

Consensus and conflict through the three phases of the distributive conflict during the Kirchnerist Administration (Argentina, 2002-2011)

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Abstract. The present work intends to contribute to the study of the growth process of the Argentine economy after the fall of the Convertibility (2002-2011) understanding that analyzing the political moment of capital accumulation is fundamental for this. For this reason, we will focus on the study of how the State reconstructed order after the fall of Convertibility (2002-2011), specifically analysing its economic intervention. Through the distributive conflict we will seek to address the “political dimension of economic policy” (Piva, 2015) that initially allowed (2002/3) to reconstruct the consensus, which since 2005 began to erode and finally mutated into an open conflict in 2008 during the so-called Agrarian Conflict. Through the distributive conflict we propose to address the way in which social forces clashed or wove alliances so that a level of factionalist analysis will prevail throughout the article.

Key Words: Distributive conflict; Argentina; post convertibility; and countryside conflict.

Summary 1. Introduction and trimming of the problem; 2. From the Convertibility crisis to “everybody wins”; 3. From “everybody wins” to the erosion of the consensus; 4. From the Agrarian Conflict to the *Impasse*; 5. Final remarks; 6. Bibliography.

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1. Introduction and trimming of the problem

The present work intends to contribute to the study of Argentina's process of economic growth after the fall of Convertibility (2002-2011), understanding that to achieve this results fundamental to analyse the political moment of capital accumulation. For this reason, we will focus on studying the manner in which the State rebuilt the order after the fall of Convertibility (2002-2011). Thus, analysing specifically their economic intention and excluding other aspects such as ideology, the parries' system, and other aspects that build consensus and social reproduction. At the same time, we understand that the State is not constituted immediately as the representative of the capital, but as the warrantor of the capitalist relations (O'Donnell, 1982) and the way it assumes each moment as profoundly linked to the class struggle (Poulantzas, 1986). We understand the "distributive conflict" as a particular manifestation of the particular struggle among classes (it does not deny the other manifestations nor does it subordinate them), which refers to the disputes that open among classes and fractions of classes surrounding the definition of necessary work and the appropriation of surplus labour.

Therefore, in light of the distributive conflict, we aim to address how social forces confronted each other or formed alliances, understanding that, although different groupings of individuals capitals "emerge from competition, those groupings are properly political" (Bonnet, 2012: 96), as seen in the antagonism with workers – who, in turn, have their own groupings and internal conflicts. In this way, a factionalist level of analysis of the distributive conflict will prevail. To operationalize the study of distributive conflict, we will take into account the key prices in the economy (price of goods, interest rate, exchange rate, and wages), productivity, income distribution (wage mass/GDP), Gini index, unemployment, poverty, labour informality, and the tax system.

Positioning ourselves in the political moment of capital accumulation, capitalists and workers do not appear to us as the immediate personifications of capital and labour respectively, but as flesh-and-blood people who engage in a real confrontation that involves all aspects of life: a class struggle. It is evident that workers do not immediately form a class in and for themselves, although it should be clarified that neither do capitalists. Capitalists do not immediately behave as a class; rather, they form a class insofar as they behave as capitalists, that is, as individual capitals that compete—for themselves—for the appropriation of surplus value, which makes their constitution as a class in and for itself contingent. Ex ante, we find only strictly individual capitalists or sellers of labour power. Their constitution as classes ex post presupposes a mediation, opens up the possibility of crisis, victories and defeats, and therefore indeterminacy, and history.

It should also be noted that although the form of the State emerges from the confrontation between classes and class fractions, the autonomy of the State with respect to the productive

process is a 'real appearance' (Lechner, 1977: 359)¹. The autonomy is real in the sense that the doubly free condition of the worker (Marx, [1867] 2006) forces the ruling class to delegate coercion to a third party, the State. But at the same time, it is illusory in that the State maintains an organic link with the social relation of capital: the wage relation and the economic structure impose limits on economic intervention and therefore on the construction of order. This explains why a State cannot adopt any economic policy without consequences; it has margins of maneuver.

In this way, through distributive conflict, we will seek to address the 'political dimension of economic policy' (Piva, 2015) that initially allowed for the reconstruction of consensus(2002/3), which began to erode from 2005 and ultimately turned into open conflict in 2008 during the so-called Agricultural Conflict. Finally, it should be noted that if the key to understanding the post-convertibility period lies in the 2001 crisis, this can only be understood in light of the disputes, victories, and defeats of classes and class fractions during the Convertibility period. Therefore, in the next section, we will dedicate space to the Convertibility and its crisis.

2. From the Convertibility Crisis to the “Everyone Wins” Period

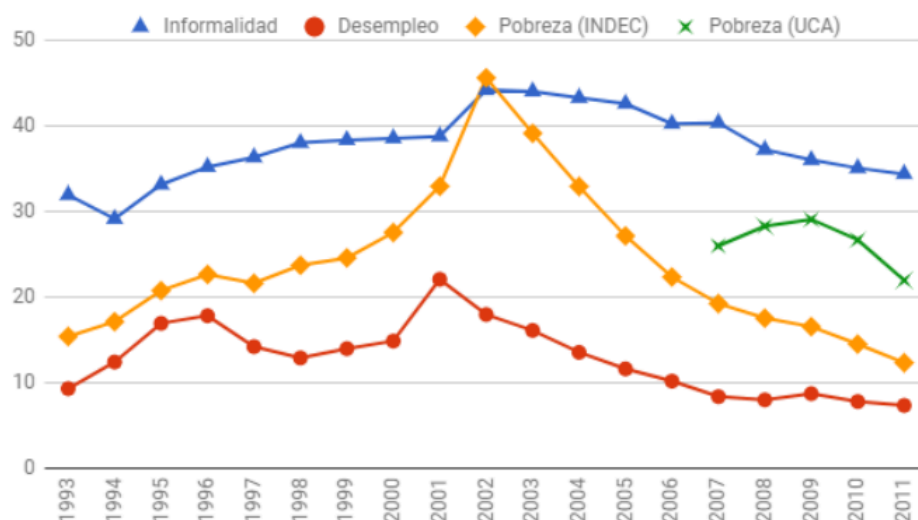
By 1998, capital accumulation in Argentina began to wane due to a convergence of international factors (crisis in the capitalist periphery), structural factors (growing disparity between local productivity and the international average), and social factors (resistance to adjustment), increasingly straining the “weak hegemon” (Piva, 2012) that supported Convertibility (1 peso = 1 dollar). However, the legitimacy that Convertibility enjoyed within the ruling class prevented any faction from proposing its abandonment, even during periods of severe tension. In May 2001, Minister Cavallo announced the Megawap, a plan aimed at deferring immediate debt payment – as a way to stave off default – at an extremely high cost. In July, the State prepared an adjustment with the Zero Deficit plan, including a 13% cut to pensions and public employees' salaries, in order to maintain the full opening of the economy and parity with the dollar. “This adjustment is particularly relevant, we say, because it would unleash the final wave of struggles that culminated in December with the collapse of Convertibility” (Bonnet, 2002: 8). In that sense, the way the social conflict evolved in general and how new correlations of forces crystallized within the framework of the distributive conflict, in particular, were central. In the early days of 2002, after a marathon succession of Presidents—which included the announcement of the default on external debt—Eduardo Duhalde, who supported a devolutionist exit, took charge of the Executive Branch, and Congress approved the end of Convertibility.

