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MIDDLE CLASS IN LATIN AMERICA

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Pact of Consumption –
Kirchnerism and the Argentinian Middle Class

Abstract The debate about an adequate characterisation of the pink tide governments in Latin America has gained new momentum since the so-called progressive cycle seems to have come to an end. One of the most recent debates is inspired by the term pacto de consumo (pact of consumption). The main argument here is that the progressive governments have been able to raise the level of consumption of the popular classes and the (lower) middle classes. This article examines the hypothesis of a pact of consumption in the case of the Argentinian middle class and the Kirchnerist governments. The article argues, firstly, for a historic-relational concept of class, linking it through the regulationist term of mode of consumption to an intermediate level. Based on this notion of class, the article, secondly, explores the government’s strategies regarding expanding the consumption capacities of the middle class. Thirdly, it takes up the example of energy subsidies to show how the pact of consumption fostered by Kirchnerism should rather be understood as a reciprocal process of hegemonic integration than a unidirectional strategy from above.

Keywords middle class, Kirchnerism, pact of consumption, progressive cycle, Latin America
1. Introduction

“I believe in true capitalism, I believe true capitalism creates more profitability with more consumption, [...] with more production, more investment, more employment because the more employees exist the more salary will be in the street and people will have more money to buy more things.”
Cristina Fernández, campaign launch Mirar para Cuidar (Watch to Care), 29.5.2013

Since 2015 the political tide has turned in Latin America. Signs are pointing to the end of the so-called progressive governments. Not surprisingly, the debate on how to characterise the past one and a half decades has gained new momentum (e.g. Brand 2016; Gago/Sztulwark 2016; Modonesi 2015; Webber 2017).

The last two decades have seen different strands of debate regarding the character of these governments. Immediately after they had come to power, a discussion emerged along the terms of the concept of postneoliberalism (Brand/Sekler 2009; Macdonald/Ruckert 2009; Yates/Baker 2014), scrutinising the ruptures (Grugel/Riggirozzi 2012; Sader 2009; 2011), and continuities (Webber 2015a; 2015b) with neoliberalism. Another debate put terms such as ‘progressive governments’, ‘centre-left governments’ or ‘pink tide’ up for discussion, urging further specification and classification of the implemented policies (e.g. Castagno 2015; Barrett/Chavez/Rodríguez-Garavito 2008; Philip/Panizza 2011; Webber/Carr 2012). The question of the material foundation of (welfare) policies by the progressive governments and new eco-territorial struggles were the central tenets of a third debate, which originated from the concept of neo-extractivism (Svampa 2012; Brand/Dietz 2014; Gudynas 2009; crit. Jäger et al. 2014). There is a general agreement on the huge difference between the respective countries and developments. These debates, however, have established as a research field the transformation processes in Latin American during the last decades.

In the wake of the above, a fourth debate most recently emerged, which is inspired by the concept of “pact of consumption” (pacto de consumo). The main argument here is that the progressive governments have been able to raise the level of consumption of the popular classes and
the (lower) middle classes by creating employment and elevating wages – this is why Thwaites Rey/Ouviña 2016 speak of a “consenso de empleo y consumo” (consent of employment and consumption) – as well as Conditional Cash Transfer Programmes. The hypothesis of the pact of consumption is based on a hegemony-theoretical approach which poses the question of how the progressive governments were able to gain support and ensure their domination on a material level. While the concept ‘pact of consumption’ was recently coined, discussions of the role of consumption for societal integration became especially important under neoliberal hegemony during the 1990s (see part 3). Therefore, the term allows us to give some insights into the question of ruptures and continuities between the progressive government and neoliberalism. While most of the debate in recent years has focused on the material integration of the popular classes by, for example, social programmes, less attention has been paid to the relationship between the progressive governments and the Latin American middle class (an exception is e.g. Piva 2015).

