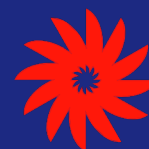


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TOWARDS THE RIGHT TO SOCIAL SECURITY FOR ALL

THE IMPACT OF FOREIGN DEBT AND HARSH AUSTERITY ON ARGENTINA'S SOCIAL PROTECTION SYSTEM

THE CENTER FOR LEGAL AND SOCIAL STUDIES

EXECUTIVE SUMMARY:

Argentina's recent economic policies, driven by IMF debt repayment and fiscal austerity, have led to a significant deterioration in social protection systems and living conditions. Pension reforms have reduced retirees' purchasing power, while widespread dismantling of care policies has disproportionately affected women and LGBTIQ+ individuals. A severe food crisis has emerged, with over half of households with children reducing essential food purchases. Consequently, poverty rates have surged from 41.7% to 52.9% in early 2024, affecting over 15 million people. These changes, reflecting a shift towards minimal state intervention in social welfare, have exacerbated existing inequalities and created new vulnerabilities, particularly impacting informal workers, women, and children.



Introduction

In 2018, Argentina signed a Stand-By agreement with the International Monetary Fund (IMF), a type of short-term financial assistance typically provided to countries facing a financial crisis. The IMF committed to lending Argentina US\$57 billion. Of these, US\$44.5 billion were actually transferred. The rest of the funds were rejected by the Argentine State after the change of government in December 2019. The money received is equivalent to about 10% of Argentina's GDP and 1000% of its quota in the IMF. It is the largest loan granted to a country in the history of the organization.

In March 2022, Argentina and the IMF reached a new Extended Fund Facility (EFF) agreement, under which Argentina committed to repaying the full amount of the Stand-By agreement loan over the next 10 years, including interest and surcharges. In addition, the country committed to quarterly reviews tied to periodic IMF disbursements, leaving the country at a constant risk of default if it does not meet IMF conditions.

This debt imposes sizable constraints on Argentina's ability to make independent decisions regarding its social security system. For example, the IMF has repeatedly urged Argentina to restrict spending on pensions. In particular, it has raised concerns regarding the cost to the pension system posed by people without sufficient years of contributions. The IMF stated that "the fiscal cost of the new pension moratorium should be mitigated through strong regulations to target entry only to those with the greatest need" .

The IMF omits that the vast majority of people without sufficient years of contributions have either worked informally, or as unpaid domestic workers, with the latter group consisting overwhelmingly of women. These individuals have been excluded from formal pension systems not due to lack of effort or willingness to work, but because their labor has gone unrecognized or untaxed by official economic structures.

The current government, led by Javier Milei since December 2023, has taken this fiscal austerity approach to the extreme. During his electoral campaign, Milei pledged to carry out an economic adjustment even deeper than what the IMF had demanded . Since then, his administration has pursued economic policies guided by a single rationale: to guarantee the repayment of the foreign debt and maintaining a fiscal surplus .

This approach has resulted in the accelerated deterioration of living conditions for the majority of the population, particularly for those already in vulnerable situations. And this is further aggravated in a context of State withdrawal from key public services. In the first half of 2024, poverty increased by 11 percentage points compared to the second half of 2023. It went from 41.7% to 52.9% of the population. Indigence, on the other hand, affects 18.1% of people, an increase of 6.2 percentage points in the same period. This means that at least 15,685,603 people in Argentina do not have enough income to cover the basic basket of goods and services and, within this universe, 5,379,588 people do not even cover the basic food basket. In 2018, when Argentina got in debt with the IMF, the poverty rate was around 30% .

The following sections provide an overview of the current status of Argentina's social protection policies in three dimensions: retirement pensions, care policies, and food access policies.

Retirement Pensions

In March 2024, Milei issued a decree that redefined the formula for updating pensions and retirement schemes, linking them to price increases, specifically inflation. However, this adjustment only took effect from March onward. In this way, it excluded the high inflation levels in January and February, following the government's decision to devalue the Argentine peso by more than 50%. Between January and February, accumulated inflation was 37%.

While recently, the National Congress passed a law to correct this omission and include the inflation adjustments for January and February, the President vetoed it, arguing the need to preserve the fiscal surplus.

Retirees have steadily lost purchasing power since approximately 2017. That process deepened in 2024. The purchasing power of pensions has fallen by: 5.8% since December 2023, 20.7% since September 2023, and 30.3% since September 2017.

In September 2024, retirees receiving the minimum pension were entitled to 304,540 pesos per month (~US\$ 300). That amount is insufficient to cover the basic cost of living, the minimum required to not experience poverty, which stands at 313,390 Argentine pesos per month. In the first six months of 2024, pensions accounted for 27.7% of the adjustment that made it possible to achieve the fiscal surplus.

Additionally, the government set the minimum wage at 268,056 pesos, also below the poverty line. The purchasing power of the minimum wage fell by 32,1% since November 2023.

Care policies

According to our review of 47 care policies, we found that the Argentine government has repealed or dismantled 24 of them within just six months of the new administration. An additional 16 policies are at risk, leaving only seven still in effect.

