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Argentina’s ‘Happiness Revolution’ Leads to Rising Poverty Numbers

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Six months after regaining control of the Argentine government and ending the social policies applied during the previous 13 years, the political right, led by President Mauricio Macri, has turned the South American country into a veritable volcano.

The opening of the economy, a currency devaluation in excess of 45%, and the passage by decree of legislation favoring large business conglomerates triggered a rapid rise in inflation and, consequently, a drop in consumption. In addition, the new government did away with price controls on public services—electricity, natural gas, gasoline, public transportation, and water—and ordered a wave of public sector layoffs. Private sector jobs are also being lost. The result is an explosive rise in the country’s poverty numbers.

The situation is so dire that union leaders, who tend to place their own interests above those of the workers they supposedly represent, have begun to mobilize and demand that the government pass an “anti-layoff law.” On April 29, they held a massive demonstration in Buenos Aires, the capital, with an estimated 350,000 participants.

On Dec. 10, Argentina became the first of the South American countries governed by progressive presidents to swing back to the right (NotiSur, Dec 4, 2015). With help from the major media outlets, Macri took over as president and immediately launched his so-called “Happiness Revolution” (NotiSur, Jan. 29, 2016). The result has been anything but. The effects of his program are all the more apparent when compared with conditions just across the Río de la Plata, in tiny Uruguay, where a progressive government under constant attack from media corporations and the political right continues, nevertheless, to apply precisely the kind of policies that Macri buried in Argentina. Uruguay’s low poverty, unemployment, and inflation numbers speak for themselves. In the 11 years since the left-wing Frente Amplio took power, in 2005, the poverty level, for example, has dropped from 39.9% to 6.4%, and just 0.2% of Uruguayan households live in extreme poverty.

On April 1, the Observatorio de la Deuda Social Argentina (ODSA), a research arm of the Universidad Católica Argentina (UCA)—where Macri earned a degree in civil engineering—issued a report suggesting that poverty and destitution levels rose sharply in just the few months since the new administration took office. The ODSA study estimated that the rate of destitution rose from 5.3% at the end of 2015 to 6.9% in March. In the span of just three months, in other words, some 350,000 people fell into extreme poverty. Argentina’s overall poverty rate, in the meantime, went from 29% to 34.5%, an increase that corresponds, in real numbers, to 1.4 million people, according to the report.

The ODSA issued a second, equally critical report just three days later. “Not eating adequately for lack of money, not being able to access health services or medications, not having drinking water or basic sanitation, living in overly crowded quarters, not receiving [children] or having received [adults] a formal education, being denied social security benefits because of not having a formal job—all this applies to 53.7% of Argentines,” the institution claimed.
One need only walk through Buenos Aires, the most European city in the Americas and Argentina’s wealthiest metropolis, to see large groups of people, in some cases families with children, living on the streets and depending on aid groups to eat. One of those charity organizations, the Catholic Church-run Cáritas, opened 25 new soup kitchens just in the month of April, its director, Horacio Cristiani, said last month.

**Disappearing jobs**

The Unión Industrial Argentina business association warned in early April that, despite tax cuts for agribusiness and for the mining sectors, and above all the currency devaluation, 200,000 jobs were at risk because of tariff hikes and the economic situation in Brazil, Argentina’s biggest regional trading partner. By then, the government, as part of its policy of reducing the size of the public sector, had already fired 12,000 state workers (NotiSur, March 25, 2016). Another 3,000 public employees have since been laid off. Nevertheless, the Macri administration continues to deny the existence of a job crisis. “There is no labor crisis in Argentina, but rather a lack of demand for jobs,” the minister of production, Francisco Cabrera, said during a mid-May gathering of business leaders.

The Federación de Industrias Textiles Argentinas (FITA), an association of textile producers, paints a far bleaker picture. “What we’re seeing up to now is just a preview of what could be as bad or worse than the crisis of 2001,” it warned. “Output by wholesalers fell 30% in the first four months of the year, while imports from China rose 8.1%.” The Unión de Aseguradoras de Riesgos del Trabajo (UART), another business association, offered further evidence of the jobs crisis when it reported, on May 5, that as of April 30, the number of insured workers (people with registered jobs) had fallen by nearly 90,000 since the new government took power.

By tracing the evolution of Argentina’s registered jobs numbers, the UART, perhaps inadvertently, acknowledged one of the major accomplishments of Macri’s progressive predecessors, Néstor Kirchner (2003-2007) and Cristina Fernández de Kirchner (2007-2015). During their time in power, the number of formal jobs rose steadily, from 4.5 million in 2003 to nearly 10 million in December 2015.

Other estimates put the number of jobs lost in the first four months of the year at just over 155,000, equivalent to nearly 1% of the workforce. Tendencias Económicas, a consulting firm, said the “hemorrhaging of jobs is the worst since the crisis of 2001-2002” when Argentina had five presidents in 10 days, declared itself in default, and suffered a wave of repression that left 39 people dead.

**Staying the course**

The government’s response to the troubling picture has been disconcerting. Despite the severity of the statistics, Macri continues to insist that his “Happiness Revolution” program will lead to “zero poverty.” After a barrage of price hikes for public services—including three successive increases on gasoline—the minister of energy described the situation as “a period of necessary adjustment.” His counterpart in the transportation ministry called on people “not to be alarmed by this gradualist policy, because in terms of money, it’s not that much.” And Gabriela Michetti, Macri’s vice president, said that price hikes—which in some cases exceed 500% for household users and 5,000% for the commercial and industrial sector—“are so that people will be better off in the future.”

On May 19, Congress approved a so-called Ley de Emergencia Ocupacional (emergency job law)—essentially the anti-layoff law demanded by the union leaders—which received votes from deputies.
and senators from every faction except the governing party. The bill called for a 180-day freeze on layoffs, and stipulated heavy fines (double the normal severance) for employers who insist on letting employees go regardless. Macri vetoed the initiative two days later. “In my opinion, this law is anti-job,” he said. “In my opinion, it goes against [the interests] of the Argentine people. In my opinion, it shows that there are some people who don’t have any faith in our future. That’s why I vetoed it.”

Macri has promised instead to present a bill “to encourage first-time employment as an initial step toward reaching the goal of zero poverty.” As an example, he pointed to his “genuine job generation” program, which was signed May 12 with the US corporation McDonald’s and presented in a formal government act involving Cabinet Chief Marcos Peña, Labor Minister Jorge Triaca, and Marlén Fernández, a top McDonald’s executive. The deal establishes that McDonald’s, over the next 12 months, will hire 5,000 people between the ages of 18 and 23 to work 30 hours per week in exchange for health insurance, a training certificate, and a monthly salary of 4,500 pesos (US$325). The salaries, which are subsidized by the state, are significantly below the legal monthly minimum (approximately US$435) as established by the state.

Macri is sticking with his approach despite signs that his credibility and popularity are crumbling. On April 20, he surprised even his own Cabinet when he introduced psychologist Daniel Cerezo as his “happiness and culture advisor, with the rank of a deputy minister.” On May 10, the government announced that it had hired Alejandro Rozitchner, a well-known philosopher, to carry out an “Enthusiasm Workshop” for top-level administration officials. The workshop involves a series of classes on topics such as “intelligent positivity,” “enthusiasm and overcoming melodrama,” and “the desire to live.”

Several days later, Macri’s interior minister, Rogelio Frigerio, threw something of a wrench in the Happiness Revolution by partially agreeing with ODSA and Cáritas regarding the gravity of the current economic situation. “[About] 30% of Argentines are poor, and of those, a third go to bed hungry every night,” he said.

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