The following article examines the pact of consumption for the case of the Argentinian middle class and the Kirchnerist period. Kirchnerism comprises the three presidential terms of Néstor Kirchner and Cristina Fernández de Kirchner between 2003 and 2015. In the first part I lay out the theoretical foundation for a historico-relational concept of class, linking it through the regulationist term of mode of consumption to an intermediate level. The second part explores the government’s strategies regarding expanding the consumption capacities of the middle class. In the third part I take up the example of energy subsidies to show how the pact of consumption fostered by Kirchnerism should rather be understood as a reciprocal process of hegemonic integration than an unidirectional strategy from above.

2. The middle class: mode of consumption and hegemony

Most recently, the World Bank proclaimed that Latin America has finally become a middle class region. From this perspective the expansion of consumption capacities during the last one and a half decades created a new middle class. Respective development studies very often use income-
based definitions to delineate the middle class (Birdsall 2012; Ferreira et al. 2013). However, as Adamovsky (2013) has pointed out, these demarcating lines are rather arbitrary. For instance, why should 10 US$ and not 15 US$ per day be established as the boundary for the middle class? From a global perspective and due to quite heterogeneous and diverging work relations across countries, we are also confronted with severe problems of definition if specific positions in the relations of production are used to define class (Wright 1997).

Being highly sceptical about predominantly structural definitions – regardless of whether they are based on Weberian income or neo-Marxist structural-positional approaches – the perspective put forward in this article proposes a historical-relational concept of class (e.g. Thompson 2002; Meiksins Wood 2000). Here, class is conceptualised not only as a structural position, but primarily as a social relation, and this therefore allows us to move beyond the impasse of structural definitions (Wood 2000: 90ff). This approach goes in line with the latest contributions to the debate on the Argentinian middle class. Adamovsky (2012) argues that the Argentinian middle class constitutes, above all, a political identity. More generally, these authors put forward a constructivist-procedural concept of class which understands the middle class as an identity and a form of distinction which has to be constituted and permanently reaffirmed through everyday practices (Visakovsky 2008). While this perspective helps us to examine the processes of the making and unmaking of class, recent works in this context tend to privilege the dimension of identities, while neglecting their material foundation and the intermediate level of societal developments. The regulationist concept of ‘mode of consumption’ proves helpful to counter these tendencies.

In his *A theory of capitalist accumulation*, Michel Aglietta (2000) develops the concept of “mode of consumption”. He argues that a specific mode of consumption was necessary for the Fordist mode of accumulation, which was based on the expansion of mass consumption by the working class (Aglietta 2000: 157). Therefore, he links his economic analysis of the mode of accumulation and the reproduction of labour to social practices and norms, understanding the mode of consumption not as something external, but as an integral part of the expanded reproduction of capital. Yet, Aglietta departed from the logic of the mode of accumulation and
the necessities of capital, and stressed the supply side of consumption. However, consumption also fulfils a legitimising role (Piva 2016); indeed from a Gramscian perspective, (increased) consumption capacities represent a form of material integration of the dominated classes.

While this Gramscian perspective is utilised in this paper, hegemony should not be conceiving as unidirectional, that is as a governmental logic imposed from above, but rather to be understood as a reciprocal process between unequal sides in which the subaltern classes affirm, reshape or even resist the attempts of the dominant classes to impose hegemony (Balsa 2006; 2010). As I have argued elsewhere (Boos 2015), this perspective seems very productive, as it attributes “greater weight to the micro-level of everyday practice and everyday knowledge” (Brand/Wissen 2012: 549), while linking them to an intermediate level, on which the concept of mode of consumption is located. Therefore, government policies and forms of regulation should better be conceived as corridors of possibilities, which are used and shaped by subjects through their everyday practices. As a result, we are confronted with a permanent interplay between these everyday practices and governmental actions.

