

5-7-1999

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### Recommended Citation

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## **Economic, Social Policies Could Hurt Argentine Ruling Party in Elections**

by LADB Staff

Category/Department: Argentina

Published: 1999-05-07

Argentina's governing Partido Justicialista-peronista (PJ) is facing a difficult election campaign with growing social problems that are increasing voter frustration. Budget cuts called for by the International Monetary Fund (IMF) are bringing protests from the growing ranks of impoverished citizens. Economy Minister Roque Fernandez is under attack from the PJ for increasing austerity measures during an election year. Fernandez's commitment with the IMF to cut US\$1 billion from this year's budget is also providing the opposition with election-year ammunition. The cuts, announced April 29, reduce money for state agencies by US\$1.483 billion and call for an additional US\$535 million payment on the public debt.

The Ministry of Education will lose US\$280 million (10%) and the Secretariat of Social Development will lose US\$162 million (8%). "I would not have cut education spending," said presidential candidate for the opposition Alianza Fernando de la Rúa. Opposition economist Arnaldo Bocco said the cuts will end up "leaving the teachers without chalk." Many universities said they would have to close if the cuts are implemented.

In early May, the Confederacion Nacional de Docentes Universitarios (CONADU) began planning demonstrations and called a 48-hour strike to protest the cuts. Education Minister Susana Decibe has said she will not sign the budget-cuts decree. Because it is an emergency decree, it needs the signature of the entire Cabinet to be legal. Decibe accused Fernandez of damaging public education and of preferring to bail out banks that are on the verge of collapse because of corruption and inefficiency.

Decibe is caught between the demands of the teachers and Fernandez's opposition to increased educational funding, which is backed by President Carlos Saul Menem. For more than two years, teachers from the Confederacion de Trabajadores de la Educacion (CTERA) have fasted in a tent in front of Congress demanding better wages and increases in the education budget (see NotiSur, 1997-07-18, 1997-08-15). At each CTERA assembly, delegates have voted not to stop their protest until at least some of their demands have been met. Decibe resigned her post May 7 in protest. "The decision to cut the education budget is the government's decision, and I am part of the government," she said. "I have no alternative."

### ***Early retirement***

Among Fernandez's most unpopular proposals is to reduce the fiscal deficit by reforming social security. On March 29, Fernandez announced a "pre-retirement" plan through which businesses that are downsizing could fire older workers with less than five years before retirement. He says the plan will ensure that workers close to retirement age do not lose their benefits if they are fired.

The government says many companies have personnel with many years seniority who "cannot adapt to changes in technology" and who are therefore let go. Given their age, they have little chance to find other work and could reach retirement age unable to collect benefits. To receive retirement benefits, a worker must have 30 years of contributions to the retirement system and be 60 years of age for a woman and 65 for a man.

The benefit for the company in the "pre-retirement" system is that it could pay the severance indemnization in monthly payments instead of in a lump sum as required when laying off workers. The workers' purported benefit is that they would get some income, could continue working if they could find a job in a company that does not compete with their former employer, have medical coverage, and continue to accumulate time toward retirement. If they were unable to find other work, however, they would still risk being ineligible for benefits when they reached retirement age.

Critics also say that even workers who do stay eligible for benefits will likely receive less than they would have received in a lump-sum indemnization, and they will also receive smaller payments when they retire. Fernandez also proposes raising the retirement age to 65 for women, reducing the benefits provided, and eliminating the set minimum pension of US\$150 a month. Labor Minister Antonio Erman Gonzalez further angered workers when he announced that the government is considering eliminating the state retirement system, leaving private pension funds (Administradoras de Fondos de Jubilaciones y Pensiones, AFJP) as the only option for workers. "Argentina opted for a mixed retirement system," said Gonzalez. "Now we are thinking about having only one system."

### *Farmers stage protest*

Argentina is still a farming country, with agricultural products accounting for nearly 60% of exports. On April 19- 21, hundreds of thousands of farmers, including large landholders and farmers with small and medium-sized farms, went on a three-day strike to demand government help in the agriculture industry's worst crisis this decade. Trucks stopped transporting produce, and farmers' markets came to a standstill. The crisis is "destroying the countryside," said Rene Boneto, chair of the Argentine Agrarian Federation. "There are no solutions for small and medium producers under the current model."

Carlos Pagliole, who farms 200 hectares in the northeastern province of Santa Fe, said 48% of farmers in his area had sold out and left for the city. "The rural middle class is being swept away by globalization," he said. But farmers believe the sector can still be saved and must be to prevent the social collapse that would occur if thousands of farming families left, joining the ranks of the unemployed in the cities. The farmers want government-set minimum prices and a temporary moratorium on tax payments. "Small farmers need a minimal profit margin to pay their debts," said Pagliole.

### *Poverty is trickling up*

Demonstrations against unemployment and reduced social services have increased. In February, the unemployed, retirees, and the working poor marched in several cities to call attention to economic disparity, which widened significantly in 1998. Twenty years ago, members of the wealthiest stratum of society earned eight times more than the poorest sector; today the ratio is 25 to 1. Reduction of

social services and "liberalization" of labor laws have increased the number of poor. The latest figures from the Instituto Nacional de Estadísticas y Censos (INDEC) portray a growing social chasm.

Between May and October 1998, 200,000 people were added to the number of poor in Buenos Aires, which has a large middle class and more work opportunities than rural areas. The latest figures from the Economic Commission for Latin America and the Caribbean (ECLAC) put the number of poor in Argentina at 10.5 million, 2.5 million of whom are indigent. Unlike in 1989, when inflation was 5,000%, Argentina's inflation rate was 0.7% last year, with an economic growth rate of 5%. Still, unemployment affects 12.4% and underemployment 13.6% of the economically active population (EAP) and are now the main cause of poverty.

Researcher Aldo Isuani of FLACSO-Conicet said the increase in unemployment from 6.3% to 15% between 1991 and 1997 when the average growth was 5.8% disproved the premise that growth will reduce unemployment. Sociologist Artemio Lopez of the research institute Equis said the "trickle-down effect" clearly does not exist in Argentina, because even with economic growth, society is becoming more inequitable.

Thousands of families who historically belonged to the middle class are now impoverished, said Lopez. This includes workers with low salaries such as teachers, retirees with below-subsistence-level pensions, thousands of workers who participate in state- subsidized employment plans and are paid an average of US\$200 a month, self-employed and underemployed workers, and employees lacking social security benefits.

### *Promises precede elections*

As the country moves into the pre-election period, the government is concerned about predictions that unemployment could jump to 15.5% and the number of people without jobs could reach 2.1 million. For this reason, the government has launched a job plan that gives subsidies to businesses that maintain their present work force or hire unemployed workers. Menem also recently announced that he would raise the minimum retirement benefit by the end of the year to US\$190. During an election campaign in September 1997, Menem promised a minimum retirement benefit of US\$200, but it remains an empty promise. [Sources: Inter Press Service, 01/08/99, 02/03/99, 04/07/99, 04/08/99, 04/20/99; El Nuevo Herald (Miami), Reuters, 04/30/99; Clarin (Argentina), 02/07/99, 02/20/99, 02/27/99; 03/14/99, 04/01/99, 04/03/99, 04/08/99, 04/18/99, 04/21/99, 04/25/99, 04/28-30/99, 05/05/99; Spanish news service EFE, 05/06/99]

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