

## ARGENTINA: Implications of latest corruption scandal involving former president

The corruption scandal that broke on 1 August and which involves former president Cristina Fernandez (2007-2015) will have major political implications and is likely to alter the [electoral outlook as it appeared just a few days ago](#).

The scandal centers on a series of handwritten notebooks describing in extraordinary detail a systematic bribery and kickback operation that started under Fernandez's late husband, former president Nestor Kirchner (2003-2007), and continued under Fernandez's presidency. The notebooks were kept by Oscar Centeno, official driver to Roberto Baratta, right-hand man to former planning minister Julio De Vido (currently in prison on separate charges). So far 17 people, including senior executives of major companies, have been arrested, while it is believed corruption payments could exceed USD 200mn.

- In immediate terms, the scandal is good news for the government of President Mauricio Macri because it diverts the news agenda away from economic difficulties. Not only that, but it revives the narrative that has served Macri so well since 2015: namely, that *Kirchnerismo* was fundamentally corrupt, and is best consigned to the past. The fact that Fernandez now appears to be accelerating an alliance with the teamsters' boss Hugo Moyano, also [under investigation for corruption](#), will help cement this narrative.
- However, it would be naïve to suggest that this scandal will sink Fernandez politically. In fact, it is likely to have little impact on the roughly one-third of voters who support the former president-turned-senator. In practical terms, Fernandez can still be questioned (she has been summoned for questioning on 13 August), but she enjoys immunity from prosecution as a senator, and the governing *Cambiamos* coalition does not have the votes in the Senate to have her immunity withdrawn. A previous effort to strip Fernandez of her immunity failed late last year because

Peronists refused to back the measure without a firm sentence in place.

- While Peronists maintain that stance for the moment, the situation could change as more information comes to light. Under the relatively recent extension of the Law of Repentance to include corruption cases, suspects are likely to offer up further details of the kickback operation in exchange for reduced sentences.
- Assuming the roughly one-third of voters who support Fernandez remains largely unchanged in their views, and that the roughly one-third of voters who support Macri continue to support the president, the key voter segment is the approximately one-third in the middle. The notebooks scandal, together with the Fernandez-Moyano rapprochement, is a huge turn-off for this demographic, which offers [pragmatic Peronists](#) an opportunity to build on their attempts to fill the middle space and re-unite disparate factions around a more electorally palatable, moderate brand of Peronism. The more successful this re-invention is (i.e. the more it marginalizes Fernandez), the more threatening it will be to Macri's re-election chances in 2019.
- Macri and the government do not escape unharmed from the notebooks scandal; one of the executives arrested last week for making payments to the Kirchners was Javier Sanchez Caballero, ex-general manager of Iecsa, the construction company founded by Franco Macri (the president's father), which was subsequently sold to the president's cousin, Angelo Calcaterra, and then sold off in 2017. From an optimistic perspective, this at least allows Macri to refute any *Kirchnerista* claims of judicial bias. On the other hand, it is uncomfortable for Macri himself.

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