Against this background, this paper examines the material foundation of the ‘pact of consumption’ between Kirchnerism and the Argentinian middle class. Its focus is not a pre-constituted collective actor, but rather the social-structural terrain where class identities are constituted. Therefore, the hypothesis of the ‘pact of consumption’ is rather to be understood as the material terrain on which the dispute/struggle of political identities (of the Argentinian middle class) takes place. This article aims to empirically lay out important material features of this terrain. Considering the theoretical reflections above, the three dimensions of governmental strategies, subjectivities (and how they are interpellated) and everyday practices seem crucial to me. However, due to space limitations, this article particularly focuses on the first two dimensions. As a more anthropological approach is beyond the scope of this paper, the interplay between the three dimensions is exemplified in the case of energy subsidies.
3. Government strategies

To grasp the historical dimension regarding the consumption of the middle class, a short retrospective view on the 1990s is necessary. During this time, neoliberal policies pushed social fragmentation and individualisation through the destruction of social security networks. Exchange rate parity concomitantly opened up consumption possibilities for a particular part of the Argentinian population. Social polarisation was the outcome of these processes, creating the ‘winners’ and ‘losers’ as a result of the neoliberal restructuring (Kessler/Virgilio 2010). Numerous anthropological studies have impressively shown how the shrinking middle class desperately tried to maintain a certain mode of consumption in order to display and affirm their belonging to the Argentinian middle class (Visacovksy 2012). Consumption, therefore, played a crucial role in that context, as the possibility of maintaining a specific mode of consumption became key to representing social belonging. Maristella Svampa (2010: 82-88) described for this kind of societal integration during the 1990s the figure of the “ciudadano consumidor” (citizen-consumer). The citizen becomes primarily seen as a consumer whose societal integration does not predominantly occur by virtue of rights but by means of individual consumption possibilities.

Kirchnerism continued this kind of societal integration by consumption which was predominant during the 1990s, although the government supplemented it by a rights perspective. As Néstor Kirchner paradigmatically outlined in his inauguration speech in 2003: “The internal consumption will be at the centre of our strategy of expansion. Precisely to comply with this idea of the permanent expansion of consumption, the purchasing power of our population should grow progressively as a result of wages, the number of working people, and amount of worked hours.” (PNA 2003 auth. transl.) Ten years later, Cristina Fernández de Kirchner reviewed the Kirchnerist development strategy in her famous speech about the “decada ganada” (won decade), in which she argued that the higher incomes of the people had enabled them to consume more and obtain access to more “goods and services, which every democratic society should offer its citizens” (PNA 2013a).
3.1 Macroeconomic developments

Appendix 1 shows GDP, as well as private and public consumption for the period of 2002-2015. After the economic collapse, GDP grew constantly until 2007 from 2003 onwards (max. 2005 at 9.3 per cent). Due to the global economic crisis, growth slowed down and stagnated in 2009. In 2010 and 2011 the economy picked up again but afterwards the global crisis resonated in the Argentinian economy and its intrinsic problems became apparent from 2012 onwards. The revised figures by the government of Mauricio Macri\(^1\) basically confirm these overall developments during the entire period, while questioning the exact amount of growth (48.6 per cent INDEC-new; 66 per cent INDEC-old). They also indicate some years of negative growth. 2009 is iconic in that regard: in addition to the huge difference between 0.1 per cent compared to -5.9 per cent, the assertion that the economy only stagnated in the global crisis was propagated by Kirchnerism to demonstrate how Argentina did comparatively well. It was one of the decisive factors for the reelection of Cristina Fernández de Kirchner in 2011, and one of the key motivations for the Argentinian middle class to opt for stability during the turmoil of the global crisis (Grüner 2011). The new figures debunk this narrative and sketch, furthermore, a picture of great instability from 2012 onwards. Regarding the composition of overall demand, private demand was strongest during the first term and slowly started to decline during the second. By contrast, public demand continually grew while the second term sticks out due to the countercyclical policies of the government trying to combat the global economic crisis (CIFRA 2015).