Analysing the distributive conflict, the resistance that workers imposed against the continuation of Convertibility through wage reductions or increased productivity (increased exploitation) trapped

¹ Similar are concepts such as 'objective form' (Lukács, 1985), 'objective illusion' (Horkheimer and Adorno, 2006), or 'real abstraction' (Sohn-Rethel, 1980).

the monetary regime in a dead end and bifurcated the paths of bourgeois factions, dispersing their unity. Likewise, the end of Convertibility marked the beginning of a new dispute over the appropriation of income transfer benefits—due to devaluation—between capitalist factions and workers. The most benefited sectors were, of course, exporters, particularly in agriculture and agribusiness², along with producers of internationally non-competitive industrial manufactures. The project of the Productive Group, which managed to prevail over other capitalist factions, advocated for a productive profile “linked to exports and closely associated with a manufacturing structure heavily rooted in industries situated in the early stages of industrial processing”, and was contingent upon falling wages (Schorr, 2001: 9). Their victory, materialized in Mendiguren assuming the Ministry of Production, did not mean that their project was realized without mediations or opposition.

Graph 1. Poverty, Unemployment, and Labor Informality (%) (1993–2011)



Source: Own elaboration based on CEDLAS, CEDLAC, and the Social Observatory of UCA.

Note: The poverty line was defined as the population living on less than 4 dollars per day. Informal workers are considered those who do not have retirement contributions.

On one hand, during the brief tenure of Remes Lenicov at the Ministry of Economy, debts were converted to pesos benefiting indebted households, but especially large companies that had borrowed during Convertibility. Additionally, the devaluation of nearly 300%, coupled with an

² Benefiting not only from the devaluation but especially from the new international context that emerged with China's accession to the WTO, which we cannot analyze here.

annual inflation of 40.9% (INDEC), resulted in a real wage reduction of 30%, decreasing the share of wages in GDP from 38% to 31%, with informal workers being more severely affected. In addition to monetary violence, direct repression was also employed: the killings of piqueteros Maximiliano Kosteki and Darío Santillán acted as disciplining measures aimed at social sectors exceeding the integration proposed by the State.

On the other hand, however, the popular uprising of 2001 imposed new conditions on the ruling class for the (re)construction of its hegemony, impossible to exhaust through the use of violence alone: ignoring the issue of poverty was not an option for those who sought to maintain government and order, particularly in the face of the slogan *“que se vayan todos”* (“they all must go”), amidst the strength of popular sectors and continuous demonstrations and challenges to the political system during 2002. This demonstrates that while export sectors benefited greatly from devaluation, the ‘fruits of international trade’ (Prebisch, 1949) had to reach those who reproduce within the domestic market (both capitalists and workers). In this way, the correlation of forces sanctioned a “trickle-down” effect, a state mediation that internalized the outcome of distributive conflict by redistributing income from net export sectors to net importers (workers and domestic bourgeoisie). This redistribution operated through two mechanisms. The first was associated with the availability of foreign exchange needed by net importers to acquire capital goods and essential inputs for capital accumulation. Secondly, the economic intervention of the state – resulting from distributive conflict – imposed export duties (retentions), thereby providing the Executive Branch with the means to implement expansionary policies.

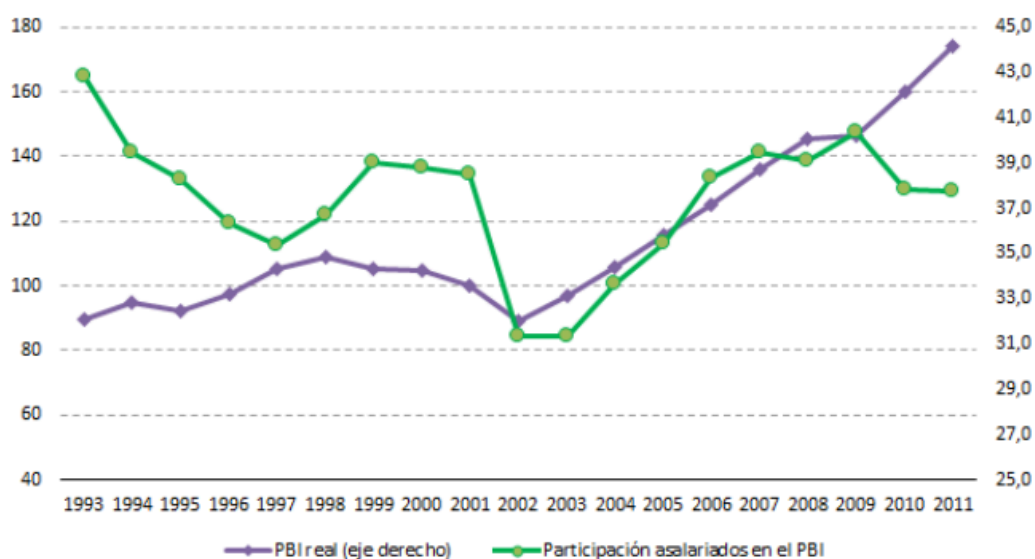
During the same year, contrary to the project originally driven by the Productive Group, Mendiguren himself had to promote an export-led industrialization in a globalized economy, which in turn would enable better wages (Mendiguren, Clarín 18/1/2002, in Gaggero and Wainer, 2002), and create consumers for the domestic bourgeoisie – in a Keynesian style – that was non-competitive at the international level, ensuring a resurgence of the profit rate. The political aspect of economic policy (Piva, 2015) aimed at consensus-building after the end of Convertibility, through ‘trickle-down’ (Ortiz and Schorr, 2007), to include sectors of the domestic market (both capitalists and workers). GRAPHIC 1 approximates the complexity of the year 2002. On one hand, poverty and informality increased, and real wages plummeted, affecting wage participation. On the other hand, unemployment began to decline and the foundations were laid for expansionary policies that would impact indicators from 2003 onwards. Lastly, the financial sector and foreign companies that acquired public services³ during privatizations were the most affected fractions.

