

Argentina's Milei launches assault on workers after pushing through sweeping legislation

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The government of Argentina's fascistic President Javier Milei has initiated a broad offensive against the working class in the wake last week's congressional approval of the so-called Law of Bases (*Ley de Bases*). This sweeping package of counter-reforms decimates social rights, including job security, while boosting the profit interests of Argentine and international capital.

Last Friday's 136-116 vote in the Chamber of Deputies to approve the legislative package followed six months of parliamentary debate marked by threats and extortion along with a series of mass protests that met with unprecedented police repression. Among the measures included is the decimation of state restrictions on layoffs, price hikes and corporate criminality.

Milei's administration is leading the way in what is becoming a jobs massacre. The Association of State Workers (ATE), Argentina's largest federal employees' union, has recorded at least 2,300 layoffs by the Milei regime as of June, with entire government agencies shut down or merged.

While the unions have failed to take any serious action to defend jobs and basic rights, workers who have taken to the streets to protest the layoffs have met with naked police violence. Workers at the National Institute of Industrial Technology (INTI) were attacked by helmeted riot police using shields, clubs and tear gas Tuesday when they took to the street to protest the firing of 288 of their colleagues at the agency.

Even while facing growing popular opposition among broad masses of working people in Argentina, Milei is continuing his globe-trotting, receiving a hero's welcome from right-wing and big business audiences internationally.

Last week in speeches in Germany and the Czech Republic Milei, who describes himself as anarcho-capitalist and a follower of the anti-Marxist Austrian School of Economics, declared his intention to follow in the footsteps of President Carlos Menem, who ruled Argentina between 1989 and 1999 and imposed austerity measures and privatizations of industries that had been nationalized under previous administrations, including the railroads, telephones, and the national oil company YPF.

Milei assured his audience that the solution was to reduce government debt and regulations (*Libertad carajo!*), announcing that his "Chainsaw Plan" (*Plan Motosierra*) went far beyond Menem's free market approach. While the Menem had imposed 20 liberalizing measures, Milei's *Ley de Bases* has over 200

liberalizing measures. The earlier Decree of National Necessity, already in force, adds dozens of others.

For Milei, the main enemy of Argentine capitalism is the working class, which he aims to isolate and control, divide and defeat, utilizing not only the support of finance and industrial capital, the agrarian oligarchy and the military, but also the complicity of the trade union bureaucracies and the petty bourgeois nationalist pseudo-left parties. His latest claim: that "the socialists," meaning the working masses, are attempting to overthrow his government because they know that his measures are working, is in line with this ideology, that in one form or another has terrorized Argentine workers since 1972.

Both the Law of Bases and the DNU are intended to subordinate the state, and Argentine society, to the market—benefiting the agricultural and energy plutocracies, and the vulture funds that profit off of Argentina's debt crisis. Nationalized companies are to be privatized. Price and rent controls are to be dismantled, together with measures that allow the government to "interfere with the decisions of Argentine businesses," such as regulations aimed at preventing the scarcity of essential goods and guarantees that supermarkets will carry a minimum percentage of goods made by small businesses.

Already, as a result of the Milei's policies, every week conditions of poverty and insecurity worsen for Argentine workers. Already, the share of the population living poverty exceeds that at the height of the 1998 depression (42 percent). Over 60 percent of the population of the country is in poverty, without the means of purchasing food, transportation, clothing and medicines—27 million out of a population of 45 million. Young workers are being pushed out, forced to emigrate by conditions of extreme poverty and lack of decent employment.

The number of temporary and contingent workers on hunger wages in Argentina now exceeds 5 million, out of a total labor force of 21 million. Less than 40 percent of workers are organized in trade unions.