We can use the development of purchasing power to analyse more precisely the consumption capacities of wage earners. In general, real wages grew under Kirchnerism (figures by Ministry of Labour, Employment and Social Security – for more details see endnote 1). The minimum wage (determined by the national government) grew from 2003 onwards. However, soaring inflation started to surpass nominal wages during the first term of Cristina Fernández de Kirchner and, therefore, reduced the real minimum wage. Before high inflation rates became the norm, real minimum wage had grown about 133 per cent between 2003 and 2011. From 2012 onwards, achievements were gradually lost. Nonetheless, over the whole period of 2003 to 2015, real minimum wage saw an increment of about 103 per cent.
More generally, employees of the private sector registered a clear increase in their real wages (average workers wage registered in the private sector). Here, expansion slowed down in 2013 and decreased from 2014 onwards. Gains from the years before were also gradually forfeited. However, as in the case of the minimum wage, the era of Kirchnerism witnessed an improvement of 58 per cent of the average real wage in the private sector.

These tendencies are also confirmed by the share of wages in incomes, which increased until 2009 before slightly decreasing afterwards. The attenuated dynamic from 2009 onwards is explained by the resistance of capital to further redistributions. This ‘veto’ was possible through the high concentration of capital and an increasing share of foreign capital (CIFRA 2015: 21f). Paradigmatic here is the so-called conflict con el campo (conflict with the countryside) in 2008 which represented a watershed for the kirchnerist project (see Arceo/Basualdo/Arceo 2009; Bonnet 2010; Giarracca/Palmisano 2012).

Further class-specific insights regarding the development of consumption capacities can be drawn from sales figures of supermarkets and shopping centres. Comparison between these two is instructive, as the former cover daily goods supply, while Argentinian shopping centres are mostly frequented by the upper and middle class. Supermarket sales continuously increased most of the time. The slowdown towards the end of Kirchnerism indicates decreasing purchasing power, as the Kirchnerist model reached its limits and was not able to resolve its inherent structural problems. Sale figures for shopping centres present a different picture. High growth rates after the crisis are striking, which suggests that upper and middle class Argentinians profited significantly and rapidly from the post-2003 recovery. The most interesting years, however, are 2010 and 2011, when consumption grew again. These years are often described as part of the most politically productive period of Kirchnerism. Kirchnerism succeeded in gaining political initiative again by integrating parts of the urban middle class into its political project, which, as was stated above, was reflected in the electoral results of 2011. However, fundamental problems became ever more apparent from 2012 onwards, and political polarisation between Kirchnerist supporters and anti-Kirchnerist elements of the middle class intensified. 2012 is also the year in which the government started to regulate US-dollar acquisition and a train accident in the station
Once revealed governmental corruption. November of the same year saw the first big mobilisations against the government since the agrarian conflict in 2008 (Gold 2015).

Summing up, the Argentinian economy grew considerably between 2003 and 2015. These developments were accompanied by an expansion of consumption capacities. This is especially true for the first term of Kirchnerism in office when we see a veritable “boom de consumo” (boom of consumption) which enabled the ‘losers’ from the years before to recover their level of consumption (Wortman 2010: 147ff). During these first years inflation was also comparatively low, so that the gains in wages translated into purchasing power. However, this expansion did not prevail throughout the whole period of Kirchnerism. Dynamics slowed down or previously gained achievements were partly lost again, especially during the third term of Kirchnerism. Nonetheless, these setbacks were not able to reverse the positive balance for the entire period.

3.2 Programmes of consumption stimulation

Private demand, in particular, stagnated during Kirchnerism’s third term in office. In its attempt to counter deteriorating consumption capacities caused by declining real wages, the government reinforced its policies of more active and ad-hoc interventions by particularly promoting private indebteding. The indebteding of private households represents the other pillar of expanded consumption capacities of the Argentinian middle class under Kirchnerism. Relative private debt of formal employees in the private and public sector grew from 1.8 up to 2.3 salaries between 2003 and 2013, that is, about 32 per cent (NOAnomics 2014). This reinforcement during the last years of Kirchnerism is also closely related to changes in the administration, namely in the Ministry of Economy and the rise of the circle of Axel Kicillof.

The government tried to counter the crisis and stagnant private demand by programmes such as Ahora12, Renovate or SUBEneficio, which started in 2014. The Programa de Fomento al Consumo y a la Producción de Bienes y Servicios – Ahora12 (Programme for promotion of consumption and production of goods and services – Now12) is the most illustrative one. This credit programme facilitated the purchasing of national products of 14 different product groups such as, for example, white goods and clothing.
Purchasing was possible in registered shops which committed themselves to allow payment in 12 instalments by credit card without extra costs. The programme was originally scheduled to run until 1 March 2015; however, it was later prolonged until the end of the Fernández presidential term (Res. Nº 16/2015).

