By the end of 2001, the neoliberal model of capital accumulation imposed in Argentina since the late 1970s, reinforced by the economic and institutional reforms carried out during the 1990s, encountered a series of social, economic and political limits. The external debt rose from US$ 7.8 billion in 1976 to US$ 128.0 billion in 2001; unemployment hit a record of 18 per cent in 2001 (and 22 per cent in 2002); by 2002 54 per cent of the population of Greater Buenos Aires were living below the poverty line.

For the first time in Argentine history a democratically-elected government was overthrown by a popular insurrection, which became known as the Argentinazo. In 2001-2 the country went through one of the deepest financial crises in the world through a massive (spontaneous) popular upheaval under the slogan Que se vayan todos! (‘out with them all!’), giving way to a novel and generalized state of social mobilization which threatened the precarious neoliberal hegemony that had been built around convertibility and a triumphal belief in economic success. Heralded during the 1990s as the international poster-child for market-oriented economic reforms, thanks to its exceptional combination of far-reaching liberalizing policies and democracy, Argentina now came to be seen by the IMF as an ‘unfeasible country’. This was certainly a setback for those who had extolled Argentina’s unparalleled capacity to carry out radical stabilization programmes without an authoritarian regime (such as that of Chile or many South Asian countries), or an autogolpe [self-coup] (as in Peru), or harsh labour repression and states of siege (as in Bolivia). Overnight, Argentina went from being the ‘best student’ of the IMF’s orthodoxy to a potential troublemaker.

Many different demands came together unexpectedly in the December 2001 insurrection: from the poorest sectors of society calling for food, jobs or unemployment subsidies, to the middle classes demanding the devolution
of bank deposits confiscated by the financial *corrallito* or punishment for corrupt politicians and judges. And there was a disturbing point of convergence for the guardians of order: a demand for the resignation of every person responsible for the ruling regime as a whole. The confluence of previous forms of popular resistance to neoliberalism such as those of the *Piqueteros*, *Puebladas*, independent unions (CTA), and those which emerged directly out of the events of December 2001, such as the movement to occupy abandoned factories, neighbourhood assemblies and several forms of cooperatives across the country, evolved during the insurrection into a new social force. This was mainly expressed in the widespread slogan: *piquetes y cacerolas, la lucha es una sola* (roadblocks and cooking pans, there is only one struggle). This convergence was far from expected, given the conservative attitude of most middle class sectors towards the convertibility regime during the 1990s, and it contributed to an accelerating process of political instability. The institutional crisis of 2002 can hardly be exaggerated: five consecutive presidencies in less than a year, politicians being violently assaulted or ‘exposed’, the Parliament under attack, the number of road blockages (*cortes de ruta*) rising from 1,383 in 2001 to 2,336 in 2002, when default on the foreign debt was officially declared. The leading political parties were in chaos. The year 2002 was characterized by a deep sense of rupture and despair.

Mainstream institutionalist perspectives, from those of the IMF and the World Bank to those of more liberal scholars of democratization, coincided in arguing that the crisis was more ‘political’ than ‘economic’, meaning that the problem was not the ‘content’ of the economic policies implemented during the 1990s but the inefficient way in which they were administered. For these commentators the monetarist gospel continued as usual: corruption and politics were too costly, raising the burdens of fiscal deficit and subsequently indebtedness, a process that got even worse when political instability weakened the trust and credulousness of unfortunate foreign investors. Of course, an analysis that attributes the crisis in Argentina exclusively to its fiscal deficit is very convenient as it relieves the IMF of any responsibility for the making of the crisis (and for the overall macroeconomic setting of the 1990s). But, more importantly, it enhanced a widely-shared vision of Argentina as a ‘persistently unconsolidated democracy’, or a ‘weakly institutionalized democracy’ – in other words, some sort of anomaly and deviation from the ideal type of ‘representative democracy’ for its recurrent instability and lack of enforcement of formal rules.

On the other hand, it didn’t take long for progressive intellectuals and activists from very different perspectives to declare the official death of neoliberalism and, while burying it, to formulate a new set of prophecies based
on new forms of politics from ‘below’. A broad range of participants and observers, from the traditional revolutionary left\(^5\) to supporters of the ‘new social subjects’,\(^6\) shared the view that a fundamental change had emerged in the way politics is practised. Moreover they all seemed to be pointing towards new forms of political action directed at superseding the capitalist mode of production. Even at the international level, Argentina became a paradigmatic case of the rise of the ‘multitude’,\(^7\) ‘anti-power’,\(^8\) or a more vague concept of a new social subject\(^9\) able to overthrow capitalist society. Advocates of this optimistic view generally focused on the fostering of social movements because party politics was said to be unfit for the task.

