

ARGENTINA

CAPITAL: Buenos Aires AREA: 2,780,400 sq km POPULATION: 40,276,376 ('09)
OFFICIAL LANGUAGE: Spanish POLITICAL SYSTEM: multiparty republic
HEAD OF STATE AND GOVERNMENT: President Cristina Fernandez de Kirchner (PJ) (since Dec '07)
RULING PARTY: Justicialist Party (PJ)
PRIME MINISTER: Anibal Fernandez (Chief of Cabinet) (since July '09)
CURRENCY: Argentine Peso (end-'10 £1=ARS 6.2188, US\$1=ARS 3.9720)
GNI PER CAPITA: US\$7,570, Int\$14,120 at PPP ('09)

ALTHOUGH 2010 was a non-electoral year, it marked a political turnaround. If 2009 had promised an easy victory for the incumbent Justicialista party that instead ended up in defeat and disarray, 2010 looked initially gloomy for President Cristina Fernández de Kirchner. Indeed, as she publically acknowledged, it was her toughest year in personal terms, as her husband, former president Néstor Kirchner, died unexpectedly in October. However, a combination of events led the administration to face the year's end with rising popularity and optimistic prospects for the forthcoming 2011 presidential elections. This reversal of expectations was due to three factors: the gradual recovery of the political initiative by the government, the symmetrical loss of focus and internal bickering of the opposition, and the demise of Kirchner himself, which created a wave of sympathy for his widow. In the background, the economic recovery that benefited most of South America in the aftermath of the world financial crisis did much to help the administration's comeback.

The presidential couple, as the Kirchners were known, recovered the political initiative by upping the ante. Instead of reaching out for congressional support or broader political compromises, they decided to confront allegedly oppositionist media networks, senior opposition leaders such as Buenos Aires Mayor Mauricio Macri, and even the president of the Central Bank, Martín Redrado, who had been appointed during Kirchner's term. As Redrado resisted the administration's decision to service the debt with foreign exchange reserves, he was dismissed at the end of January. The culmination of the government's resurgence came on 25 May, when the commemoration of the bicentennial brought most South American presidents to Buenos Aires and two million Argentinians onto the streets, in a manifestation of public rejoicing organised and led by the president herself. In July, Congress passed a government-sponsored bill that allowed for same-sex marriage, granting the administration the support of progressive social sectors.

The opposition contributed to the revitalisation of the government by failing to unite and by lacking an alternative agenda. The main opposition party, the Radical Civic Union (UCR), had returned to centre stage after the demise of former president and lifetime leader Raúl Alfonsín in 2009. However, it did so with a struggle for the presidential candidacy between Vice President Julio Cobos (who had broken with the Kirchners in 2008 after opposing government policy), Deputy Ricardo Alfonsín (the late leader's son), and Senator Ernesto Sanz (party chairman). Primary elections were to be held in 2011. Once selected, the UCR candidate was expected to lead a coalition with the Socialist Party, which held the

important Santa Fe governorship, and other minor parties. Other aspiring candidates were Macri (centre-right), Elisa Carrió (centre) and Fernando Solanas (left), none of whom had a nationwide party organisation to support their ambitions. Yet, Macri had alliances with Peronist splinters and could arguably count on the Peronist party's support should he win the presidential election. In Congress, although the opposition forces managed to block the approval of the budget they could not impose a legislative agenda of their own.

The government's popularity was on the rise but remained below 40 per cent when Néstor Kirchner died suddenly on 27 October (see Obituary). Argentina's president from 2003 to 2007 and widely considered the country's most influential politician, he suffered a fatal heart attack at the age of 60. He had been hospitalised twice in 2010 for cardiovascular surgery, but his sudden demise was shocking. Thousands of people took to the streets in mourning to participate in the official ceremonies that were held in Buenos Aires and in his hometown of Río Gallegos. President Cristina Fernández endured her great personal loss with admirable strength and polls showed that her approval rating had exceeded 60 per cent within a few weeks of becoming a widow. However, later developments capped this rise as social unrest escalated by the end of the year, owing to labour union disputes and to the occupation of public areas by protesting homeless people. Ensuing repression caused half a dozen deaths, forcing a cabinet reshuffle and triggering a tussle between the federal and city governments over each other's responsibility. Macri took advantage of the quarrel to deflect attention away from a series of scandals affecting his recently created metropolitan police forces. By the year's end, the issue of public security had returned to the top of the agenda.

