

# Argentina's stock market crashes after Macri loses pre-election poll

Rafael Azul  
14 August 2019

Argentina's "PASO" primary election, which is designed to select candidates for federal posts and weed out political parties that obtain less than 1.5 percent of the vote, took place on August 11.

The unexpected collapse of support for President Mauricio Macri and his *Juntos for El Cambio* coalition spurred a run on the Argentinian stock market, which plummeted 60 percent to close down nearly 40 percent, the second largest one-day market collapse in the world since 1950. The peso lost 23 percent of its value, reaching a low of 61 pesos per US dollar.

Above all, the market crash shows international finance capital's concern that the vote reflects massive social opposition to austerity regimes. Spain's *El País* calls the collapse "Black Monday" and warned that the economy is "on the verge of collapse." What is "even worse" than the crash, *El País* wrote, is the "fear over the long coming months of a vacuum of power ... without a credible government." The first round of the general election is October 27. The *New York Times*, meanwhile, makes references to Argentina's 2001 default when the country confronted mass demonstrations and went through a handful of presidents in a matter of weeks.

In Sunday's elections, four political coalitions qualified to run on October 27. The big winner was the Peronist and trade union-led Frente Para Todos (Front for All), with 47.4 percent of the total vote. Its presidential and vice-presidential candidates are Alberto Fernández and former President Cristina Kirchner. The ruling coalition won just 32.1 percent of the vote. Its candidates are Macri and Migue Ángel Pichetto (Peronist).

Third, with 8 percent, was former economics minister Roberto Lavagna (Peronist) of the Consenso Federal, an anti-Kirchner Peronist group.

The pseudo-left Frente de Izquierda Unidad (an electoral alliance consisting of Partido Obrero, Partido de los Trabajadores Socialistas, Izquierda Socialista and Movimiento Socialista de los Trabajadores) came in fourth with 3 percent. Another pseudo-left candidate, running independently of the FIT-U, Manuela Castañeira, of Nuevo MAS (Movement for Socialism) obtained 0.8 percent of the vote.

Opinion polls leading into Sunday's vote predicted a toss-up election between Macri and the Peronists. The difference was overwhelming, with Macri's supporters acknowledging his

chances in the general election are close to zero. If Sunday's vote holds up in October, the Peronists will not only win the presidency in the first round, but will also very likely control the lower house of Congress. The possibility of such an outcome is provoking consternation in financial and industrial sectors.

There are some indications that Wall Street and the Argentine bourgeoisie are ready to dump Macri, whose illegitimacy will make enforcing International Monetary Fund (IMF) cuts more difficult. Among the domestic capitalist class, some are now demanding that Macri abandon the race and throw his support to Roberto Lavagna, of the anti-Kirchner Peronist Alternativa Federal.

Lavagna, 77, was economics minister for President Eduardo Duhalde during the 2001 debt crisis; shortly thereafter he became economics minister once again, under President Néstor Kirchner, where he was charged with negotiating the IMF's "rescue" package of social service cuts.

As the voting was taking place, a group called the "256 executives" (members of the country's industrial business association) actively discussed the voting results through Nuestra Voz, a Whatsapp chat group. Included in the discussion was the proposal that Macri drop out of the race and lend support to Lavagna.

The following day, Juan Manuel Urtubey, Lavagna's candidate for vice president, denied having received such indications from the big business association. At the same time, Urtubey called on Macri to listen to the 47 percent "that did say something" on Sunday, demanding that he abandon the "electoral model" and begin thinking about his next steps, given the seriousness of the election results, calling for a transition organized by the political and productive establishment to accomplish a "common goal."

Concerns over the legitimacy of Macri's rule goes beyond Argentina's borders. The British *Financial Times* weighed in on Tuesday, accusing Macri of having lost touch with reality.

"With voters giving Mr. Fernandez a 15-point lead, the peso tumbled while the Merval—the local stock index—lost 48 percent of its value in US dollar terms. Government dollar bonds lost about 25 per cent on average, with yields rising to about 35 per cent on short-term notes, while credit default swaps showed

an implied default probability of 75 per cent.

