virtuous notion of autonomy from the old political parties became a slogan to justify the rise of local personalist leaders in each barrio, who undermined any effort to unify forces into a national or even citywide social movement. "Autonomy" among a couple of student-influenced barrios became an excuse to turn away from politics to self-help projects. The crisis continued. The Duhalde regime "tested" its strength and capacity to reverse the movements via repression. In June 2002, a police inspector murdered two unarmed piquetero activists in a video-recorded confrontation, provoking a multitudinous demonstration. The regime turned toward handing out hundreds of thousands of 6-month work-plans to piquetero organizations, and local Peronist bosses. The piquetero leaders originally saw the demand for work plans as short-term solutions in response to malnutrition and growing indigency. Originally the work plans mobilized hundreds of thousands because they presented a concrete gain in a very specific and urgent circumstance. Although other more structural demands were included, for example the repudiation of the foreign debt and re-nationalization of privatized banks and strategic energy industries, over time the focus of the mass movement became the "work plans". "Success" was measured by which group

or leader was most successful in negotiating the greatest number of plans in the shortest time with the least amount of bureaucratic paper work. The ‘work plans’ paying only \$50 a month (150 devalued pesos) was far below the poverty line, and close to the level defining indigency. The Duhalde regime remained discredited, under siege, but through the work plans it began to reconstruct a local apparatus to weaken the grass root organizations.

In the meantime, the government began a process of unfreezing and repaying at least in part the middle class depositors, declaring itself in default on the private debt and “stabilizing” the precarious economy. Capitalizing on splits and subdivisions among the piquetero movement and on the conversion of local leaders into distributors of labor plans, the Duhalde regime consolidated power at the national level, drove a wedge between the middle class bank deposit protestors and the unemployed, and confined the influence of the popular movements to their immediate locale. In the course of his year in power (2002) Duhalde used up all his political credibility as the socio-economic crisis with over 53% under the poverty line, continued. In a shrewd move to seek to re-legitimate the political system, he called for new Presidential and congressional election for May 2003. Deep political divisions within the Peronist Party led to several “Peronist” candidates. The extreme rightwing put up former president Menem, author of the collapse of the economy, master of massive corruption and the hate object of the great majority of Argentines. His main opponent was Kitchner, a former governor from Santa Cruz province, who presented himself as the reform candidate, committed to human rights, to purging the Supreme Court, the police and other public institutions of corruption and reviving the national economy – the return to normal capitalism – even if that meant confronting the IMF.

The Kirchner Election: Left Defeat – I.

The first major political defeat of the left was in the May 2003 presidential elections. The Left was as usual divided into small groups of Marxist parties who ran their perennial presidential candidates while the majority of the left called for a “militant” voter abstention. Both factions suffered serious defeats. The electoralists got barely 1%

of the vote while the abstentionists failed. The voter turnout was over 70% - the biggest in recent decades. Menem, who won a plurality in the first round, withdrew in the run-off as all the polls indicated a massive and humiliating defeat by close to three quarters of the electorate. Kirchner became President.

The left, the piquetero leaders and the militant human rights groups totally misjudged the changing times. “They acted”, a coalminer leader told me “as if they had a bucket over their heads. Hearing their own slogans reverberating they thought it was the voice of the people.”

After five years of recession leading to an economic depression and financial collapse, after 18 months of demonstrations and mobilizations in which the deeply divided and squabbling Left was not able to change the political regime via extra-parliamentary action nor even to present a unified electoral program and candidate, the mass of voters, including the great mass of slum dwellers and impoverished middle class, turned out to vote and place their hopes in Kirchner – with his “anti-establishment” image.

The Kirchner Presidency: The Social Movements and the New Political Project

President Kirchner, taking office in May 2003, continued the work plans initiated by his predecessor Eduardo Duhalde: Two million heads of household with children receive \$50 dollars per month. This continues to constitute the major social program of the government. This payment covers only one-third of the cost of the basic food basket of \$140 USD per month. Moreover the payment only covers 40% of the unemployed or underemployed. The key purpose of the work plans, from their origins to the present was never to solve the problem of malnutrition or unemployment but to “contain” discontent. In the beginning, the work plan program stimulated the organization of the unemployed and demands for more work plans of greater duration than the original six-month contracts.

The “work plans” have failed to connect with the creation of new full-time jobs and thus have “consolidated” a permanent indigent class with no future. In the great majority of cases the “work plans” have come under the control of authoritarian

provincial governors, mayors and barrio bosses who frequently hand over the payments to local clients who are neither unemployed nor in need, to the detriment of indigent families.