Much of the government popularity was due to economic growth. Nine years after defaulting on US\$90 billion of debt, Argentina still had few financial ties with the world and little bank credit. Yet contrary to repeated forecasts, the economy roared. Although the government had been meddling in the statistics institute (INDEC) since 2007, and official figures had little credibility, annual growth in 2010 plausibly reached 7 per cent and unemployment fell below 8 per cent. The inflation rate, although officially around 10 per cent, was estimated in reality to be 25 per cent, but public consumption remained high and the prevailing mood was optimistic.

As regarded foreign relations, the International Court of Justice at The Hague issued a ruling on 20 April in a protracted dispute between Argentina and Uruguay over two Uruguayan paper pulp mills situated near the border. The court found that Uruguay had not complied with a bilateral agreement over the issue but rejected Argentina's claim that the mills be relocated and compensation paid. On 3 May Néstor Kirchner was sworn as secretary-general of the Union of South American Nations (UNASUR) after overcoming a Uruguayan veto, which stemmed from the paper mill dispute. His death left the organisation acephalous. On 3-4 December, Argentina played host to the annual Ibero-American summit in the city of Mar del Plata. Argentina aligned with the moderate governments of Brazil, Chile and Mexico to oppose censoring the USA for the WikiLeaks scandal, a proposal advocated by Ecuadorian President Rafael Correa and supported by the so-called Boli-

varian axis. As a political compensation, and following Brazil's decision, the recognition of Palestine was declared on 6 December.

Concerning cultural and sporting events, 2010 was bittersweet for Argentina. On the one hand, *The Secret in Their Eyes* won the second Oscar award ever made to an Argentinian—or, for that matter, a Latin American—film, while the national female hockey team won its second World Cup in the Argentinian city of Rosario. On the other hand, mythical singer Sandro "El Gitano" died on 4 January and the national football team was heavily defeated by Germany in World Cup quarter-finals, despite including arguably the best player in the world, Lionel Messi, and being coached by former star Diego Maradona.

The national census, held in October, revealed that the total population of Argentina had just exceeded 40 million.

Andrés Malamud

PARAGUAY—URUGUAY

Paraguay

CAPITAL: Asunción AREA: 406,750 sq km POPULATION: 6,348,917 ('09)
 OFFICIAL LANGUAGE: Spanish POLITICAL SYSTEM: multiparty republic
 HEAD OF STATE AND GOVERNMENT: President Fernando Lugo (APC) (since Aug '08)
 RULING PARTY: Patriotic Alliance for Change (APC)
 CURRENCY: Guaraní (end-'10 £1=PYG 7,272.46, US\$1=PYG 4,645.00)
 GNI PER CAPITA: US\$2,270, Int\$4,430 at PPP ('09)

Uruguay

CAPITAL: Montevideo AREA: 176,220 sq km POPULATION: 3,344,938 ('09)
 OFFICIAL LANGUAGE: Spanish POLITICAL SYSTEM: multiparty republic
 HEAD OF STATE AND GOVERNMENT: President José Mujica (EP-FA) (since March '10)
 RULING PARTY: Progressive Encounter-Broad Front (EP-FA)
 CURRENCY: Peso Uruguay (end-'10 £1=UYU 31.1565, US\$1=UYU 19.9000)
 GNI PER CAPITA: US\$9,360, Int\$12,910 at PPP ('09)

In both countries the most significant news of the year was related to presidential affairs. On 6 August, Paraguayan President Fernando Armindo Lugo Méndez was diagnosed with lymphoma, a cancer affecting the immune system, a development that cast a shadow of uncertainty over his future in office. In Uruguay, José Alberto Mujica Cordano was sworn in as president on 1 March, thus becoming the first former guerrilla fighter to preside over a South American country. Neither of these events meant a radical transformation of the political landscape, but both created waves that affected several areas of domestic and regional politics.

José Mujica, born in 1935 and known as El Pepe, was a former Tupamaro (an adherent of the main Uruguayan urban guerrilla organisation of the 1960s and 1970s) who had been jailed and tortured during the authoritarian regime (1973–85). A member of the Broad Front (left-wing coalition) since 1985, he succeeded his party colleague, Tabaré Vázquez, as president. A down-to-earth, moderate

politician in spite of his radical background, he was accompanied by Vice President Danilo Astori, the leader of a rival faction who had been finance minister in the Vázquez administration and who inspired the confidence of the markets. Cabinet appointments in the new administration reflected the vote share obtained by each party faction, granting ministerial positions to six different groups within the Broad Front.

