

# Argentina: Fresh Air, Old Storms

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## Contents

- [The exhaustion of the neoliberal](#)
- [A new cycle of wage struggles](#)
- [New collective leaderships](#)
- [The reorganization of the](#)

*"The vital impulse of the human being responds to all questions of life before philosophical investigation. The illiterate man does not worry about the relativity of his myth. He could not even understand it. But generally he finds his own way, better than the writer and the philosopher. Since he must act, he acts. Since he must create, he creates. Since he must fight, he fights. He does not know of the relative insignificance of his effort in time and space. His instinct frees him of sterile doubt. He has no other ambition than what he can and must have as human being, to live a worthwhile life". (Jose Carlos Mariategui. La Lucha Final)*

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The Argentine economy is recovering slowly from the crisis that plunged it into the longest (1998/2002) and perhaps deepest recession of our national history. GDP fell by more than 20% and investment fell by 60%.

Two years of sustained growth of GDP, with annual rates of 8.8% and 9% (2003-2004); employment at its highest levels since 1998 (more than 1,600,000 new jobs created according to the INDEC); a partial restructuring of the foreign debt which led the country to declare the cessation of payments in 2002, although the debt remains US\$145 billion. and a big fiscal surplus (5.8%) are the most eloquent testament to this recovery.

The counterpart to this is a strong commitment to payments over the next 10 years; depressed wages; an unemployment rate of 17%; a large increase in undeclared work and the precarization of labour. The result is an increasingly regressive distribution of incomes, with the gap between the richest 10% and the poorest 10%, which was 29:1 in 2001, now at 32:1.

With the expansionary cycle of the economy conflicts over the appropriation of social wealth have returned to the forefront of the political scene. This is true both of capital/labour relations - where labour seeks to improve the conditions of sale of its labor power - and of inter-capitalist conflicts, where the different fractions seek to increase their participation in the appropriation of the economic surplus.

## The exhaustion of the neoliberal phase

The return of struggles for the redistribution of income is the result of the lack of synch between economic growth and the evolution of real wages but also of tensions accumulated over the last decade and the modification of relative prices post-devaluation. But there are deeper reasons

connected to the logic of the accumulation and reproduction of capital.

The neoliberal phase of capital has exhausted itself even if its effects continue to be felt. This exhaustion is not the result of its failure but on the contrary of its success, or at least the fact that it has achieved most of its proposed objectives: restructuring of productive space and distribution; deregulation of markets; reform of the state and transfer to the private sector of its goods and responsibilities, new conditions for the insertion of the country in the world-wide market and, above all, for establishing a durable relationship of forces favouring capital.

Like any phase that comes to an end, it augurs the beginning of a new one. The Kirchner government is, among other things, an expression of capital's change of phase. This does not mean any new hopes in the possibilities of a national capitalism, the emergence of native bourgeoisies or still less a conflict of orientation inside the government. [1] But it indicates that the current struggles - conflicts between and within classes - develop on a political-economic scene different from that of the preceding phase.

This scenario cannot be abstracted from the world and regional framework. [2]. On the contrary, they are intimately linked.

The degree of concentration and centralization of capital reached in the long neoliberal phase dominates the whole process, imposing a strong continuity of the economic model based on the export of primary goods. Despite this hegemony it cannot escape the contradictions generated by the capitalist system itself.

One of these contradictions appears already through the inter-capitalist conflict over the economic surplus [3], which we are not able to deal with in this article, while the other is what we will look at here. It is clear that, at least at the moment, these contradictions do not have the virulence of other periods.

### **A new cycle of wage struggles**

The subject suddenly jumped to page one of all the newspapers in the final months of 2004, The temporal coincidence of conflicts in telephones, the metro and railways, teaching and legal personnel in the province of Buenos Aires was the detonator. For the journalistic vulgate it was about wage struggles, although not all the conflicts had that origin, but the reality is that once again economy and politics are being expressed through trade union action.

It is clear that the government, which needed to give a new boost to internal demand, legitimized this debate and conflict. [4]

In recent meetings with the employers' bodies, the minister of the economy has warned: "Either you give an increase or we will do it by decree". Meanwhile the minister of labour has said "we have gone past the period of negative conflicts, characterized by struggles in defence of jobs, now we are in positive conflicts, that characterize periods of economic growth".

To emphasize the point still more, the President intervened in the telephone conflict to say that "this government is not neutral in the wage struggle, we are in favour of the workers." (See the daily editions of "Clarín" for November and December 2004). This was accompanied by the leaders of the CGT (the traditional trade union federation led by the Peronists) who in various declarations stressed the necessity of wages catching up.