At the moment, we have exposed the map of correlations of strength between classes and their fractions in Argentina towards 2002, although we did not aim to exhaust all aspects of the

³ The Economic Emergency Law enacted in 2002 froze tariffs (in pesos).

problem. The popular struggle and the alliance woven between the unemployed sectors, informal and formal workers, the impoverished middle class, and industrialists—who accepted improvements in income distribution—pressured to "pierce the ceiling," that is, to promote (progressive) income distribution. Without this social power, it cannot be explained why the incomes of net exporters shifted towards the domestic market. "The hesitations, concessions, advances and retreats of the new provisional government of E. Duhalde only serve to highlight that the representatives of the bourgeoisie learned, after sacrificing two administrations, that power relations had changed" (Bonnet, 2002: 30). Pressure "from below" conditioned the reconstruction of domination, pushing the State to build a new mediation by making concessions, transferring income to non-competitive fractions, and channeling conflict within its institutional framework (even through the use of public force). The murders of Kosteki and Santillán on June 26, 2002, while teaching lessons on the limits of workers' actions, accelerated the call for elections and governmental change. Fifteen months after the popular uprising of 2001, Néstor Kirchner's assumption with 22% of the votes imposed a strong social conditioning for consensus rebuilding.

Graph 2. REAL GDP 2001 = 100. Share of Salaried Workers' Wages (%) (1993-2011)



Source: Own elaboration based on FLACSO⁴

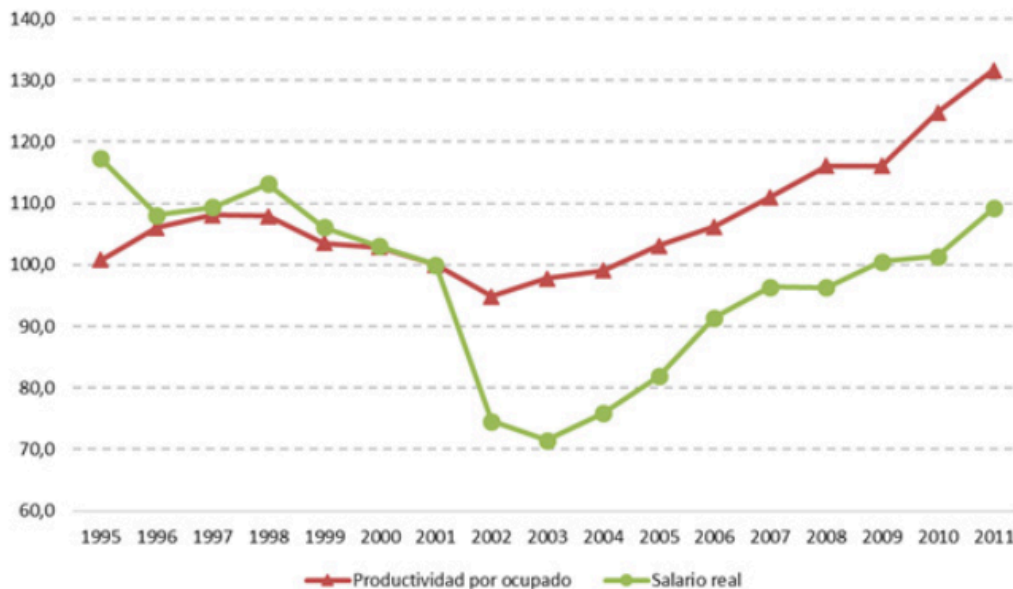
The continuity of Duhalde's economic team, led by Minister of Economy Roberto Lavagna, along with its main measures, beyond the presidential change, indicated signs of consensus achieved around its program. In the following years, economic growth coincided with increases in

⁴ We deeply appreciate the collaboration of Pablo Manzanelli, who facilitated access to the information.

wages and productivity, albeit to varying degrees. In the early post-convertibility years, workers saw their real wages increase by 5%, alongside growth in employment and a significant reduction in poverty (GRAPH 1). "However, when these transformations in the labor market are translated, based on the same statistics, into income distribution terms, a surprising situation is observed that does not seem to be consistent with these changes" (Basualdo, 2008: 3). In 2003, real GDP growth of 8% was not accompanied by similar wage increases, which resulted in the share of wages in GDP remaining stable. In 2004, GDP growth outpaced wage growth, increasing the share of workers in the economy, although it still remained below the worst levels of Convertibility in 1997. Put differently, workers earned more, but from a much larger pie (GRAPH 2). During 2005, workers again gained weight in income distribution, although it was only that year they managed to reach 1997 levels, the lowest point of Convertibility. Real wages grew faster than productivity (GRAPH 3), although they remained well below 2001, the worst year of Convertibility. This "trickle-down" effect helped stimulate accumulation and, at the same time, improve social indicators, as seen in Graph 1.

Taken together, the analysis of the graphs presented here allows us to identify the heart of a consensus where "everyone wins": among workers and lower strata, economic and social recovery instilled confidence in both governments; among bourgeois fractions, profits multiplied for exporters in agriculture, agribusiness, and industry. Simultaneously, as we have already noted, the barrier to imports benefited capitalists whose production could not compete in the previous economic context and was primarily conducted in a growing domestic market. The two channels for spillover from the external sector to the domestic market (availability of foreign exchange and tariffs on foreign trade) enabled the establishment of a state that aimed to position itself as a neutral third party capable of mediating class reconciliation beyond specific interests.

