

Argentine police in violent attack on trade union demonstrators

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Violent scenes erupted outside the Argentine Congress last week as police assaulted workers and trade unionists protesting against the De la Rúa government's labour reform bill. Five police were caught on film clubbing a protester senseless as he lay on the sidewalk with blood pouring from his head. One police officer was filmed taking a knife from a protester and then slashing his back with the knife. Police also used tear gas and fired rubber bullets against the crowd of 500, which grew as news of the police brutality spread.

Police arrested 49 people, while 30 were injured. Fourteen demonstrators were hospitalised—four having been struck by rubber bullets. Four police were injured. So blatant was the criminal nature of the police attacks that 12 officers have been suspended.

The demonstrations came ahead of a Senate vote on the labour bill, which was already approved by the Lower House of Congress in February. According to several reports, the opposition Peronists in the Senate had agreed to vote for the bill. To protest its passage, hundreds of workers, mainly from the trucking and garbage collecting unions, had been involved in a 12-hour protest outside Congress.

The protests were staged by trucking union leader Hugo Moyano, who broke from the Peronist General Labor Confederation (CGT) after the organisation refused to go ahead with a general strike against the labour reform bill. Moyano led a demonstration of 18,000 at Plaza de Mayo on February 24, the day the Lower House passed the bill.

When CGT president Rodolfo Daer cancelled the strike, Moyano claimed his faction, mainly unions covering truckers and garbage collectors, to be the authentic CGT. But Moyano's opposition echoes that of Daer himself in 1996. In that year Daer led the MTA (Movement of Argentine Workers) formed by transport workers, and he vociferously opposed the previous Menem government's attempts to impose similar labour reform. Moyano is his successor at the head of the MTA.

Peronist union leaders have a long history of espousing anti-government and nationalist rhetoric, only to rapidly join hands with the government in implementing measures

required by the global financial markets. "IMF-bashing is not a novelty in Latin America," commented *Latin American Newsletters Newsroom*, a website, "it is part of the standard repertoire of nationalists, populists and almost everyone who lies leftward of the political centre... It was not too surprising to hear one of the broadsides coming from Hugo Moyano, the man recently selected as new leader of Argentina's umbrella labour organisation."

The International Monetary Fund (IMF) demanded that President Fernando De la Rúa's recently-elected Alliance administration introduce the labour reform bill, in return for a \$7.4 billion loan. Having long complained of high labour costs in Argentina, the IMF issued the condition in a letter of intent in March. Business figures claim that in neighbouring Brazil, labour costs are less than half those of Argentina. According to Buenos Aires economist Juan Luis Espert, the average Brazilian worker's wage is \$250 to \$300 a month while in Argentina it is around \$700.

United States Treasury Secretary Lawrence Summers laid down the law to the Argentine government on a recent tour of Latin America. "Certainly (they) showed a very clear awareness of the challenges they face and the kinds of approaches that are necessary to meet those challenges. Establishing confidence in private markets is the only enduring path to financial stability and sustained growth." He added: "We have a stake in Argentina and we'll be watching very closely over the coming months to ensure there is no backtracking on reforms."

The violence inflicted on workers last week is a warning as to how these orders will be implemented. Scenes reminiscent of life under military rule are not simply the outcome of incidental police violence.

The labour bill will end sector-wide wage contracts negotiated with unions and allow individual companies to deal directly with their employees. This will lead to a lowering of wages, particularly in the provinces where transport costs are higher, and allow companies to extend the probationary period during which workers may be dismissed without severance pay from one to three months.

These events expose De la Rúa's election pledges. His Alliance team came to office last October on a campaign of anti-corruption and social justice, combined with strict financial discipline. De la Rúa capitalised on the broad hostility to the Peronist Menem administration, saying in his election ads: "They drink champagne, while we can't afford our milk". In a speech celebrating his victory he told crowds: "Let's remember the humble, the unprotected and the need for policies to care for them. Such inequality and exclusion is immoral and we must bring about a moral change in Argentina".

At the same time, he promised business: "An austere president is coming; I will give an example". Noticeably, during the campaign he had refused to outline any details of where the axe would fall once he took office.

Menem had used similar tactics a decade earlier. The *Buenos Aires Herald* noted: "This makes De la Rúa almost a disciple of President Carlos Menem, who in 1989 rode to victory on a populist platform and then did exactly the opposite. De la Rúa's campaign advertisements look nice and you feel like not voting for the Peronists after watching them, but they do not say much else".

The Menem government's policies were based on sweeping privatisations, the slashing of public services and the opening up of the Argentine economy to foreign capital. The IMF and international banking institutions hailed this as a model for the indebted nations of Latin America. The result was an explosion of poverty, unemployment and under-employment, with only 40 percent of the Argentine working population having steady work.

Now the Alliance government is proposing that an intensification of this process will somehow lift living standards. De la Rúa has promised the IMF to cut the overall budget shortfall by \$2.2 billion to \$4.5 billion in 2000 as part of the "fiscal responsibility law" approved shortly before Menem left office. Under this law, the government is pledged to eliminate the fiscal deficit by 2003. In order to meet those targets, De la Rúa, has raised taxes and cut social spending.

His government recently brought down a budget that aims to cut more than \$1.4 billion from public spending, including \$400 million from social security programs. The value-added tax rate was increased and applied to a wider range of items. New levies were imposed on cigarettes, wine and beer.

In March the lower house of Congress passed an "Economic Emergency" bill authorising the state to relocate or fire staff and rescind contracts signed before the government took office last December. The bill would also allow the president to suspend all legal cases against the state for at least 180 days.

But perhaps the most vicious aspect of the government's IMF measures is its budget cuts to the provinces, including the most impoverished regions in Argentina. Last year provinces ran deficits totalling \$3.7 billion, \$2 billion more than the goal proposed by the IMF.

Initially, in January of this year, the provincial governors, mostly Peronists, offered some resistance to budget cuts. But after arm-twisting by the federal government, the governors had changed their minds by February. De la Rúa's government threatened to cut off debt relief assistance to those provinces that refused to comply.

Three cash-strapped provinces—Chubut, Formosa and Jujuy—secured a \$411.8 million federal government loan on the condition they almost halve their budget deficits to \$146.5 million. Rio Negro, Tierra del Fuego, Tucuman and Catamarca were granted loans totalling \$550 million in return for slashing their combined deficits from \$270 million to \$80 million.

The provinces are responsible for paying the wages of public servants, teachers and doctors, and have faced chronic funding shortages. In Corrientes province, public servants went without wages for at least eight months last year. The simmering social tensions reached boiling point when two young men were shot and killed after hundreds of workers were involved in a blockade of the city's major roads. The province has a debt of about \$1.4 billion. Its infant mortality rate of 22.8 per 1,000 is one of the highest in the country.

Corrientes is not alone. In Jujuy province the poverty rate has escalated from 35.5 percent in 1991 to 54 percent today. In some towns in the province, the proportion of people classified as living in poverty now stands at over 65 percent. For an average family of five, this means living on less than \$800 a month. "Entire families are now sifting through trash cans in the streets to feed their children," said a Roman Catholic bishop, Marcelino Palentini.

Across Argentina, the poorest 20 percent of people live on \$2 a day, or about \$781 a year. In the northern city of Resistencia, the worst-off fifth earn just \$1 a day, a standard of living comparable with Bangladesh. These conditions make De la Rúa's program politically and socially explosive.



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