More sober observers, while dismissing the revolutionary thesis, nevertheless saw the new social movements as harbingers of a radical change in Argentine political culture. The conventional diagnosis was unanimous: the crisis of 2001 was the product of a ‘crisis of politics’, a ‘crisis of the state’, a ‘crisis of representation’, a ‘crisis of the political parties’, a ‘crisis of legitimacy’ and so on and so forth. A more demanding citizenry was said to be emerging, ‘determined to redefine pre-existing ideals of democratic representation and to create a civic concern for governmental accountability’.\(^10\) A growing industry of studies in the new politics from ‘below’ regularly invokes a ‘holy quartet’ consisting of the \textit{Piqueteros}, the seized factories, \textit{asambleas} and barter clubs as the most dynamic social movements in search of new forms of organization, new imaginaries and a new kind of democratic subjectivity.\(^11\)

Beyond their particularities, there seems to be a general consensus among progressive scholars regarding the crisis of ‘old politics’ (i.e. the politics of politicians, institutional politics anchored in the state, corruption, clientelism, etc.) and the emergence of a ‘new politics’ (i.e. the politics of social movements). But this consensus is based on three problematic points. To begin with, as Carrera argues, there is an illusion that the apparent rise in the political awareness of the Argentine people will \textit{per se} engender a radical change in the overall process of capital accumulation.\(^12\) Second, there is the idea that ‘horizontal’ organization represents an effective way of challenging traditional, ‘vertical’ forms of organization, obviously taking it for granted that popular organizations have indeed replaced vertical forms with horizontal ones. Third, there is an idea that democracy has become a ‘parody’ or an ‘empty shell’, where formal rules are frequently ignored or overlooked, and an assumption that abstract subjects such as ‘the people’, the ‘citizenry’, ‘civil society’, the ‘multitude’, or ‘the working class’, will construct a new kind of democracy for an emancipatory project.

Paradoxically, the left (in its various forms) relies heavily on the same diagnosis of weak democratization as do mainstream institutionalists. One
side is inspired by the hope of radical social transformation, the other by the perennial fear of the mob; but they all agreed that Argentine democracy is fragile, unstable and weak. Obviously the explanation is different in each case: the advocates of the radicalization of resistance argue that democracy was undermined by market policies, while the guardians of order attribute it to corrupt politicians (when not to ‘backward’ political culture).

The actual historical process that evolved from mid-2002 onward challenges (if not contradicts) both the progressive prophecies and the institutionalists’ fears. The presidential election of 2003 marked a fundamental re-channelling of social struggles within the boundaries of capitalist (neoliberal) democracy. Some prophets of the left expected high absenteeism and spoiled ballots to predominate, as a manifestation of a supposedly popular advance beyond institutionalized, representative democracy, or at least some form of protest against the lack of legitimate political representation. Yet as some scholars have pointed out, spoiled ballots fell from their 20 per cent peak in the 2001 elections, to 1.6 per cent in the 2003 election; electoral absenteeism even went down in absolute terms compared to the previous parliamentary elections of 2001; and blank ballots went down to the smallest figures registered since the 1946 elections, and the number of annulled votes was negligible.13 Despite the peculiarities of the election, the PJ – the Peronist Party (Partido Justicialista) that represents everything the left has defined as ‘old politics’ – got an overwhelming majority of votes, if the three Peronist candidates are taken together. Not to mention that Menem, whose ten-year rule of harsh structural adjustment made him the paradigmatic target of Que se vayan todos, led in the first round with no less than 24 per cent of the votes.14 This pattern of social rage against a politician, followed by electoral victories by the traditional political parties, is not new in Argentina, as the case of the Santiagazo and other puebladas shows.15

Over the years that have passed since the crisis and insurrection of December 2001, a considerable reconstitution of the regime has taken place. Argentina has shown remarkable signs of economic recovery: Presidents Duhalde (2002–2003) and Kirchner (2003–2007) re-negotiated the debt payments with the IMF, based on an unprecedented discount on the foreign debt, and reversed the passive default of 2001; GDP rose 8 per cent in 2003, and 8.5 per cent in 2006. Investments and external credibility also grew. The new phase of economic expansion may seem to be taking a renewed ‘populist’ or even Keynesian shape, given Kirchner’s discursive assertions of ‘national sovereignty’, the increasing levels of import substitution investment and also of inflation, along with fiscal and monetary policies (such as a floating exchange rate with a devaluated peso as a competitive
exchange rate for exports, and some minimum level of control on foreign exchange transactions) aimed at controlling inflation and managing the exchange rate through central bank intervention, all of which departs from the monetarist orthodoxy of the IMF. But the nature of this post-convertibility macroeconomic regime should not be misconstrued as ‘anti’ neoliberal, but rather as a pragmatic – and certainly, heterodox – strategy aimed at stabilizing the economy, and the domestic financial market in particular, within the prevailing neoliberal context of financial globalization. Not only had some of these policies already been implemented in other export-oriented market economies, but it should also be noted that some of the ‘golden rules’ of neoliberal social adjustment remain untouched: labour flexibilization (indeed, the real basis of the ‘economic recovery’ has been the further fall of wages that followed from devaluation and inflation), privatizations of public utilities, deregulation of pensions and mutual funds, and structural unemployment (although reduced from 22 per cent to 12 per cent, to some extent due to unemployment subsidies and the overall process of economic re-activation). This regime also lacks redistributive policies, despite having increasing fiscal surpluses; so poverty and exclusion have certainly not been overcome and social inequalities have increased. At most, the new economic recovery should be seen as a ‘successful’ attempt at keeping neoliberal financialization within manageable and competitive macroeconomic conditions once the convertibility regime was no longer viable.