The unemployed workers movements (MTDs) are divided into 3 parts: Those supporting Kirchner, those giving him “critical support” and those opposed. The pro-Kirchner sectors of the MTDs (both variants) are accompanied by the three major trade union confederations (the CTA, the CGT and the transport workers), sectors of the worker-run factories (fabricas recuperadas) and the major human rights groups (including the two Madres de la Plaza de Mayo, and the Grandmothers’ movement).

The anti-Kirchner MTD are in turn divided into various coalitions which have frequently acted independently of each other. Sectors of the worker-occupied factories, led by the Zanon ceramic factory, are in opposition but remain largely isolated, as many of their former allies have turned to class collaborationist politics.

The deep division among the movements was visible on the anniversary mobilization commemorating the Dec 20-21 uprising. On December 2003, three different “coalitions” met at rotating hours in front of the Presidential Palace: One coalition from 12 noon to 2 pm grouped 10,000, a second from 3pm to 5pm had 15,000 and the third group from 6pm to 8pm had 25,000. Fifty thousand unemployed demonstrators would have been a formidable expression of force – if it were not dissipated into three separate protests demonstrating the weakness of a deeply divided movement incapable of even celebrating a “turning point” in history.

The disunity of December 2003 could be considered another “turning point” – expressing the decline of a divided, partially co-opted movement. The “normal capitalist” regime appeared to have temporarily consolidated its rule, once again attracting middle class support against the militant MTD’s. The militant mobilizations were focused on “work plans” and “decent jobs” which have little resonance on the once rebellious but now conformist middle classes who have recovered some of their savings. The marches through the center of Buenos Aires do not draw any participants or applause. The former bangers of pots and pans are silent, scurrying on their way to their daily chores. The street protests are more likely to draw the ire of middle class

commuters and transport workers than their sympathy. A few of the leaders of the MTDs mobilize protests while preparing to run for elected office within the traditional parties.

Some of the leaders of MTDs are not unemployed workers, but leaders of political parties who lead and divide the movement. Some leaders are trade union activists with aspirations to head their unions. The tiny band of self-styled “autonomists”, intellectual followers of Tony Negri have virtually disappeared from the social scene, their followers joining one or another of the influential groups distributing work plans.

The movement of self-managed factories has been contained. Virtually no new factory occupations have occurred. The existing factories have come under government tutelage, and in some cases, their former Trotskyist labor lawyers no longer have influence. The most striking reversal is the virtual disappearance of the middle class neighborhood assemblies. In some barrios, committees still meet to discuss neighborhood problems, but the large open-air assemblies are a distant memory. More ominous, important sectors of the middle class have turned to right wing authoritarian and repressive ideologies to deal with the rising crime rates. The biggest demonstrations in Buenos Aires over the past 2 years was a 150,000 protest in front of the Congress against crime – almost exclusively middle class – with all the emphasis on greater repression and no mention of the immense poverty and unemployment that is correlated with crime.

During the first year of Kirchner’s regime the MTDs seemed isolated, some were controlled by leftwing parties and traditional party bosses. As the struggle against the regime ebbed, the internal struggles within the movements intensified. While previously divisions were based on competition between barrios, the new splits include divisions within barrios. For example one “coalition” of MTDs includes the Polo Obrero, Coordinadora Unidad de Barrios (CUBA), MTR (one sector), and the Movimiento Territorial de Liberacion (MTL). The CCC, the Combative Class Current, is another unemployed group linked to the Revolutionary Communist Party. The MTR (Martino section) is another division from the Teresa Rodriguez Movement. Even the human rights groups have drawn divisionary lines. The Madres de Plaza de Mayo no longer allow their university to become a meeting place for the anti-Kirchner piqueteros, while

supporting others which do support him such as the Barrios de Pie, Patria Libre, and sectors of the MTD, Anibal Veron.

The net effect of divisions was to weaken the attractiveness and organizational capacity of all piquetero organizations. The May 1, 2004 (Mayday) meeting was a case in point and the result was disunity and a low turnout, as each 'piquetero' grouping "celebrated" in isolation from the rest and attendance was only a fraction of the previous two years. Apart from personal rivalries, long-standing conflicts and tactical differences, the main division running through all the unemployed movements is political -- specifically their position and response to the Kirchner regime. Interviews with a wide range of piquetero militants and leaders in the greater Buenos Aires area in April 2004 reveals a deep crisis in the movements, a sharp division in outlooks on the regime, the level of militancy among unemployed workers and future political perspectives.

