Tomorrow's Affairs
Analysis of today
Assessment of tomorrow

By: TA | AP Insight

A bribery scandal engulfs Javier Milei ahead of the important election

Argentines are so used to the corruption in their political system that even Peronists — supporters of the populist movement that dominated Argentina's politics for decades — employ a fatalistic maxim to describe their politicians: "Roban, pero hacen," or, "They steal, but they get it done."

But for the past two weeks, Argentines have been riveted by a ballooning graft scandal drawing in close associates of libertarian President Javier Milei, the wild-haired economist who won Argentina's 2023 election in part by campaigning as an outsider against the corrupt, Peronist-dominated elite — "the caste," he calls it — whose unbridled spending helped precipitate Argentina's economic crisis.

At a time of extreme fiscal austerity, the allegations that his powerful sister and secretary general of the presidency, Karina Milei, profited from a bribery scheme in Argentina's disability agency have exploded onto the headlines here, threatening to sully the government's reputation ahead of national midterms at the end of October. Milei denies the claims.

"It appears to be very similar to many other corruption scandals in Argentina, and taints his image as being completely different, of not being part of 'the caste,'" said Eugenia Mitchelstein, the chair of the social sciences department at Buenos Aires' San Andrés University.

Leaked audio reveals explosive allegations

The scandal broke out last month when local streaming channel Carnaval published secretly recorded audio clips purporting to show Diego Spagnuolo, then-director of the National Disability Agency, describe a scheme of kickbacks from drug distributor Suizo Argentina.

The alleged voice of Spagnuolo claims that top officials — including Milei's sister Karina and her senior aide, Eduardo "Lule" Menem — accepted bribes of $500,000 and $800,000 in exchange for government pharmaceutical contracts.

The voice says Karina Milei takes kickbacks of 3-4% of the contract price.

"I told him, 'Javier, you know they're stealing, that your sister is stealing,'" the alleged Spagnuolo can be heard saying.

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It's not clear who captured the audio or when. Based on references to political events in the recordings, local media have reported that the conversations occurred over several months starting in August 2024.

The leak appeared timed to have maximum impact, rocking Milei's government before Sunday's provincial elections in Buenos Aires, the country's most populous province and a historic Peronist opposition stronghold.

The audio also surfaced soon after Milei vetoed an increase in benefits for people with disabilities, arguing it would jeopardize his much-vaunted fiscal surplus.

"Corruption scandals at times of economic scarcity tend to have a bigger impact," said Ana Iparraguirre, an Argentine political analyst and partner at Washington-based strategy firm GBAO. "It's hitting hard at Milei's potential to grow beyond his base."

The government scrambles for a response

The typically voluble Milei kept silent about the recordings for six days after their release.

Within hours of the leak, he sacked Spagnuolo, who was also his personal lawyer. A federal judge ordered raids at offices and homes belonging to Spagnuolo and Suizo Argentina executives.

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Under pressure, Milei's officials contested the veracity of the recordings and accused the political opposition of orchestrating the scandal to undermine the government's electoral prospects.

Peppered with questions at a campaign caravan last Wednesday, Milei snapped, telling a reporter, "Everything (Spagnuolo) says is a lie." The rally devolved into chaos as protesters threw stones at his motorcade.

The next day Mieli offered a full-throated defense of his sister, condemning all the allegations as political theater.

Recordings surface of Karina Milei in her private office

Just as Milei seemed to reclaim control of the narrative, recordings emerged of Karina Milei speaking to officials inside her private office at the Casa Rosada presidential palace.

The same journalist at Carnaval who released the Spagnuolo recordings published two brief and innocuous audio clips — one in which Karina Milei can be heard urging colleagues to "stay united" and another in which she complains of working from 8 a.m. until 11 p.m. each day.

The journalist, Mauro Federico, claimed he had 50 minutes of recordings that he was prepared to release, prompting full-fledged panic in the presidency.

Manuel Adorni, Milei's spokesperson, said the conversations were "illegally recorded" and denounced the leak as "an illegal intelligence operation intended to destabilize the country."

Police raided Carnaval offices and the homes of several journalists, including Federico's, seizing laptops, cellphones and hard drives.

A federal judge barred media outlets from publishing any recordings made inside Casa Rosada in response to a criminal complaint by the Ministry of Security.

Press freedom groups were up in arms, with Paris-based watchdog Reporters Without Borders calling the court order "one of the most serious threats to press freedom in the country since the return of democracy."

The leak even briefly spiraled into a diplomatic incident after the government in its complaint suggested the possible involvement of Russian spies, citing past instances of Russian expatriates in Argentina "conducting actions to influence the population for Russia's geopolitical interests."

The Russian Embassy was not pleased. "The desire to see 'Russian spies' around every corner is irrational and destructive," it said.

'The boss' in the limelight

Analysts say a key factor limiting Milei's ability to quash the scandal is the involvement of Karina Milei, his sister and close confidant since childhood who now acts as his gatekeeper.

The president has compared her to Moses and regularly refers to her as "El Jefe," the Spanish masculine form for "the boss."

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A former Instagram cake-baker and tarot card reader, Karina Milei successfully managed her unmarried brother's presidential campaign before becoming general secretary — a catch-all title under which she controls the president's agenda, chooses staff for top government roles and runs his libertarian political party.

It's not the first time that she has been mired in scandal. Milei's reputation took a hit earlier this year after he promoted a memecoin called Libra that crashed hours later, saddling investors with over $250 million in losses.

The coin's creator bragged in text messages that he was paying Karina Milei to advance his crypto-ambitions. Milei and his sister have denied any wrongdoing. Class-action lawsuits filed by investors are crawling through U.S. courts.

As fallout from the audio scandal spreads, Karina Milei has increasingly become the target of public outrage — evacuated from two consecutive campaign events in Buenos Aires last week.

A catchy jingle — first sung on a popular streaming channel to the tune of "Guantanamera" — has gone viral, belted out at Buenos Aires nightclubs in recent days.

"Big bribe-taker," the chorus goes. "Karina is a big bribe-taker."

Monica de Bolle, a senior fellow at the Peterson Institute for International Economics, said the saga revealed Karina Milei to be the president's "Achilles' heel."

"Pragmatism here would require him to remove Karina," she said. "This is where you see why certain actions like nepotism don't serve you very well at the end of the day."