Moreover politicians did not face any serious efforts at impeachment and many faces from the ‘old politics’ were back in office. In fact, the political picture of the post-2003 era contrasts sharply with the romantic hopes of progressive intellectuals. First, a series of right-wing mobilizations (two consecutive demonstrations of 100,000) against ‘insecurity’ – led by a citizen whose son was kidnapped and killed after a ransom had been paid – redirected public and media attention to calls for more repression and ‘security’ as the poor and excluded became increasingly stigmatized as criminals and a threat to the ‘included’. This definitely broke the alliance between the middle and the popular classes which had jointly rejected the existing system of democracy at the height of the crisis in 2001. Second, the Peronization of the larger fractions of the Piqueteros, with a base in La Matanza, gave increasing popular support to Kirchner’s administration. Indeed, Duhalde and Kirchner dialogued and negotiated concrete governmental offices, social plans (2 million ‘social emergency’ packages in the form of unemployment subsidies, known as Plan Jefas y Jefes de Hogar, and later Planes Trabajar) and resources for local projects and micro enterprises – things that Piqueteros could hardly reject – in exchange for active political mobilization and support for the
administration. Overall, the increasing media stigmatization of the excluded and criminalization of social protests, along with the government’s capacity for attracting contentious individual leaders as well as entire groups of the unemployed, which played a key role in destabilizing the regime, signalled an unfortunate reverse for the calls of *Que se vayan todos*: old politics was back.

Social movements and their struggles also declined considerably between 2003 and 2006. Some argue that this decline is natural, since social protests always have cycles of ebb and flow. Yet that doesn’t explain why Argentina experienced neither a revolution nor some alternative move towards wider social reforms, as envisaged by progressive forces. So, what happened to *Que se vayan todos*? What happened to all those new social actors who emerged defiant at the end of the Menemist era and grew powerfully against de la Rúa’s government, but were increasingly de-mobilized after Kirchner took office? What does this decline of social movements actually say about Argentina’s current conjuncture: is this just a temporary retreat within a wider ‘pre-revolutionary’ process, as some leftist activists believe, or a ‘post-neoliberal’ government that is really solving social problems as some advocates of Kirchner state; or is it rather a more complex process of political recomposition of neoliberalism? More importantly, if neoliberal democracy was so ‘weak’, how could it possibly survive what in many ways was its toughest challenge?

All these questions point to the need for a more complex and dynamic understanding of ‘neoliberal democracy’ in Argentina than is offered in conventional theorizations. Contrary to a general tendency to understand this regime as ‘weak’, or in the process of ‘degradation’, ‘decadence’ and/or terminal crisis, Argentine democratic neoliberalism as a form of domination has proved remarkably strong in politically recomposing the neoliberal crisis of 2001-2. In fact, the democratic regime has shown a remarkable capacity to react to challenges from ‘below’ and has proved highly successful in taming them without really giving in to their demands – or threatening the interests of the establishment – for two interrelated reasons:

(1) Unlike the optimistic prophecies of the left, ‘old politics’ was far from ‘exhausted’. In fact, Peronist politics was revitalized by Kirchner’s government to the extent that it was able to resort to the clientelistic and patronage-based structures of co-optation, de-mobilization, de-politicization and disciplining of subaltern classes built during the Menemist era to cope with the new politics from ‘below’. As a result, the process of re-stabilization was
able to avoid any significant distribution of power and wealth to the ‘losers’ of the crisis.

(2) The political incapacity of the new social forces to build a unified, plausible alternative from ‘below’ that could effectively resist co-optation from ‘above’. This is mainly due to the increasing political fragmentation of the new social movements, which is an indicator not of the ‘reinvention of politics’ but, on the contrary, of old and persistent dilemmas within left politics – i.e. the far from ‘new’ political divisions between reformist, revolutionaries and autonomists. The Piqueteros movement is an illustrative case in point.

