

# Jornada Argentina

In his welcome speech, **Martin Huser**, member of the University of St.Gallen board, highlighted the University of St.Gallen's long-standing tradition as a host for international events and the campus' multidisciplinary spirit in a rapidly globalizing and digitizing world. The *Jornada Argentina* offered different viewpoints on the country thus providing a 360 degrees view.

Martin Huser also included a note on the problematic aspects of Argentina. Economic prosperity does not extend to all segments of society, and poverty remains a problem in this country. Irresponsibility on the side of managers and politicians so far prevented establishing a policy for equal opportunities for all citizens. Newly elected president Mauricio Macri has succeeded in abolishing some of the business restrictions, which might lead to the much desired recovery. Irrespective of time and place, business opportunities keep arising, which means St.Gallen's talents may find anytime interesting jobs around the world, including Argentina.

**Yvette Sánchez**, in her welcome address, applied the metaphor for Argentina as a phoenix rising from the ashes, her welcome address reflecting on the hopes that Macri's new government instills.

She highlighted the numerous relations between the University of St.Gallen and Argentina and other Latin-American regions, e.g. the foundation of the St.Gallen Institute of Management Latin America (GIMLA) in São Paulo. Argentina is the most important destination for HSG-exchange students, and many of them continue with an internship there or write their final theses (BA/MA) on Argentinean topics. The latest two put forward the relationships to China: one on lithium trade, and the second one on the delicate topic of the Chinese satellite base, which can serve for military use, in Patagonia, constructed under Chinese labor law and endowed with no import restrictions whatsoever.

Anticipating the discussions held in the conference, Yvette Sánchez commented on Argentina's economic and political situation. The 8<sup>th</sup> edition of the annual CLS business forums aims to analyze the early achievements and challenges of the newly instituted Argentinean government. The range of relevant topics encompasses the impact of the dispute settlement and the loosening of the protectionist policies that have been in place for 12 years, the Panama Papers, offshore companies, tax evasion and money laundering.

With the endeavor to gain a fuller understanding of Argentina, **Luis Eduardo Sussman**, from the Argentinean Embassy in Bern, underlined Argentina's opportunities and beautiful landscapes, but lack of infrastructure limiting the unfolding of the country's full potential.

Argentina suffered repeated currency crises. In 1991 the country pegged the peso to the US dollar. This fixed exchange rate was kept in place until 1998 when the US dollar gained strength, and commodity prices fell sharply.

Luis Eduardo Sussman also characterized the new government. Macri won the election because he reassured the private sector by clearly announcing the measures he was going to take. The government is trying to change the rules of the game in order to set up new incentives for investors. After only one month in office Macri also declared an end to Argentina's economic isolation.

In a last remark, Sussman referred to the satellite base as a space monitoring station: Because China wants to set its foot on the moon by 2020, it needs a base to be reached 24 hours a day, with antennas located on the opposite side of the globe.

**Walter Fonseca** started his talk mentioning Buenos Aires as the Olympic City for 2018, and underlining also that Macri, just after getting elected, was the first Argentinean president participating in the Davos WEF summit in decades.

Fonseca called Argentina's former relationship to the US immature with an adolescent behavior. The central question remains, how the country can overcome populism and move towards more mature forms of politics.

For the last 5 years, foreign investment in Argentina has stagnated. However, the government has been pushing forward negotiations on its debts and Macri's cabinet is a source of hope. Inflation is still a major issue in the country. While the emission of money had been reduced by 40%, it is now a major task to increase foreign investment. Moreover, infrastructure has been neglected in the past 20 years, which seriously affects productivity.

A positive attitude towards negotiation with the opposition is also important considering the fact that Macri does not govern with the absolute majority.

It will be crucial to address issues like corruption affecting all Latin American countries. In politics there are very talented people who nevertheless have little experience to take the adequate steps, i.e., envisioning long-term perspective measures.

**Jobst Wagner**, CEO of Rehau, first travelled to Argentina in 1995 establishing a subsidiary of his company maintaining a presence of his family business in the country ever since. Rehau mainly produces polymer components used in construction, automotive industry as well as furniture and household appliances.

Jobst Wagner compared Switzerland to Argentina. While the tourist industry marks a commonality, the countries differ with respect to the availability in natural resources. This contrast also marks society. While Swiss are used to guard their resources, Argentineans are less constrained in this respect.

