

WEEKLY ASADO

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Access denied: Leaving on a jet plane

The reversal of fortune for former President Cristina Fernández de Kirchner and her corrupt coterie has been cinematic since the Peronists lost power in Argentina two years ago. Her former vice president, Amado Boudou, and powerful planning minister, Julio de Vido, are both in prison, and prosecutors hope to put Ms. Fernández de Kirchner and her two children, Máximo y Florencia, behind bars as well. But perhaps no one has seen his life turned upside down quite like Ms. Fernández de Kirchner's former foreign minister, Héctor Timerman, whose sharp-edged, globetrotting diplomacy realigned Argentina with Kirchner-era pals China, Iran, Russia and Venezuela. In December, a federal judge charged Mr. Timerman with obstruction of justice for allegedly colluding with Tehran to cover up Iran's role in the 1994 AMIA bombing, and confined Mr. Timerman to his home. (In a [New York Times op-ed](#) in December, he described himself as a "political prisoner," and implausibly portrayed the Iran agreement as a "defense of human rights." For more on the tragic AMIA saga, see the op-ed I [published](#) Thursday in The Hill.)

Home confinement was particularly onerous for Mr. Timerman. Despite his hostility toward the U.S. government as Argentina's U.S. ambassador and foreign minister, he has long maintained deep personal ties to the United States. So it was not surprising that he sought approval to travel to the United States for cancer treatment. But on Tuesday, Mr. Timerman received more [bad news](#): the U.S. Department of State had revoked his visa. Visa decisions are confidential, but the State Department likely determined that Mr. Timerman was ineligible because he had not denied his role in the Iran agreement that prompted the criminal charges, even though he has not been convicted of any crime. As it is, Mr. Timerman has few friends in Foggy Bottom. After all, he was the mastermind behind Argentina's 2011 seizure of a U.S. Air Force cargo plane in Buenos Aires – a reckless stunt that profoundly disrupted cooperation between the two countries for years. Given his medical condition, however, it appears that Argentine authorities are showing mercy. On Wednesday, a federal judge released Mr. Timerman from house arrest, and the Argentine government reportedly offered to appeal the State Department's visa denial.

El BCRA redujo su tasa de política monetaria 75 puntos básicos a 28%

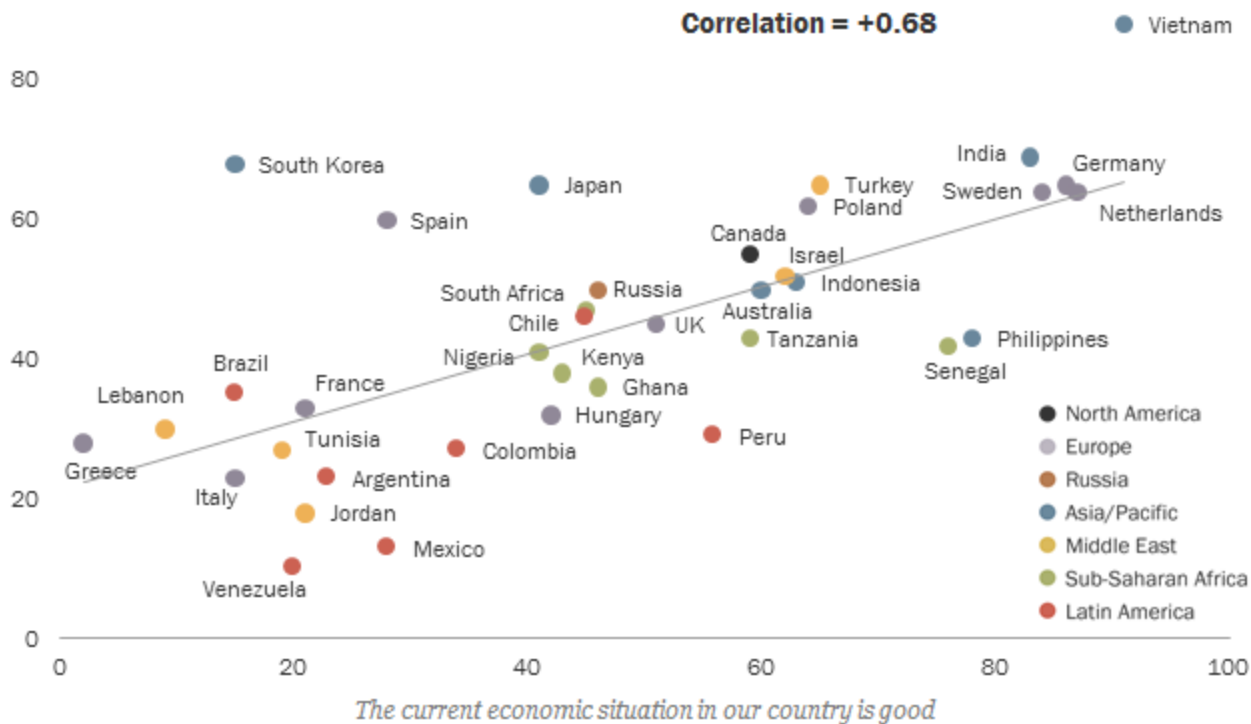
It takes unusual grit for a politician to stick with high interest rates, at the cost of economic growth, in order to control inflation. Perhaps superhuman grit. That is why central bank independence is so important, and why there is reason to fear Argentina might be falling back into old habits.