Graph 3 Productivity and Real Wages. 1995-2011. 2001 = 100



Source: Own elaboration based on FLACSO.

3. From "everyone wins" to the erosion of consensus

During the year 2005, when the first legislative elections faced by Kirchner arrived, different bourgeois factions began to discuss the economic destiny of the country, a struggle reflected in the acceleration of key variables, reversing their trend. Net exporting capitalists began to argue the need to "cool down the economy" to avoid inflation (the economy had been growing at rates close to 10%) and did not spare criticisms of export taxes. In contrast, popular strength cast doubt on the prospects of success for an initiative that implied ending the improvement in workers' living conditions. In this context, Cristina Fernández de Kirchner's victory in the province of Buenos Aires marked the defeat of the austerity alternative and the persistence of resource redistribution (surplus value) towards the domestic market. Consequently, Lavagna's economic team (who advocated the need to slow down domestic market growth) stepped down from government following the path of Prat Gay, who had been dismissed from the Central Bank a year earlier for siding with foreign bondholders in debt restructuring negotiations and for seeking IMF oversight in fiscal policy. If it were a matter of economic determinations, the debate would become inexplicable: if the State were a direct (rational) embodiment of capital, it would lack alternatives. However, from the perspective we have been working on, the State does not constitute itself as the representative of capital but as the guarantor of capitalist relations, and its form at any given moment is deeply linked to class struggle (let's recall that in this article we focus on the distributive

conflict over the definition of necessary labor and the appropriation of surplus labor as a particular manifestation). The appointment of Felisa Miceli - with a development background - as Minister of Economy anticipated the new intensity of state intervention and progressive income redistribution through public spending. Two weeks later, the government announced it would use the surplus of international reserves available to fully pay off the debt with the IMF in one installment and sever ties with the institution.

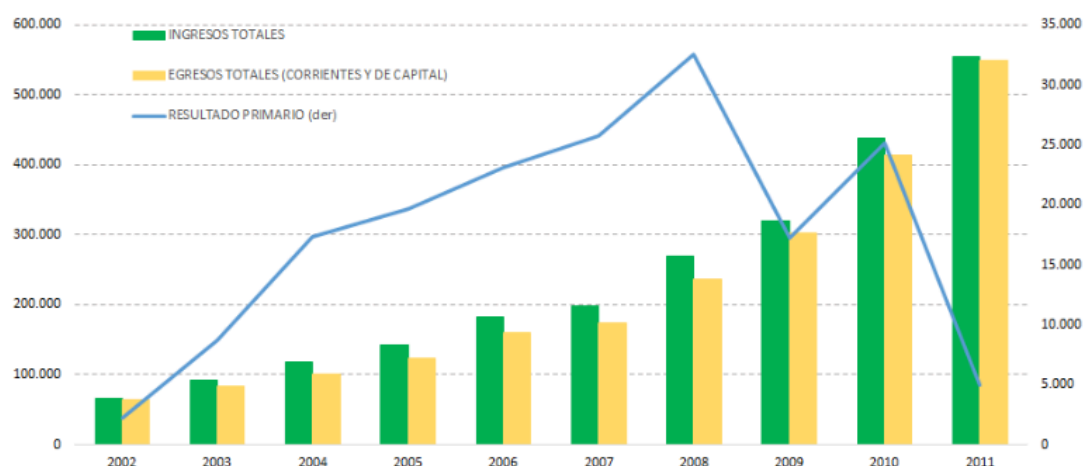
Analyzing the fiscal evolution and public spending, together with other elements, allows us to distinguish different phases within the period under analysis in this study. By observing these variables, we confirm that while in the initial phase after convertibility, the percentage growth of revenues exceeded the percentage growth of expenditures, between 2005 and 2008, the percentage growth of expenditures exceeded the percentage growth of revenue. This is also reflected in the change in the slope of the fiscal surplus series (GRAPH 4). Therefore, from an economic structure perspective, while export sectors constituted the vanguard of accumulation resurgence, from a distributive conflict perspective, Revenue, public spending, and primary surplus allow us to understand that, contradictorily, the rearguard (domestic market-oriented capitals and all workers) managed to impose a distributive form broadly over export-oriented capitalists.

State mediation allowed for resolving the neoliberal crisis, reordering the ruling class, and legitimizing the new order through the "everyone wins" approach, where, as we have seen, some gain more than others based on past and present victories and defeats. Graphs 2, 3, and 4 bear witness to the correlation of social forces since 2005: real wages grew faster than productivity, although by 2007 they had not yet reached the levels of the 1990s; income distribution improved, but it was not until 2007 that it surpassed the relative peak of 1998; poverty and unemployment decreased significantly; and informality declined, though it still hovered around 40% in 2007. Collectively, these elements characterize a second phase. While "everyone wins," the speeds and proportions at which capitalists and workers gain change, thereby altering the equation of the governing alliance.

The mentioned changes revived distributive conflict around the definition of necessary labor and the appropriation of surplus labor, marking the onset of a second phase of "eroded consensus" based on evolving power dynamics. The temporal series and arguments presented thus far could lead us quickly to predict a conflict between capitalists and workers as a whole. However, the ways in which data has been presented up to this point could lead to oversimplification or even introduce bias into conclusions: let's consider that studies on income distribution often prioritize analyses that encompass entire economies, addressing the subject through averages of productivity, wages, labor costs, output, or distribution. This cautionary note suggests that there are sectors that consistently perform above or below the average in each

series, as not all sectors grow at the same rate, not all workers earn the same wage, and participation in output or productivity varies across sectors. Differential understanding of each sector's development would provide additional insights into comprehending distributive conflict and its phases. Drawing from secondary literature and reinterpretation of data presented in such studies, we offer our interpretation of the development of conflict between classes and class fractions.

Graph 4. Revenue, Public Spending, and Primary Surplus, in Current Pesos (2002-2011)



Source: Own elaboration based on Ministry of Economy and AFIP data for Argentina.