Two cases suffice to illustrate these political divisions: The Unemployed Workers Movement – Anibal Veron (MTD-AV) and the Teresa Rodriguez Movement (MTD-Martino). It should be mentioned that even within these movements there are internal differences and possible future divisions.

The MTD-AV, like many of the piquetero organizations, begins its analysis by providing an overview of the "new situation". They argue that the Kirchner regime is a hybrid regime of the national bourgeoisie and multinational corporations, which is substantially different from the previous "neo-liberal" regimes. They cite the regime's progressive policies on human rights, the changes in the military (retirement of 40 generals), standing up to the IMF, support for Castro and Chavez, a review of retrograde labor legislation and its less repressive policies toward public protests. To these "positive" assessments of Kirchner, the MTD-AV add a "negative appraisal" of the current state of mass movements. They speak of the internal splits in their own movements, the declining numbers turning out for protests, the general "disorientation" in the masses faced with the new regime's policies and the "disarticulation" of the movements as a result of regime-sponsored work plans resulting in the loss of a consensus among unemployed movements, making it difficult to struggle. As a result of these factors, the MTD-AV has adopted a position of critical support for the regime – they have moved away from conflict and confrontation toward discussion and

negotiations, mainly over the number of work-plans and local project funding. This shift in policy has led to the virtual disintegration of the small “autonomous-decentralist tendency” in the movement organized by university disciples of Professor Jon Holloway of Edinburgh University. The issue of political power, more specifically, state power, and the potential economic and political benefits are key factors in shaping political attitudes among the unemployed. The leaders of MTD-AV argue that there are three possible approaches to the Kirchner regime: The position of “Workers Pole” (controlled by the Workers Party – Partido Obrero (PO)) which claims “nothing has changed” and continues with the politics of confrontation; the politics of conciliation and subordination pushed by D’Elia of Matanzas and Barrios de Pie and their positions of “political independence while avoiding confrontation and relying on negotiations” – in effect critical support. The MTD-AV argues that, given Kirchner’s 60% public support “there is no basis for confrontation”. The MTD-AV argue for pressuring the government to increase the sum of the work plans from 150 pesos (\$50 USD) to 300 pesos, and resisting the elimination of recipients. They look to extending their organization to include temporary workers and to joining forces with unionized workers to press for “real jobs”, that is full-time, unionized, well-paid employment.

While the MTD-AV’s assessment of the degree of support, which Kirchner enjoyed during most of 2003-2004 was realistic, they failed to notice the decline of popularity and growing discontent by the end of the first year. Their perception of his “progressiveness” was exaggerated and based on their favorable relation with his regime. They emphasized his “resistance” to the IMF, but conceded under questioning that Kirchner abided with the IMF’s conditions, continued to pay the foreign debt to IFIs and proposed to at least partially pay private debt holders. Moreover MTD-AV conceded that poverty levels and inequalities remained unchanged and the privatized strategic industries and banks remained in the hands of foreign MNCs. The MTD-AV were willing to trade-off immediate regime concessions in exchange for forsaking demands for structural changes, at least in the context of what they perceived to be an ebbing movement and a “popular” regime.

In contrast, the Teresa Rodriguez Movement while is opposed to the Kirchner regime, was deeply immersed in an internal debate about its future course. Roberto

Martino, a leader of MTR, describes the conservative nature of Kirchner's regime: "Cuts in labor plans, the reemergence of client politics, the breakup of the middle class-unemployed workers alliance, no plans to re-open closed factories, paralysis of social movements, high levels of poverty, support for free trade agreement with the US and the European Union, and support for privatized industries – especially lucrative oil, electricity and energy sectors - which could finance jobs and social services. In the eyes of the leadership of the opposition piquetero movements, Kirchner has "recomposed "the national bourgeoisie, providing them with leadership and direction, while securing middle class and even some transient popular support, even among the unemployed. They cite the support that Kirchner has secured from Hebe Bonafini of the human rights group, Madres de la Plaza de Mayo who has been a powerful ethical force, as providing legitimacy and reinforcing Kirchner's rule. The opposition piqueteros point to the middle class's "increased repudiation of the piquetero road blockages and abandonment of neighborhood assemblies, because of their expectations that Kirchner will solve their problems." In a word, the piquetero opposition describe Kirchner as being successful in the short-term in reinforcing "institutional politics", partially channeling politics from the streets to the Congress and Administration – and thus weakening the innovative assembly style democracy which emerged before and subsequent to the December 20-21, 2001 uprising.

