



Argentina in Peril: dilemma of political leadership & fiscal policy failures

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Introduction

- Aim: analyze the role of leadership in Argentina
- Context of historical, social & culture factors
- Transformational & Transactional leadership perspective
- Effect of 'political' leadership on public policy—fiscal measures
- Resulted in social, economic & political crises
- The Kirchner legacy-- Kirchnerismo



Leadership

- Core concept within governance and public leadership.
- Multidimensional historical phenomenon
- Variations in definitions but underlined by notions of '*process and influence*' (Hunt, 2004)
- 'Symbolic activity mediated by culture, for leaders as identity entrepreneurs..engaged in providing myths and visions to create..reshape national & political cultures' (Masciulli, Molchanov & Knight, 2009)
- Political leadership phenomenon involves power and social interaction (Blondel, 1987)



Neo-Charismatic school of leadership

- Weber's tripartite model of traditional, legal-rational, charismatic domination.
- *'certain quality of an individual personality, by virtue of which he is set apart from ordinary men and treated as endowed with supernatural, superhuman, or at least specifically exceptional powers or qualities'*
- Includes **transformational, charismatic, visionary and transactional leadership** approaches
- *"(Leadership) must be visionary; it must transform those who see the vision, and give them a new and stronger sense of purpose and meaning"* (Van Seters & Field 1990).



Transformational & Transactional Leadership

- *'Transforming and on occasion as transformation, where both the leader and the led are transformed- changed in performance and outlook'* (Burns 1978)
- Leaders lead to change, innovation, creativity.
- Idealized influence (Charisma)
- Superior leaders concerned with common good are transformational (Howell & Avolio, 1993)
- Exchange process between leaders & followers
- Contingent reinforcement- where the followers are motivated by the leaders' promises of reward in return for performance goals.
- A contract is assumed where leaders react to whether *'the followers carry out what the leaders and followers have transacted to do'* (Bass & Steidlmeier, 1999).

Argentina- 2001 crisis

- The debacle of December 2001 transformed the international image and status of Argentina from '*poster child to basket case*' (Levitsky & Murillo, 2003).
- Collapse of banking system, hyperinflation, immense external debt showed not only a fiscal crisis but also of confidence.
- Ripple effect— crisis contributed to political tension that led to social tension (rioting and protests eg. Dec 2001)
- Ramifications of convertibility law (1991)— pegging of peso to dollar under Carlos Menem.
- After initial economic growth, by 1998 cracks beginning to show.
- 2001 crisis combination of Menem's economic policies & institutional inability of Argentine political system.





**Nestor Kirchner:
2003-2007
Cristina Fernandez-
Kirchner: 2007-**

The Power Couple

The Kirchner era

- N. Kirchner's victory seen as promise of hope and change by public.
- Symbol of political renewal.
- Successful public policies:
 - I. Fall in poverty (from 50% to 27%)
 - II. Unemployment (down to 20% between 2002-2007).
 - III. Increase in minimum wage & pension (by 70%)
 - IV. Paid off the IMF debt on his own terms
 - V. Expanded funding in education & research
 - VI. Promoting union's collective bargaining



Kirchnerismo

- Peronist foundation of charisma and populist image.
- Defense of human rights
- Opposition to neo-liberal policies in L.America
- Strengthen interregional alliances & cooperation
- Economic policy of developmentalism
- Progressive stance on policies.
- Legacy of Kirchner



Kirchnerismo

- Created trouble for Cristina Fernandez.
- Economy became overheated
- Emergence of primary fiscal debit
- Inflation rose again to 25%
- Mistrust of peso, social tension
- Austerity measures of Sintonia Fina (increase in utility & public service rates, limit on imports and privatization of national assets)
- Legacy perhaps needs new direction?



ARGENTINA IN DECLINE?

The wrong trajectory

Argentina's GDP per person as % of GDP per person in:

Legend:
Brazil (dark blue), Italy (light blue), Germany (medium blue), France (grey), Japan (light grey), Britain (teal), Australia (green), US (orange), OECD average* (brown)



Source: Maddison Project

*Of 16 OECD countries: Australia, Austria, Belgium, Britain, Canada, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Norway, Sweden, Switzerland, United States

Source: Economist 25th May 2014.
<https://twitter.com/TheEconomist/status/470448050285322240/photo/1>

Leadership styles

- N.Kirchner

- Highly Charismatic
- Leader '*likely to emerge in times of distress and rapid change*' (Bass, 1985).
- Inspirational as restored minimum public trust in government.
- Strong following among Peronists, inspired loyalty & respect
- Idealized influence to bring together progressive forces
- Intellectual stimulation to IMF dilemma

- Cristina Fernandez

- Both transformational and transactional leader
- Ridden on husband's success but also tried to prove herself as a leader.
- Transformational in social justice issues.
- Charisma as female leader/icon.
- Strong party support
- Rewarded supporters loyalty by popular policies
- Falkland's Issue – unified public support around a common mission



Conclusion

- Kirchners garnered strong opposition now.
 - Argentine politics heavily dominated by charismatic personalities.
 - Low legitimacy due to disappointing economic performance & erosion of public trust in leaders/political elites.
 - Legitimacy of political leadership and institutions linked to good governance.
 - Economic crises litmus test for leaders.
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- ***Is Argentina in decline?***
 - ***Can Cristina be an effective leader to prevent another fiscal crisis?***

