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Andrés Gaudín

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Poverty, Unemployment, Inflation Rise in Argentina

by *Andrés Gaudín*

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A mere 18 months after Mauricio Macri assumed the presidency and brought back neoliberal policies that had prevailed at the end of the 20th century but had been abandoned in 2003, Argentina's social indicators have taken on a disturbing rhythm ([NotiSur, Dec. 4, 2015](#)).

The latest statistics—both official and private—reveal that the growth of poverty and unemployment indexes for the full year far exceeds the official estimate of 17%. In a report released June 5, the Centro de Economía Política Argentina (CEPA), a think tank on the economy made up of state university graduates, revealed that by December, the annual cost of living increase will be about 24%, seven points more than the official projection.

Poverty hardest on youth

Children and adolescents are the most affected by the new reality. A study on children welfare by the Barómetro de la Deuda Social de la Infancia at the Universidad Católica Argentina (UCA), the school where Macri graduated as an engineer, showed that 7.6 million children and adolescents (58.7% of persons under 17) live in structural poverty. The study was released June 10; a year earlier, a similar study had gauged poverty for that group at 45.8% ([NotiSur, June 17, 2016](#), and [Nov. 18, 2016](#)).

In the last two days of May, the Autonomous City of Buenos Aires, the country's capital, which is governed by Macri's own party, sponsored its second annual job fair, Expo Empleo Joven. The event—aimed at people between 18 and 29 years old who are either unemployed, seeking their first job, or interested in bettering their work situation—drew 150,000 job seekers. The marketing slogan was more than inviting: "Offering you opportunities to continue growing."

Fabián Pereyra, director of the event, explained that participating companies this year— which included JP Morgan, IBM, Exxon Mobil, Telecom, Unilever, McDonald's and HSBC—had 11,000 jobs to offer. "Last year, of the 3,000 job offerings, contracts were signed for 1,575," Pereyra said. "Should the same percentage prevail this year, we could say that 4% of the attendees, or some 6,500 persons, went home with jobs."

The youth unemployment rate in Argentina is almost triple the 8.5% rate for the general population. Unemployment tops 23.8% for 15-to-24-year-olds and climbs to 24.6% for 15-to-29-year-olds.

The country's three unions agree with CEPA's warning about the seriousness of increasingly limited options for young people, and like CEPA, they criticize the withdrawal of state support. "Added to the shrinkage in the labor market, there is an abandonment of state programs that provided incentives for professional formation, replacing it with programs that offer precarious part-time work with expiration dates and designed for the sole purpose of cutting business costs," CEPA said.

The proportion of the 15-to-24-year-old age group within total unemployment "is alarming," according to a report by a Buenos Aires public policy center, the Centro de Estudios para el

Desarrollo Nacional–Atenea, which noted that nearly 40% of the unemployed belong to this age group.

Damián Ledesma, the director of Atenea, told the newspaper *Tiempo Argentino* that labor problems among young people have grown in several aspects. “The disadvantages are not just in the difficulty of entering the job market but also in the types of jobs they access,” he said. “It’s enough to see that nearly half of the youth do not have paid vacations, aguinaldos (the customary end-of-year bonus equivalent to one month’s salary), sick leave, medical insurance, or pension contributions.”

Both CEPA and Atenea point out that the current deterioration of employment options runs counter to the situation young people experienced between May 2003 and December 2015 (during the administrations of Néstor Kirchner and Cristina Fernández de Kirchner). Their reports indicate that the most important public policies for youth job training that had been established in 2008 suffered sharp declines in Macri’s first 18 months.

Atenea pointed out that funds earmarked for the program known as Jóvenes con Más y Mejor Trabajo (Youth with More and Better Jobs) were reduced by 14% this year. The program’s goal is to incorporate young people into society and the job market through integrated actions that allow them to build a professional profile, finish school, have training experiences and qualifying internships, and thus begin independent productive activities or find a job. The Progresar (To Progress) program—which gives scholarships to unemployed or low-income university students to help them stay in school and was also a flagship program in previous administrations—was cut by 47%, and its coverage fell by half. From nearly a million beneficiaries in 2016, participation is now 500,000.

On July 4, the international consulting firm Adecco (a subsidiary of The Adecco Group of Switzerland) indicated that the unemployment rate for young people in Latin America was 16%; Argentina’s rate is 24.6%. In this context, the United Nations International Children’s Fund (UNICEF) reported on July 6 that 47.7% of the households with children and adolescents do not have incomes that allow them to access a basket of basic goods. In absolute terms, this means 5.6 million children are living in poverty in Argentina, of whom 1.3 million live in extreme poverty.

According to the UN agency, that rate climbs to 85% when a child lives with an unemployed head of household, and the situation of poverty and indigence for minors varies depending on whether the head of household is male or female. The poverty rate is 55.3% when women are the top income earners; it falls to 42.9% when the top income earners are male. Gender disparity was again evident June 14 when official unemployment figures were released for the first quarter. They showed that 20.1% of women under 29 were unemployed. That index fell to 17.2% for men in the same age bracket. Overall unemployment was 9.2% (currently, it is 8.5%).

Businesses move or close entirely

Despite government measures aimed at benefitting the business sector—currency devaluation, import liberalization, easing the sending of remittances abroad, provisions for labor flexibility, and reductions in the contributions for pensions and social services---the business sector hasn’t responded in kind. Faced with the burden of rising costs of public services such as energy, water, and transportation, some businesses have moved factories to other countries or shut down production. According to the state-run agency charged with administering government revenues, the Administración Federal de Ingresos Públicos (AFIP), between December 2015 and March 2017,

3,198 companies closed their doors, an average of seven closures per day. Most of them were small- or medium-sized firms, which are the greatest generators of employment. Additionally, many companies have engaged in large-scale job elimination in Argentina:

- May 30: Carboclor, a petrochemical firm that is a subsidiary of Uruguay's state-owned oil company ANCAP, shut down and fired its 190 workers.
- June 20: On the outskirts of Buenos Aires, 600 workers were laid off at one of PepsiCo's industrial plants where popular snacks are manufactured. By July 8, supermarket chains began receiving those same products manufactured by PepsiCo in Chile.
- June 22: Exactly two weeks after Chancellor Angela Merkel visited Argentina and promised to back the political changes made by the Macri administration, the German chemical firm Lanxess shut down its Argentine operations. It was the only producer of chromium consumed by the Argentine footwear and leather goods industries.
- June 23: Another German firm, the sportswear factory Puma, ceased operations in its two plants in the northern province of La Rioja.
- June 30: The French auto parts maker Hutchinson, a subsidiary of Grupo Total, announced it would lay off all its employees and close its production plant on the outskirts of Buenos Aires, saying it wasn't competitive.

Frivolous position following layoffs

In the midst of this worrisome panorama, the government sent the worst of signs on July 6. After a series of layoffs of state workers, it announced the creation of a public office without national or global precedent. As part of a campaign to promote bicycles as a mode of personal transportation, the government appointed María Belén Cardasz to the position of director of bicycle mobility (directora nacional de movilidad en bicicleta). Since then, social networks and media critical of the government have made fun of Macri's decision, publishing a facsimile of a business card for Cardasz, a 29-year-old who will be paid US\$4,159, an extraordinary monthly salary in Argentina, even in private enterprise. The card reads: "Director of Bicycle Mobility, National Department of Non-Motorized Transport of the Under-Secretariat of Urban Mobility of the Ministry of Transportation of the Nation."

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