On 9 May, local elections were held in the 19 municipal departments. Five parties contested these but only three succeeded in capturing mayoralties: the National Party (centre-right) kept its territorial dominance with 12, the Broad Front lost ground and won five (out of the eight it had held), and the Colorado Party (centre) won two, a gain of one. This was the largest loss in the Broad Front's history, in terms of both votes and offices, and broke a trend of almost continual progress that the party had enjoyed since its foundation in 1971.

In Paraguay, Lugo's illness, though treatable, created unrest and hampered his control over government businesses. Lugo was the country's second leftist president (the first being Rafael Franco, who had served from 1936 to 1937), but the first to be freely elected. His inauguration on 15 August 2008 had marked the first time in the country's independent history that a ruling party had peacefully surrendered power to an elected member from the opposition. Although his victory had raised great expectations of change, he lacked a strong party organisation having won the presidency at the head of the Patriotic Alliance for Change (APC), a broad coalition of numerous political parties and social movements. In Congress, Lugo's administration was reliant on the support of the Authentic Radical Liberal Party (PLRA), an old-time opponent of Alfredo Stroessner's dictatorial rule (1954–89). A shortage of human resources and expertise within the coalition, however, together with the president's inexperience, resulted in little renewal of political personnel at the intermediate and lower echelons of the state. Distrust also hindered the functioning of the administration, as Vice President Federico Franco (PLRA) openly opposed key government decisions and was widely suspected of seeking to replace Lugo should the president fail to complete his term due to ill health. The distribution of congressional seats did not promote political stability either, as the governing coalition held only 31 of 80 seats in the lower house and 17 of 45 in the Senate. The National Republican Association-Colorado Party (ANR), the country's former ruling party, remained the largest single grouping in the legislature and joined with other opposition elements to block several government initiatives.

In local elections on 7 November the ANR won in the largest cities, including Asunción, and confirmed itself as the major party. The PLRA gained some municipalities but lost ground in the country's main cities, including those that it had traditionally governed. The lesser parties that identified themselves with Lugo managed to get some mayors and councillors elected in small towns, but this was not enough to disguise the overall defeat that the ruling coalition suffered.

Security concerns continued in Paraguay as a result of the activities of the Paraguayan People's Army (EPP), a Marxist guerrilla group committed to forcing agrarian reform. Although small, the EPP had achieved a considerable degree of

publicity by staging some high profile robberies and murders. In April President Lugo committed extra troops and police, equipped with special powers to arrest suspects without warrant, in an effort to hunt down the rebels. The authorities scored a dramatic success in July when one of the EPP's leaders, Severiano Martínez, was shot dead by police in a remote part of the northern Chaco region, near the border with Bolivia.

The economies of both Uruguay and Paraguay were estimated to have grown above 9 per cent in 2010. This spectacular rate was mostly due to increasing demand and the rising price of agricultural commodities, mainly soybeans for Paraguay and cattle meat for Uruguay. Inflation was kept below 5 per cent. Such positive conditions had different effects in each country, however, with the Paraguayan exchequer suffering because of the country's low level of taxation, whereas Uruguay benefited from sounder institutions and fiscal policy.

After more than three years of illegally denying access to one of the three international bridges that connected Uruguay to Argentina, a neighbours' assembly of the Argentinian city of Gualeguaychú voted on 17 June to lift the blockade. The decision came after the International Court of Justice's ruling on 20 April, on a paper pulp mill conflict, that reprimanded the Uruguayan government but did not force the dismantling of the disputed plants.

In December, Argentinian unions blocked the transport of merchandise that was in Argentinian ports and destined for Paraguay. President Lugo threatened not to attend the Mercosur summit of 17 December, but he finally showed up in order to assume the rotating presidency of the bloc. Regarding Venezuelan accession to Mercosur, the Paraguayan legislature was reluctant to approve the corresponding protocol and, on 8 December, Lugo withheld it for the second time in the year in order to prevent it from being rejected. Paraguay remained as the only member not to have ratified the enlargement.

Both Paraguay and Uruguay performed well in the football World Cup. Paraguay made it to quarter-finals for the first time while Uruguay reached the semi-finals, finishing in fourth place and having its striker, Diego Forlán, chosen as the tournament's best player.

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