Among the opposition piqueteros there are two lines of thought and action: Those who view Kirchner as merely a continuation of the past politicians (Polo Obrero-Trotskyist) and thus practice the same style of street politics and those who believe the new times require new tactics and strategies. The latter position articulated by Martino criticizes those piqueteros "who keep thinking it is December 20/21, 2001 and don't abandon road blockages." He argues for "looking for new methods of struggle, for legitimation." He maintains that most of the current protests are "testimonial" – since the regime knows the protestors are isolated and that sooner or later the protestors will return to their homes." He argues that the movement cannot just struggle for work plans – he calls for a shift toward demanding a "universal salary for all sectors of the working class (employed, unemployed) based on genuine jobs (stable full time employment)" – to

counter the influential regime propaganda that argues that the unemployed demanding work plans “don’t want to work”.

This critical section of the piqueteros has no allies among the trade union confederation, and is in conflict with other critical piqueteros who continue to call for a “general mobilization” leading to a “general strike”.

Faced with general weakness in challenging state power in present circumstances, the MTR calls for engagement in “territorial politics to encourage the masses to engage in local politics.” Martino argues for a two-stage process of first building municipal power to later gain access to national power and productive plans in order to recover the “culture of work”. He calls for “local self-administration and education to prepare workers for self-management.” What Martino calls for is a “new state within the new state”. In order to move in this new direction the MTR propose to broaden the piquetero movement to become more inclusive to include employed workers, teachers, health workers and other poorly paid temporary working sectors.

Work plans which began as legitimate demands around which to organize group roots support based on assembly-style local self-governance, has, in some instances turned, into a tool for personal patronage of local leaders, linked to the regime. Ironically the system of local personal patronage relations has been justified by referring to “horizontal structures”, an ideology popularized by the “anti-power” ideologues.

The failure of the “horizontalist” to achieve democratic control is in large part a result of the lack of class-consciousness (“a class for itself”), which is a necessary development to exercise democratic control. Democracy in the piquetero movement without class-consciousness, did not lead to a sustained assembly style political process. Instead the popular rebellions and initial militancy led to a narrow focus on immediate consumption, social dependence on local piquetero leaders and in some cases to political bosses.

The emphasis on “autonomy” and “spontaneity” of the piqueteros by the anti-power ideologues at the time of the rebellion was the other side of the coin to the subordination of the piqueteros to the new local regime bosses in its aftermath. Both phases reflect the absence of organized class-conscious political education. The absence

of any strategic plan of action led to the dispersion of the movements toward a variety of reformist, collaborationist and sectarian politics.

The piquetero movement was constituted on the basis of many workers who never were employed in factories and thus had little or no sense of proletarian class-consciousness and among older workers who had been displaced from factory production for the better part of a decade. In many cases this led to “individualistic solutions” rather than collectivist consensus subsequent to the initial rebellion.

The great accomplishment of the piquetero movement was the organization of the mass of unemployed for collective action. Its limitation is the failure to advance class-consciousness, thus creating the current impasse and fertile terrain for the re-emergence of clientele politics under the “benign” reign of the Kirchner regime. The emphasis on municipal rather than national issues fragmented the movement into hundreds of competing groups.

While the struggle for “work plans” was initially an important first step to ameliorate hunger and infant malnutrition, the subsequent exclusive concentration on this issue has several negative consequences. In the first instance it created an “assistencialista” (social work) outlook among piqueteros – a dependence on minimum state transfers rather than a deeper questioning of the class nature of the state. The movements turned to militant struggles and confrontations (with street blockages, office takeovers) but in pursuit of narrow goals. With the establishment of the state-funded work plans, the piquetero movements became, in the words of Martino a “functional organization of the state, we became a social extension of the state – distributing the dole.” The rapid change in the means and goals of the piquetero movement needs serious critical reflections – not merely calls to “return to the streets.”