This conjunctural hypothesis brings to the fore some broad theoretical questions, which have been largely ignored, or misconstrued: in particular the specific relation between democracy and neoliberalism. In a broad sense, prevailing explanations of the crisis of 2001–2 in Argentina mainly focus (some more mechanically than others) either on the problematic of capitalist (neoliberal) development and the subsequent forms of resistance, or on the inherent problems of democratic institutionalization as a formal regime. But very little effort has been made to bring these two themes together in a systematic theorization of democratic neoliberalism that might be able to account for the ups and downs of the new politics from ‘below’, and consequently, for the political strengths, rather than the institutional weakness, of contemporary Argentine democracy.

The failure to account for this has been especially evident in those deterministic Marxist explanations of why a revolution didn’t accompany the economic crisis of 2001–2 in Argentina. Since the crisis proved ‘the objective conditions were there’, all they could fall back on was simply that ‘it was just a lost opportunity’\(^{17}\) – as if such an ‘opportunity’ did not entail a very complex ensemble of power relations and ideological struggles. Those who have assigned a more decisive role to class struggle – usually referring to the works of Negri, Holloway, Clarke and Cleaver – to analyze the Argentine crisis of 2001, however, cannot explain satisfactorily the crisis of convertibility as being a result of class struggle.\(^ {18}\) As some critics have pointed out, this kind of approach generally relies on a somewhat ethereal version of class struggle that fails to be rooted in any kind of concrete analysis of capitalist forces of production. This way, class struggle and social relations are portrayed as though not subject to any material conditions, as if they were forged in ‘ether’ – i.e. only in people’s consciousness. As Grigera argues, within this framework there is never a risk of being wrong: ‘this sort of class struggle comes in and out as a real *deus ex machina* “explaining” cycles of capital accumulation, the end of regimes, political crises, and so on. Moreover, being unpredictable
and omnipresent, class struggles account *post facto* for every event following both high and low tides of struggle'.19 As a result, these critical approaches, no less than the ‘deterministic’ ones, tend to underestimate the extent to which democracy may contain the threat of class struggle within certain boundaries, and miss a fundamental aspect of neoliberal hegemony.

Also in this tradition of overestimating the will of new social subjects to challenge liberal democracy and turn it into a collective, horizontal enterprise of human development are many studies of social movements.20 It is very common among students of social movements and, in general, advocates of the new politics from ‘below’, to stress (or maybe overstress) the extent to which neoliberalism has radically changed politics, especially in relation to the forms of resistance to it. The process of crisis and recomposition that took place in Argentina, however, warns against drawing a stark dichotomy between ‘old’ top-down forms of organization and ‘new’ bottom-up forms. As some scholars have recently argued, many of the most dynamic social movements in contemporary Argentina (*Piqueteros*, *Puebladas* and other forms of popular protests) combine important elements of both new and old.21 Empirical evidence increasingly points to a deeper imbrication between the forms of protests and survival by the poor and excluded, which relies heavily on clientelist networks and patronage-based structures in which Peronist brokers (*punteros*) are key players.

Moreover, social movement studies tend to reify the process of building alternatives to neoliberal development by suggesting that the transformation of the development order will not come from ‘grand structural transformations’ but rather from the construction of identities and greater autonomy through modifications in everyday practices and beliefs. This last idea is particularly problematic given its resemblance with the World Bank’s approach in *Equity and Development*, according to which the poor and marginalized will eventually overcome inequality by improving the terms in which they are ‘recognized’ by others, something that involves building a ‘capacity to aspire’ and a ‘capacity to engage’.22 In a fundamental sense, therefore, these approaches lack an adequate understanding of the way struggles for identity, autonomy and grassroots initiatives can be co-opted by and reshaped for the purposes of sustainable forms of capitalist neoliberal development, rather than for its transformation.

On the other hand, those who have indeed theorized democracy in a systematic way have largely taken capitalism (or neoliberalism) for granted, as more or less naturally given. This is hardly surprising considering that most of the research on democratization in the South derives from modernization theory’s Eurocentric and linear view of development, whereby the future of
democracy in peripheral countries is supposedly represented by the present modernity of ‘representative democracy’ in the core countries. In this perspective, the new democratic regimes are supposed to follow a series of necessary stages — transitions, ‘consolidation’, etc. — to become fully developed (efficient, stable) democracies like those of the North. This approach to democratization as a normative teleological adaptation of the South to the North was coupled with the World Bank’s discourse of ‘democratic governability of social conflict’ or ‘democratic governance’ in the construction of the neoliberal project in Latin America. It was a politically convenient project because it was confined within definite limits, based on the idea that a ‘stable’, ‘efficient’ and ‘legitimate’ democracy demanded the eradication of ‘corporatism’, ‘populism’, favouritism and all sorts of ‘irrationalities’ inherent in the developmental state, and of any form of popular intervention that may use democracy as a ‘Jacobin’ instrument of social progress.23