Kirchner's government had created rather tenuous conditions for companies. Restrictions on imports and exports made business difficult. While Macri's election marks a turning point, it remains to be seen whether Argentina will be able to reemerge. Public education and health care are improving, currency controls have been eliminated, subsidies and personal income tax have been cut and a deal with the US hedge funds is in sight. The quality of infrastructure and the energy efficiency remain as main challenges for the competitiveness of Argentinean export goods for an international market and thus, the country's growth.

Jobst Wagner emphasized the importance of diversification and the agility of the management in such a volatile environment as Argentina. Rehau produces windows and doors, furniture for offices, tubing material for agricultural and farming sector, as well as for pharmaceutical purposes. This diversification has allowed Rehau to prosper, with a subsidiary driven bottom-up, rather than top-down. The team in Argentina decided what to add to Rehau's range of products.

Jobst Wagner also highlighted the importance of a good customer relationship. Clients in Argentina require additional services to buy the products, such as finance. Good marketing in retail business is also important. Moreover, the management needs to be very committed. To export goods, directors at Rehau wait several hours in order to get the necessary documents signed. The management is Argentinean, and the general manager has been with Rehau for 20 years.

**Fabian Müller**, Investment Advisor, Director at UBS Wealth Management and town counselor in Rüslikon presented the results of his PhD-thesis on trust in Argentina.

Trust can be understood as a resource that affects the prosperity of nations, as it facilitates social and economic actions. In absence of trust, substitutes such as corruption develop. Trust materializes in verbal and non-verbal elements, namely the commercial activity or citizens' savings behavior. In a given culture, certain patterns may be observed, crystallizing a particular notion or level of trust.

Analyzing his interesting sample of taxi drivers' discourse, Fabian Müller stresses a basic confidence in Argentina's land resources. The immensity of the *campo*, the fertility of the *pampa* represent a systemic center, opulence and a promised land for former immigrants. However, certain different views also emerged in these interviews. A left-wing critique pointed to the fact that families cannot even afford milk, despite the abundance of Argentina's land and cows, while the right-wing criticizes the unreleased potential of the *campo*.

In spite of the distrust in institutions, the justice system and politicians, confidence in Argentinean democracy as the only acceptable model is deeply rooted. Accordingly, the danger of coups is therefore low. The World Value Survey's data on trust support the taxi drivers' statements.

**Yanina Welp** from the Centre of Democracy in Aarau addressed the question, whether Macri will be able to complete his term in office. The question is justified, as no non-Peronist president has finished his term since the transition to a democratic government in Argentina.

Three main reasons why presidents often do not finish their terms of office can be identified: military coups, opposition and civil society movements. While a military coup is unlikely to happen in Argentina, the opposition may prove to be a challenge for Macri's government. Macri holds only 20% of the seats in the senate and 34% in the Chamber of Deputies. Examining the distribution of political parties in the provinces, the outlook is also rather bleak. Only two provinces voted for Macri's *Cambiamos*, while twelve cast their vote for FPV. The strength of the opposition has not been evident so far, since the debt payment treated in parliament is an issue on which the Peronist movement can give in.

In Yanina Welp's critical assessment of the situation, she stated that civil society mobilization may also pose a problem. The economic crisis of Brazil affects Argentina negatively, and the shortening of subsidies may also cause grievances. Inflation remains a problem that can be solved only in the long term. Moreover, Macri has established laws by decree, i.e. the new media law, which was not received very well. The increasing polarization of political elites, the widespread corruption that also tarnishes Macri's government and the bad media management may present serious difficulties for the stability of the government.

The perspective on law was provided by **Marcelo Aebi** of the University of Lausanne. He had done research on the topic of integration from the perspective of trust in police forces. His statistical data on foreign inmates presented the nationality of persons arrested per 1000 inhabitants in Geneva and in Buenos Aires in 1909. Integration is a matter of time. Marcelo Aebi showed several statistics based on surveys asking inhabitants about fairness and the trust in the police. Underprivileged segments of society perceive police forces to be more unfair, but police forces also discriminate more against poorer citizens. In general, 42% of citizens are convinced that underprivileged people are more likely to be arrested.

Mr. Aebi explained that comparisons across countries are always difficult and so are criteria along which such a comparison can be drawn. He also discussed the question of illegal immigrants and the problems to integrate the second generation.