The data from the study by Porta, Santarcángelo, and Schteingart on Surplus and Industrial Development in Argentina (2014)⁵, reprocessed in light of the distinction between net exporting and net importing sectors, indicate that since 2005, all workers have achieved wage increases greater than productivity growth, and simultaneously, in varying proportions, all have improved their share in sectorial output. When disaggregated by sector, workers employed in net importing sectors experienced a widening gap between (a) their wage increases and (b) productivity increases, or even declines. This gap between these sectors was greater than that experienced in

⁵ We deeply appreciate both authors for facilitating access to the database of their study.

net exporting sectors. Moreover, overall sectors increased their production, generating a growing demand for foreign exchange, while a larger portion of this output was appropriated by workers, as we mentioned. The structural conditions of the economy determined that net importing sectors were more labor-intensive⁶, whereas net exporting sectors were more capital-intensive, employing a lower proportion of labor. The greater intensity in the transfer of resources (surplus value) towards the domestic market crystallized the new balance of power, which was unfavorable for net exporting capitalist fractions. Simultaneously, it became a necessary—though not sufficient—condition for channeling workers' demands through access to consumption, public services, and social benefits.

Regarding agricultural/agribusiness companies, these articulate owners—ranging from small to large—who, given the high international prices and rental amounts, have decided to lease their fields (Barsky and Dávila, 2009: 101). Therefore, the structural conditions of Argentine agriculture have allowed companies to indirectly transfer the tax burden of export duties to the landlords through reduced rental income. This explains why increasing protests from agricultural employer associations—whose members are largely owners/landlords—began to be recorded from 2006, rather than from agricultural companies (mostly affiliated with UIA or COPAL) that pay export duties when exporting.

The starting point of the protests was linked to the meat export ban, aimed at lowering domestic prices, thereby forming an additional mode of redistribution from net exporting sectors to net importing sectors ("trickle-down effect"). The appointment of Guillermo Moreno as head of the Secretariat of Internal Trade did not ease tensions; instead, three months later, the Argentine Rural Confederations announced the first agricultural strike. Shortly thereafter, no government official attended the opening of the Palermo Rural Exhibition, which typically draws the highest echelons of power. On the other hand, the requirement to liquidate foreign exchange to bolster the reserves of the Central Bank did affect the interests of exporters, albeit to a lesser extent since the foreign currency could be repurchased (for remittance to headquarters, for example).

Therefore, in the phase that began in 2005, distributive conflict reappeared with significant particularities. On one hand, it was not a direct confrontation between all workers and all capitalists—as it appeared before considering sectorial breakdowns. On the other hand, we must be cautious regarding the level of confrontation: (a) as long as net exporting capitalists managed to shift tax burdens onto landlords, their interests were not directly affected by the "trickle-down effect"—fiscally speaking—but only potentially; and (b) the liquidation of foreign exchange allowed the Central Bank to reallocate funds for the purchase of inputs or capital goods from other sectors,

⁶ It is worth clarifying the proposition: "net exporters" are generally capital-intensive (modernized sectors), but not all capital-intensive sectors are net exporters. Such is the case of the automotive industry, which, despite producing locally, constitutes a structurally deficit sector.

but given their abundance, tensions did not manifest immediately. In conclusion, the (relative) strength of the workers and their ability to compel the state to absorb their demands disrupted the unity of the capitalist class, dividing it between those who benefit from external demand and those who rely on the "trickle-down effect" for expanding production and realizing goods in the domestic market. In other words, it was a vertical split where fractions of the net importing bourgeoisie, along with workers, confronted export sectors to delay accumulation in the domestic market. The second phase of post-convertibility thus expressed an eroded consensus "from above" due to growing dissatisfaction with the drain of resources towards domestic market-oriented sectors as a whole. This split brought about changes in alliances at various institutional levels.

Firstly, in 2003, the alternating pact between the two main groups⁷—the Argentine Industrial Movement (MIA, historically pro-free trade) and the National Industrial Movement (MIN, historically protectionist)—within the Argentine Industrial Union (UIA) came to an end. This pact had been in place since 1993. The split occurred due to divergences both between and within the groups, leading to COPAL (Coordinator of Food Producers) taking charge of the institution, historically aligned with MIA. These differences prompted the breakup and restructuring of the groups into two new factions (Dossi, 2012): Industriales (formerly MIN) and Celeste y Blanca (formerly MIA). In 2005, both factions showed renewed consensus through an alternating pact that initially saw Héctor Méndez (plastics industry) leading Celeste y Blanca. With the presidency of Lascurain (Industriales) from 2007 onwards, the erosion "from above" and the discontent of export sectors were compounded by COPAL's influence within the UIA.

Secondly, the main agricultural organizations expressed their displeasure with the government's economic policy on several occasions. The novelty of the period lay in the increasing coordination among historically opposed entities, consistent with the transformations already described in the rural and agribusiness sectors. The "Confederaciones Rurales Argentinas (CRA), Federación Agraria Argentina (FAA), Confederación Intercooperativa Agropecuaria (CONINAGRO), and Sociedad Rural Argentina (SRA), despite their very different composition, ideology, member backgrounds, and overall objectives, [met] with some frequency to agree on common positions in response to serious challenges facing the sector" (Merlo and Muro de Nadal, 2010: 2).

Thirdly, organized labor within the General Confederation of Labor (CGT) continued to support government policies and sought to secure expected positions in the general elections of 2007. Meanwhile, the Workers' Central Union of Argentina (CTA), born in the previous decade in opposition to neoliberal policies, viewed the Kirchner government with suspicion. Through the

⁷ At: <https://www.lanacion.com.ar/480693-uia-sin-consenso-para-elegir-presidente>



Social Constituent Assembly, the CTA aimed to initiate a process similar to that of the Workers' Party in Brazil, articulating unions and social movements.

Lastly, in the political-electoral arena, the formation of the Plural Consensus for the 2007 presidential elections also highlighted the continuity of consensus: an alliance between Argentina's two major parties, the Justicialist Party and a dissident faction of the UCR, along with other smaller parties. The ticket was headed by Cristina Fernández de Kirchner and Julio Cobos. Ten days after the electoral victory, the government announced a new increase in export taxes.

4. From the conflict in the countryside to the impasse

Since the beginning of Cristina Fernández de Kirchner's presidency, export sectors aimed to deepen their orientation and contain the outflow of resources (surplus value) towards a sphere of production in which they do not participate. In addition to the usual tensions with the countryside, there was a statement from the UIA on February 20, 2008, stating that "it is indisputable that the recovery of purchasing power of the population in general and of industrial workers in particular must be maintained, but to achieve this objective, it is necessary that the economy continues to grow in a stable and predictable framework. For this, it is necessary that the competitiveness of the productive sector is not affected and that inflationary expectations are not validated by unfounded claims."⁸ Thus, the UIA as a whole, led since 2007 by Lascurain (Industriales), began to express concern about the speed at which progressive income distribution was occurring, highlighting the relative strength of workers in the distributive conflict.

