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Protests to Block New Labor Law

by LADB Staff

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Picketing jobless protestors, or "piqueteros," blockaded Argentine roads in February, even as the Chamber of Deputies passed a labor-reform law that piqueteros found inadequate. The protests by the unemployed have drawn less support than they enjoyed during the economic collapse of 2001-2002 but constitute the first major social movement President Nestor Kirchner has had to face.

Two hundred to three hundred protestors from the Movimiento Independiente de Jubilados y Desocupados occupied the front steps of the Labor Ministry for several days and conducted a hunger strike to call for the reinstatement of 252,000 "social plan" stipends the government had recently removed, with the understanding that the beneficiaries of the assistance programs had found work or no longer met the requirements to continue receiving assistance.

A social plan equals 150 pesos monthly, or US$51, for each unemployed person who demonstrated their condition as such. The government made it clear that its policy would be to give no more assistance but to replace the stipends with genuine jobs. This policy led piqueteros to block dozens of roads to Buenos Aires and other cities, frequently frustrating commuters on their way to their own jobs.

While polls show that unemployment is a top concern among Argentine adults, the links between the jobless and the middle class are nowhere near as powerful as they were during the period of opposition to President Fernando de la Rua (1999-2001).

Economic vigor has returned to Argentina, which experienced an 8.4% growth rate last year, bringing unemployment figures down a few percentage points and somewhat mollifying the middle-class "pot-bangers" who brought down de la Rua. Although road-blockade protests disrupted daily life and resulted in a few incidents of reported violence, as shown in a video of one piquetero attacking a taxi diver, the government was able to negotiate a truce with the piqueteros in the first days of March.

Labor law of "bribes" partially reformed

A labor law that passed four years ago with the suspected help of massive bribes was reformed at the beginning of March, although some socialist and labor leaders thought the reforms of the new law were inadequate. The Bloque Piquetero Nacional, led by the leftist Partido Obrero, tried unsuccessfully to convince the Labor Ministry to eliminate the flexibilization aspects of the previous reform law, arguing that they did not foment job creation but instead worsened the conditions of the labor market. Nonetheless, the Chamber of Deputies passed it with a 215-23 vote while the Senate approved it 65-1.
The law, originally passed in 2000, allowed employers to keep their employees on a six-month probationary period and increased "labor flexibility" with the argument that fewer employment protections would generate more jobs. The new law passed this month reduced the probationary period to three months and increased severance pay, but it reduced the social security contributions required from employers in companies with less than 80 employees.

The government said the initiative had been designed in consultation with interested sectors of the economy, and central labor councils expressed their agreement with the law, but chambers of commerce demonstrated against it, saying it would make hiring new employees "more expensive."

The ex-secretary of the Senate, Mario Pontaquarto, revealed to Justice Department officials that a total of US$5 million in bribes were paid to at least a half-dozen senators who approved the labor flexibility law in 2000. He and three others, ex-senators Jose Genoud and Emilio Cantarero and former secretary of intelligence Fernando de Santibanes, are being prosecuted for the crime.

Kirchner stands strong in polls The piquetero protests do not seem to pose a serious political threat to Kirchner at this time.

Recent polls placed his approval rating at 71%, according to a survey by the Centro de Estudios Nueva Mayoria. The survey showed that Kirchner entered his tenth month of government with a level of support that none of his three democratically elected predecessors, Raul Alfonsin (1983-1989), Carlos Saul Menem (1989-1999) and Fernando de la Rua, had maintained. Those three all entered office with high popularity, but it quickly evaporated in the first months of their respective presidencies.

Another poll cited by Mexican news agency Notimex found Kirchner had the support of 90% of the people. For the time being, economic unrest is unlikely to do the damage to Kirchner that it did to his predecessors.

In January, employment grew by 0.3%, bringing it to the same level as in 2001 before the crash. But unemployment figures are still high. Economist Raul Cuello says that as much as 21% of the Argentine population is looking unsuccessfully for work. Additionally, more than 18% of the work force is underemployed, working fewer than six hours a day although wanting to work more.

**Last-minute deal with IMF passes**

This time, the threat to Argentina's top executive may be external, as the G-7 powers intensify pressure on the Argentine political establishment to repay international creditors. But Kirchner has thus far proven nimble in his handling of the external pressure.

Press outlets feared that negotiations between Argentina and the International Monetary Fund (IMF) would be strained when IMF managing director Horst Koehler abruptly stepped down to run for the presidency of Germany, leaving Anne Krueger as acting managing director. Krueger's previous harsh public statements about Argentina's handling of its multibillion-dollar debt led many observers in that country to have concerns about the Argentine government's relations with the Washington-based organization.
As a March 9 deadline for the repayment of US$3.1 billion of debt to the IMF neared, the Fund and Argentina negotiated, with the threat of default looming over Argentina's creditors and the country's economic future. But a phone conversation between Krueger and Kirchner resulted in an accord, with Argentina deciding to make the US$3.1 billion payment to the IMF on principle and interest.

In exchange, the IMF promised to announce the approval of a second progress review of the goals established in the agreement signed with Argentina in September 2003, which likely would lead to another loan. A default on a loan from the multilateral agency would have put a halt to any further loans and Argentina would likely have found itself isolated from the global financial markets.

The debt is a major issue in Argentina, making daily headlines. Many Argentines feel that its repayment should take second place to social spending within the country, a sentiment Kirchner has frequently expressed in speeches to international groups and his own people, while others feel the country needs to get repayment on track to stabilize the economy.

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