The Swiss musician, concept artist, and entrepreneur **Dieter Meier** was interviewed by Yvette Sánchez with respect to his manifold projects as an artist and an entrepreneur. In relation to one of his most recent artworks, *Le Rien en Or*, consisting of gilded everyday objects in Zurich's public sphere, Yvette Sánchez asked him about the King Midas touch. Moreover Dieter Meier had recorded songs together with Shirley Bassey, who had interpreted the famous title song of the James Bond *Goldfinger*.

*Does everything you touch turn into gold?*

Dieter Meier immediately remembered failures at his entrepreneurial beginnings with the first music mixing console. He had been convinced of the potential of the product, but was also aware that he could not implement it on his own.

*Is your success based on how you choose your staff? You have some terrific employees and partners.*

Dieter Meier emphasized his fascination and curiosity for the projects of the people he works with. Success is always a by-product and never the primary goal of these projects. One example of such a project motivated by interest is the production of chocolate. A researcher in Wädenswil had found an innovative way to produce chocolate without adding artificial substances, and conserving the natural flavor of cacao by a cold-pressed procedure. Traditional chocolate producers had no interest

in implementing this ground-breaking discovery, but wanted to buy the rights on the innovation to prevent others from revolutionizing the chocolate market. In order to have his discovery to end up in a safe after four years of intensive research, the researcher approached Dieter Meier for commercializing support. He was immediately fascinated by producing chocolate based on natural ingredients only.

As another example for his curiosity-driven projects, Dieter Meier recalled his beginnings as a musician of *Yello* together with his colleague, Boris Blank. With a wink he told the *Jornada's* public: "We were forced to be original, because we were too bad to copy anything". Even so, the band sold 50 million records. Young artists, he added thoughtfully, don't play the technology, more often they are being played by the technology.

*What profession is marked in your passport?*

Apparently musician seems to be the easiest one, e.g. in order to enter the US. The immigration officers react best to that profession, above all if Dieter Meier sings them the refrain of his most famous song "Oh yeah".

*How would you define success? Sting once said that when you hear someone whistling your songs in the street.*

Dieter Meier did not agree with this statement and compared success to climbing a mountain, an experience that doesn't depend on you reaching the summit. Success means to be happy with what you do, the process being more important than the result.

The second part of the interview then turned to Dieter Meier's activities as an entrepreneur in Argentina. Besides his famous wine or nuts, his farms exports 80'000 kilos of meat per year to Switzerland.

*What was the vision of this project?*

In the beginnings, Dieter Meier liked above all the inspiring loneliness of the Argentinean farms. However, Argentina not only provides a pretty scenery, but also ideal conditions for different agricultural products. In certain parts, climate conditions are similar to those in a desert, with very little rain. This is advantageous for wine cultivation, as the plants are hardly in touch with water; as a consequence, there are no insects or worms contaminating the plantations. In more humid regions, the problem of fungus arises and pesticides are needed.

The *pampa húmeda* provides ideal conditions for holding livestock. The grass grows naturally. Moving the cattle and ensuring that the grass is eaten not more than down to two inches turns out to be the only task of the gauchos. No additional food is needed which saves costs in comparison to other locations. Argentina, in conclusion, is the Eldorado for agricultural products.

*Is there a symbiosis between you and your Argentinean environment, including partners and employees? Looking at some photographs, one might assume this.*

Dieter Meier sees his employees as friends and does not interfere in their work. Also, he underlined that most of the successful Argentinean farms are led by women.

*What role does Swissness play in your entrepreneurial activities?*

Switzerland has always been rather a poor country with respect to resources and as a consequence had to behave very economically. Under these circumstances of scarcity there has never been room for the grandiose. It is very Swiss to be careful with your reserves and to keep well informed about the latest developments at every moment.

*How did you deal with existing export restrictions for farmers in Argentina?*

Dieter Meier pointed out that Argentina has been more or less in the hands of Peronists for the past decades. The upper class has acted irresponsibly when shifting their money out of the country. Once again, he stressed the soil as the real gold of Argentina. The Iberian conquerors gained possession of

well-equipped farms and achieved their wealth practically overnight. This kind of wealth differs from the one earned by the steady cultivation of the soil.

*What are your expectations with newly elected President Macri?*

It takes time until reforms show their effect, and Macri has not much time to present some concrete results. At the moment, there is still little security for investors. The Peronist policies had a devastating impact on industries, so that even the wealthiest companies went bankrupt. One of Macri's major challenges is to incentivize employment in the private sector at a time when 35% of Argentines either work for the government or are unemployed. The food processing industry could be a sector to contribute to Argentina's economy.