More recently an analysis originating from the Central Bank of the Argentine Republic (BCRA) demonstrates that between 2001 and 2004 prices rose more quickly than wages, that production increased more than employment and thus "there has been a strong increase in the productivity of labour".

The conclusion of the study is very clear: "the significant increase in the gross operating surplus makes it possible that wages could catch up without these increases affecting prices", according to the economic supplement of "Clarín" on March 6, 2005. [5] For sure these declarations and studies refer to workers in the private sector, protected by collective bargaining (20% of the total workforce) and do not cover workers in the public sector (14% of the total) whose wages are practically frozen. This is an essential variable at the time when the government is calculating the fiscal surplus necessary to meet the commitments made during the restructuring of the foreign debt.

However this does not mean that the new cycle of wage struggles has been impelled by the government or the CGT. On the contrary it is the structural fall in wages - whose origins go back to the big devaluation of 2002 - sharpened by the steep modification of the exchange rate, which have been the motor and material bases of the demands. In the 2001/2004 period the purchasing power of wages fell on average by 20%, whereas the share of wage-earners in GDP is now barely 20% against 24.3% in 2001. [6] Thus the current dynamic of the process of accumulation and reproduction of capital in the country leads to the systematic deterioration of the distributive equation of incomes and if jobs and wage earners incomes have grown in the last two years, this growth was less than that of GDP. The social reaction was not however immediate.

The "success" of devaluation consisted in the ability of the government to control the banking bloodletting and above all in the fact that the people accepted price increases without big protest movements. It was only recently, when the situation became stabilized and an expansionary cycle of the economy began - maintained fundamentally by agrarian and oil exports, an incipient revival in investment and internal demand coming mainly from the rich and middle sectors - that the wage conflict has come to the surface.

In reality the conflict has become public, because for more than a year conflicts accumulated, often in subterranean and larval form, with the aim of improving the conditions of the sale of labour power. According to reports of the New Majority Centre of Studies, in 2004 there were 244 strikes against 122 in 2003, the majority in the public sector, although in some months strikes were more numerous in the private sector and there was a strong growth in strikes in the services sector.

On the other hand in the most recent period joint negotiations have increased. According to official figures in 2004 236 collective agreements were signed and approved, which represents nearly double the figure for 2003. 63% of agreements related to companies and the rest to branches of activity. Most of these agreements led to real wage increases and renegotiations of flexible work practices. ("Clarín", December 5, 2004).

Currently more than a hundred collective agreements are being negotiated and the main analysts agree that the tendency to social conflict is growing. They give an explanation for these prognoses: 85% of the five million declared workers have since December 2001 had wage increases lower than inflation ("Clarín", September 5, 2005). Moreover the traditional union leaderships have in 89% of cases signed agreements in which the minimal wage agreed is below the poverty level.

Following these agreements and including the successive increases granted by government decrees, wages are today 20% below their level of 2001. For state employees the deterioration is on average 28% and for non-declared workers it is estimated to be 26%.

The struggle of the metro workers, which had entered an impasse, resumed in mid-January and ended in success. The workers won a wage increase of around 44% for the lowest categories, but also completely bypassed the union bureaucracy and largely surpassed the wage increase limits proposed by the government (around 20%).

This victory by workers whose pay surpasses the national average, as is the case with the metro workers but also those in telephones, has relocated the wage struggle to another level. Until now the reference point was set by the poverty threshold, but now the historical highest value of the family shopping basket has been taken as reference.

This situation has led the government to seek an agreement between the employers (UIA) and the CGT, to put limits on future wage increases and try to channel conflicts into a controlled institutional framework. The leader of the CGT, Hugo Moyano, has said that: "The CGT does not want the wage struggle to go beyond its limits".

### **New collective leaderships**

But the impulse for this new cycle of struggle is not merely economic. We are witnessing the growth, albeit still on a small scale, of a new generation of leaders, whose practices and orientation replace on the agenda the exercise of assembly-based democracy, respect for the decisions of the rank and file and direct action.

With the differences between the cases, this process seems for now circumscribed to some emblematic experiences: the Assembly of Delegates of the Buenos Aires metro; the telephone union in Buenos Aires; some teaching unions and sections, the union of ceramists at Neuquén; the assembly of delegates of the Rio Santiago naval shipyard; some corporative groupings and delegates from sectors or establishments acquiring their first experiences.