The success story that the government relates about the programme has to be seen in the light of the elections in 2015. Nonetheless, the existing numbers demonstrate the impact of the programme. On 11 September 2015, Augusto Costa, at that time Secretary of Domestic Trade, called the programme a total success, producing sales of about 28.658 million ARG$, with 15,091,766 transactions and 187,737 shops participating in the programme (TVP11/9/15). The latest numbers date back to November 2015, when the director of the programme, Débora Giorgi, spoke of 19,686,180 transactions with a value of 38.909 million ARG$ (télam 21/11/15). For comparison: the absolute private demand in 2015 was 520.970 million ARG$. Unfortunately, more detailed numbers are not available. However, the programme’s success can also be derived from the stance taken by the government of Mauricio Macri: when the new government assumed office it announced the continuation of the programme until 31 March 2016. Afterwards, it was prolonged again and even extended, incorporating more product lines. The tying of the programme to credit card payment is important as it has class-specific implications. It limits access to credit card holders, namely the Argentinian upper and middle class (for some very interesting insights into the informal credit market for the popular classes see Figueiro 2013).

Linked to Ahora12, another programme, RENOVATE (Programa de Fomento a la Producción y Comercialización de Aparatos Eléctricos de Uso Doméstico Eficientes Energéticamente), was implemented. The programme was an incentive to renew old household appliances. The government subsidised the purchasing of new devices, paying for old but still functioning fridges (750 ARG$) and washing machines (550 ARG$). Buying was possible within the Ahora12 financing framework (Res. 48/15 Secretaría de Energía). Interestingly, the program was framed by the government on the discursive level within an environmental and climate protectionist framework. The passed resolution argues for a more efficient energy use by end consumers and the programme’s website paradigmati-
cally proclaimed “the climate, you do it” (elclimalohacesvos.gob.ar). This environmentalist framing is completely at odds with the energy subsidy policies of the government that I will discuss later. While the programme pointed to the severe energy supply problems at this time (section below), it seemed especially motivated by the intent to push consumption and as a response to the stagnant sells of white goods in 2014. In this year sales shrank by more than 20 per cent, after growing in the years before. This is also indicated by a drop in the number of people employed in this sector. In 2015, sales numbers increased again (INDEC).

While endorsing societal integration by consumption, Kirchnerism supplemented this identity with a rights perspective. Most emblematic in this regard was the programme Precisos Cuidados (Guarded/Cared Prices Program) together with its respective Mirar para Cuidar (Watch to Care) campaign. At the beginning of 2013 and due to ever growing inflation-rates, the Secretary for Domestic Trade, at this point still directed by Guillermo Moreno, agreed with the major supermarket-chains in Argentina on provisional price ceilings for daily goods. After its repeated prolongation it was finally conceived as an all year programme for 2014 as well as for 2015 under the name Precios Cuidados.

Precios Cuidados serves as well as a good example of how government’s interpellation interacted with the subjectivities of Kirchnerist militants. The programme coincides with a drastic shift in the discursive strategy of the government from 2013 onwards. Diaz Rosaenz (2017) shows in her analysis of all presidential speeches under Kirchnerism that whereas consumption was merely present until 2013, since then the topic has regularly appeared in presidential speeches. But even more importantly, Cristiana Fernández de Kirchner started to link, in her speeches, consumption to questions of social participation. While the economic role of consumption was stressed before 2013, the government started to interpellate consumer’s subjectivities from then on, frequently making references to the inclusive role of consumption and, for example, the importance and social responsibility of organisations for consumer protection.

