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## **Pension Scandal Forces Argentine Labor Minister to Resign**

*by LADB Staff*

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Argentina's Labor Minister Antonio Erman Gonzalez was forced to resign following reports that he was collecting a huge "privileged pension" along with his salary. The departure of Gonzalez further weakens the administration of President Carlos Saul Menem. Gonzalez resigned May 21, after a week of humiliating reports in the news media and after the president called him back to Argentina from a trip to Colombia. Following reports in the daily newspaper Clarin, Gonzalez admitted that, in addition to his ministerial salary of US\$9,700 a month, he was collecting US\$8,000 a month in retirement benefits for positions he once held in La Rioja province.

Gonzalez at first said he had not collected his salary as labor minister, but press reports confirmed that he had collected both salaries for several months and that he had received a check for US \$222,287 for two years of retroactive retirement benefits. The scandal came at a bad time for the Menem administration, which has been hit by a barrage of protests against cuts demanded by the International Monetary Fund (IMF). The cuts hit pensioners and public education particularly hard (see NotiSur, 1999-05-21). Pensions for Argentines average US\$250 a month, and 75% of pensioners receive less than US\$200 a month.

On May 21, Gonzalez said at a news conference that he had presented his resignation to President Menem. "He accepts that everything I have done is perfectly legal, but to ensure that the public does not misinterpret my actions, it is better that I resign," Gonzalez said after meeting with Menem, a long-time friend. Jose Uriburu, who served as Gonzalez's deputy, will replace Gonzalez as labor minister. Gonzalez has been one of Menem's closest collaborators. He was a state official when Menem was governor of La Rioja province between 1985 and 1989.

Since Menem became president, Gonzalez has been minister of health, social action, economy, defense, and labor and was also ambassador to Italy. In 1998, lawmakers from the governing Partido Justicialista-peronista (PJ) blocked a judge's request to strip Gonzalez of his ministerial immunity during an inquiry into illegal arms shipments to Croatia and Ecuador (see NotiSur, 1998-09-18 and 1999-11-06). Gonzalez said he had been duped by arms dealers into authorizing the illegal sales.

Before Gonzalez resigned, prosecutor Carlos Stornelli said if the minister resigned he would lose his immunity and risk arrest on charges related to the illegal arms exports. Huge pensions go to privileged few Argentine pension lobby groups accuse politicians of the major political parties of receiving lavish pensions. An estimated 15,000 former public officials receive the "privileged pensions," special benefits awarded by provincial governments to high-ranking officials. The average payment is US\$3,400 a month, but some payments exceed US\$10,000 a month. The special pensions cost the treasury nearly US\$680 million a year. Half the privileged pensions are traced to La Rioja, which voted hefty pensions for nearly 7,000 civil servants who had only spent a few months in public office.

La Rioja granted the pensions without setting a minimum age for retirement, unlike the national social security system. The provincial law that granted the special pensions was passed in 1984. In 1996, La Rioja and the federal government signed an agreement by which the federal government assumed the obligation to pay the special pensions granted by the province. The legislation allowing the privileged pensions was later revoked, but not retroactively, so the beneficiaries continue to receive them. Only a few forfeited that right. The current deputy governor of La Rioja has already arranged at age 46 his future special pension of more than US\$6,000 a month.

Besides the beneficiaries in La Rioja, a number of economists, former legislators, ministers, and public employees who served under civilian governments as well as under the military dictatorships receive pensions of as much as US\$18,000 a month. Among those receiving the privileged pensions is a distant cousin of the president, Carlos Omar Menem, who receives US\$6,218 a month despite holding a high position in the Administracion Nacional de la Seguridad Social (ANSES), which pays the benefits.

The 46-year-old Carlos Omar Menem has collected this pension since 1997. He held several positions in La Rioja, including being lieutenant governor in 1991 and a national deputy from 1993 to 1997.

Carlos Omar Menem resigned May 28. Vice Minister of Economy Pablo Guidotti announced May 21 that the government is sending a bill to Congress to limit the privileged pensions to US\$3,100 a month. And, 24 hours after Gonzalez's resignation, Menem announced a full investigation into the privileged pensions and said the results would be made public. [Sources: Buenos Aires Herald (Argentina), 05/13/99; El Nuevo Herald (Miami), Inter Press Service, Spanish news service EFE, 05/20/99; CNN, Notimex, 05/21/99; Reuters, 05/21/99, 05/23/99; Clarin (Argentina), 05/21/99, 05/23/99, 05/29/99]

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