In all these cases distinctive characteristics can be observed:

- First, there is a clear generational renewal. The new leaders do not take on their shoulders the weight of the defeats of the previous generation or the weight of nostalgia for lost conquests: That does not mean a rupture of the historical memory of the working class but it means that a significant percentage of workers has entered the labour market in the present conditions of super-exploitation and they have the conviction of "a world to win".
- Secondly, these new leaders are the product of a long and silent work of reconstruction, in some cases quasi-clandestine, of rank and file bodies of our workers' movement - internal commissions, assemblies of delegates, tables of demands or representatives. These bodies express in a very clear manner the capital/labour relationship, which is not mediated by the bureaucratic leaderships and their relations with the State and the successive governments.
- This reconstruction has been influenced by the practices and action of direct democracy experienced from the beginning by the movements of unemployed workers and the popular assemblies.
- In various conflicts, the new leaders have reappropriated the historic methods of struggle of the workers' movement, like occupation, whether of the strategic centres for the delivery of services (telephones) or terminals (metro) or by the formation OF pickets (railways and metro).
- As the main conflicts have been in the services sector - transport and communications - one of the

key elements of success has been the relationship between workers and users of services. This relationship has placed the conflict at a higher level to that of the traditional economism of our trades unionism.

- Finally, these bodies and leaderships are built in the struggle itself, in confrontation with the bosses, the traditional union leaderships and the state itself. This represents a qualitative difference with the previous generation, which emerged in the course of the 1980s following the reestablishment of democracy after the years of dictatorship.

These experiences show that although the axis of the present struggles is wages this is not sufficient to play the role of backbone of social unity which the workers need to increase their strength in the absence of a coordinating center - a role that the CGT abandoned years ago and that the CTA (a new union federation which emerged in the 1990s) has not filled or tried to fill. The struggles remain fragmented and dispersed.

To understand this reality requires considering the diversity of the wages question. It is marked by a spectrum of situations which are as much the product of the forms of restructuring of capital in Argentina as the fragmentation that state and employers' policies have caused in order to make collective action difficult.

## **The reorganization of the workers**

One consequence of capitalist restructuring and the transformations in the role of the state over the last 25 years is that the traditional union leaderships do not know how to defend the immediate interests of the workers in the face of capital's offensive.

Faced with the absence of interlocutors the workers' movement has radicalized and opened itself to new perspective. However, opposed to these potentialities, fear of unemployment and the despotism of the employers, which strengthened in the 1990s, persists and an iron bureaucratic control is still exerted by the traditional leaderships. There is also the absence of protection for non-declared workers and the protection the state provides for these situations in its role as general representative of capital.

It should also be said that readiness to fight is not always synonymous with consciousness, and that in our country there is a strong tradition of social conflict that is not incompatible with political identification with the government.

In this complex and contradictory context the problem of reorganization is posed to the workers' movement. A phase has been exhausted and with the opening of a new one history seems to reconstitute the objective conditions that make possible the re-elaboration of a conception of class faced with the world of capital. Reorganization thus results from a concrete social and political necessity.

We need to start from these notes - without overestimating the concrete conditions but also without underestimating their potentialities - when sectors of the movement have been beginning to discuss the necessity of seeking alternative organizational forms.

These debates are not new nor are the positions novel. [7] They are the logical consequence of the situation created more than 50 years ago when Argentina's workers were expropriated of their social autonomy and political independence.

Despite the manifold and heroic experiences over this intense half-century, the concrete question has not been resolved. And its resolution, as the Peruvian Maria'tegui said, "should be neither an imitation nor a copy but a heroic creation".

Nor should it be a copy of the first "classism", that of the anarchists, pure syndicalists and the first Socialists, who occupied a vacant place. Nor the classism that we tried to construct in the 1960s and early 1970s. The new conditions in which the class struggle develops does not seem to relate to those formidable experiences, recorded indelibly in our history, from which it is necessary to draw all the possible lessons.

On the contrary, it is in the current conditions of life and existence, in the new conditions imposed by capital and its state, and starting from them - and no others - that the movement has to reformulate its class politics, find answers to the immediate needs while affirming a strategic perspective.

This perspective should be independent in its objectives and in its programme, but it will have to build bridges to other sectors of society, to hegemonize its own power block so as to occupy the centre of the national political scene.

Such a perspective demands advancing surely in a process - perhaps slower than might be wished - of recomposition of the tissue of solidarities, constructing solid and direct links but also sufficiently flexible to integrate social and political diversity.

We start from an experience which has been original in the last half-century, the inheritance of the days of December 19 and 20 [2001]. This experience is none other than the understanding that nobody, not the state, not the churches, not the union leaderships, not the parties, nor anyone else who claims to speak for the working class, can replace the capacity to think, decide and do of the workers acting on their own account.

It is this recuperation of lost autonomy, not only in relation to the state but also diverse mediations, which is the indispensable guarantee to advance towards class independence from the state, the employers and the historic union bureaucracy. But also not to transformed into a field of dispute for party patriotisms; not to submit to the needs of party self-construction which are often placed above the general interest of the working class.

