

# WEEKLY ASADO

Woodrow Wilson International Center for Scholars  
The Argentina Project  
Latin American Program

Friday, December 1 , 2017



## *Dietrich: 'Rebuilding Argentina'*



President Mauricio Macri's government typically speaks of its inheritance from the Kirchners in economic terms: sapped foreign exchange reserves, an overvalued peso, sky-high inflation, an unsustainable budget deficit and so on. That's how the IMF sees it, too; in its long-awaited Article IV report a year ago, it said Mr. Macri faced "pervasive macroeconomic imbalances, microeconomic distortions and a weakened institutional framework." But to Mr. Macri's transportation minister, Guillermo Dietrich, the country's physical deterioration is the most obvious, and troubling, legacy. In a presentation [we hosted](#) Tuesday, Mr. Dietrich spoke of Argentina's ambitious National Transportation Plan (see chart above) – a \$33 billion, four-year

initiative that will involve a doubling of Argentina's highways, a fivefold increase in the amount of cargo transported by railroad and a doubling of domestic airline passengers. But he also dwelled on the failures of his predecessors to maintain and expand the country's infrastructure, compelling Cambiemos to spend billions "rebuilding Argentina." The country's decrepit transportation infrastructure, he said, threatens public safety and constitutes the "biggest bottleneck" impeding improvements in productivity and export competitiveness. In listing former Kirchner officials now behind bars, Mr. Dietrich assailed the previous government for a "scandalous" level of corruption and for using "political criteria" to set transportation priorities. To be fair, underinvestment in infrastructure is common. In its 2017 [report](#), for example, the American Road & Transportation Builders Association listed 56,000 structurally deficient bridges in the United States. In Latin America, most countries spend less than two percent of GDP per year on infrastructure, far below the recommended five percent, according to Esteban Diez Roux, the Inter-American Development Bank's principal transportation specialist, whom we also hosted Tuesday. As a result, businesses in much of the region struggle with transportation costs 50 percent higher than in OECD countries. "We have a lot to catch up on," Mr. Diez Roux said. Still, Argentina's infrastructure backlog is significant. This year, fully half of the \$2 billion the IDB's Transport Division is lending will go to Argentina. (To hear more on our conversation with Mr. Dietrich, listen to the latest episode of the [Argentina Project podcast](#).)

---

### ***Chicken Little: UK buys 'Iron Dome' for Falklands (Malvinas)***

The British Defense Ministry has awarded a \$105 million contract to the Israeli firm Rafael Advanced Defense Systems to set up the "Sky Sabre" air defense shield on the Falkland (Malvinas) Islands. The company will reportedly use the same technology Israel relies upon for its "Iron Dome" air defense system, which protects the country from short-range rockets and artillery shells. The advanced system on the islands will be designed to intercept missiles and provide cover from enemy fighter jets. Recently, Argentina apparently spooked the British when it upgraded its beleaguered air force by purchasing five Dassault Super Etendard Modernisé combat aircraft from France, according to IHS Jane's Defense Weekly. The Jerusalem Post [reported](#) on Great Britain's purchase of "Iron Dome" technology, and linked the decision to the Argentine aircraft acquisition. The United Kingdom has long dedicated military resources to the distant and remote Falkland (Malvinas) Islands, including air defense and maritime patrol assets, and infantry forces. In June, the British marked the 35th anniversary of the 1982 Falkland War by noting improved ties with Argentina but reiterating support for the islanders. "Whilst our relationship with Argentina is improving, our resolve to support the Falkland Islanders remains just the same as it did 35 years ago," Sir Alan Duncan, the minister of state for Europe and the Americas, said in a [statement](#).

---

### ***Tireless campaigners: Legislature seeks gender parity***



In keeping with Argentina's reputation as a [leader](#) in efforts to boost female representation in government, the Lower House on November 23 approved a gender parity law that mandates that women make up half of political party candidate lists by the 2019 elections. The Senate previously passed the law, but it had failed to gain traction in the lower chamber. The lopsided vote – 165 votes for, four votes against – surprised political observers; the law was not included on the day's schedule, and it occurred at 1:30 a.m., spurred by female lawmakers from all political blocs. In forcing the vote, lawmaker Victoria Donda, of the Libres del Sur party, told colleagues, "*Quiero que se someta a votación. Nosotras nos quedamos, tanto sueño no tenemos.*"

### *Plaza de Mayo: Gather round*



The City of Buenos Aires on Monday released a [video announcement](#) of a planned remodeling of Argentina's iconic Plaza de Mayo. The plaza's origins can be traced to the city's founding in 1580, and it has existed in its current form since 1884. The name commemorates the May Revolution of 1810, the beginning of Argentina's independence campaign. As the hub of Argentine political life for more than a century – the nation's first modern political rally was held there in 1890 – the plaza has been the focal point of countless historical

moments, including massive rallies organized by President Juan Perón and his wife, Evita. During the “Dirty War,” it was the site of protests by the Madres de la Plaza de Mayo, who were demanding information about loved ones kidnapped by the security services. (The “Nunca Más” report, issued in 1984 by Argentina’s truth commission, estimated as many as 30,000 “*desaparecidos*.”) Today, the planned renovations will increase the size of the plaza by eliminating two traffic lanes on either side, and expand pedestrian access and green space (see artist rendering above). In the announcement, Eduardo Macchiavelli, the city’s minister for the environment and public spaces, said the renovations “reaffirm our closeness with the history of our country.” The remodel follows [renovations](#) to the Casa Rosada that began in February.