Consequently, the programme was combined with the political campaign Mirar para Cuidar. The campaign itself, however, was principally carried out by political organisations close to the government. It consisted in controlling, together with municipal inspectors, fixed prizes
in supermarkets. Fernández’s speech at the beginning of the campaign is exemplary of this kind of hegemonic integration (of militants) into the model of “citizenship through consumption” (Gago 2015: 19). In her speech, she called for the need for the defending and protecting of the achievements gained under Kirchnerism by the whole “organised society”: “Because there are no less important things here, everything forms part of the everyday life of the people, from culture up to this new culture we want to implement with this campaign Mirar para Cuidar. Watch the prizes - for what? To guard the wallet. […] What is needed are three fundamental things: firstly, solidarity to do something for the other […]; secondly, willingness and thirdly someone who organises and controls so that everything goes well.” (PNA 2013b auth. transl.)

From this perspective, controlling prices becomes an act of solidarity towards other citizens whilst to “guard the wallet” is elevated to an act of defending the rights of citizens. Thus, in general it can be argued that, on the one hand, direct governmental strategies stimulated private consumption through incentive programs. Consumption was especially encouraged in the area of (durable and nondurable) consumer goods, based on the private indebtedness of the consumer. Or as the Minister of Economy Kicillof stated when he announced the programmes: “Instead of subsidising the supply, now we will subsidise the demand” (Infobae 26/3/2015 auth. transl.). This happened alongside the gains in real wages through private indebted.

On the other hand, the Kirchnerist government actively intervened by simultaneously using consumer protection programmes and its discursive appreciation of consumer organisations. Here, paradigmatically, the government’s discourse on rights intertwined with its stance towards the importance of consumption possibilities. This was also an important device used by the government to appeal to consumer subjectivities. The “comprador-militante” (militant buyer Natanson 2016) mobilised during the campaign of Precios Cuidados is a paradigmatic example. Furthermore, Precios Cuidados is a good example of the ad-hoc type of policies during this stage. The attempt was to counterbalance deficits and the lack of long-term planning with a kind of “politicising substitute”.

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Tobias Boos
4. Subsidy policies in the energy sector

As mentioned above, the energy sector is a good example with which to display reciprocal effects between government policies and everyday practices. Energy subsidies were a crucial component of the Kirchnerist economic policies.

Energy subsidies go back to the government of Eduardo Duhalde (2002-2003). On 6 January 2002, during the crisis, he passed the Economic Emergency Law 25,561, which fixed prices for public services, including gas and electricity prices. Initially foreseen to ease social emergency and as a temporary answer to political crisis, Kirchnerism held on to this regulations during the whole time in office.

Due to the economic recovery, business and industrial but especially private households' energy consumption rose again. Electricity consumption grew about 50 per cent between 2003 and 2013 (Goldstein et al. 2016: 39). However, this increase was not accompanied by a corresponding expansion of production capacities and investment. Despite the higher costs of production, prices for final consumers were maintained at the same level. For the period in consideration, production costs rose nine-fold, while prices remained more or less the same. In 2013, prices for final consumers were one twelfth of those for large-scale consumers (Goldstein et al. 2016: 47).

This growing difference between production costs and consumer prices had to be covered by subsidies, which naturally grew dramatically during these years. In the period of 2003-2014, the share of energy subsidies in government spending rose from 0.8 per cent to 18.8 per cent. The share of these subsidies of GDP developed from 0.08 per cent in 2003 to 2.59 per cent in 2013 (table 1). Initially a problem of the energy sector, the energy deficit developed into a problem for the entire economy (Goldstein et al. 2016: 35). From 2011 onwards, Argentina became an energy importer whose energy deficit drained foreign exchange reserves of the Central Bank. The restrictions on the acquisition of dollars, which were a central issue of the increasingly tense relationship between Kirchnerism and some parts of the middle class, have to be interpreted in this context.
Table 1: Public spending, per cent of GDP

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<td>III. Public spending on economic services</td>
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<td>III.1. Primary Production</td>
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Table 1: Public spending, per cent of GDP