By every measure, socioeconomic inequality has exploded in the last six months. Wages are unable to keep up with inflation—according to the National Catholic University (UCA), relative to 2023 the monthly household "bread basket" in January was 596,000 pesos (700 US dollars), the equivalent of 3.8 monthly minimum wages. Under those conditions, households have trouble

reaching the end of the month and are being forced out of their homes. They are going without food, potable water, sewers and adequate housing, particularly in the northwestern provinces of the country. “*Villas Miserias*, shanty town encampments for the homeless, are expanding across Buenos Aires, and other urban areas.

The Madrid daily *El País* compared supermarket prices for milk and bread in Argentina with those in Spain, finding them equivalent. However, wages, on average, are eight times higher in Madrid than in Argentina, 1,220 versus 155 US dollars. Scenes that were once virtually unknown in Buenos Aires—of people, including children, diving into trash bins in search of food to sell or consume—are now common. More and more people are seen knocking on doors begging for money and food.

Milei’s quest for economic “freedom”, i.e., his promises to dismantle state interference in the free-market economy—he describes himself as a mole, burrowing under the state in order to subvert it and weaken it—is enthusiastically backed by the International Monetary Fund (IMF). His fascist methods are applauded.

In a press release issued in Washington, DC on June 13, 2024 reviewing for the eighth time the ‘Extended Arrangement for the Extended Fund for Argentina’, the IMF Executive Board declared Argentina’s brutal austerity program “firmly on track, with all quantitative performance criteria for end-March 2024 met with margins.” It also announced the approval of \$800 million to the Argentine government, “bringing the total disbursement under the arrangement (which refers to the 30-month \$44 billion “extended arrangement” from March 2022) to US\$41.4 billion. Praising the Law of Bases and the DNU, the document concludes:

Impressive progress has been made to achieve overall fiscal balance and priority should now be placed in further improving the quality of the adjustment. Efforts should continue to reform the personal income tax, rationalize subsidies and tax expenditures, and strengthen expenditure controls. Beyond this year, deeper reforms of the tax, pension, and revenue-sharing systems, including to unwind distortive taxes, will be critical.

Monetary and FX policies need to evolve to continue to entrench the disinflation process and further improve reserve coverage. To support the transition towards a new monetary regime, where price and financial stability remain prime objectives of the central bank and individuals are free to use currencies of their choice, the real policy rate should turn positive to support peso demand and disinflation. The exchange rate policy should also become more flexible to reflect fundamentals, and safeguard disinflation as well as reserve accumulation, particularly as capital flow management measures (CFMs) are gradually eased as conditions permit. Further steps are also needed to define the new monetary regime’s key underpinnings as well as to develop and begin to implement the framework for a conditions-based easing of FX controls and CFMs.

Greater focus on micro-level reforms will help support

the recovery and boost potential growth. The proposed reforms aimed at improving competitiveness, increasing labor market flexibility, and improving the predictability of the regulatory framework for investment, are steps in the right direction, and their approval and careful implementation should be a priority. This should be complemented by reforms to enhance transparency and governance, including the AML/CFT framework.

Risks, although moderated, are still elevated, requiring agile policy making. Contingency planning will remain critical, and policies will need to continue to adapt to evolving outcomes to safeguard stability and ensure all program objectives continue to be met.

Milei’s attacks impose on the working class the weight of an entire epoch of massive capital flights by the bourgeoisie and Wall Street speculators, that took shape in 1980s and 1990s when Latin America as a whole was gripped by the debt crisis and passed through what was known as the “lost decade”.

As recent events in Sri Lanka and Kenya demonstrate, the resort to brutal and fascistic measures against the working class are not limited to Javier Milei and Argentina. In confronting a renewed worldwide debt crisis, the ruling classes see in the working class their biggest enemy and prepare the political and economic measures to attack it on every continent.

Workers can defeat the threat of fascism only by uniting their struggles across national boundaries and fighting for a program of world socialist revolution. This requires breaking the stranglehold of the trade union apparatus and the middle class pseudo-left tendencies and building a new revolutionary leadership based upon the unbroken historical continuity of the International Committee of the Fourth International’s defense of Trotskyism.



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