On its part, the newly elected National Government understood that the construction of consensus still depended on redistribution from the net exporting bourgeoisie to those whose reproduction is linked to the domestic market (net importing capitalists and workers). With this purpose, it promoted a resolution on sliding-scale export taxes (Resolution 125/08). We emphasize that the State does not represent capital but serves as the guarantor of capitalist relations, associating the form of the State (and its intervention in different areas) with the course of class struggle. This insistence is not unjustified as it places Resolution 125 as a result of distributive conflict, a contingent form to ensure the integration of workers' demands within the state framework through redistributive policies. The study of distributive policies during Fordism (Aglietta, [1976] 1999) in the German context of the 1970s, elaborated by Muller and Neussus ([1971] 2017), can provide us with tools to interpret the outbreak of conflict: "Maintaining 'social peace' is therefore a determining factor for the lower limit of social benefits (very close to

⁸ At: <http://www.uia.org.ar/noticia/404>

maintaining the capacity for 'work and performance, educational training, and mobility'). 'Price stability' and 'management's willingness to invest' define the upper limit" (1971: 23).⁹

After the Convertibility crisis, income redistribution through fiscal, monetary, exchange rate, and trade policies allowed circumvention of the "lower limits" of "social peace"—building consensus among workers. Since 2005, increasing intensity of "trickling down" began to deteriorate consensus among factions of the bourgeoisie. In 2008, sliding-scale export taxes, which in the case of new increases in international prices foresaw a tax burden that could have exceeded 50%¹⁰, breached the "upper limit" of "social peace" and prompted agricultural business groups into protest. On March 11 of that year, the Federation of Agrarian announced a state of alert and mobilization. On March 12, an agricultural strike was declared with the support of the four rural entities, now formally united in the Mesa de Enlace. From this perspective, the so-called "Campo Conflict" was not a reflection of the international crisis but rather a crisis of a distributive form rooted in disputes over the definition of necessary work and appropriation of surplus labor. The consequences of the international crisis on the Argentine economy—though they did exist—likely would not have led to the Campo Conflict under a different configuration of internal power relations.

In the face of the outbreak of this conflict, the UIA (Argentine Industrial Union) maintained a distant stance from the Mesa de Enlace (an agricultural consortium). So much so that, on the same day as the announcement of the export taxes, its president, Lascurain, held a meeting with the President of the Nation where "they reaffirmed that value addition will be the guideline for productive development (...). They also emphasized the need to continue preserving the domestic market against global risks and to promote smart Argentine integration into international markets."¹¹ Five days later, the industrial chamber met with the Minister of Economy—who had signed Resolution 125— "both parties agreed on the need to deepen improvements in competitiveness of the productive sector, particularly the industrial sector, highlighting the importance of investment and financing."¹²

The agreement between the National Government and the industrialists regarding value addition, exports, and reorientation of resources towards the preservation of the domestic market seemed to revive the rivalry between agriculture and industry, so significant in the 20th century.

⁹ For the authors, the "lower limit" is determined by the reproduction of the workforce itself, whereas we interpret it as being compatible with "social peace," meaning it could be above or even below the level of workforce reproduction.

¹⁰ The rates can be found in the text of the Resolution at:

<http://servicios.infoleg.gob.ar/infolegInternet/anexos/135000-139999/138567/norma.htm>

¹¹ At: <http://www.uia.org.ar/noticia/414>. Highlighted by us.

¹² At: <http://www.uia.org.ar/noticia/418>

Indeed, this is how Basualdo and Arceo interpret it in "Structural Characteristics and Social Alliances in the Conflict over Sliding-scale Export Taxes" (2009), stating that the confrontation "indicates the intention of the Pampean agriculture sector to intervene in the dispute over income distribution and, at the same time, to subordinate wage earners and industrial production to its own capital accumulation process" (2009: 75). In contrast, from our point of view, the changes occurring in agriculture and industry, the structural centrality of export sectors (agriculture, agribusiness, and industry as a whole), and the decisive role of Manufactures of Agricultural Origin¹³ have uniquely tinted the inter-bourgeois conflict, surpassing the analytical frameworks constructed by Latin American economic thought in the mid-20th century.

The ability of capitalists in the raw material industrialization sector (MOA) to transfer a significant portion of the cost of "trickling down" to other links (upstream, the rentiers) in the production chain, on the one hand, and on the other hand, the benefits enjoyed by capitalists in the rest of the manufacturing industry (namely, net importers), initially led to the dismissal of the claims by the Mesa de Enlace from the UIA (Argentine Industrial Union). However, it cannot be underestimated that since March 14, 2008, the Chamber of the Oilseed Industry of Argentina (CIARA) and the Center of Grain Exporters (CEC) joined the protests. "Although they do not have representation as a chamber in the UIA, agribusiness companies such as AGD, Bunge, Cargill, LDC, Molinos, and Nidera are associated with them," which were part of the UIA's alternate list, the Celeste y Blanca (Coviello, 2014).

On March 18 of that year, in light of the Argentine Industrial Union's leadership's perceived alignment with the National Government, the inter-bourgeois conflict intensified: "rural producers from Córdoba blockaded the entrance to Aceitera General Deheza, owned by the family of [officialist] national senator Roberto Urquía, who had defended the sliding-scale export tax system" (Comelli, 2010: 29). Ten days later, the industrial entity published an advertisement calling for dialogue between the parties—a diplomatic way to announce its neutrality in the conflict. The statement on March 27 stated:

"The role of agriculture as a key link in the national production chain is unquestionable, including the numerous industrial sectors involved in its production process, which are represented through their chambers in the Argentine Industrial Union. Therefore, our institution considers it its duty to reiterate the need to strengthen the links in the production chains to consolidate this successful economic cycle, in which all sectors must be integrated to achieve the development that our country requires. In this regard, and in

¹³ MOA, according to the INDEC classification.

the face of the highly sensitive times we are experiencing, it is necessary to emphasize the need for frank and responsible dialogue between the parties.”¹⁴