But the excessive emphasis on formal institutional design that dominated democratization studies became increasingly unable to account for a series of more complex political questions. In a context of market discipline, structural adjustment programmes, increasing inequality, social polarization, exclusion, unemployment and all sorts of social dislocations, how can the institutions of ‘polyarchy’ in the classic definition of Robert Dahl – secret ballots, universal adult suffrage, regular elections, open competition, associational recognition and access and accountability – ‘process social conflict’ without transforming the sources of inequality and exclusion or without resorting to military repression? In other words, what makes ‘polyarchy’ sustainable at all in a context of massive social exclusion, and more importantly, of increasing disenchantment with democratic institutions?

In the case of Argentina, the narrow emphasis on formal democracy cannot explain the political functioning of ‘really existing democracy’, which entails moving beyond formal institutional design to the complex terrain of political strength. Given the actual historical process of democratization in Argentina it seems much more interesting to analyze the specific mechanisms through which neoliberal democracy has been able to avoid major governability crises in the context of social restructuring during the 1990s. And in so doing, to ask whether it created new contradictions and to what extent the crisis of 2001–2 may be an expression of such contradictions. In order to understand why and how Argentine democracy proved strong enough to restore stability after the 2001–2 crisis, it is necessary to explore the overall project of democratization and its inherent contradictions by looking at less visible but more enduring forms of power relations.
In other words, to what extent must this particular project of democratization, far from eradicating ‘populism’, clientelism, patronage, partisanship, corruption, favouritism, etc., ‘re-pack’ them to be sustainable at all? And, consequently, should the increasing reliance on these ‘non-liberal’ informal practices be seen not as an ‘anomaly’ or a ‘deviation’ from an ideal type of democracy, but rather as a condition for market discipline and therefore a constitutive aspect of the ‘durability’ of neoliberal capitalist development in a peripheral country like Argentina? This may challenge liberal, pluralistic rhetoric regarding what is to be defined as ‘efficient democracy’, since a closer look at the way this ‘other institutionalization’ (in O’Donnell’s phrase) works may point to a politically effective form of neoliberal domination. It may also contradict the widespread assumption that neoliberalism and ‘populist’ politics (clientelism, patronage, etc.) are incompatible.

The concept of sustainability involved here refers to the political feasibility of a project of class and state formation. From this standpoint, we must understand democratization not as series of stages leading towards an ‘ultimate (ethical) goal’, but as a socially and politically contested process. The question shifts from one concerning the weakness or strength of formal institutions, as neutral spaces, to one concerning the relations of power between capital and labour under democratic conditions. To a large extent, what seems to be missing from the general vision of ‘weak democracy’ is some conception of the state as a social relation deeper than the electoral systems of today.

For instance, the assertion that neoliberalism ‘undermines’ democracy, because it creates political apathy and indifference among the citizens and an increasing gap between the citizens and their representatives (the so called ‘crisis of representation’), can be misleading if liberal democracy is not measured in its own terms. It is important to bear in mind that representative democracy has never been conceived of as translating the ‘popular will’ into the ‘public will’. On the contrary, the dominant approach in the theory of representation, as classically summed up by Schumpeter, has explicitly been about securing popular consent to the decision making by elites. For this reason, the neoliberal project of democratization can be best understood in the words of Diamond as a system where ‘citizens care about politics but not so much’. The indifference and/or incapacity of ordinary citizens to influence governmental policy decisions vis-à-vis that of the concentrated fractions of capital, is not a sign of weakness or failure but rather of the political success and strength of the neoliberal project of democratization, as a project of political disempowerment of subordinated classes and an in-
stitutional mechanism to explicitly pre-empt either progressive reforms or revolutionary changes

As many critical scholars have consistently argued, the neoliberal project of democratization in the South involves a strategy of state reform and transformation of power relations – i.e. a project of capitalist restructuring based on a new form of class domination. The neoliberal ideology of democracy that came to prevail over socialist or populist ideologies was deeply anti-political and anti-state, which had a decisive impact on the way political power was conceived, and on strategies for challenging it. At the core of most of the misconceptions regarding the Argentine political process there is a converging vision of the state as in crisis or in retreat, both in the project of democracy from ‘above’ and in the minds of those who seek to challenge it from ‘below’. Neoliberals neglect the state as an agent of ‘globalization’; the dynamics of our times are seen as driven by impersonal and inevitable forces such as technology or ‘the market’ – forces which are also seen as somehow inherently ‘democratic’. At the same time, and probably as a result of an uncritical acceptance of the neoliberal interpretation of the current phase of capitalism, those who promote a politics from ‘below’, and most of the literature on ‘new social movements’, neglect the state as a site of resistance and transformation. This may have led to their underestimation of the power of the state to control social mobilization and discipline new social actors in a crisis such as Argentina’s at the beginning of this decade.

