
Macri launches his social agenda

30/05/2016



After the austerity reforms implemented by President Mauricio Macri during his first months in office, the government's approval ratings started to fall. The drop was moderate but surveys showed that there was a latent risk: many of those who still supported the president were dissatisfied with his economic decisions.

The macro-economic arguments of the authorities were not enough to convince even their own voters. Utility rate increases, layoffs in the public sector, slashing export duties for large agri-business and mining exporters and other decisions of the new government were negatively assessed by the public. Above all, the concern about inflation grew as fast as the prices. What does all that represent in terms of public opinion? That the government's popularity was on the verge of a serious drop. And that would have meant a big political problem because no president in Latin America can afford to lose popularity. Much less, one with no parliamentary majority and representing a new brand in politics.

Such is the political background of the social agenda the government has promoted in May. The previous amendments in the income tax for workers at the top of the pyramid went unnoticed, so reducing IVA value-added tax for household consumption goods was the first accountable project of Macri's social approach, a decision aimed at low-income sectors. That bill was passed overwhelmingly in Congress, with the support of all legislative caucuses. Afterwards there was a debate about how effective the extent of the benefit was, or the relevance of further integrating the poorest into the banking system. But still it had a good social reception. According to a national survey of the Observatorio Electoral in the first week of May, 42.2 percent of respondents believed the law would have a positive impact on their personal economies.

Finally, the president announced on Friday the plan for the "National Historical Reparation Programme for the Retired and Pensioners," which will be one of the wild cards of his social agenda. The project includes procedures to compensate and cancel the debt with pensioners who initiated lawsuits for arrears which are to be paid retroactively (half in cash and the rest in upgradable installments). And those who have started the lawsuits but with no favourable sentence so far may be paid up to 48 months retroactive (also half in cash and half in installments) if

they join the programme.

Macri announced simultaneously a “Universal Pension for the Elderly”, which will include all people over 65 years old without pensions or wages. With this plan, Macri will complement the “retirement moratorium” created by the Kirchnerite governments, which incorporated millions of the elderly into the pension system. Around 200,000 of them have not yet joined the “moratorium” so far and will be able to opt for the new universal pension.

Although the proposed benefit means a lower income than a regular retirement (it would reach about 80 percent of the minimum pension), any universal system has a clear advantages, particularly for future generations of informal workers.

Towards this money belonging to the one of the best-funded state coffers to fund the incoming pensions — the Sustainability Guarantee Fund of the ANSES social security agency — will be used.

Between the two issues , the president made another important decision: he vetoed the anti-layoffs bill, arguing that it represented an obstacle to creating jobs. However, in the light of the full picture of Macri’s social agenda, we can find another political meaning to that veto: preventing the Peronist opposition from monopolizing the initiative concerning social issues. Macri could not allow the first social law of 2016 to be initiated by his opponents. In fact, he attempted to create his own “anti-layoffs” initiative through the agreement he signed with 200 top businessmen.

The government is making obvious manoeuvres to capitalize on its social initiatives. This one especially compensates pensioners from the intermediate and top segments of the social pyramid: they are the ones who have mostly sued the state.

Now, having offered measures aimed at the poorest and middle-class retirees, Macri will launch a bill aimed at workers: the increase in family allowances, which will mean an improvement in “pocket money.”

Where is Macri’s social agenda heading? Does Macri seek to replace Peronism in the representation of the popular sectors? That seems quite ambitious. It is feasible to consolidate the support for the government of some of the working-class. Certainly many PRO politicians coming from a Peronist background (BA City Mayor Horacio Rodríguez Larreta, Deputy Mayor Diego Santilli and BA province Security Minister Cristian Ritondo) would like to think in those terms. However, Macri’s social agenda has a more immediate and relevant goal: to turn off the latent social dissatisfaction among his own voters, and to prevent social issues being transformed into an opposition agenda.
