



Friday, August 31, 2018

Helping hand: IDB targets reforms



Much ink has been spilled about Argentina’s \$50 billion International Monetary Fund loan – emergency financing designed to keep the country afloat while it tackles its large fiscal deficit. But less attention is being paid to another critical tranche of loans for Argentina from other multilateral financial institutions.

In addition to the IMF line of credit, the Inter-American Development Bank has offered \$2.5 billion to support medium-term structural reforms to promote economic growth. Specifically, the IDB loans are meant to improve the “legal groundwork for fiscal, investment and entrepreneurship reforms at the national level, as well as commitments to reforms at the provincial level.” The program comes amid concerns that the IMF’s loan conditions are pushing Argentina into a [recession](#).

The IDB support recognizes that the Argentine government “*ha priorizado el restablecimiento del sector privado como el motor del desarrollo, y la construcción de un estado más eficiente y transparente que apoye su*

crecimiento,” and it seeks to “*consolidar la mejoraría en la calidad de la gestión pública*” to improve Argentina’s investment climate. The reforms set out to reduce Argentina’s tax and regulatory burdens, and help Argentina improve its public investment decision-making – an area historically characterized by [corruption and waste](#) and now under pressure from IMF-imposed budget cuts. The IDB assistance also aims to ease new business creation.

For the IDB, lowering the “*costo argentino*” will increase Argentine competitiveness by encouraging greater capital investment, in other words, investment in machinery. The IDB does not mince words: “The main obstacle to growth since 1999 has been the low contribution of capital per worker.” Greater capital investment should lead to increased labor productivity, which is key for Argentina’s exports to become more competitive. And in a country that needs dollars, this path is central to recovery and growth.

Abortion: Split decision



Argentina Vota: Legalización del Aborto por Género

VOTOS DE LA CÁMARA DE DIPUTADOS

6/14/18

Votos Femeninos



A Favor (51%) En Contra (48%) Abstención (1%)

Votos Masculinos



A Favor (50%) En Contra (49%) Ausente (1%)

La iniciativa recibió 129 votos a favor y 125 votos en contra en la Cámara de Diputados. Hubo una abstención, y un ausente.

VOTOS DEL SENADO

8/8/18

Votos Femeninos



A Favor (47%) En Contra (47%) Abstención (3%) Ausente (3%)

Votos Masculinos



A Favor (41%) En Contra (57%) Abstención (2%)

La iniciativa recibió 31 votos a favor y 38 votos en contra en el Senado. Hubieron dos abstenciones, y un ausente.



By Arianna Kohan

In August, Argentina's Senate narrowly [voted down](#) a bill to legalize abortion, deflating, at least for now, a grassroots movement that had made significant strides in advancing women's rights. In many ways, that failure was predictable. Argentina's tight abortion restrictions have been on the books since 1921, and the country's Catholic hierarchy remains influential. In Latin America, prohibitions on abortion are the norm.

But the demographics of Argentina's legislature made the bill's passage seem plausible. Argentina has been a global leader in increasing female representation in congress. In 1991, it adopted the world's first gender quota law, requiring political parties to nominate women for 30 percent of the positions on candidate lists. Prior to last October's midterms, women occupied 39 percent of Argentina's Lower House seats – the 16th-highest level worldwide – and 42 percent of Senate seats. In late 2016, Congress

approved a gender parity law, which goes into effect in next year's national elections.

Studies have suggested that female lawmakers are more likely to introduce and support bills addressing so-called women's issues, which generally include education, domestic violence and reproductive rights. (For example, Claire Devlin and Elgie Robert have looked into this phenomenon in Rwanda.) Indeed, in Argentina, female lawmakers have helped advance an agenda, now supported by President Mauricio Macri, which includes a new strategy to combat gender-based violence.

In Argentina, however, it turns out that this relationship does not apply to the abortion issue. In both Argentina's Lower House and Senate, female voting patterns were no different than among male lawmakers (see graph), dividing equally in the pro- and anti-abortion camps. But that dynamic might not hold. In a July survey, Ipsos found support for the Catholic Church in Argentina was neither stable nor monolithic. Sixty-seven percent of Argentines favor ending public support for the church. Just 28 percent of Argentines say Catholic clergy make a positive contribution to Argentine society, above only politicians (27 percent). By contrast, in 2005, more than half of Argentines said clergy positively contributed to Argentine public life.