On Tuesday, the Argentine Central Bank lowered its benchmark interest rate, to 28 percent, despite its chronic difficulties meeting inflation targets. The decision followed a surprise December announcement by Federico Sturzenegger, the central bank president, that the inflation target for this year was going up, from 12 percent to 15 percent. If that decision seemed fishy, the visuals provided an explanation: at the press conference, Mr. Sturzenegger was flanked by his administration overlords, Nicolas Dujovne, Luis Caputo and Marcos Peña. J.P. Morgan did not mince words; the *banco central* had suffered “political intervention into monetary policy,” and the result would be “higher inflation amid diminished credibility.” Even before Tuesday’s announcement, Itaú had expected inflation to worsen, thanks to needed reductions in public subsidies that are raising energy prices. Now, J.P. Morgan analysts predict inflation for this year will exceed 19 percent. This despite the Argentine central bank’s *carta orgánica*, which states that “*la estabilidad monetaria es el objetivo primordial del banco central. Esto quiere decir, por sobre todas las cosas, tener una inflación baja, una moneda confiable.*” That said, the new interest rate is higher than most analysts predicted, and [Bloomberg](#) generously credited Mr. Sturzenegger for maintaining “a modicum of independence.”

Southern nostalgia: All my troubles seemed so far away

In countries where the current economic mood is positive, people are much more likely to say life is better than it was a half-century ago

Life in our country today is better than it was 50 years ago for people like me
100 %



Note: U.S. excluded because questions were administered on separate Pew Research Center surveys.
Source: Spring 2017 Global Attitudes Survey. Q3 & Q5.

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In many ways, Argentina is the poster boy for the “What went wrong?” worldview, a country where economists, political scientists and sociologists gaze regretfully at the late 19th/early 20th century architectural splendor in Buenos Aires, and then daydream about a world where Argentina retained its early prosperity and ended up on the list of post-World War Two success stories, alongside Singapore, South Korea and Australia. Which is to say, I was not surprised to see Argentina’s performance on Pew’s “Whether Life Today Is Better Than in the Past” [survey](#). In the spring 2017 poll, Pew found that just 23 percent of Argentines say life is better than 50 years ago. Only three populations in the poll were more melancholy and nostalgic (Jordan, Mexico and Venezuela). Fortunately for President Mauricio Macri, following the economic chaos of the late Kirchner era, Argentines are relatively upbeat about their quality of life. In the December Poliarquía survey, Mr. Macri’s approval rating remained above 50 percent, despite an eight point decline.

