

By Pablo Hacker

When Argentines go grocery shopping, we feel deceived by the government. If the cost of goods on the market increases by 8.3 pesos (US\$2.50), the government's entity in charge of monitoring inflation, the National Institute of Statistics and Censuses (INDEC — Instituto Nacional de Estadística y Censos) only recognizes a 3.3 peso (US\$1) increase. INDEC measured an inflation of 9.3 percent between June 2007 and 2008. For that same period, independent analysts marked a much greater increase of nearly 25 percent. As a result, the government's credibility has diminished.

New cases of presumed corruption have only made things worse. Recently, two remarkable scandals have occurred. In the "suitcase" scandal, a Venezuelan businessman tried to smuggle 2.7 million pesos (US\$800,000) into the country using a charter flight hired by Argentine civil servants.

The other scandal was a series of supposed bribes that executives of the Swedish company Skanska paid to government officials for the construction of a gas pipeline.

A Great Opportunity, Wasted

It is often said that crises are great opportunities for change. This was the case in Argentina after the 2001 crisis. Though Néstor Kirchner was elected president in December 2003 with only 24 percent of the vote, he managed to become hugely popular in a short time. Sustained growth of the Gross Domestic Product (PIB—Producto Interno Bruto) of 9 percent over five years, along with popular political decisions—such as the reform of the Supreme Court of Justice—left Kirchner in a far better position than the most optimistic political analyst could have imagined.

Little by little, however, allegations of abuse of public funds began to surface. The way the government handled the media—no press conferences, spending tens of millions of pesos on government propaganda, phone calls to journalists asking for indulgence—irritated everyone. Kirchner's authoritarianism, lack of self-criticism and aggressive governing style helped to put an end to the honeymoon with the press.

By the end of Kirchner's presidential term, denunciations about overcharged payments in several public works and the forced resignation of the Minister of Economy Felisa

Miceli—the police found an undeclared 333,719 pesos (US\$100,000) in her office—seemed to complicate Kirchner’s political future.

But he had an ace up his sleeve: his wife, Cristina Fernández de Kirchner, was going to become the first woman elected president by popular vote in Argentine history. Some Argentines believed that she would fix her husband’s mistakes.

During her first year, she faced several political confrontations and internal conflicts. Cases of corruption, which had begun before she was elected, started to surface on the front pages of newspapers. Once president, she appointed many controversial and polemical ministers. It was a sign that there would be no drastic change. In addition, Néstor Kirchner continued exerting political power in spite of not holding an official position.

The new president faced a huge conflict with rural leaders. “Resolution 125,” raised taxes on farm exports (mainly the soybean, called “Argentine petroleum”), sparking a 120-day dispute, during which the country was paralyzed. Finally, Cabinet Chief Alberto Fernández resigned, breaking the impasse.

The “Suitcase” Scandal and the Skanska Case

At the same time, the media increasingly focused on cases of corruption. Two cases previously mentioned helped to generate a negative view of the new administration: The valijagate (suitcase scandal) and the bribes in the Skanska case. Featuring corporate greed, corrupt civil servants and questionable political financing, these exemplify Argentine corruption.

Venezuelan businessman Guido Antonini Wilson arrived in Argentina Aug. 4, 2007, with civil servant Claudio Uberti—then director of the Road Concessions Control Organism (OCCOVI—Órgano de Control de Concesiones Viales) — in an airplane rented by National Energy Control Organism (ENARSA—Energía Argentina Sociedad Anónima). Coming from Caracas, the airplane landed in the Ezeiza airport, and Antonini tried to enter the country with at least 2.7 million pesos (US\$800,000) that were undeclared. A customs official noticed the cash during an X-ray scan of Antonini’s luggage, and the scandal exploded. One theory came from Washington: the money was intended to finance Mrs. Kirchner’s campaign.

The president responded that this revelation was garbage. On Nov. 3, 2008, a jury in Miami found Franklin Durán —

Antonini's ex-business partner and a Venezuelan civil servant — guilty of conspiracy to hide the origin and destination of the money. Antonini collaborated with the FBI to record his conversations with Durán when he returned to the United States. Antonini declared after the verdict in Miami that the money was provided by Venezuela's national oil company (PDVSA— Petroleos de Venezuela SA) and was destined for Cristina Kirchner's campaign. In addition, there are indications that Antonini visited the Casa Rosada (Pink House, equivalent to the White House) two days later. Kirchner dismissed Uberti, but there has been little investigation of the incident.

Skanska opened another battlefield. The Swedish company is suspected of bribing Argentine civil servants during a gas pipeline construction. Eight of its executives will stand trial. While the company has acknowledged the bribes, the Argentine justice department is investigating two civil servants who were ousted from their positions: Néstor Ulloa of National Bank Trust Funds and Fulvio Madaro, president of the National Gas Regulatory Agency.

Journalist Pablo Abiad makes the argument that Cristina Kirchner's government differs little from her husband's, in terms of corruption.

There were attempts of political interference with watchdogs at the General Accounting Office of the Nation (AGN— Auditoria General de la Nación), whose director, Leandro Despouy, is a lawyer and member of the opposition party, Radical Civic Union (UCR— Unión Cívica Radical). Also, the Accounting Office of the State (SIGEN — Sindicatura General de la Nación), in charge of controlling government spending, is headed by Kirchner loyalist Julio Vitobello.

Argentina must search for international credit to pay its debt next year. In these days of global financial crisis, it will be very difficult for the president to maintain the course of the ship. With a dearth of transparency, a worsening presidential reputation, corruption scandals and economic problems, it appears the coming years are going to be very difficult for Argentina.

Recent News

Manuel Garrido, head prosecutor of the Office of Administrative Investigations (FIA—Fiscalía de Investigaciones Administrativas) — the independent organization responsible for investigating national officials' crimes — was practically removed from all important cases. He will not be able to continue investigating cases

against members of the executive branch. For the last five years, he took part in investigations of several presumed corruption cases, including the Skanska bribes and INDEC's possible manipulation of statistics.

Senator Ernesto Sanz of UCR, said, "One of the biggest problems with this government is the manipulation of all official control organizations as the SIGEN, AGN, and the anti-corruption office. Garrido, one of the last independent prosecutors, confronted the powerful."