“At a press conference, [Macri] vowed to fight back and blamed the market crash on voters. This presidential loss of touch with reality may have scared markets even more than the prospect of Cristina Fernández de Kirchner’s return...

“Argentina’s economy is in recession, gross domestic product is lower and unemployment higher than in 2015, when Mr. Macri took office. Inflation is running at close to 50 per cent—roughly twice as high as in 2015—and public debt has also more than doubled.” In addition, poverty rates, 40 percent, have never been higher in Argentina’s post-war history.

*FT* then issued a blatant threat on behalf of the City of London:

“Markets may yet confront both [Fernández and Macri] with reality . . . and bring Argentina to its knees.

There is little doubt that Alberto Fernández, Cristina Kirchner, Mauricio Macri and Roberto Lavagna are already making pledges to cooperate in doing whatever is demanded of them by Wall Street, the banks and big business.

Last night, Fernández’s economic advisor Matías Kulfas pledged that a Fernández administration would have an “absolute will” to make all payments on foreign debt and would impose no restrictions on foreign trade. *El País* explained, “Kulfas added that [the campaign] had held meetings with functionaries of the IMF to express to them their desire to pay back the massive credit of \$57 billion granted in September 2018.”

The candidates of the Frente de Izquierda, Nicolás Del Caño and Romina Plá, obtained three percent of the vote on August 11. In 2015 the FIT received about the same percentage.

On Tuesday, *Izquierda Diario*, organ of the Partido de los Trabajadores Socialistas (PTS)—a FIT participant—issued an appeal for the leaderships of the Peronist-controlled trade unions to “put an end to their truce” with Macri and call a 36-hour strike. After ceding the initiative to the same trade unions responsible for imposing austerity, *Izquierda Diario*, on behalf of FIT, calls for a “constituent assembly” that will “reorganize the country on a new basis.”

The statement does not reference socialism and makes clear that the constituent assembly will unite all classes in Argentinian society. The constituent assembly “will be capable of really explaining the popular will,” it reads, only adding that its members “will not form a privileged caste like those in Congress.” The assembly will have the power “to confront all the big national problems.” In other words, such an organization will be entirely incapable of confronting *international* finance capital.

The statement does not criticize the Fernández campaign, adding only that it has a difference of opinion over the Kirchnerist candidates’ pro-imperialist, pro-Wall Street character, adding politely: “In our view, the PTS and the FIT believe that this will only worsen popular penury.”

Under conditions where skyrocketing inflation and a

deepening economic crisis will produce a groundswell of social opposition to imperialism and world capitalism, the FIT’s proposals are an attempt to block wildcat strikes and workers’ protests and to tie the working class to the trade union bureaucracies and to the national bourgeoisie through multi-class “constituent assemblies” and a phony “36-hour strike” aimed at blowing off steam.

The PTS and PO are working in collaboration with the trade union bureaucracies to channel discontent into the confines of the national trade unions, which have long served to suffocate social protests and ram through the diktats of American and European imperialism.

Since the beginning of 2018, Argentine workers and youth have marched, struck and mobilized time and again against the austerity policies of the Macri government, seeking to defend jobs, education pensions and living standards. The role of the trade unions has been to derail those struggles, as part of their collaboration with Macri.

Under very similar circumstances on December 2001, chanting “¡*Qué se vayan todos!*,” the Argentine working class spontaneously mobilized in a 12-day uprising which posed the question of political power by the working class. Today, very similar revolutionary mobilizations, with similar demands, are taking place in Hong Kong, Puerto Rico, Paris and other regions of the world, independent from the trade unions, and in opposition to so called left and labor parties.

The task is for workers and youth to establish their own, rank-and-file organizations outside of the control of the pro-corporate trade unions and Peronists of various stripes. On this basis, they must break out of the national straight-jacket imposed upon them by the narrow-minded nationalists in the FIT for whom political analysis does not extend beyond the Río de la Plata.

The attacks on the Argentine working class derive from *world* finance capital and this requires an international response. Argentinian workers must unite with their class brothers and sisters across Latin America and the world, taking advantage of advanced communication and social media, to fight for the abolition of capitalism and the establishment of a socialist society.



To contact the WSWS and the Socialist Equality Party visit:

**[wsws.org/contact](https://wsws.org/contact)**