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Argentina: Congress To Vote On Legislation Lifting Employers' Severance Pay Liability For Temporary Workers

by John Neagle

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On Aug. 29, Argentina's cabinet ministers approved a plan to be introduced in Congress that would eliminate employers' liability for severance pay to laid off workers and the application of existing legislation related to workers' rights vis-a-vis job seniority. If approved, the legislation would be applicable to "temporary" workers hired for a minimum of three months and a maximum of three years after the law goes into effect. The bill was authored by Economy Ministry official Eduardo Curia in consultation with the Argentine Industrial Union (UIA). The UIA's membership is comprised of large- and medium-sized companies. According to Curia, in the midst of prevailing economic uncertainty, business owners prefer increasing workers' over-time, rather than hiring new workers. Government spokespersons say the new legislation would benefit young workers, or 18- to 26-year-olds, and workers displaced from the public sector as a result of privatization programs. Labor Minister Jorge Triaca opposed the new bill, describing it as "inopportune at this time, since it serves to reinforce open confrontation" with Saul Ubaldini, secretary general of the General Labor Confederation (CGT). Claudio Lozano, spokesperson for the State Workers Association (ATE), said the proposed temporary contracts constitute an instrument by the government to "reduce business owners' wage bill and eliminate their social responsibilities." Lozano asserted that the proposed legislation was part of an economic plan drawn up by Bunge y Born aimed at keeping wages down to between 20 and 25% of GDP. He pointed out that 14 years ago, wages accounted for 43% of Argentina's GDP. At year-end 1988, he said, wages as a proportion of national income had dropped to 26.7%, and have declined to 20% since then. Economy Minister Nestor Rapanelli is a former Bunge y Born executive. According to government statistics, in April 8% of the economically active population were unemployed, and over 8.5% underemployed. The EPA is estimated at 11.6 million in a total population of 32 million. (Basic data from Notimex, DYN, 08/29/89)

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