For more on women's issues in Argentina, listen to our [podcast](#), and read our [previous coverage](#).

Enemy of my friend: Uncorrelated ties



In February, Rex Tillerson, the U.S. secretary of state at the time, bluntly urged Latin American leaders to shun China. "Latin America does not need new imperial powers that seek only to benefit their own people," he [said](#) in remarks at the University of Texas at Austin. "China's state-led model of development is reminiscent of the past. It doesn't have to be this

hemisphere's future." Partnering with China, he suggested, is a deal with the devil, involving "trading short-term gains for long-term dependency," requiring imported Chinese labor and resulting in heavy indebtedness.

That message immediately fell flat in the region, where governments have been scrambling to deepen ties to Beijing to [increase trade](#) and investment, including in infrastructure. Now, a new study by researchers at the University of Pittsburgh and the University of Salamanca suggests that the Latin American public is also unlikely to choose sides in the dispute between the United States and China.

The study, by Scott Morgenstern and Asbel Bohigues, using Latin American Public Opinion Project data, found that views about the two countries are uncorrelated. In other words, affection for the United States (diminishing in the Trump era, but not extinct) is not enough to turn Latin Americans against China.

The researchers point to plenty of reasons Latin Americans might favor or dislike China, from the importance of Chinese investment and its "reputation for less meddling in the local politics" to its reliance on Chinese labor, negative environmental impacts and association with "corruption and the perpetuation of continued dependence on primary products."

But over all, the LAPOP data suggest an uphill battle for U.S. efforts to turn the region against China, with polling revealing generally positive, if still somewhat undeveloped, views of China's role in the region. Supporters of democracy are not more likely to express negative attitudes toward authoritarian China, and the same is true for Latin American environmental advocates. Meanwhile, plenty of Latin Americans also have negative associations with the United States. In Argentina, a country notoriously skeptical of U.S. power, only 28 percent of the public considers the United States trustworthy, while 40 percent trust China.

The researchers conclude that the "international rivalry between China and the United States has not manifested in polarized views among Latin American citizens." That means Washington will have to do more than express its distaste for Beijing to win over Latin Americans in the latest U.S. fight for hearts and minds in this hemisphere.

Pollwatchers: Gradualism in the IMF age



Mr. Macri is not a timid leader. Following his unexpected victory, he began his presidency by paying off holdout bondholders whose universal nickname – “vultures” – might have discouraged career politicians from making a deal. Next, he shook hands with an even bigger villain: the International Monetary Fund, one of the most mistrusted brands in Argentina.

But at the same time, the Macri administration is hardly a throw-caution-to-the-wind operation. To the contrary, it is highly attuned to public opinion. Senior officials like to say that their *gradualismo* approach is “scientific,” subject to constant tweaking in response to public opinion. After all, the possibility of losing the next election is not the only thing that gives pause to Mr. Macri’s team, who are more concerned about outlasting their non-Peronist predecessors: Raúl Alfonsín, whose presidency ended six months early amid constant strikes and mass looting; and Fernando de la Rúa, whose *corralito* sparked widespread rioting that chased de la Rúa from the Casa Rosada in a helicopter. Worse yet, in Argentina’s winner-take-all political system, post-government life often involves visits to the Comodor Py, rather than the paid lectures and lobbying gigs that await senior U.S. officials.

For that reason, the IMF’s election year conditionality will be so difficult to swallow. True, Mr. Macri can put the breaks on controversial legislation, such as labor reforms. But to keep the IMF happy, he will be under enormous pressure to continue raising public utility prices, swallow stiflingly high interest rates and champion deep budget cuts. In other words, he is adopting sound, but politically painful, policies that will leave his campaign advisers listening for the sound of a helicopter hovering overhead.

For more on the political costs of the IMF bailout, listen to our [podcast](#), and read our [previous coverage](#).

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Wilson Center
Ronald Reagan Building and International Trade Center
One Woodrow Wilson Plaza
1300 Pennsylvania Ave., NW
Washington, DC 20004-3027
T 202-691-4000

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