

Weekly Asado



Wilson Center

Argentina Project

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Sticker shock: No cheap eats

There's a reason inflation is the most politically potent of Argentina's many economic ills. Indicators such as economic growth, foreign direct investment and competitiveness might paint a picture of the country's challenges, but the data is too vague to rile up folks preoccupied earning their daily bread. The price of bread, on the other hand, is as real as it gets. And thanks to inflation, it has been steadily rising.

Prices in Argentina are increasing by a staggering 31.5 percent this year, according to J.P. Morgan projections, and *food is the worst performer* in the consumer price index. In June, the cost of food in Argentina shot up by 5.2 percent compared to the previous month, following a 3.3 percent increase in May. Though the government has moved away from printing money to cover its chronic deficits, a sharp peso depreciation earlier this year put inflation targets far out of reach.

Not surprisingly, Argentine shoppers have taken notice. In a July report by Poliarquía, nearly half of respondents cited socioeconomic issues as President Mauricio Macri's biggest failure. Asked about "*lo peor que hizo Macri*," inflation was the second-most common response, only behind the president's management of public utility prices. (Like inflation in general, rising prices for bus and train fares, electricity and natural gas are politically radioactive. The *tarifazos* have provoked public and congressional rebellions. A 32 percent jump in natural gas prices in April, for example, sparked social protests, including a candlelight demonstration in Buenos Aires. That public frustration unnerved even allies of the president, including influential lawmaker Elisa Carrió and the Radical Mendoza governor, Alfredo Cornejo. In Congress, the Lower House and Senate in May approved legislation to lower utility prices, prompting a rare presidential veto.)

What's worse, food in Argentina wasn't cheap to begin with. Thanks to high barriers to trade and scant domestic competition, Argentines spend 28 percent of their family budget on food, compared to 14 percent in similar countries, according to a recent World Bank report. Many food items – such as chicken, dairy products, bread and rice – are *50 percent more*

expensive in Argentina. Should food prices continue to rise steeply heading into an election year, it could leave voters hungry for a change in leadership.

A higher authority: Bocasher



Traditionally, Jewish soccer fans in Argentina have been identified with Club Atlético Atlanta, in the Villa Crespo neighborhood, a perennial underdog in the country's hyper-competitive *fútbol* scene. But plenty of Jewish fans are part of the *hinchas* of the country's most popular clubs, Boca Juniors and River Plate. Now, one of those teams is recognizing their support.

Boca's president, Daniel Angelici, recently opened a kosher food stand in the team's storied stadium, La Bombonera. The grill, "Bocasher," offers a traditional menu, including all-beef *choripán*, hamburgers and hotdogs. Its grand opening occurred August 8, during the Libertadores match between Boca and the Paraguayan team Libertad. Mr. Angelici reportedly was [inspired](#) by a kosher meal he ate during "Jewish Heritage Night" at a Miami Heat basketball game. Proceeds from "Bocasher" will be donated to Jewish causes, La Nación [reports](#).

Bocasher is hardly the first kosher restaurant in Argentina. The country is home to Latin America's [largest](#) Jewish community, numbering 180,000. Its kosher food scene includes a kosher McDonalds, in Abasto, as well as steakhouses and Middle Eastern eateries. Indeed, kosher meat accounts for two-thirds of Argentina's exports to Israel. But in a country that suffers from a high level of anti-Semitism, the symbolism of Boca's culinary gesture is as important as the quality of its *chimichurri*.

Skid row: Leg up for the downtrodden

The Inter-American Development Bank is lending Argentina \$550 million, including a massive investment in development projects in Villa 31, the

expansive, decades-old slum in Buenos Aires known for its size and proximity to the ritzy Recoleta neighborhood.

The loan supports ambitious plans proposed by President Mauricio Macri and the Buenos Aires mayor, Horacio Rodríguez Larreta, to formalize Argentina's shantytowns and raise their residents out of intergenerational poverty. In Villa 31, IDB funds will help improve living conditions for tens of thousands of residents, with investments in potable water and sanitation. It will also address structural challenges, such as poor education, by paying for three new schools. The neighborhood will also host the IDB's newest South America office.

The broader project involves a complex, still theoretical effort to formalize property ownership in Argentina's *villas miserias*, where Argentina's rural poor and waves of immigrants have ended up after journeying to the capital in search of economic opportunity. In the meantime, the ambitious local and IDB investments are designed, at minimum, to link Villa 31 to basic public services, ending the isolation highlighted in a new documentary about Argentina, "No Collar Economy," that the Latin American Program's Argentina Project [premiered](#) in July.

For more on Argentina's massive IDB support, read our [previous coverage](#).

Have PhD: Will travel

Argentina's best-known exports are soybeans and steaks. But among elite headhunters, it is better known for a product raised far the fertile *pampas*: star economists gobbled up by investment banks and monetary authorities worldwide.

In Argentina, a country blessed by top-notch universities and cursed by economic crises, local economists are well-trained and battle-tested. At home, they play a central role not only in the policy zeitgeist, but also in pop culture; economists such as José Luis Espert and Javier Milei are household names. Argentine history is often told as the rise and fall of finance ministers, from neoliberal Domingo Cavallo's short-lived heroism, under Carlos Menem, in the fight against inflation, to Axel Kicillof, an admirer of Karl Marx who served under President Cristina Fernández de Kirchner and oversaw the country's latest sovereign default.

So it's no surprise that so many Argentines show up on Wall Street, where they are known as "the club." At J.P. Morgan, for example, the Argentine Daniel Pinto is the number-two executive and at least two of his most senior colleagues, Nicolás Aguzin and Martin Marron, are also Argentines. Now, Israeli authorities are reportedly eyeing Argentine economist Mario Blejer as the next central bank governor.

Dr. Blejer has deep connections to Israel, where he earned his Bachelor's in economics at Hebrew University in Jerusalem. After receiving his PhD

in economics from the University of Chicago and working at the International Monetary Fund, he returned to Argentina during its 2001 economic crisis. At the time, Argentina's beleaguered president, Fernando de la Rúa, was desperate for new ideas. He brought Dr. Cavallo back into the finance ministry, and hired Dr. Blejer as vice president of the central bank. It didn't end well, of course, for de la Rúa, Dr. Cavallo or Argentina's bondholders. But Dr. Blejer was among the few senior officials to survive the turmoil. Only months later, he was promoted to central bank president. He did not last long under President Eduardo Duhalde, due to policy disagreements. But as is clear from Israel's reported interest in Dr. Blejer, he emerged from Argentina's economic trauma as one of the country's most famous economists.

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For more Argentina insights, and to keep up with Argentina Project events — such as the world premiere of “[No Collar Economy](#),” a Bertelsmann Foundation documentary that looks at the labor market impacts of technological change in Argentina — follow us on Twitter ([@ArgentinaProj](#)), where we also highlight our publications and activities — such as our upcoming [conversation](#) with Fernando Cutz, a former Trump Latin America adviser, and our director Benjamin Gedan's conversations on the crisis with NPR's [Marketplace](#), [The Bubble](#) and [CNN](#) — and announce new [podcast](#) episodes.

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