As mentioned above, the interplay between governmental policies and everyday practices becomes apparent in the energy sector. In all of Latin America, Argentina (together with Venezuela) has the highest energy per capita rate of electricity consumption (World Development Indicators 2016). The steep increase in energy consumption after 2003 was, on the one hand, due to the recovery of the economy. However, a massive part of it was caused by private consumption, which took forms “beyond a rational usage of energy and certain wasting practices” (Kulfas 2016: 200 auth. transl.) Similar developments can be observed in areas such as car retail sales and holiday trips by plane (Boos 2017; del Cueto/Luzzi 2016). These practices of consumption of the Argentinian middle class sharply increased during the period of Kirchnerism. Table 2 shows how the share of private household demand increased significantly. Between 2003 and 2015, energy demand rose by 63 per cent with residential demand being the strongest driving force with an increment of 76 per cent between 2005-2015. A good example of everyday practices in this manner is given by Kulfas (2016: 210). For instance, 3.2 million air-conditioners were installed in Argentinian households in the period 2010-2013. These account for about half (!) of the
increase in energy demand in this period. During the summer of 2013/14 the energy shortage led to several outages. This was also the moment when the urban middle class mobilised again for the first time since 2012 using the protest form of cacerolazo (Gold 2015) in demand for better services. Since the crisis years of 2001-03 the cacerolazo (banging of pots and pans in the streets) has become a form of protest strongly linked to the identity of the Argentinian middle class, which they use to express their demands.

These energy subsidies of the Kirchnerist governments, however, were far from class neutral. Final consumers from the interior of the country paid much higher prices. For instance, prices in Córdoba and Santa Fe were 10 times (!) higher than in Gran Buenos Aires.\(^9\) The greater area of Buenos Aires, where the majority of Argentinians live, benefited mostly (Goldstein et al. 2016: 43).\(^10\) The high level of private consumption, combined with the lack of appropriate production capacities, led to a growing amount of power outages, which found their greatest expression during the summer of 2013/14. Regularly occurring outages, caused by a heatwave, brought the urban middle class in Buenos Aires onto the streets, protesting against the Kirchnerist government.

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5. Conclusions

I examined in this article, for the case of Kirchnerism and the Argentinian middle class, what in recent debates on the progressive governments in Latin America is called the pact of consumption. In general, consumption capacities grew through the increase of real wages and through private indebteding after 2003. However, during the second term of Kirchnerism but especially the third term material gains were slightly lost. The government tried to counter these developments through stimulation programmes which aimed to incentivise private consumption. Kirchnerism’s policies built on and reaffirmed discourses and existent consumer identities, which were forged in the 1990, where societal integration was granted through individual
consumption capacities. However, this was complemented by a consumer rights perspective. As argued above, the pact of consumption, but also more generally hegemony, should not be conceived as imposed only from above. While further research regarding the interplay between governmental policies and the micro level of everyday practices of the middle class is necessary, I have tried to show how these two combine in the case of energy subsidies provided by the government and the usage behaviour of consumers.

Some have argued that under Kirchnerism “consumption as the form of guaranteeing social inclusion” has persisted (Gago 2015: 20). While this is true, it was also supplemented by consumer rights at the same time, which should not be underestimated. Therefore, while “citizenship through consumption“(Gago 2015: 19) has remained an important mecha-
nism of societal inclusion, perhaps it would also be appropriate to speak about citizenship through the right to consumption.

Since the government of Macri assumed power in December 2015, a lot of the material gains have further declined. Inflation rates have remained high, real wages have decreased, and energy subsidy cuts have caused exorbitant rises in costs for end consumers. Confronted with protests, the government was forced to limit increases to 400 per cent (LN 11/07/2016). At the same time, inequality and wealth concentration started to grow again. The perspective of the current government was perhaps most polemically expressed by the economist Javier González Fraga in 2016 (later on appointed President of the National Bank of Argentina by President Macri). He blustered: “You made an average employee believe that his average salary served to buy cellular phones, plasma TVs, autos, motorbikes and to travel abroad. That was an illusion. That was not normal.” (LN 27/05/16 auth. transl.) Although criticism is becoming more and more voiced by the middle class, support for the government remains high, despite the economic decline which continues today. The Macri government proves very capable of ‘speaking’ to subjectivities related to certain consumerist, individualistic and apparently meritocratic imaginaries. This again points to the importance of further research, especially regarding the dimensions of subjectivities and everyday practices.