In the current impasse between piqueteros engaged in isolated direct action or collaborationists supporting a “moderate” neo-liberal regime, a number of alternatives have been proposed. MTR-AV proposes struggling to pressure big enterprises to finance production projects of the piqueteros – thus uniting employed and unemployed workers to promote jobs, class-consciousness and solidarity. This involves self-exploitation – “voluntary work to obtain liberation” according to Martino. The experience in Mosconi is cited as an example - petroleum town where piqueteros have been able to extract

resources from the privatized foreign-owned petroleum companies by blocking transport. Mosconi secured legitimacy by supporting wages and security of employed workers and social needs of the community thus achieving ideological hegemony – a necessary prelude to challenging for state power. The problem with citing Mosconi is that it is vastly different from Buenos Aires and other metropolitan areas. Most of the unemployed were former petrol workers, with social, family and union ties to the employed workers in a one-industry town. This is not the case with most industries in Buenos Aires. Moreover the employed unionized workers in large-scale factories in Buenos Aires have shown little aptitude to join with piquetero struggles, let alone support demands that the companies fund piquetero projects over increased wages. The more promising strategy is to join with low-paid public sector workers in joint strikes and combine demands for jobs and better pay.

The Factory Takeover Movement

Factory takeovers by unemployed workers reached its peak between 2001-2002 with over 10,000 workers operating over 100 enterprises. That movement is all but over. The political impetus for the take over declined. Work plans absorbed some fired workers; the Duhalde regime via its judicial apparatus violently dislodged workers from the factories. Under Kirchner, the regime intervened, convinced the workers to convert the firms into profit-oriented cooperatives in exchange for legal recognition. Most adapted. Many “occupied” firms now function as sub-contractors for private firms under onerous work conditions, under the tutelage of the state. They have to meet debt payments incurred by the previous owner and/or repay loans to the state or private banks. Most have lost their political cutting edge: They no longer act as part of a movement nor see themselves as part of the class struggle. The worker who joined the take-over were acting merely to protect their job with little broader class consciousness. The leftist lawyers and activists in the solidarity movements did little or nothing to raise political consciousness, largely counting on the take-over itself (the factory occupation) to create class consciousness. Most of those leftists have been marginalized in the cooperatives. The major and significant exception is Zanon, the large self-managed ceramic factory in

Neuquen province. While many of the other worker-based cooperatives continue to operate and provide jobs, none of them retain the degree of worker management and control that remains a hallmark of Zanon. While many of the other factories which subcontract work extra hours at reduced pay to satisfy the price demands of their contractors, Zanon have added 140 new workers to their productive unit, increased production, improved quality and maintained an egalitarian pay structure between skilled and unskilled workers. Unlike other factories taken over by workers and now converted into “cooperatives”, the workers in Zanon through sustained class struggle prior, during and after the occupation and political education have a high level of class-consciousness. The Zanon workers are a leading force in promoting the semi-weekly newspaper Nuestra Lucha (Our Struggle) and have established firm ongoing relations and mutual support with neighboring MTD (unemployed workers movement).

The Kirchner government has, as of May 2004, refused to legally recognize Zanon as a worker-owned factory, despite the compliance of the Zanon leadership with all of the legal forms required by the regime to be classified as a “cooperative”. While the Labor Ministry had promised to take up the matter – for over a year – the judicial system has once again taken the side of the bankrupt and corrupt ex-employer, and threatens to issue a judicial order to forcibly evict the workers. Former union bosses who were voted out of office, representatives of the World Bank and members of the judiciary have all backed the employers.

The Zanon experience raises a basic question: Why is their worker cooperative the only one in the country, which the Kirchner regime has so far refused to recognize? We think the answer is to be found in the fact that in Zanon the state tutelage and paternalistic control which is exercised over the other factories will be hard to impose given its class conscious leaders and members. Kirchner’s functionaries operate like the old-style populist Peronists who observe the forms of worker representation in factories, while in practice manage control over the workers in accordance with the logic of the capitalist market. The danger to Zanon is real because the national network of solidarity, which sustained the movement has, in part, unraveled. The Madres have embraced Kirchner as one of their own and no longer allow their University premises as a meeting ground for Zanon and its Buenos Aires supporters; the re-launching of their newspaper

has encountered less than enthusiastic support from the declining and divided piquetero movements; and the intellectuals have returned to their academic duties or more “current controversies.” While Zanon still remains a symbol of a successful alternative to capitalist management, it no longer is seen as a model to be followed by most unemployed or employed workers who have signed up for work plans or are pressing for simple wage gain.