*What other challenges do you face when exporting your products also to other countries, aside from Switzerland?*

One of the difficulties is to convert dollars into pesos, the currency you get paid in, into pesos. Dieter Meier directly talked about the government stealing the money of hard working people and referred to Macri's measure to reduce export taxes, the so called *retenciones*, by 5%. Meat exports are taxed at 15% at the moment, which is one of the reasons for 40-50% of the meat being sold on the black market.

Furthermore, Dieter Meier criticized import restrictions in Switzerland. His production is able to add value to the product after it gets imported to Switzerland, but for small foreign farmers, the Swiss system is not favorable. A protectionist mentality ensures the survival of Swiss farmers which "live on a constant infusion". Disregarding environmental damages and consumer needs, Swiss farmers are subsidized for, e.g., producing sugar beets.

After opening the discussion to the public, Mr. Meier explained the importance of water for the wine. The organic wine produced at his farm *Ojo de agua* doesn't get in touch with vermin since the region is very dry. Thus, wine is produced without using any pesticides. Producing organically, according to Dieter Meier, is a way of life, by which you stay in dialogue with nature and have to be able to foresee problems. Argentina has an enormous potential for organic farming, which is still to be discovered.

Asked about the current critical influence of Brazil, he emphasized the country's huge soy production and the fact that the Swiss supermarket chain Coop only buys meat from Argentina, for ethical and for quality reasons. Mr. Meier also recalled Argentina's merits by referring to the great achievements of its very first inhabitants who, in spite of the dry climate and poor economic resources, brought the country to a long-lasting economic prosperity.

**Dieter Cavalleri** from the Swiss Federal Ministry of Foreign Affairs has worked at the Swiss Embassy in Buenos Aires for the past few years and recently has moved to Brussels. His presentation characterized Argentinean society from a Swiss perspective, and raised the questions of how Mauricio Macri was able to win the elections, and whether he would be successful in his office.

Dieter Cavalleri recalled his impressions on Argentine society, e.g. creativity as an asset surprising in many ways: Argentines are well-known for fixing a problem in unconventional manners. At the same time, clientelism is wide-spread. Recommendation letters are a popular way to get into positions and promotions in almost any context. As an example of a further feature of society, conflictivity, Mr. Cavalleri mentioned the anecdote of a traffic jam in Buenos Aires due to protests on the street. The police approached the march, but instead of regulating the traffic, to protect the protestors, which increased chaos. Dieter Cavalleri, furthermore, commented on the *viveza criolla* as a life philosophy in Argentina, to be translated as 'native astuteness' or 'Bauernschläue'. Cheating is not connoted negatively, as long as one doesn't get caught, which contrasts with the high degree of loyalty held towards friends and family.

According to Mr. Cavalleri, President Macri won the elections, because he represented change in economic as well as in foreign policy, and also because he promised more dialogue with all political

forces. Continuity in programs promoting social inclusion and human rights were not popular in this election. However, having laid off many employees working in the public sector, dissatisfaction is bound to arise in the near future and it remains to be seen whether Macri succeeds in his tasks.

**Sabrina Zehnder** spoke about the meat imagery in Argentina's collective awareness through history. The speech addressed not only the presence of meat in popular wisdom, but also some acute socioeconomic problems, like the 500% price increase which has turned meat almost into a luxury product. Argentines have even turned to a cartography of meat, the so called "mapa del asado", in order to find out where the meat is sold at best price.

Argentina's consumption per capita has reached a historic low, falling from 225 kilograms to 51 kilograms per year. Compared to the 11.5 kg per capita per year eaten in Switzerland, consumption however remains relatively high. Argentina's decrease of meat consumption is due to economic reasons and, in spite of people's search for alternatives, meat remains a collective symbol.

In the collective imagery, the link between meat and the human body arises together with its nearby symbiotic prohibition of fleshly pleasures in religious traditions. Moreover, meat appears in popular phrases like for instance "poner toda la carne en el asador", which means "to pull out all the stops" and points to the presence of meat far beyond the mere culinary significance. Eating is considered a social event in Argentina. One could speak of community building through collective consumption of meat. This importance can be traced through the so called "route of meat" ("ruta de la carne"), which, at different stops, introduces the traveler to the gaucho culture, in which meat is a symbol of freedom functioning as an important source of income for the country.