The reality is, however, that neoliberalism entails a transformation rather than a ‘retreat’ of the state, and therefore a transformation of fundamental power relations between classes. Several critical Marxist scholars whose work addresses debates on state and globalization argue that neoliberal reform is thus best thought of as a governing strategy, which does not entail a simple shift in power from ‘states’ to ‘markets’ as reified categories. Rather, what has changed under neoliberalism is the way that the state intervenes in the economy, and the ideological justifications that are provided for these new forms of intervention.

Understanding the project of democratization in Argentina therefore involves re-addressing the relation between state, class and democracy in terms of the specificity of the offensive strategy of capital towards labour. Democratic neoliberalism is neither a ‘political’ regime based solely on rules and procedures detached from the material conditions of accumulation, nor a mere ‘economic’ system, but a specific historic articulation between the political and the economic – a particular form of capitalism (neoliberalism) that evolves under democratic, or at least electoral, conditions. The term democratic neoliberalism – as distinguished from ‘neoliberal democracy’ where
the neoliberal aspect is only an adjective – serves to highlight the intrinsic contradiction between the political and the economic; that is, between the political form of universal freedom and the anti-democratic structure of inequality in a market-based capitalist society.\textsuperscript{27} It is therefore a particular form of social domination that rests on a historical *hegemonic* ‘solution’, which is socially contested and not permanent. What follows is the transformation of an integral model of domination under neoliberalism (rather than the ‘crisis of the state’) and of the specific modes of creating consensus and social discipline contained within it – in other words, the transformation of hegemony. To use the words of Gramsci and Poulantzas, it is a transformation of the extent to which the state manages the tension between capitalism and democracy by functioning as the factor of political organization of dominant classes and as the factor of political disorganization of subaltern classes.

In the context of Argentina, this is closely related to the changing historical relation between the traditional labour-based party (Peronism) and democracy. Despite its working-class rhetoric, Peronism, both traditional and neoliberal, has to be seen as an effective vehicle for subordinating and disciplining working classes. What needs to be conceptualized are the specific mechanisms through which contemporary Peronism has managed to do this in ways that differ from traditional populism.

In a recent study Levistky explains the successful adaptation of the PJ to the neoliberal era, based on its extraordinary capacity to redefine its relationship with organized labour, dismantling traditional mechanisms of union participation and replacing its union-based linkages with clientelist linkages. In a context of working-class decline and increasing unemployment, the consolidation of clientelist links created new bases upon which the PJ could sustain its ties to the urban working and lower classes. Clientelist organizations are better suited than unions to appeal to the heterogeneous strata of urban unemployed, self-employed, and informal sector workers generated by de-industrialization. In urban zones characterized by high structural unemployment, unions tend to be marginal or nonexistent, and corporate channels of representation are therefore ineffective. A territorial organization, and especially one based on the distribution of particularistic benefits, can be more effective in such a context.\textsuperscript{28}

What changed under neoliberalism, then, was the mechanism for absorbing and re-integrating lower classes. While old Peronist populism was based on a corporatist integration of social and labour rights and ‘universal’ meas-
ures of distribution, neoliberal Peronism is based on more focused strategies of poverty alleviation. As Roberts has consistently argued, through a range of empirical analyses proving the compatibility between neoliberalism and populism in Latin America, neoliberal policy adjustments may facilitate the provision of more selective, targeted material benefits to specific groups, which can be used as building blocks for local clientelist exchanges. Targeted programmes have a more modest fiscal impact than universal measures, but their political logic can be functionally equivalent, as both attempt to exchange material rewards for political support. Moreover,

Besides their lower cost, targeted programs have the advantage of being direct and highly visible, allowing government leaders to claim political credit for material gains. By allowing leaders to personally inaugurate local projects or ‘deliver’ targeted benefits, selective programs are highly compatible with the personalistic leader-mass relationships of populism. As... selective incentives provide more powerful inducements to collective action than do public goods, selective benefits may create stronger clientelist bonds than universal benefits, especially politically obscure ones like permanent price subsidies and exchange controls.29