In the second quarter of the year a clear trend has emerged: the government is retaining only direct income transfer policies for individuals. While these transfers are necessary, they fall short of addressing the comprehensive and systemic nature and causes of the care crisis or mitigating the recession's impact on the labor market. These measures are insufficient to counterbalance the effects of the State's withdrawal and reduced support to grass-roots organizations.

The State's withdrawal includes the closure of key federal services. This ranges from halted food deliveries to organizations, to the shutdown of Territorial Development Centers (Ministry of Human Capital), Access to Justice Centers (Ministry of Justice), and delegations of the Acercar Derechos program (Undersecretariat for Protection against Gender Violence), among others.

Women and LGBTIQ+ individuals are bearing the brunt of this withdrawal, with increased caregiving responsibilities, reduced access to formal employment, and fewer support networks in the face of violence. With the closure of the Ministry of Women, Gender and Diversity as well as the proposed repeal of the moratorium in the Omnibus Law, the government has fostered an environment of denial regarding gender-based social inequalities.

Social and civil society organizations, through their grassroots work and efforts to expose and denounce violations, are spearheading the response to the dismantling of care policies.

In September, we conducted a telephone survey on the care situation in households across the country. The results show the deterioration of the social situation and care structures. 65% of families responded that they had cut back on food in the past year. In households with young children, 67% of the families reported that they had more difficulties in finding childcare and kindergarten vacancies. The majority of families reported having less time to care for children, adults, and people with disabilities in the past 6 months. 57% of families attending soup kitchens reported finding less food.

Access to food

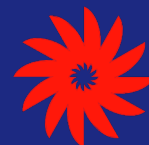
Immediately after taking office, the National Ministry of Human Capital halted the distribution of resources and food to soup kitchens across the country, claiming that the previous system was marred by patronage practices within social organizations. This decision led to an unprecedented food crisis, aggravated by the abrupt fall in purchasing power of salaries and pensions. While some soup kitchens have since resumed receiving food supplies, many remain without and there is no clear or transparent information on who is receiving and what criteria are being used to make these determinations.

According to a UNICEF survey , by April 2024, 52% of households with children had stopped buying essential food items - especially meat, milk, fruits and vegetables - due to lack of money. These are critical components of child nutrition and this alarming figure represents about 7 million children - an 11% increase from June 2023. Additionally, more than 1 million children had to skip a daily meal (breakfast, lunch, snack or dinner) due to lack of money.

In May, it became known that the Ministry of Human Capital had stocked five tons of food without being distributed since December of 2023. A part of the merchandise had an early expiration date. After initially denying any mismanagement, the government finally acknowledged the problem. A federal court ordered the Ministry to develop and implement a plan to deliver the stockpiled food. The Ministry attempted to appeal the

ruling, but the Federal Court upheld its decision.

The stockpiling of five million kilos of food in the midst of this unprecedented food crisis cannot be read simply as a management failure. The episode is illustrative of a way of conceiving the role of the State in the protection of rights. This is confirmed by President Milei's statement "if people did not make ends meet, they would have died by now". Days later, he reiterated this during a conference at Stanford University, arguing that there is no need for the government to intervene in the "externalities of consumption," as he believes the market can resolve these issues on its own.



ABOUT THE GLOBAL COALITION FOR SOCIAL PROTECTION FLOORS

The Global Coalition for Social Protection Floors advocates for the right to social security for all individuals. We promote social protection floors as key instruments to achieve the overarching social goal of the global development agenda. Social protection is one of the foundations for inclusive, equitable and sustainable development. It can simultaneously address the economic, social, and environmental dimensions of sustainability and preservation of livelihoods.

Established in 2012, the Coalition now comprises over 130 NGOs and trade unions from around the world.

ABOUT THIS SERIES

In 2023, 96 economic justice, human rights, and faith-based organizations from around the world came together to advocate for the Right to Social Security. They called on the World Bank and IMF to stop promoting poverty-targeting programs and shift toward universal social security systems. They also advocated for equitable and sustainable public systems and for an end to harmful austerity. The group reiterated these demands in a public letter to the institutions' Board of Directors. They also started documenting the country-level impacts of World Bank and IMF policies. These findings are published in a series of policy briefs that spotlight urgent areas for reform. This is one of those briefs.

The views expressed in this brief are solely those of the authors and do not necessarily reflect the opinions of the Global Coalition for Social Protection Floors. The Coalition encourages its member organizations to share insights on national experiences that may support other members in shaping their own advocacy strategies.

ABOUT THE AUTHOR

The Center for Legal and Social Studies is an Argentine human rights organization founded in 1979 during the last military dictatorship. It promotes the protection of human rights and their effective exercise, justice and social inclusion - both nationally and internationally.

CONTACT US

Leandro Vera lverabelli@cels.org.ar

Website: <https://www.socialprotectionfloorscoalition.org/campaigns/social-security-for-all-key-pillar-for-new-eco-social-contract/>