Conclusion: Short Term Consolidation, Medium Term Crisis

There is no doubt that President Kirchner has succeeded in consolidating support for his regime, making just enough personal changes in the military, judiciary and police to re-legitimize fail state institutions. He has acted with great shrewdness in meeting IMF conditions on budget and fiscal matters while striking a nationalist posture in resisting exorbitant demands to increase the fiscal surplus beyond 3% and increasing payments to private bondholders. Most important Kirchner has divided the social movements, co-opted many key trade union leaders, pensioners and human rights leaders through minimum labor plans, some wage concessions, pension increases and by ending impunity of military officials accused of human rights crimes. In May 2004 he announced a \$185 million dollar increase in pensions for 1.7 million retirees in the lowest bracket and a \$35 million pay package for public sector employees who had lost ground under his wage restraint policies. In this case Kirchner was responding to strike action by the State Public Employees (ATE) backed by a threat from the Confederation of Argentine Workers (CTA) of a general mobilization.

The Argentine economy has capitalized on exceptional prices for its principle exports and improved taxation (up from 30% in 2004 over 2003) to reap a record \$3.9 billion dollars. Faced with high growth of manufacturing, trade and tax revenues the Kirchner regime has been able to placate middle class consumers with cheap imports, encourage expectations among millions unemployed workers with several thousand new job openings and secure the acquiescence of several important piquetero leaders.

The time of popular rebellion against the ruling political class has temporarily passed. By the middle of 2004 several new sets of contradictions were emerging

concerning Kirchner's macro-economic policies: The organized workers and employees are demanding substantial wage increase to overcome losses from frozen reduced salaries; households are protesting Kirchner's granting rate increased to private foreign-owned power and energy corporations; Kirchner's continued support for foreign-owned (mainly Spanish) petrol and energy companies has led to a major energy shortfall, a partial shutdown of factories and sharp increases in rates to consumers. Caught between his neo-liberal pro-foreign capital commitments and the growing popular outcry at the unscrupulous price gouging of these same companies, Kirchner is facing his moment of truth. In April 2004, industrial activity declined by 4% over the previous year due to energy shortages. Thousands have been fired.

As some of the more astute piquetero leaders recognize – the political conjuncture has changed – and yet the movements have neither prepared for it either politically or organizationally.

What emerges from the extended and massive popular rebellion is that spontaneous uprising are not a substitute for political power. Too many academics and political commentators failed to probe deeply into the inner strengths and weaknesses of the impressive but momentary social solidarity. There was little in the way of class solidarity that extended beyond the barrio; and the left parties and local leaders did little to encourage mass class action beyond the limited boundaries of geography and their own organization. Even within the organizations, the ideological leaders rose to the top not as organized expressions of a class-conscious base, but because of their negotiating capacity in securing work plans or skill in organizing. The sudden shift in loyalties of many of the unemployed – not to speak of the impoverished lower middle class – reflected the shallowness of class politics. The leaders of the piqueteros rode the wave of mass discontent; they lived with illusions of St. Petersburg, October 1917, without recognizing that there were no worker soviets with class-conscious workers. The crowds came and many left when minimum concessions came in the form of work plans, small increases and promises of more and better jobs.

The process of movement domestication is located in a number of regime strategies executed in a timely and direct style. Kirchner engaged in numerous face to face discussions with popular leaders, he made sure the best work plans went to those

who collaborated while making minimal offers to those who remained intransigent. He struck an independent posture in relation to the most outrageous IMF demands while conceding on key reactionary structural changes imposed by his predecessors – namely the lucrative privatized ex-public firms. Lacking an overall strategy and conception of an alternative socialist society, the mass of the movement was easily manipulated into accepting micro-economic changes to ameliorate the worst effects of poverty and unemployment, without changing the structures of ownership, income and economic power of bankers, agro-exporters or energy monopolies.

The question of state power was never raised in a serious context. It became a declaratory text raised by sectarian leftist groups who proceeded to undermine the organizational context in which challenge for state power would be meaningful. They were aided and abetted by a small but vocal sect of ideologues who made a virtue of the political limitations of some of the unemployed by preaching a doctrine of “anti-power” – an obtuse mélange of misunderstandings of politics, economics and social power. For the rest, the emergent leaders of the piqueteros, engaged in valiant efforts in raising mass awareness of the virtue of extra-parliamentary action, of the vices of the political class but were not able to create an alternate base of institutional power that unified local movements into a central force to challenge the state.

What clearly was lacking was a unified political organization (party, movement or combination of both) with roots in the popular neighborhoods which was capable of creating representative organs to promote class-consciousness and point toward taking state power. As massive and sustained as was the initial rebellious period (December 2001-July 2002) no such political party or movement emerged – instead a multiplicity of localized groups with different agendas soon fell to quarreling over an elusive “hegemony” – driving millions of possible supporters toward local face-to-face groups devoid of any political perspective.