It is not the purpose of this paper to provide a detailed chronology of the conflict (which can be consulted in Comelli et al., 2010), but rather to highlight some elements that allow us to understand the behavior of the classes and fractions of classes involved in light of the distributive conflict. In the report on Industrial Activity officially published by the Argentine Industrial Union (UIA), the organization reported the repercussions it was suffering due to a conflict from which it aimed to remain neutral: "March showed a slowdown in industrial activity, with a year-on-year growth of 3%. However, this behavior was mainly due to the decline in food industry production (-10.1%), which occurred from the second half of March, within the framework of the agricultural strike.¹⁵" In the report on Foreign Trade Activity for the same month, the UIA described the disproportionate increase in imports compared to manufacturing exports¹⁶. During June, "activity experienced a seasonally adjusted decline of 4%. This behavior was primarily linked to the conflict in the agricultural sector, as the declines were concentrated in the food industry (-9.9%), particularly in grain and oilseed milling (-25.6%) and red meat (-18.1%)" (Industrial Update, No. 7, UIA).

The impact on the interests of the export manufacturing sector translated into the positions taken by the Argentine Industrial Union (UIA). While it never fully distanced itself openly from the National Government's policy, the business federation "made numerous public statements—press releases and two prominent advertisements on March 27 and May 17—to emphasize the 'unquestionable role of agriculture' in national development, urging 'frank and responsible dialogue between the parties', and expressing that a future institutional agreement towards the Bicentennial 'is unthinkable and impossible without the active participation of the agricultural sector'. Additionally, it warned about the serious consequences that the current situation was generating for the entire Argentine society" (Lascurain in La Nación 30/07/2008¹⁷). In another show of implicit support for the Mesa de Enlace, "representatives of the UIA had met with the President to discuss the Bicentennial Agreement, a proposal that the National Government wanted to finalize by May 25. However, only the agenda to be included in the agreement was discussed and no explicit

¹⁴ At: <http://www.uia.org.ar/noticia/421>

¹⁵ At: <http://www.uia.org.ar/noticia/430>

¹⁶ At: <http://www.uia.org.ar/noticia/435>

¹⁷ At: <http://www.lanacion.com.ar/1034698-cartas-de-lectores>

commitment to sign it was achieved, at least until the agricultural conflict was resolved" (Coviello, 2014: 15).

While MOA sectors managed to transfer the costs/losses associated with redistribution to landowners, the distributive form persisted as a class alliance eroded from above, where—albeit not without displeasure— "everyone gained." The Campo Conflict affected the entirety of production chains, whose initial links were in agriculture, allowed landowners to reopen the distributive conflict, and questioned the role of the domestic market: net exporting capitalists ended up implicitly colluding with the Mesa de Enlace. Ultimately, the entirety of the exporting bourgeoisie (agricultural, agro-industrial, and industrial) directed their political action towards halting the "trickle-down" effect that fueled the domestic market.

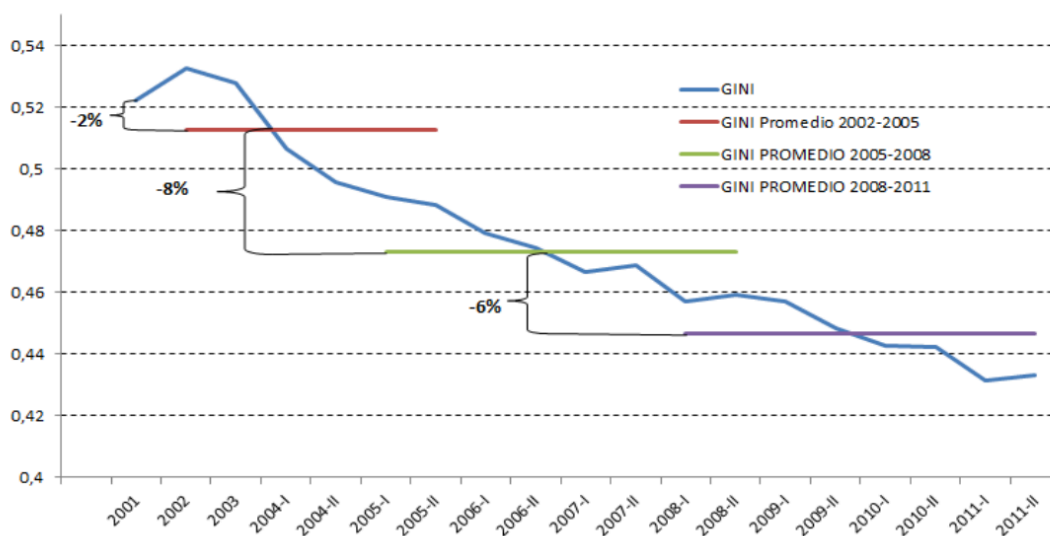
On May 25, 2008, two events unfolded crystallizing the positions of the National Government on one side and those of the Mesa de Enlace on the other. This confrontation sparked intense debates within organized labor movements and social movements alike. Broadly speaking, both the leadership of the CGT (led by Moyano) and the CTA (led by Yasky) supported the government. However, the union of rural workers (UATRE), aligned with the CGT, and sectors linked to the FAA, aligned with the CTA, showed themselves at opposite ends of the governmental initiative, albeit with different arguments. Other leftist parties and social movements positioned themselves in a "neither-nor" stance, attempting to maintain an equidistant position from both the government and the agricultural employers. These differences marked the beginning of centrifugal forces that in the following years increasingly divided the working class.

In this complex scenario, the Argentine Industrial Union (UIA) saw legislative treatment as a solution that allowed it to support the Mesa de Enlace (by disapproving of the Executive Branch's competencies in tax matters) without severing ties with the National Government. On July 5, the bill was discussed and approved in the Chamber of Deputies. On July 17 of that year, the preliminary approval that sought to turn Resolution 125 into law was debated in the Senate of the Nation. The prolonged conflict and its institutional/parliamentary channeling reaffirmed that the State cannot be seen merely as a representative of capital but as a moment of mediation between classes and class fractions. "As the bourgeoisie as a whole, economically fragmented by competition, can only politically constitute itself as a class through that mediation of the State" (Bonnet, 2012: 104), the tie and subsequent "non-positive" vote by Vice President Cobos reflected a mediation that ended the centrifugal forces operating among capitalists, closing off the "trickle-down" effect and institutionalizing a new balance of power in the distributive conflict that altered the landscape of alliances and confrontations. Just 7 months after the alliance between Peronists and Radicals, the experiment that aimed to depict the State as a representative of the general interest independent of particular interests failed. At least it was demonstrated—especially after the "non-positive" vote—that a political strategy of transversality, as promoted by the Front

for Victory, was incompatible with a policy seeking the paradoxical situation where the domestic market subordinates—through increasingly intense redistribution—net exporters.

