

A critical assessment of Argentina's 'Year of Decent Work'

by Bruno Dobrusin

The centre-left government of Cristina Kirchner declared 2011 as the 'Year of Decent Work' in Argentinaⁱ, following consultations with the ILO and other international institutions regarding government programmes during the current global economic crisis. The Kirchner administration has indeed promoted several counter-cyclical measures to fight against the global recession and maintain levels of employment in the country. The relative success of these policies, together with the continuous economic growth that Argentina has witnessed since 2003, led the government to tour the international forums such as the G20 meetings and claim that Argentina is an example of a successful response to the crisis. Despite the improvements in the overall economy and the high levels of employment that the country is witnessing, the so-called 'model' is far from ideal, and has to be questioned on its main claims. This article discusses the recent improvements as presented by the government and the counter-facts suggested by a recent study carried on by the Workers' Confederation of Argentina (CTA)ⁱⁱ.

The Decent Work Agenda proposed by the ILO is based on four pillars: employment creation, rights at work, extending social protection and promoting social dialogue. The main focus here is on employment creation in Argentina over the past few years, and on the quality of employment created. Since 2003 Argentina has had a remarkable economic recovery, with an average eight percent annual growth. The devaluation of the currency in late 2002 led to the protection of an important part of industrial production, which explains the generation of employment in the time period. Between 2002 and 2007, the rate of employment increased to levels unseen since 1974, creating approximately 3.7 million new jobs out of which half are in the formal sectorⁱⁱⁱ, with the industrial sector as the main participant. It has to be rec-

ognised that the success of the industry is the reduction of the labour cost in dollars of an important industrial sector, which, due to the low technological component, can compete with imported products through the lowering of salaries in dollars. The leading sectors in the period, the automobile and the iron and steel industries, do not need the exchange rate protection nor did they contribute to employment recovery. Towards 2009, with higher production, employment in the automobile companies was lower than that registered in the middle of the 1990s. The reason is that it is an enclave industry, with small participation of production from Argentina

In the period 2003-2010 social protection was improved, with a current 86 percent of the population receiving benefits from social security systems (both private and public), up from 60 percent in 2003^{iv}. In addition to this, the government has also produced a recovery in the minimum wage negotiations by bringing back the Minimum Wage Council, with participation by unions, the state and the employers. This has produced a consistent increase in the minimum wage, at an average rate of 20 percent a year. This set of achievements is being presented by the Kirchner administration to the G20 as an example for other countries to follow. The ILO has supported the government in its promotion of a firm decent work agenda. However, behind this policy, there is a harsh reality that is not being heard about Argentina and the labour policies of the current administration.

There are a number of reasons that justify the assessment that Argentina is not indeed the paradise of decent work. According to two different studies made by alternative trade unions, the employment

situation in the country is actually grimmer than that presented by the government. The main difference in the evaluation of these studies is the statistics used. The government has consistently denied the inflation levels and has intervened in the National Institute of Statistics, through appointing a new director and changing the figures of inflation on a monthly basis. This arbitrary decision has been consistently criticised by the workers' representatives in the Institute. When we take the statistics produced by other public non-intervened institutes, employment figures remain virtually the same since 2007, without improvements in the 8 percent unemployment figure^v. If we look at employment creation, it was significant in the period between 2003-2006 that an average of 750,000 jobs was created per year, but it declined in the period between 2007 and 2010 to an average of only 200,000 jobs annually^{vi}. Moreover, the government claims that informality has decreased over the past decade, when it actually remains at historically high levels. Out of the 3,7 million jobs created, more than half are in the informal sector, which remains at an overall level of 40 percent of the employed population^{vii}. Among the youth, informality is even higher, reaching 60 percent of the employed^{viii}, and with worse working conditions. These factors are closely related to the still relevant 30 percent poverty levels, and just over 5 million people below the level of extreme poverty^{ix}. Argentina is not then a good example of a country overcoming the decent work deficit and there remains a need for significant change in the working conditions of the majority of Argentinian citizens.

In reality, informal and precarious working conditions continue in Argentina. Only the salary of the formal workers compensates for the increases in prices, leaving a minority that can sustain their living standards. The current real wage is similar to that of low earners in 2001 at the moment of the economic crisis. The unemployment rate continues to be greater than the same rate in the early 1990s, and it is still much higher than in the 1970s and 1980s. In addition, the stages of 'social dialogue' promoted by the government only include

the main trade union confederation (CGT), a key ally of the government. There is no intention in the Kirchner administration to recognise any of the alternative trade union confederations, countering the demands made consistently by the ILO in its Freedom of Association reports.

At the September G20 meeting of Labour Ministers, the Argentine government will present their response as the example for other G20 governments to follow, especially those undergoing economic crisis. However, Argentina is still far from an ideal place for labour policies and labour rights. As presented here, the country still has to discuss the productive and developmental model that currently produces immense wealth and a GDP growth of 8 percent a year, but it provides these high profits for a small group of heavily concentrated business groups, mostly foreign, and keeps workers in precarious working conditions.

- i. http://www.trabajo.gov.ar/ampliado.asp?id_noticia=1296&id_seccion=prensa
- ii. IDEF-CTA. "Sobre el trabajo decente. Contexto general, informalidad laboral y políticas públicas", July 2011.
- iii. Labour Ministry of Argentina. "Trabajo, Empleo y Ocupacion. Una Mirada a sectores económicos desde las relaciones laborales y la innovación", June 2010, p. 43
- iv. Labour Ministry of Argentina. "Trabajo y Empleo en el Bicentenario. Cambio en la dinámica del empleo y la protección social para la inclusión social. Periodo 2003-2010", September 2010., p.49.
- v. IDEF-CTA, p.2.
- vi. IDEF-CTA, p.4
- vii. Ibid, p.21.
- viii. Ibid, p.27.
- ix. Ibid,p.14

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