Acknowledgement

I wish to thank Adrián Piva for his help with the very early idea which led to this article. Many thanks also to the participants of the V Seminario-Taller 2017 Investigación sobre clases medias-CIS/IDES-CONICET and my colleagues in the International Politics Area at the department for their useful and supportive comments on earlier versions of this article, as well as two anonymous reviewers. Editing of this article was financially supported by the Faculty of Social Science at the University of Vienna.

1 In 2007, the kirchnerist government intervened in The National Institute of Statistics and Censuses (INDEC), replacing officials and changing methodologies. The resulting flaws were especially notable with respect to inflation rates. Numerous agencies and organisations started to publish their own index of inflation after 2007. Only at the end of the second term of Cristina Fernandez did official statistics start to converge with private estimations again.
With the change of government in 2015 the direction of the INDEC was changed and a “statistical state of emergence” was imposed. At the moment, existing numbers are being reviewed and new methodologies have been implemented. From a technical standpoint, the political orientation seems to have less direct impact on the published figures as in the years before. For that reason the index ICP-9 (CIFRA) is used for deflation from 2007 onwards. For the diverging figures between the old and new numbers published by the INDEC, see Appendix 1.

Population in market studies is often categorised based on their income into “classes” A, B, C₁, C₂, C₃, D, and E (Mora y Arauja 2002). In Argentina, the segment A, B, C₁ in particular frequent shopping malls. Even though the concept of class used here strongly differs from that conception, we can draw on this classification scheme to get an idea of which places are frequented for consumption by which parts of the population.

Private debt remained more or less at the same level during the third term. However, this does not indicate a retreat from the strategy of indebting but should rather be interpreted as a sign of continuation considering the decline of real wages and the unfavourable international scenario.

Kicillof had made his mark in the re-nationallization of YPF in 2012. In November 2013, he became Minister of Economy.

More precisely: white goods, clothes, footwear and leather goods, construction material, furniture, motorcycles, tourism, mattresses, books, glasses, school material, 4G mobile phones, and toys.

The access to more detailed figures is further obstructed by the change of government. Even representatives of the current Subsecretaria de Comercion Interno were unable to provide more detailed numbers. However, one official stated that “the program is broadly accepted” as an effective instrument to stimulate consumption of national products (Interview conducted 29.07.2016).

In response to the rising energy demand, the government intensified the strategy of energy production by means of thermoelectricity, which had been started in the 1990s (72 per cent of new production capacities between 2003 and 2013). As a consequence, dependency on gas grew while, at the same time, Argentinian gas production went down (about 20 per cent between 2004 and 2013), so that the government had to rely on gas imports (Goldstein et al. 2016: 34-42).

The re-nationalisation of parts of YPF in 2012 can be interpreted as a response to this problem. However, it was carried out at a point when the energy deficit had already transformed into a problem for the entire economy.

Regional differences are due to distinct distribution companies. For more details regarding different regions and consumption, see ASAP 2015: 52-70.

Obviously, poorer parts of the population living in the Conurbano Buenos Aires also benefited from the subsidies, albeit not at the same level. On the one hand, taxes and subsidies independent from income generally favour higher incomes. On the other hand, some parts of the poorer population do not have a regular connection to electricity and gas services. Therefore, they have to buy gas cylinders which had been subsidised at a lower level.
References


CIFRA/CTA (2015): Documento de trabajo no 14 la naturaleza política y la trayectoria económica de los gobiernos kirchneristas.


### Appendix

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Tabel 3: Argentinian GDP, Overall Demand, Inflation rate 2001-2015

Source: National The National Institute of Statistics and Censuses (INDEC); CIFRA

*INDEC-NEU, **from 2007 IPC-9 CIFRA; for further explanation see endnote 1.
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2009
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2010
0.231
2011
0.234
2012
0.237
2013
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2014
0.387
2015* 0.285

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