Not only does this tend to reduce the space for lower-class mobilizations against neoliberalism, but it also helps to create a popular political constituency for electoral success: the PJ orients its extensive informal networks of clientelism and patronage-based relations to maximizing its share of the vote. Although patronage was never absent from traditional populism, material exchanges aimed at vote-maximization strategies were rarely primary. This was mainly because after 1955 Peronism was proscribed from the electoral arena and so was not structured as a party machine but rather as a counter-culture, where traditional punteros maintained close ties of friendship, loyalty and ideology among their neighbours. In contrast, neoliberal Peronism is based on new de-politicized forms of social activism where the ‘clientelistic punteros are more “entrepreneurial” so the patronage organization is being run like a business’.30 For electoral purposes, Kirchner has used the PJ with even more flexibility by building larger electoral coalitions than traditional or Menemist Peronism would have allowed for, bringing Piqueteros, human rights organizations and members of the Radical Party (known as ‘Radicals K’) under the umbrella of the Frente para la Victoria. This party was created for the 2005 parliamentary elections that led Cristina Kirchner, his wife, to the Senate, and will probably take her to the presidency in 2007.
The remarkable new capacity of the PJ to control lower classes from ‘above’ (from the state) may also disprove any naive presumption that the increase of poverty and social inequality ‘undermines’ neoliberal democracy by inevitably producing a popular backlash in favour of progressive alternatives. On the contrary, the Argentinean case highlights the extent to which neoliberalism is both ‘a cause and a consequence of the weakening and fragmentation of the popular collective actors who are essential to any progressive alternative’.  

This form of domination is not, however, cost-free, as it entails a series of disjunctures. First, the exclusionary nature of neoliberalism is at odds with the promises of democracy as encompassed in the famous inaugural speech of the first elected president Raúl Alfonsín (1983–1989), according to which ‘democracy feeds, cures and educates’. Democratic neoliberalism promises social goods at the same time as it dismantles the institutional capacities to deliver them. In addition, the legitimacy of these regimes is built upon ‘successful’ economic results (monetary stability in the case of Menem or sustained rise of GDP in the case of Kirchner), which can be a source of political strength in a context of increasing commodification of citizenship, but also of great vulnerability when these results are not forthcoming (as demonstrated by the collapse of Alfonsín’s government with the hyperinflation crisis and de la Rúa’s with the end of convertibility).

Second, an increasing number of excluded people tend to be more reliant on clientelism and patronage than on ‘free elections’, ‘accountability’, and so on, creating a deep disjunction between formal institutions and everyday strategies of survival. Third, as the Peronists are more effective in using patronage than non-Peronist parties – indeed, this has been recently defined as the ‘new iron law of Argentine politics’ – the stability of the political regime therefore becomes too dependent on the PJ’s capacity and access to state resources for sustaining the informal networks that hold popular classes back. Consequently, when this capacity is reduced either by the fiscal restraints of a long economic recession, such as that which began in 1998, or by the rise of a non-Peronist party to the presidency (as that of the Alianza with de la Rúa between 1999 and 2001), the growing number of unemployed workers (or the ‘losers’ of the system in general) tend to look for alternative channels of action and organization. Indeed, from 1997–1998 onwards Argentina saw a unique explosion of popular forms of mobilization and resistance to neoliberal policies, completely detached from institutional politics, in response to the unfulfilled promises of democracy. This suggests that the limited version of democracy can ‘tame popular sectors’ only partially and temporarily when the ‘hidden’ or popular face of democracy takes
the form of strikes, demonstrations, road blockages, occupations and many other forms of direct expression and demands for equal rights. So it can be argued that democratic neoliberalism in Argentina exists under a basic contradiction. On the one hand the disenchantment with conventional political practice combined with strategies of patronage and clientelism that is constitutive of Argentine democracy has been quite productive for the neoliberal political project aimed at locking-in the power gains of capitalist elites (transnational and local) and locking-out or de-politicizing the forces challenging these gains. On the other hand, and at the same time, it has opened up a new space for the mobilization of opposition by the excluded, new forms of struggle and organization.

This double movement of de-politicization and re-politicization of subaltern classes raises fundamental questions about the nature and scope of the challenges posed by this new form of politics based on a complex (and dialectical) relation between autonomy and dependency vis-à-vis the state. The process of recomposition may also point to some disturbing conclusions for progressive politics: the political reproduction and extension of clientelism through crises. In fact, the new ‘losers’ and unemployed that the Argentine crisis created became more vulnerable and dependent on state emergency programs, and discretionary ways of distributing them, thus extending the range of influence of Peronist clientelism over the excluded.

This is mainly because the process through which the movement of the unemployed – symbolized by the *Piqueteros* – emerged and evolved was contradictory. The heterogeneity and autonomy that were crucial for their successful mobilization in the first place also proved to be a source of political weakness. The movement first emerged in open confrontation with traditional forms of politics, rejecting the involvement of official unions (CGT), political parties and any other political leadership. The *Piqueteros* organizations led the way to a new politics from below that took shape through direct political action (road blocks) and direct and horizontal democratic procedures of decision-making (assemblies), which differed from the traditionally vertical and pyramidal structures of Peronist unions. The terrain of this new politics was no longer the factory but the community. The *Piqueteros* increasingly became the channel for a process of politicization of the communitarian experience in the neighbourhoods (‘the barrio’) promoting new forms of self-organization and self-management. Basically, these organizations turned the *Planes Trabajar* (unemployment subsidies) and other forms of aid into productive undertakings for satisfying social needs, such as cooperative farms and bakeries which provide food for soup-kitchens and
public hospitals, and also some undertakings in public construction such as schools or housing.