*Take cover: Few ‘safe cities’ in Latin America*

**EXHIBIT 1: Safe Cities Index 2017 overall results**

Average 72

1	Tokyo	89.80	21	New York	81.01	41	Moscow	63.99
2	Singapore	89.64	22	Taipei	80.70	42	Jeddah *	62.80
3	Osaka	88.87	23	Washington, DC	80.37	43	Delhi	62.34
4	Toronto	87.36	24	Paris	79.71	44	Lima	61.90
5	Melbourne	87.30	25	Milan	79.30	45	Mumbai	61.84
6	Amsterdam	87.26	26	Dallas *	78.73	46	Bogota *	61.36
7	Sydney	86.74	27	Rome	78.67	47	Riyadh	61.23
8	Stockholm	86.72	28	Abu Dhabi	76.91	48	Casablanca *	61.20
9	Hong Kong	86.22	29	Buenos Aires	76.35	49	Bangkok	60.05
10	Zurich	85.20	30	Doha	73.59	50	Johannesburg	59.17
11	Frankfurt	84.86	31	Kuala Lumpur *	73.11	51	Cairo *	58.33
12	Madrid	83.88	32	Beijing	72.06	52	Tehran	56.49
13	Barcelona	83.71	33	Athens *	71.90	53	Quito *	56.39
14	Seoul	83.61	34	Shanghai	70.93	54	Caracas *	55.22
15	San Francisco	83.55	35	Santiago	70.03	55	Manila *	54.86
16	Wellington *	83.18	36	Kuwait City	67.61	56	Ho Chi Minh City	54.33
17	Brussels	83.01	37	Rio de Janeiro	66.54	57	Jakarta	53.39
18	Los Angeles	82.26	38	Sao Paulo	66.30	58	Dhaka *	47.37
19	Chicago	82.21	39	Mexico City	65.52	59	Yangon *	46.47
20	London	82.10	40	Istanbul	65.23	60	Karachi *	38.77

\* New cities

In The Economist Intelligence Unit’s 2017 [Safe Cities Index](#), Buenos Aires was the top performer in Latin America, up two places – to 29th – since 2015. It is now in 5th place among cities with a population greater than 15 million, behind New York City and ahead of Beijing. The index takes a broad look at security, incorporating digital security (23th), health security (20th), infrastructure security (24th) and personal security (42nd). In general, Latin American cities perform poorly on the index, which analyzes 60 metropolises worldwide. Other than Buenos Aires, Rio de Janeiro and São Paulo were the only other cities in the region included in the top 50. (Rio ranked 37th, São Paulo 38th.) That is in part due to high homicide rates in many parts of Latin America. Lawless Caracas, for example, ranks 54th over all and 59th in personal security, ahead of only Karachi, Pakistan. In all, 43 of the world’s 50 most violent cities are in Latin America, including 25 in Brazil alone, according to the report.



sadness, and the Argentine Navy kept the focus on the extraordinary international response to Argentina's call for help, which included generous support from the Royal Navy, the United States and Argentina's neighbors (see chart above). But as hope faded for finding the 44 sailors alive, [criticism](#) of the government intensified. That criticism focused in part on whether it was responsible for Mr. Macri to operate a vessel built in 1983, and on the quality of the retrofit completed in 2014 under President Cristina Fernández de Kirchner. (In 2011, Ms. Fernández de Kirchner promised the rehabilitated submarine would last another 30 years, though Chequeado tracked down [similar assurances](#) from others, including the Macri government.) In announcing an official investigation, Mr. Macri [urged patience](#). "We should not venture into looking for people to blame," he said. But Mr. Macri and Defense Minister Oscar Aguad also faced broader scrutiny of Argentina's defense spending. Analyst Rosendo Fraga noted disapprovingly that Argentina spends only 0.9 percent of GDP on its armed forces (with 85 percent of that budget consumed by personnel costs) – the lowest level in South America, where the average is 1.6 percent. As a result, Mr. Fraga concluded, 90 percent of Argentina's military equipment is 30 to 50 years old. It is not clear, however, that Argentina's relatively low military spending is a policy failure, either for Mr. Macri or his immediate predecessors. After all, in the post-dictatorship era, Argentine society has intentionally circumscribed the role of the military. And externally, it is not clear that Argentina faces any military threats. Moreover, Argentina's military spending is not far outside the mainstream in its peaceful region. According to a [database](#) managed by the Stockholm International Peace Research Institute, the decrease in Argentine defense spending has been gradual, falling from 2.1 percent of GDP in 1988 to 1.1 percent in 1998 to 0.8 percent in 2008 to 1 percent today. True, defense spending is higher in Brazil (1.3 percent) and Chile (1.9 percent). But in both countries, it has also fallen over the last decade.

---

Follow us on [Facebook](#) & [Twitter](#)

See back issues of the Weekly Asado, and listen to the Argentina Project podcast, on our Web site, [www.wilsoncenter.org/argentina](http://www.wilsoncenter.org/argentina).

[Subscribe to the Weekly Asado](#)

[Donate to the Argentina Project](#)

*Your email preferences are set to receive our updates.*

*[unsubscribe](#).*