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FEATURED Q&A

What Does Néstor Kirchner's Death Mean for Argentina?

Q Argentina's political landscape was thrust into uncertainty upon the unexpected death Oct. 27 of former President Néstor Kirchner, the husband of current president Cristina Fernández de Kirchner and a likely candidate for the presidency in 2011. What effects will his death have on the political dynamic leading up to the presidential elections? Are any substantive changes to economic and international policy likely to happen as a result? What political challenges will the Fernández administration face in the upcoming year?

ship, though it is too early to say whether she will be a candidate in next year's election and if she could win. One year is a very long time and we are still affected by the impact of Néstor's death and the natural sympathy that many people feel for Cristina. The new era of Cristina's administration starts with good macroeconomic fundamentals and with an extremely favorable external environment. We do not expect any major changes in macro or in sector policies. The hope is that Argentina will improve the relationship with the

Continued on page 3

A Miguel Kiguel, executive director of EconViews in Buenos Aires: "The sudden death of Néstor Kirchner creates a new scenario for next year's presidential elections and opens difficult questions about whether and how Cristina's government will tackle the main economic issues during the next 12 months. Before Néstor's death, the consensus was that there were three main political groups, each of them with the potential to hold roughly one third of the popular vote: the Kirchners, the dissident Peronists, and the pan-Radical coalition. None of the candidates was expected to win in the first round in that scenario, and the opposition had a good chance to win in the second round. It now seems that this balance does not hold any more. Cristina is gaining political momentum and her positive image is on the rise. She seems ready to take the leader-



Death Toll in Haiti Cholera Epidemic Reaches 800

Haiti's cholera epidemic has killed 800 people, a health expert in the impoverished country said Thursday. Among the sufferers are two sisters pictured in Dessalines Hospital in Haiti's Artibonite Department. See story on page 2.

Photo: UNICEF.

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NEWS BRIEFS

Brazil's Vice President Suffers Heart Attack

José Alencar, the vice president of Brazil, had a heart attack Thursday evening but is in stable condition, the Associated Press reported. While President Luiz Inácio Lula da Silva is attending the G-20 summit in North Korea, Alencar is technically the head of state. A spokeswoman from the president's office said that Alencar, who has been fighting abdominal cancer since 1997, is conscious and remains the acting president. Officials at Sirio Libanes hospital in São Paulo said Alencar was resting in the hospital's intensive care unit.

Strike at Chile's Collahuasi Copper Mine Enters Eighth Day

Union workers have been striking since Nov. 5 over a pay dispute at Chile's third-largest copper mine, which is owned by **Xstrata**, **Anglo American** and a group led by **Mitsui & Co.**, but officials say the company is still fulfilling its supply contracts, Bloomberg News reported. The strike at Collahuasi, which extracts 3.5 percent of the world's mined copper, pushed the price of copper to a record high on Thursday before falling on Friday.

Brazil's Cyrela Reports 33 Percent Drop in Profit for Third Quarter

Profits at Brazilian homebuilder **Cyrela** declined 33 percent in the year's third quarter, missing analysts forecasts, as home sale revenue declined more than anticipated and expenses climbed, Reuters reported Thursday. The company, based in São Paulo, reported a profit of 176 million reais (\$102 million), as compared to 264 million reais a year earlier. The company's payroll expenses increased 36 percent and operating expenses climbed 91 percent.

Political News

Death Toll From Haiti Cholera Epidemic Reaches 800

The death toll from the cholera outbreak that began last month in Haiti has reached 800, according to a U.S. medical expert working in the impoverished Caribbean country, Reuters reported. "As of November 8, we had about 640 deaths. Today we are at 800," Ezra Barzilay, an epidemiologist with the U.S. Centers for Disease Control and Prevention, said in a conference call from Haiti to people attending a medical conference in Biloxi, Miss. "The situation here is more dire every day. Haitians are in line [for treatment]. Hospital beds are gone. Hospitals are completely overrun." The Haitian health ministry said Thursday that through Tuesday, the country had 724 confirmed deaths from the disease, including 10 deaths in Port-au-Prince. Since the epidemic started, health officials have feared the disease could tear through the Haitian capital, where more than a million survivors of the country's devastating Jan. 12 earthquake remain living in crowded camps. Meantime, the U.S. State Department said Thursday that the first installment of reconstruction money pledged after the earthquake will soon be on its way to Haiti, the Associated Press reported. Within the next few days, the United States will send \$120 million, approximately a tenth of the amount



Crowley

File Photo: U.S. State Department.