On the other hand, the Piqueteros’ preoccupation with organizational autonomy sat uncomfortably with the fact that they were completely dependent on state programs. Even though this aid was a product of continuing struggles, their productive and organizational autonomy ultimately came to depend on the state’s capacity to provide these subsidies. The increasing institutionalization of the Piqueteros movement around the demand for Planes Trabajar, which enabled unemployed workers to mobilize new forms of politicization ‘from below’, at the same time made them intrinsically vulnerable to clientelistic integration and political fragmentation. In fact, the Planes Trabajar were an effective strategy of divide and rule as well as for re-integrating unemployed groups into a dependent relationship with the state, since more and more unemployed organizations concluded that a measure of cooperation with the government was the most effective way to secure some of their interests.34

Even though their fragmentation was not a problem until 2001 – as this was a period of cooperation among the different organizations, especially under de la Rúa’s administration – the massive extension of the coverage of these state programs (from three hundred thousand to two million people) created competition and conflict among the different fractions.35 This partly explains the movement’s recurrent failures at creating a National Assembly of Piqueteros when the political and ideological differences between reformists (FTV and CCC with a unionist tradition), revolutionaries (at least ten factions ranging from Trotskyists to Guevarists to Communist, Nationalists, Socialists and so on) and autonomists (MTDs inspired by the Zapatistas experience) came to the fore, and the conflict among them for the leadership of the movement, disabled the unification of the Piqueteros.

The political fragmentation that characterizes the Piqueteros movement also highlights the complex relation between change and continuity within left politics, as well as the fundamental limits of the new forms of politics from below in challenging democratic neoliberalism. The Piqueteros movement illustrates the conflict between horizontal, anti-institutional forms of organization and vertical ones, as well as the particular struggle between Peronism and any leftist alternative for the leadership of subaltern classes. The case of the Piqueteros raises the key questions regarding the disciplinary effects unemployment may have within neoliberalism, the viability of autonomous strategies, the extent to which the new politics from ‘below’ is a politics of social transformation rather than mere survival (and in that case, how sustainable a mere survival strategy can be without transforming the
power structures that create exclusion in the first place); and, ultimately, whether the ideological and political fragmentation of the working class is a source of empowerment or is, on the contrary, disempowering.

The case of the *Piqueteros* illustrates the political fragmentation of labour (workers and unemployed workers) as a force able to challenge the political unity of capital – i.e. the state. This is not just a theoretical, philosophical or ideological challenge for the ‘left’. It points to a political and material problem, for the left seems unable to compete with Peronism and its privileged access to state resources, which sustain their base of power within the lower classes. Ultimately, this points not only to the political strategies at stake but also to the institutional flexibility of democratic neoliberalism in keeping its own contradictions within manageable limits.

NOTES

1. This is a form of protest called *esraches*, inaugurated by the children of the disappeared who ‘exposed’ their disappeared parent’s repressors by painting and marking their homes, throwing eggs and other things.


14 Kirchner finished second with 22 per cent, but seeing that a second run-off would give Kirchner an overwhelming victory Menem decided to drop out of the race.

15 For instance, in 1993 the PJ won 63 per cent of the votes in Santiago del Estero, after a paradigmatic pueblada took place involving burning the local legislature, the Justice Palace and the governor’s house, in a protest over unpaid salaries and massive layoffs from the public administration; 61 per cent in Tierra del Fuego, after a worker was killed in a massive demonstration against the government; and 47 per cent in Jujuy, after several protests and popular upheavals.

16 An incipient attempt at re-nationalizing a few public services, such as Aguas Argentinas (water) and Correos Argentinos (General Post Office), has however not yet amounted to a systematic and structural reversal of the privatization process of the 1990s.


18 Dinerstein, ‘The Battle of Buenos Aires’.


23 As paradigmatically stated by Francis Fukuyama, neoliberal prophets claimed that this limited form of democracy constituted the ‘end point of mankind’s ideological evolution and the final form of human government’. The End of History and the Last Man, New York: Free Press, 1991, p. xi.


This notion of democratic neoliberalism is a partial adaptation of the notion of ‘democratic capitalism’ recently put forward by A. Borón, ‘The Truth about Capitalist Democracy’, *Socialist Register* 2006.


J. Saul, ‘Globalism, Socialism and Democracy’.
