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New government in Argentina: expectations and certainties

Analysis by FORA

Federación Obrera Regional Argentina

11 April 2024

The self-proclaimed “first liberal-libertarian president in history” took office on December 10, with a harsh speech directed at a hard-hit society, open threats of repression to street blockades and the promise of a severe cutback in public spending.

Throughout his entire presidential campaign, he could be heard rising his voice to decry “the political caste”; something that he continued to do from the steps of the National Congress when he was elected, while being acclaimed by a crowd that applauded his threats, shouted “¡Motosierra! (chainsaw)” and cheered the police officers guarding the event.

All too often, politicians’ actions are very different once they take office from what they promised during the campaign trail. In the case of Argentina, it seems as if this new alliance of the liberal right is bent on doing everything they vowed, except precisely fighting the political “caste” (of which they are now

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part). In fact, many old faces from politics and the economy have now joined the government. These are the same guys that plunged the country into the economic crisis of 2016, through fraud and speculation.

The only word that Milei is keeping is that of attacking the workers. Proof of this is his brutal 54% devaluation of the Argentine currency, through his 118% rise in the exchange rate of the dollar, only three days after taking office.

This mega devaluation, together with the announced fiscal plan and exchange rate adjustments, have brought down salaries to an all-time low and have drastically sped up inflation in the country. This process, that started under the Peronist government of Alberto Fernández, led to two years of economic collapse, with more than 140% inflation, all under the watchful eye of the IMF, the country's main creditor.

Those now in charge of the economy are themselves forecasting a monthly inflation index between 20% and 40% for at least the next four months, due to the new plans. This recipe, approved and celebrated by the IMF, is one for disaster. It predicts the inflation to skyrocket, delivering a shock to the livelihoods of many, as well as a drop in all economic activity indicators and a net loss of purchasing power for those in the formal and informal labour markets (which already accounts for more than 50% of jobs). The self-employed and the pensioners will also be affected, with these last ones losing their retirement mobility in exchange for a system of pension increases decreed (or not) by the government. This is what ministers refer to as the "ancla antiinflacionaria (safe point against inflation)".

The self-inflicted economic recession that will follow is supposed to act as a price containment mechanism. According to this explosive recipe, double-digit monthly inflation would be reduced over time through decreased wage purchasing power. However, it is difficult to see how bringing down living conditions for the workers (who are already in a dire situation and

unable to afford their basic needs), can possibly be endured without raising our voices.

“There is no alternative to the adjustment plan”

In his first speech as president, Milei stated that, after many years of propaganda through the media and social networks, there is no alternative to the cutbacks. This message resonated with a part of the population that was fed up with the previous Peronist government and were easy to convince that a brutal recipe was needed to balance the economy.

But this plan also comes with a reform of labour laws to make formal jobs even cheaper for the bosses. In fact, it is tailored to their needs and includes a massive bill with more than 300 articles that remove many social protections: reduces tax and social security payments for employers; cuts back on fines for not registering workers; has the workers themselves paying into a compulsory fund to cover compensations for their own dismissal; dramatically curtails the right to strike; education, telecommunications and transportation are now considered “essential services”, which allows the government to impose 75% mandatory quotas in the event of a strike. Other reforms are: joining a picket line are now grounds for dismissal, in order to discourage protests and blockades; trial periods are extended and a new system to work out compensation is introduced, heavily favouring companies, of course.

Curiously enough, all measures put forward by the Milei administration aim to upset the Argentinian legal and economic systems, so bankers, export businessmen and financial speculators are the big winners.

It is expected that many will not accept these measures quietly. To ensure social compliance, the Ministry of Security launched a resolution called “Protocol for the Maintenance of Public Order in the Face of the Closure of Traffic Roads” (Resol-2023-943-APN-MSG). This tool aims to deactivate any type of popular resistance, such as demonstrations, authorizing the federal forces (Gendarmerie, Prefecture, Airport Security

Police, Federal Police and even the Penitentiary Service) to intervene against “impediments to the movement of people or means of transport, partial or total closures of national routes and other circulation routes”, which are construed to mean “...any concentration of people or placement of fences or other obstacles that reduce, for the circulation of vehicles, the width of the streets, routes or avenues, or that hinder railway traffic, even when they do not create a dangerous situation, or that prevent people from entering public places or companies. For these purposes, the fact that the injured parties had other alternative means of circulation will not be taken into account.”

This single piece of legislation sets up a whole authoritarian mechanism on its own. Together with class justice and the general repressive system, it threatens people and organizations alike and hangs on their heads like a Damocles sword. It even takes away rights established in the country’s Constitution and provides grounds to criminalize protests and to prosecute them. It also applies to labour disputes and is a necessary element of the adjustment plan, discouraging and silencing dissent.

Because all of this, a march of left-wing organizations and the unemployed took place on December 20, 2023, to remember the social uprising of 2001. In the days leading to the rally, Milei’s government threatened to use the repressive legislation that has been mentioned before, and on the date itself, police officers boarded means of transport into Buenos Aires, searching for potential protesters. Despite these threats and obstacles, the rally was successfully held and the large numbers of police present didn’t dare to intervene.

The evening of that very same day, December 20, the president announced on national television a DNU (Decree of Necessity and Urgency), passing the reform bill with the 300 points and amending many previous laws, curtailing labour rights and the regulatory competences of local governments, so the

new lack of regulations benefits the bosses, which also received other concessions.

Right after this message was broadcasted, there were many “cacerolazos (pot banging)” in Buenos Aires, which were repeated the following day across the country. Business unions (CGT, CTA-T, CTA-A) sought to capitalize on this, made statements as to the unconstitutionality of the DNU, filed a complaint in the courts and called a large rally of union members and the unemployed, together with many left-wing parties. The police set up another clownish display and attacked any protester who became separated from the main body of the rally or was marching on his or her own. As a result, 7 protesters were arrested and a woman was sent to hospital, after being hit by the police.

Milei is on a path to have his bills passed at any cost and is already seeking an alternative, in case the DNU does not move forward. As such, he has introduced to Congress the so-called “omnibus (comprehensive) law”, which includes new measures that were left out of the DNU (more labour and repressive reforms).

It remains to be seen to what extent the social discontent can be contained. Milei has made light of it in interviews, stating that society is suffering from Stockholm syndrome and protests are but a symptom of it. He has also said that only those who didn’t like his victory took part in the December 20 rally. It’s obvious that this discourse aims to disregard the legitimate concerns of the Argentinian working class. [