



## Argentina's Government Collapsing, People Refuse to Work Amid Major Subsidy Cuts

### Description

**ARGENTINA: Protests have erupted in Buenos Aires over the past 90 days and continue to build inside the capital as residents battle with their center-left government over sizeable amendments to social programs.**

Cuts to subsidies in the energy sector based on household income already began in June.

Other subsidies, including the country's notorious welfare program, are also on the chopping block, triggering thousands of angry residents to take to the streets.

State-sponsored aid for civilians has soared in the past 20 years, leaving 22 million Argentinians dependent on some form of government assistance.

In the first quarter of 2022, the national employment rate was [43 percent](#), according to government figures.



Argentina's

president Alberto Fernandez is pictured during a meeting in Germany at Elmau Castle, on June 27, 2022. (Markus Schreiber/AFP via Getty Images)

The country's state funded programs extend to nearly every aspect of the economy, from wages to utilities, education, and health care.

Argentina already spends an estimated 800 million pesos per day—a sum of more than US\$6 million—on state benefit programs.

Concurrently, [inflation](#) in the South American nation hit 58 percent in May and soared above 60 percent in July. By comparison, national inflation was just over [14 percent](#) in 2015.

Harry Lorenzo, chief finance officer of Income Based Research, told The Epoch Times the spending habits of Argentina's government are at the root of the escalating problem.

"The Argentine government has been grappling with a collapsing economy for some time now. The main reason for this is the government's unsustainable spending, which has been funded in part by generous welfare programs," Lorenzo explained.

## Deeper Into Economic Chaos

Cries for more state money, freedom from the International Monetary Fund (IMF), and for President Alberto Fernandez to step down echoed within the angry crowds gathered near the president's office—Casa Rosada—during the nation's independence day celebration on July 9.

Since then, scheduled demonstrations have continued, led by professional protest organizers or "piqueteros" demanding the abolition of the proposed subsidy cuts and a wage increase.

"This is madness. What the piqueteros are asking for is madness," Alvaro Gomez told The Epoch

Times.

Gomez has lived and worked in Buenos Aires for more than 15 years and currently is a taxi driver. As the year

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Current vice president Cristina Fernandez de Kirchner speaks during a news conference in Buenos Aires, Dec. 7, 2017. (Reuters/Marcos Brindicci)

Argentina's minister of the economy and close ally of Fernandez, Martin Guzman, resigned from office on July 2 amid complaints that internal conflicts prevented him from doing his job.

Guzman was the driving force behind a critical new IMF deal. He also reportedly clashed with the current vice president and former two-term president Cristina Fernandez de Kirchner over the handling of Argentina's spiraling [economic crisis](#).

Kirchner is a vehement subsidy supporter and has previously denounced Argentina's dependence on the IMF.

In summary, half of the ruling coalition wants more foreign bailouts as a solution to bankrupted coffers and inflation.

The other half wants to maintain the existing social programs and be independent of foreign aid while raising taxes on an increasingly impoverished population.

Presently, some parts of Argentina have more than [40 percent](#) of its population living below the poverty line.

## Low Investor Confidence

Kirchner called the sudden resignation of Guzman “an immense act of political irresponsibility” during a press conference in the province of Santa Cruz.

Fernandez quickly appointed Silvina Batakis on July 3 to fill the gap in the pivotal office.

Wasting no time, Batakis met with IMF managing director Kristalina Georgieva on July 25 to discuss a potential new deal for the country’s outstanding \$44 billion debt.

Robert Donnelly, the finance manager at Marketplace Fairness, told The Epoch Times that Argentina’s reliance on foreign bailouts isn’t a solution but more of a short-term economic pressure valve release.

“While this has been somewhat successful, it has not solved the underlying problem,” Donnelly said.

He explained that Fernandez’s administration could do several things to alleviate the country’s dependence on outside loans, like increasing exports and attracting more foreign investment.

Though the government has been able to secure loans from the



The International Monetary Fund logo outside the headquarters building during the IMF/World Bank spring meeting in Washington on April 20, 2018. (Yuri Gripas/Reuters)

Lorenzo maintains reeling in government spending is paramount. “This would involve scaling back the welfare programs, which have been a major contributor to the country’s debt.”

However, for the 1.2 million members dependent on the social program Empower Work, which is an income subsidy that provides a living wage for an indefinite period of time, working a regular job is out of the question.

“The government expects us to work from 8 a.m. to 5 p.m. for the same amount of money,” an outraged female Buenos Aires resident and piquetero lamented to reporters during a live news broadcast.

When asked where how she’d been earning income for her household, the woman replied, “the government.”

## Anger at Having to Work

Another protester, an adult male, also decried the proposed welfare program changes telling local reporters, “Cristina [Kirchner] told us we have to go to work instead of receiving social benefits. Going to work, that’s the policy of a right winger.”

Protesters continue to ask for more subsidy money or for Fernandez to step down from office.

Meanwhile, the embattled head of state called for unity in the economically devastated nation during the 206th anniversary of the country’s independence. In the same speech, Fernandez lashed out at groups who were attacking the government and wanted to “keep all the income.”

Regarding the nation’s deepening economic crisis and resultant instability, Fernandez said, “Unity is always the fruit of the willingness of those involved to consolidate it.

“History teaches us that it’s a value that we must preserve in the most difficult moments.”

by Autumn Spredemann

### Category

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