Clearly the slogan “Que se vayan todos” (Out with all politicians) which circulated widely among those recently engaged in struggle, turned out to be counterproductive as it further delayed or short-circuited the necessary political education which an emerging political leadership required to deepened long-term mass engagement in revolutionary politics. Nonetheless the uprising of December 20/21m 2001 stands as a

historic reference point for future struggles and a warning to US imperialism, the IMF and the local ruling class that there are limits to exploitation and pillage. Moreover the methods of extra-parliamentary action clearly were superior in ousting corrupt and abusive rulers than the electoral parliamentary-judicial processes.

By the end of Kirchner's first year in office (May 2004) the piquetero movement re-emerged as the main opposition. In early May 2004 the mass movement returned with new allies, employed unionized workers and new programmatic demands. These mobilizations included the blockage 148 roads, highways and bridges throughout the country with over 80,000 demonstrators. The principle demands centered on more work plans, a raise in the subsidies from 150 pesos (\$50 USD) to 350 pesos (\$117 USD) and opposition to state control and distribution of the work plans for the unemployed workers. Together with public employees, they called for increases in salaries for all state and private workers and an increase in pension payment for retirees. Equally important all the piquetero groups were protesting judicial rulings outlawing street blockages. The road blockages were accompanied by a march through the city and protests at the headquarters of Repsol-YPF (the Spanish multi-national petroleum company which bought the former state petroleum company) expressing popular repudiation for the increases in fuel prices and demanding a "social price" for tank of household cooking gas. The marchers also demonstrated in front of federal courts, protesting the court ruling condemning road blockages. Apart from Buenos Aires, road blockages took place in the provincial capitals of Jujuy, Salta, Tucuman, SantaFe, San Juan, Mendoza, Chaco, Entre Rios, Corrientes, Misiones, Chabut and Rio Negro. The day of struggle in early May 2004 was the first since the courts criminalized road blockages. An order by the Buenos Aires Minister of Security to "clear the roads" was not implemented given the size of the demonstration. Many piquetero movement participated in the demonstrations, including the Bloque Piquetero Nacional (National Picketeer Bloc), led by the Workers Pole (Trotskyists), the Movimiento Independiente de Jubilados y Desocupados (The Independent Movement of Unemployed and Pensioners) led by Raul Castello and the Corriente Clasista y Combativa (Combative Class Current) former critical supporters of the Kirchner regime. In addition the state employees unions joined the demonstrations and road blockages despite obstructionist efforts by the pro-Kirchner trade union

bureaucracy. During the third week of May 2004, the subway unions convoked a national assembly to launch a movement for a six-hour working day – to create jobs for the unemployed.

These renewed protests launched jointly by unemployed and employed workers however are offset by the decline of autonomy and increased vulnerability of the “occupied factories”. Two symbolically important factories, Brukman (a clothing manufacturing plant) and Grissinopoli (a breadstick producer) passed from workers control to state management, while the worker-run ceramic factory Zanon face an imminent police enforced order of eviction. The piquetero movement, despite continued organizational divisions, still demonstrates a strong capacity to mobilize and convoke tens of thousands of militants on the basis of tactical alliances. The renewed activity is linked to piquetero organizations, which maintain an independent class perspective in relation to the Kirchner regime. Those groups which have taken a position of collaboration, critical or not, have become enmeshed with the state and have become politically and organizationally incapable of responding to the rising discontent among unemployed and poorly paid employed workers.

The initial 10 months of Kirchner’s reign was a period of high expectations among the populace. The hope that better days were ahead has worn off. The subsequent \$50 USD raise in monthly salaries for the lowest paid public employees and pensioners still falls short of rising fuel, energy and electrical prices which Kirchner has generously granted to privatized multinationals.

Kirchner’s pursuit of “normal” national capitalist development has revealed its structural weakness in the face of the energy, gas and electrical crises provoked by the foreign-owned multi-nationals. After years of exorbitant profits the MNC’s made little or no investments in new oil pipelines, infrastructure or exploration to meet rising demands. In the present period they have lowered output in the generator plants by closing them for “maintenance”. The multinationals created an artificially acute “shortage” of energy blaming government regulations. Moreover the original privatization contracts gave to the MNCs 54% retention of petrol and gas to dispose as they wish resulting in lucrative overseas export trade deals with Chile, Uruguay and Brazil but further limiting supply to Argentine industrial and household consumers. Faced with corporate blackmail and after

engaging in a bit of populist rhetorical demagoguery by criticizing the MNCs, Kirchner caved in and granted the price increases. In an apparent move to pacify nationalist opinion Kirchner promised to launch a state petroleum company, which would construct the infrastructure to facilitate the private exploitation and commercialization of energy and petroleum.