Best laid plans/I’m your weatherman

Mr. Macri has cracked the code, for now, to corralling opposition votes in congress. (See our Miami Herald [op-ed](#) urging Chilean President-elect Sebastián Piñera to take note.) But there is at least one powerful force still out of his control: Mother Nature. She has made the holiday season difficult for Argentine farmers. A drought that started at the beginning of the Argentine spring has limited farmers’ ability to plant and harvest late season crops, including corn and soybeans. In December, the U.S. Department of Agriculture said low rainfall was affecting summer grains, oilseeds and cotton. The disappointing weather will have negative effects on crop yields, which Mr. Macri had hoped to boost through sharp cuts to the export taxes imposed by Ms. Fernández de Kirchner. For now, however, observers expect an overall increase in soy planting acreage for this planting season.

Fulbright: Argentina antes up

For the past two decades, the U.S. government has provided \$1.3 million per year for the Fulbright program with Argentina. The program sent scores of U.S. researchers and educators to Argentina, and helped Argentine graduate students study in the United States. But for much of that time, Argentina's financial commitment was inconsequential, limiting the program's size to about 60 scholarships. However, that has changed in recent years, and the increased Argentine support has vastly expanded the educational exchange – and helped Argentina avoid a Trump era trend of lower foreign enrollment in U.S. schools.

In 1993, the Argentine government began providing \$150,000 per year, for ten additional scholarships. Ten years later, Argentina approved a \$1.7 million per year contribution. It increased its allocation again, to \$3 million, in 2014, and to \$3.6 million in 2015. Now, Mr. Macri is doubling down on Argentina's embrace of the Fulbright Commission, led by Norma González. In 2016, he agreed to provide \$7.7 million, and he increased the budget to \$11.1 million in 2017, for a total of 914 scholarships administered by the commission in Buenos Aires.

Grupo Parlamentario de Amistad: Hot ticket



We [hosted](#) the [launch](#) of the House Argentina Caucus on Tuesday and since there were no chairs, I'd say it was standing room only in 2200 Rayburn. The co-chairs of the caucus – Republican Michael McCaul of Texas and Democrat Eliot Engel of New York – spoke of a promising bilateral relationship, and were joined by three colleagues, Representatives Ed Royce, Jeff Duncan and Paul Cook.

But the real hot ticket is the Argentina Caucus's Southern Hemisphere counterpart, the Grupo Parlamentario de Amistad for the United States. The rules of Argentina's Lower House permit only 15 members for a friendship group, which was typically more than enough for the U.S. caucus. Before Mr. Macri's election in late 2015, Ms. Fernández de Kirchner's Frente para la Victoria movement, a far-left Peronist variant, typically controlled the U.S. friendship group. Not surprisingly in those days, it never quite lived up to its name. (The U.S. friendship

group was mostly inactive, though that itself is notable, given the FPV's passion for conflict with the United States. It mostly focused on monitoring U.S. elections.) Nowadays, the caucus is suddenly fashionable. As a reflection of increasing parliamentary interest in the United States, in 2016, the Lower House permitted 16 members to join the U.S. friendship group, which was led by Graciela Camaño. Silvia Lospennato, who traveled to Washington for Tuesday's event, served as the group's vice president. For the new congress – elected in October – *more than 50 lawmakers* have asked to participate, including members of opposition parties.

Momentos como estos: Prosperity is just around the corner

Mensajes de Navidad

Cristina Fernández de Kirchner
"Un fuerte abrazo a todas las familias argentinas en esta Navidad. En momentos como estos, difíciles para muchos compatriotas, tenemos que estar más unidos que nunca."

President Mauricio Macri
"Tuvimos un año donde todo nos cuesta, pero vale la pena. Estamos haciendo lo que había que hacer, el país que siempre soñamos."

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