CHAPTER 4

The Reproduction of Democratic Neoliberalism in Argentina: Kirchner’s ‘Solution’ to the Crisis of 2001

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The shift in policymaking that followed from the crisis of 2001 in Argentina has been largely promoted as a fundamental departure from neoliberalism. However, while much effort has been spent wrestling over whether this new era of ‘national-popular’ development is ‘post-neoliberal,’ capitalist concentration increased from 2003 to 2007 as the ten largest multinational corporations that accounted for 37 percent of GDP in 1997 came to account for 57 percent of GDP in 2007. Despite an extraordinary average growth rate of 8 percent since 2003, income distribution between 2003 and 2007 remained even more uneven than in the 1990s, whereas the income gap between the richest and poorest 10 percent of society was 17.3 in 1992 and 28.3 in 1999, it was 35 by 2005. The persistence (and increase) of social inequality and economic concentration casts some doubts, particularly, on how neoliberalism is (or should be) defined. If seen in a narrow sense of a rigid set of macroeconomic reforms, then it is plausible to argue that Argentina has moved beyond neoliberalism after the crisis of 2001. But, if neoliberalism is conceptualised as an ambitious project of social and political disciplining beyond the level of specific policies, then it has not been overcome.

As some critical Marxist scholars whose work addresses debates on state and globalisation argue, neoliberalism is not merely an economic system but more properly ‘a political response to the democratic gains that have been previously achieved by subordinated classes and which had become, in a new context and from capital’s perspective, barriers to accumulation.’ The main target of neoliberal restructuring has thus been attacking worker’s capacity to influence accumulation. Based on new mechanisms of ‘accumulation by

1 See Kirchner and Di Tella 2003.
2 These are: YPF, Shell, Cargill, Molinos, Ford, Volkswagen, Telecom, Telefonica, Esso, and Carrefour.
4 See Panitch and Gindin 2004; Harvey 2005; Gill 1995; Rude 2005.
dispossession’, broadly understood as efforts to privatise key aspects of the reproduction of social relations, neoliberal restoration established a different kind of social control (or form of domination), where financial instability and economic insecurity replaced class compromises of the previous era of capitalism. The apparent failures in the economy have acted as signs for, and been crucial instruments of, capitalism’s successful restructuring by reinforcing permanent forms of organisational assaults on unions. Debt crises within particular countries (two-thirds of the members of the International Monetary Fund experienced a financial crisis after 1980, some more than twice, as in the case of Argentina) have been used to reorganise the internal social relations of production in such a way as to favour the further penetration of external capitals, increase capital concentration and labour exploitation. Therefore, as the social reproduction of our societies was increasingly marketised, commodified, and linked to power structures over which working classes came to have little or no control, capitalist valorisation was increasingly reproduced through crises. As Rude explains, financial instability and economic turmoil are functional for disciplining world capitalism and social relations by means of punishing subordinated classes and nations for the damage caused by crises, which is usually directed away from the dominant classes and the centre. This way, the burdens of a crisis tend to be borne less by financial capital in the form of lower profits, bank failures, and insolvencies (at least for the branches located at the centre) than by subordinated classes in the form of unemployment, poverty, job insecurity, and lower wages. As long as subordinated classes assume much of the risks while the private sector takes most of the profits, neoliberalism can be reproduced. In the terms of Gowan, ‘every financial and economic blow-out has been successfully blamed upon its victims and has been used to destroy the earlier developmental strategies of countries plunged into crisis.’

In this sense, ‘democratic neoliberalism’ – as distinguished from authoritarian forms of neoliberalism and ‘neoliberal democracy’ where the neoliberal aspect is only an adjective – is an attempt at political disempowerment of the subordinated classes and an institutional mechanism to explicitly preempt either progressive/distributive reforms or revolutionary changes without

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6 See Harvey 2005.
8 See Harvey 2003.
9 See Rude 2005.
10 Gowan 1999, p. 126.