Kirchner's "populist theatrics" have less effect over time. The masses of consumers directly experience a decline in real income and a sudden and steep increase in prices. The net result of the MNC-induced "energy crisis" is lay-offs and plant shut downs (increasing unemployment and lowering wages) while increasing the number of impoverished households, literally living in the cold. While the collaborationist "pragmatic" piquetero organizations gained short term and limited favors (additional work plans, local appointments, small scale financing) Kirchner's embrace of the privatized monopolies, continued debt payments and restrictive budgeting policies has prejudiced the poor over the medium term. As a result the "axes" of piquetero politics has moved from the "pragmatic collaborationists" leaders incapable of responding to the energy and income crisis to the more militant class-oriented piquetero leaders and organizations. Foreign capital located in the strategic sectors of the economy dictates the costly terms under which national capital functions. The hard currency earnings to finance national capital depend on volatile commodity prices. Both structural factors inhibit any possibility of sustained national capitalist growth. Add to that the high propensity of "national capital" to send their profits abroad and to invest in speculative activity in Argentina and it is easy to understand the re-emergence of an Argentina crisis.

The "first wave of mass mobilization" roughly from January 2002 to July 2002 generated the mass piquetero movements and the capacity of the unemployed workers to engage in mass direct action. This creates a certain degree of class-consciousness among hundreds of thousands of activists in the poorest barrios. The ebbing of the movements (August 2002 to May 2003) coincided with the regime-sponsored \$50 (USD) work plan, the internal strife among the piquetero groups and the hopes of an electoral solution via Kirchner. The retreat deepened during the first year of Kirchner's term of office (June 2003 – April 2004) as he successfully coopted a substantial proportion of piquetero leaders through their incorporation in the state apparatus and financing of small-scale

projects and symbolic gestures. However the initial enthusiasm for Kirchner is giving way to strikes and protests. The impoverished workers realized that work plans have not led to real jobs with livable wages; they know that local projects do not solve the problems of low wages, rising prices and malnourished children. Discontent began to surface by early March 2004 as small contingents of workers restarted road blockages and large-scale confrontations took place in the provinces between corrupt authoritarian pro-Kirchner governors and public employees, the unemployed and human rights supporters. By May 2004 dissatisfaction over Kirchner's energy price hikes, frozen salaries and 20% disguised (work plans) and open unemployment erupted in an organized street action.

The key factor is the temporary and fragile convergence of demands between the low-paid public and privately employed workers, energy consumers and the unemployed. The defection of the "middle class" to the right (once they recovered their savings), which led to the temporary isolation of the piqueteros, could be compensated if a new coalition of unionized workers and the unemployed gained firm footing. No doubt Kirchner will make some concessions to divide this burgeoning coalition – especially via the collaborator trade union bosses. However his margin to "divide and conquer" is limited by the end of the favorable international prices for Argentina exports. He no longer can count on the support of workers with future expectations of jobs and increases in the standard of living – the "future" has come due. Current realities no longer convince the 50% still living in poverty. With Argentina's prices of mineral and agrarian exports declining (except petrol) Kirchner lacks the margin to pay the debt, raise wages and create jobs. Thirdly he has demonstrated his commitment to sacrificing local living standards and growth to meet the profit demands of the energy MNCs. Finally Kirchner's cynical play on 'opposing' the IMF and then transferring billions in debt payment to the IMF is highly unlikely to continue to deceive the majority of Argentine.

It remains to be seen whether the militant piquetero movements can build durable alliances with employed workers, deepen the class consciousness of its activists and create a broad based political movement that unite the still deeply divided movement.

As the current mini-boom ends in April/May 2004, as Argentine agro-export prices decline, Kirchner has neither the economic resources nor the ideology to sustain

his current balancing act. In addition his refusal to free 4000 popular activists from judicial proceedings – some facing 5 to 10 years imprisonment for political offenses – stands in the way of any lasting alliance. The resurgence of the mass class struggle in Argentina profits from its successes through direct action. It is in a position to confront structural problems (poverty, unemployment, low salaries) and learn from its limitations – the absence of a mass-based national political party movement aiming at state power and the re-socialization of strategic sectors of the economy. Once again the mass movement will learn that none of the basic problems will be solved by an “alliance” with the national bourgeoisie, even a benign Kirchner version.