The year 2008 marked a turning point. The Campo Conflict ended up altering the balance of power in the distributive conflict in such a way that we could assert the closure of a first major phase post-convertibility, characterized by advancements of workers over capitalists, further subdivided into two phases. The persistent improvement in income distribution (GRAPH 5) from 2003 to 2008 also faced two different speeds. While until 2005, the Gini index showed an average decrease/improvement of 2% compared to 2001, from that year onwards, distribution accelerated, and on average, between 2005 and 2008, the index decreased/improved by 8%. The availability of foreign currency and fiscal surplus ensured significant improvement in income distribution up to 2008, consistent with the relative strength of workers.

Graph 5. Distribution of Family Per Capita Income (GINI) (2001-2011)



Source: Own elaboration based on CEDLAS.

The Campo Conflict can be interpreted as a crisis in the establishment of a Social State (Lechner, 1975). The "trickle-down effect" set in motion social forces that sought to block it, intensifying distributive conflict and eroding consensus until it led to an open conflict, the outcome of which was not resolution but prolonged indecision: this impasse marked the second major phase of the post-convertibility period until at least 2011. The foreign currency acquired by the exporting bourgeoisie ensured fiscal expansion, monetary stability, and exchange rate stability. In other words, the expanded reproduction of the domestic market and the inward-oriented bourgeoisie required resources (surplus value) provided through both commercial and tax avenues by the export-oriented bourgeoisie. Without this redistribution, sustaining internal activity,

generating employment, and expanding consumption—pillars of hegemonic reconstruction—would have been impossible. Under these circumstances, the inward-oriented bourgeoisie faced a contradiction in that: a) it depended on the successful commercial integration of the net exporting bourgeoisie, thus having objective reasons to form an alliance with both factions to limit redistribution and workers' gains; and b) it required a certain balance of power to ensure the mentioned redistribution from the exporting sectors, which motivated an alliance with the workers.

In 2008, with the Campo Conflict, it became clear that in Argentine capitalism after convertibility, it was not possible to govern persistently against those who obtained the dollars that enabled accumulation expansion in the domestic market. On the other hand, it was not feasible to build governance against sectors that lived from and reproduced within the domestic market. The impasse was based on the structural separation and political autonomy of two spheres—the external sector and the subsidiary domestic market—the need to build consensus, and the new balance of power resulting from the Campo Conflict. The impasse marked the end of the illusion of class reconciliation and the beginning of a more purely political phase, where the government had to maneuver between explicitly opposing interests¹⁸. Indeed, despite the Resolution 125 being ultimately repealed—and with it, the Minister of Economy falling—the National Government did not give up on articulating the needs of both spheres and sought ways to continue supporting the domestic market. This entailed, on one hand, a more direct confrontation with exporters (illustrated by the opening speech of the legislative sessions) and, on the other hand, an increase in state intervention: the (re)nationalization of the pension system provided liquidity to expansive public policies while avoiding a confrontation over comprehensive tax reform. During the impasse, economic expansion resulted in a decline in fiscal surplus (GRAPH 5) as a corollary.

In this context, the legislative elections of 2009 presented themselves as a major opportunity for a parliamentary shift favorable to net exporters, which would allow them to put a brake on the "trickle-down effect" or at least grant them new concessions. However, the defeat of the National Government only further complicated the impasse. Faced with an adverse international context, instead of tightening the domestic market, the Executive Branch intervened in the economy by implementing various social measures facilitated by the nationalization of pension funds. The most significant measure was the launch of the Universal Child Allowance, a subsidy for informal or formally employed workers with low incomes.

5. Final remarks

¹⁸ On the State and its capacity (and limits) to represent the general interest, the texts by Guillermo O'Donnell can be consulted.

The distributive conflict has allowed us to identify two major phases in the post-convertibility period. Following the distributive shock (regressive) that accompanied the devaluation in January 2002, the first phase was characterized by a new balance of power, which facilitated a new state mediation for consensus reconstruction. The State incorporated the demands of both workers and inward-oriented capitalists who, due to their relative strength, managed to appropriate a portion of the benefits from foreign trade in the distributive conflict. This initial phase unfolded further in 2005, as consensus eroded increasingly due to the reluctance of exporting sectors to finance the growth of the domestic market through income distribution (both fiscal and foreign exchange availability).

The Campo Conflict in 2008, while closing the consensual phase, did not manage to shift the balance of power enough to forge a consensus favorable to exporting sectors. On the contrary, from the "non-positive vote" onward until at least 2011, there was an increased autonomy between the pace of growth in the domestic market (consumption of foreign exchange) and the external sector (acquisition of foreign exchange). This was coupled with a growing state intervention, setting up an impasse in the second phase of the post-convertibility period. In other words, the impasse emerged from the unresolved contradictions between the interests of different classes and class fractions once resources became scarce, and the attempt to move forward without fully satisfying any party. In the latter part of the post-convertibility period, the path of economic policy became narrower to avoid breaking the "lower or upper limits" of "social peace."

If during the first major phase of post-convertibility we observed a vertical class division, after the Campo Conflict, the struggle over defining necessary labor and appropriating surplus labor began to take on a different character. For exporters, wage increases represented only a loss of profits, as there was both nominal exchange rate stability and their commodity realization did not depend on those workers. Moreover, these sectors began to demand devaluation to reduce the wages of their own workers again. In the lower sphere, entrepreneurs supplying the domestic market were harmed by the increase in real wages, which became more of a cost undermining their profit rate than a demand sustaining it. Consequently, both externally and internally, there were elements bringing the interests of different bourgeois fractions closer together. The once-vertical division articulating interests between different classes in the new phase of post-convertibility became increasingly horizontal.

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