Sabrina Zehnder's overview of historical development showed how cattle was introduced by Spanish invaders in the 16<sup>th</sup> century and led to a period of wealth (1914 to 1950), when meat was linked to ideas of abundance, health and purity. The gaucho's homelands are (aside from Paraguay, Bolivia and Chile) basically the Pampas, where rainfall is favorable to agriculture, particularly in the 55 million hectares of the *pampa húmeda*. The Gaucho, besides tango and football, one of the key figures Argentina has been exporting is linked to masculinity, to the ability to handle horses, and to leading a life free from earning money.

The *asado* ritual or the so-called *nerca* both are based predominantly on the preparation and consumption of meat and are celebrated by low-income classes with an almost exclusive presence of men. Meat means security as well as community or sensuality. Sabrina Zehnder opened the perspective of meat's symbolism focusing on its equivalence to the digestion of the bull's physical strength (according to Roland Barthes) and recalling the central role of fire in the transformation of nourishment for all cultures, as observed by Claude Lévy-Strauss.

Finally, Sabrina Zehnder remarked on some common places about the presumed character of the average Argentinean: *viveza criolla*, absolute loyalty to family and friends, a tendency to achieve one's goals by fighting instead of searching a compromise, and the importance of personal relations in order to get into the job market. The reason Mauricio Macri was elected, she closed, was not based on concrete proposals but on a more general will to change. His challenge will now be to fulfill promises of change, without provoking a collective resistance.

**Philippe Nell** provided the public with one of his legendary wrap-ups, in a concise, humorous and brilliant way. He stated that every presentation of the *Jornada* served to explain the complex reasons of Argentina's current situation.

Martin Huser mentioned the promising economy, the Mafalda comic and a nostalgic view of the future in the past, recalling nevertheless that things have changed since the past booms.

Yvette Sánchez took up the allegory of the rising Phoenix to illustrate Argentina's present state. Her talk had been marked by optimism: Doing business in Argentina, although difficult at the moment, will improve, as some promising tendencies under President Macri have already shown. Exports have risen by 125%, and many other merits manifest the country's going in the right direction.

Walter Fonseca compared Argentina's developmental state to that of an adolescent, while Argentina would have a lot to offer. Poverty, that has always been a big concern, needs to be overcome.

Jobst Wagner's speech compared Switzerland and Argentina, and remarked on tourism as a commonality. Jobst Wagner considers President Macri as the turning point for the country: infrastructure will improve and thereby also Argentina's competitiveness. Rehau was able to grow because of the diversification of its business.

Fabian Müller's talk focused on trust as a cultural resource. He presented figures of a 30% trustworthiness for Argentina and 53% for Switzerland. Democracy, justice, and fairness are the main criteria to decide on trustworthiness and, once broken, they are difficult to reestablish. The development of trust is like a mirror for the country's functioning.

Yanina Welp underlined the fact that no Argentinean president has finished his term in office since transition and reflected on the question whether Macri will finish his. The increasing polarization within the political elite doesn't bode well. Corruption and recent disclosures around the Panama papers increase the tension among elites. Aside from the urgent macroeconomic measures for the country, Macri's task is to build majorities in the congress.

Marcelo Aebi's lecture highlighted the dependence on time for integration. Trust in the police depends on the socioeconomic status of each individual, which in turn is often linked to its immigration status. Discrimination by the police also depends on one's level of income.

Philippe Nell pointed out the admirable combination of art and business in Dieter Meier's career, even beyond the age of regular retirement. His entrepreneurship is not only remarkable for business people but an example for a life led according to artistic principles in itself: an artist never stops to create and so does the business man. Within this philosophy lies the satisfaction of the creative process that doesn't depend on the outcome. Dieter Meier mentioned the irresponsible behavior of oligarchs in Argentina. As an aside, Philippe Nell praised the personal and very intimate atmosphere and the professionalism of the teams in Meier's restaurants.

Sabrina Zehnder's talk defined meat as the root of Argentina's culture and made a link between dancing, football and meat. Her presentation drew also parallels to Argentina's history and latest socioeconomic developments, departing from the symbolic meanings of meat (masculinity, eroticism, striving for freedom, the figure of the gaucho).

Philippe Nell closed his summary drawing on the Argentinean way of thinking, which, according to the cliché is marked by astuteness. The question that finally remained to be answered is how long people's patience and loyalty to the leader will last. Hopefully, President Macri can push changes forward, so that the next *Jornada Argentina* will look back on years of progress.