Washington has pledged, to the World Bank's Haiti Reconstruction Fund, said State Department spokesman P.J. Crowley. "Having completed the process as outlined in the appropriation, we are now moving aggressively to commit that money to Haiti's reconstruction," said Crowley. Money being transferred will pay for removal of rubble, housing, a credit guarantee fund, assistance to a Inter-American Development Bank education reform initiative and budgetary

support for Haiti's government, according to a State Department aide. The money from the United States will almost double the size of the reconstruction fund. Eight countries have donated \$135 million to the fund. At the U.N. donors' conference in March, U.S. Secretary of State Hillary Clinton pledged \$1.15 billion. Disbursement has been held up by several congressional delays.

Company News

Telefónica: Latin America Gains Helped Fuel Doubling of Q3 Profit

Spain-based **Telefónica** said Thursday its profit more than doubled in the third quarter this year, due largely to revenue gains in Latin America and a higher valuation of its stake in Brazilian mobile phone operator **Vivo**. Overall, profits were up 65.6 percent to 8.83 billion euros (\$12.1 billion) at the end of September. Latin America, with revenue growth of

Latin America now accounts for 42 percent of Telefónica's total revenues.

10.7 percent in the first nine months of the year, now accounts for 42 percent of Telefónica's total revenues. The company had net additions of 10.6 million "accesses" in Latin America in the first nine months of the year, with an increase of 3.1 million accesses in the third quarter. At the end of September, Telefónica managed 179.2 million accesses in Latin America, up 9.4 percent year-on-year. The company said it sees further upside potential in Latin America for bundling its services together to consumers. "Bundles of voice, broadband and television services remains key to group strategy and churn control," Telefónica said in a statement. In Spain, 90 percent of retail fixed broadband accesses are bundled as part of either a dual or triple service package, while in Latin America the figure is 57 percent, according to Telefónica.

Featured Q&A*Continued from page 1*

international financial community. The economy should continue to grow on the back of the favorable external environment and the peso is likely to strengthen in real terms. The main concerns are inflation, which is likely to rise next year, and whether there will be an improvement in the business climate, which does not seem very likely."

A Horacio Verbitsky, president of the Center for Legal and Social Studies in Buenos Aires:

"President Cristina Fernández de Kirchner's first statement after Oct. 27 was 'We will not change anything right now.' This is logical: she has been in charge since December 2007. The doubts come from a mischaracterization that, in order to undermine Fernández, presented Néstor Kirchner as the power behind the throne. There has also been an attempt to condition her: if the government does not change its policies towards the agricultural and industrial business, we will have a crisis of governance, which was said two hours after Kirchner's death. The impressive outpouring of public support, in tribute to him and in support of her, dispelled that fiction and ruined that play. They were a romantic and political couple that shared both a life and a project. Argentina has not fared better in decades. The economy grew by 9 percent, the ratio of debt-to-GDP is at the lowest point in history, reserves are at their highest level, political relations with neighboring countries are close and cooperative and relations with the United States and European Union are cordial and respectful. The leaders of the dictatorship have been tried and imprisoned. The justice system and Congress function. Production and export of both agricultural goods and cars are the highest in history. Consumption is growing in spite of the high inflation rate, unemployment fell to 7.6 percent and continues to fall. Half of the youth support Fernández. The workers at a multinational company that produced new cars with 40 percent Argentine parts praise her. Today, she would be re-elected in the first round of

an election. The opposition is bewildered and without a reaction to the political challenges. Then, ask Clinton (Bill) what we can expect in electoral year 2011."

A Peter Winn, professor of history and director of the Latin American studies program at Tufts University:

"The sudden passing of former President Néstor Kirchner from Argentina's political landscape has underscored that he was its dominant political leader of the first decade of the new millennium. He inherited a country so unstable that in 2002 it had had five presidents in a fortnight. Kirchner, a little known governor of the peripheral Patagonian province of Santa Cruz, was elected president in 2003 with only a weak mandate to rule. Yet, he acted with the decisiveness of a true leader and restored the authority of the presidency, the legitimacy of politics and faith in government. Kirchner also reconstructed the Peronist party, brought non-Peronists into his government and reformed the Supreme Court. He solved Argentina's most severe economic crisis in a century with unorthodox policies that his opponents claimed would never work, facing down the IMF in the process. Kirchner made human rights a policy priority, embracing the victims' demands for truth, justice and memory—and co-opting their leaders—while confronting the Argentine military. Kirchner also confronted the rural and business elites and the Catholic Church. Principled and pragmatic, visionary and opportunistic, confrontational and conciliatory, Kirchner was so successful as a president and as a politician that he was able to elect his spouse to succeed him. Now suddenly bereft of a political partner as well as a husband, President Cristina Fernández must find a way to fill the political vacuum that his death creates and learn to navigate the shark-infested shoals of Argentine politics without him."

The Advisor welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.

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