In this perspective the question of democracy inside the workers' organizations acquires a fundamental dimension. The revocation of mandates, rotation of positions, the imperative character of assembly-based mandates, representation of minorities, direct election of internal commissions, free expression of the various internal currents - these are the essential characteristics to ensure the greatest participation of people with the smallest possible delegation.

In order to establish a new relationship between represented and representing, bases and leaders. And so that the reorganization underway is not only the result of an agreement between leaders.

The initiative of the Buenos Aires metro workers, who won the 6 hour working day, for the creation of a National Movement for the Reduction of the Working Day linked to increased wages, is an exemplar of the transcendence of sectoral interests, of breaking with fragmentation to promote the social unity of the workers behind a common objective that combines conjunctural necessities with more long term objectives.

Any attempt at reorganization-recomposition of the movement must start off from these conquests, and rest on real processes - and the conclusions that can be drawn from them - like those of the metro workers, the rail workers or the ceramists, whose unquestionable authority must be exerted

to put limits to the struggles for hegemony of the parties and groups, in order to generate a framework of democratic discussion.

In the final instance it is about taking advantage of the impulse that emanates from the fresh air originating from the real processes underway so as not to fall victim to the turbulence of the old storms.

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\* From International Viewpoint Online magazine : IV # 368 - June 2005.

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## **Footnotes**

[1] On this point I refer to the work of Claudio Katz: "Burguesías imaginarias y existentes" and "Un gobierno en disputa?" published in Enfoques Alternativos number 21, February 2004 and number 25, August 2004.

[2] On the one hand the increasing tendency of US imperialism to unilateralism in its relations with other countries and on the other the Venezuelan leadership in Latin America, its strong alliances with Cuba and its proposals for regional integration through the Bolivarian Alliance of the Americas (ALBA), opposed to free trade of the FTAA and to agreements between the EU and Mercosur.

[3] Since the time of convertibility the rate of exchange has prevailed as the axis around which distribution of national income operates. Thus most of the inter-bourgeois conflicts are connected, directly or indirectly, to the question of exchange rates. The export sectors demand the maintenance of the "competitive" dollar and when the latter is weakened, as is the case currently, they demand the reduction of taxation of their super profits and still more when the lowering of the international price of grains reduces the profitability of the sector. On the contrary capital invested in the privatized public services, generally with strong European participation, requires a weak dollar - more so now with the revaluation of the euro - to revalorize its investments in dollar terms, favour the reimbursement of capital and transfer it to its parent banks. Parallel to this these sectors press for increased tariffs in accord with the evolution of internal prices. In addition they are not subject to international competition and depend on the evolution of the internal market. Along with the other productive sectors and services that place their products on the internal market they hope for a growth in internal demand.

[4] For two years internal consumption has grown but without any guarantee of continuity because this growth was initially impelled by the rich and middle sectors, above all from inside the country and linked to farming activities. At the moment with the fall of world prices and the decrease of profitability of this sector the growth in consumption begins to slow up. Hence the importance for some fractions of capital and for government policy of boosting the demand of the wage earning and subaltern classes, within the limits already mentioned.

[5] The IDEF-CTA indicates that between 2001 and 2004 GDP grew at nearly 20%, wages at 10% and employers' profits at 65%. The productivity of the industrial sector grew by 13.4% while real wages in this sector only increased by 3%.

[6] The workers are not only divided between those in work and the unemployed. Those who have a job are also divided between private and public (while the former have won small increases, the latter's wages remain frozen); among public employees there are great differences between national and provincial civil servants (and a great diversity among provinces); between permanent and temporary contracted workers (the latter lack many social benefits); between declared and undeclared (with the latter earning half as much as the former). Moreover declared workers in the private sector also suffer from a significant differences in wages, since the minimums set through collective bargaining are very low (despite recent increases), and pay scales are negotiated inside the companies and include remunerations not subject to negotiated increases, luncheon vouchers, food and so on.

[7] Should a coordination of struggles be built or should an anti-employer and anti-bureaucratic regrouping be built? Will it be a class-based current or a political class tendency, an expression of the united front of parties and social organizations? Should we build as an internal opposition in the existing confederations or attempt to construct an alternative? Are we talking about the construction of class tendencies inside the existing federation or building parallel organisms? What attitude should be taken towards the changing governments? Or towards combative fractions which do not define themselves as anti-capitalist, or the neo-bureaucratic fractions or critical splits from the bureaucracy? These are some of the questions at issue, which, although not always expressed in the same form, are invariably always present.