Having overcome the 2001–02 crisis, when economic activity contracted by around 15 per cent, Argentina registered annual GDP growth rates of over 8 per cent until the international financial crisis struck, causing growth to fall back to 0.9 per cent in 2009. By 2010 the economy had bounced back, with GDP growth of 9.2 per cent.

Between mid-2003 and the end of 2010, registered wage employment expanded by 57.4 per cent as some 2.7 million registered jobs were created (figure 1). During the same period, registered wage employment as a proportion of total employment increased 3.5 percentage points and accounted for 76.8 per cent of total employment in the fourth quarter of 2010. At the same time, unregistered wage employment fell 15.4 percentage points from the historic maximum of 49.1 per cent to 33.7 per cent of total wage employment.

As a result of the international financial crisis, approximately 100,000 formal sector jobs (1.4 per cent of the initial total), allowing for seasonal adjustment, were lost between the fourth quarter of 2008 and the second quarter of 2009 (figure 2). In past crises, informal jobs and self-employment provided a “refuge” from deteriorating economic conditions. However, informal employment was hit hard during the recent crisis and has not grown back.

The results in terms of employment have been attributed to the new macroeconomic framework now in place (with a competitive exchange rate and a fiscal and trade surplus) and to initiatives to strengthen labour institutions, which have altered the previous model of employment creation by promoting the creation of formal sector jobs. In the 1990s, 80 per cent of new jobs were not registered; since 2003 that situation has been reversed, and by the last quarter of 2006, 92 per cent of new jobs were registered wage jobs. Labour inspection is one of the areas that has been strengthened: the number of inspectors has

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**Figure 1. Trends in registered employment, 2003–10, monthly average (millions)**

![Graph showing trends in registered employment from 2003 to 2010](image)

**Note:** Data are seasonally adjusted.

Source: MTEySS, Observatorio de Empleo y Dinámica Empresarial.
increased significantly; coordination between national and provincial levels of government has improved; and new technologies to detect unregistered jobs have been introduced.\(^1\)

In terms of results, moderate poverty fell to 9.9 per cent and, between 2002 and 2009, the Gini coefficient fell 9 percentage points, to 0.46.\(^2\)

As regards labour market and social protection policies, three high-impact areas stand out (in terms of jobs and improved living conditions): the expansion of social protection coverage; social dialogue measures through collective bargaining; and policies to sustain employment.

### Extending social protection

In 2009, the “Universal Social Protection Allowance per Child (AUH)\(^3\)”, a non-contributory system, was created for children and adolescents from unemployed families and families working in the informal sector earning less than the minimum wage (salario mínimo, vital y móvil). The AUH provides a monthly cash allowance, subject to health and school attendance checks. As a result of this measure, cash transfers to under-18s increased from 37 per cent in 1997 to 83 per cent in 2010.\(^4\) In May 2011, coverage was extended to pregnant women.

The AUH currently benefits some 1.8 million households (3.5 million children and adolescents). Although a high percentage of these households already received income transfers\(^5\) before the programme was established, the AUH extended coverage to the unemployed and to informal economy workers who were not previously covered by a cash transfer programme, thereby removing restrictions on access to non-contributory transfer programmes. As a result of this, and combined with a recovery in benefit levels, the AUH has had a significant impact on poverty and income distribution.\(^5\) It is also thought that the AUH has a multiplier effect on aggregate demand.\(^6\)

During the crisis, employment programmes and programmes to improve the employability of unemployed informal sector workers were maintained. In particular, coverage of the Training and Employment Insurance scheme was extended; former beneficiaries who were unemployed when the crisis began were reinstated; the maximum permissible time on the programme was extended by 12 months; and former beneficiaries of the contributory employment insurance scheme who had exceeded the maximum period on the programme were readmitted. When the crisis broke out, the Social Income with Work – Argentina is Working programme (Ingreso Social con Trabajo – Argentina Trabaja) was implemented. Lastly, the implementation of the programme Young People with More and Better Work (Jóvenes con Más y Mejor Trabajo) went ahead, creating social and employment integration opportunities for 70,000 young people in December 2010.

### Collective bargaining

The 2004 Labour Act gave renewed impetus to collective bargaining. The number of agreements per company and branch has since risen exponentially. In contrast to the annual average in the 1990s of 190 registered agreements, some 1,231 were registered in 2008, 1,331 in 2009 and 2,038 in 2010. In 2009, in addition to wage bargaining, agreements were reached between trade unions and companies with clauses intended specifically to cushion the effects of the crisis on the worst hit sectors and companies. The 1,331 collective agreements in 2009 included 110 registered collective agreements with a total of 206 “crisis clauses”. These crisis clauses sought to establish mechanisms to protect jobs, such as bringing holidays forward, reduced overtime, compensation mechanisms, such as credits linked to reduced working

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1. Increased significantly; coordination between national and provincial levels of government has improved; and new technologies to detect unregistered jobs have been introduced.
2. In terms of results, moderate poverty fell to 9.9 per cent and, between 2002 and 2009, the Gini coefficient fell 9 percentage points, to 0.46.
3. As regards labour market and social protection policies, three high-impact areas stand out (in terms of jobs and improved living conditions): the expansion of social protection coverage; social dialogue measures through collective bargaining; and policies to sustain employment.
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Figure 2. Trends in registered and unregistered wage employment as a percentage of total employment, 2003–10

Source: MTEySS, based on household survey data (Encuesta Permanente de Hogares, INDEC).
time or reduced working hours with guaranteed payment for an agreed minimum of hours. On a more general level, during the crisis the social partners highlighted the need to consolidate and improve the functioning of such institutions as the minimum wage, collective bargaining, labour inspection, social insurance and other social programmes, and particularly to improve vocational training for young people.

Employment protection policies

With regard to action to protect employment in the formal sector, the Production Recovery Programme (REPRO) and the Crisis Prevention Procedure (PPC) stand out. Although these already existed before the crisis, they were expanded and strengthened. REPRO aims to provide financial assistance (wage subsidies) for workers in private sector enterprises in crisis situations. It provided coverage for 143,600 workers in 2009 and 113,600 in 2010. As a result of its expanded coverage, REPRO managed to reduce by about 28 per cent the contraction in employment which would have occurred between November 2008 and March 2009 had the policy not been applied.

In addition, employers' contributions (other than health insurance contributions) were reduced in cases of new hires or regularizing pre-existing employment. This policy, implemented over 24 months, was intended to reduce the employer’s share of social security contributions by 50 per cent in the first 12 months and by 25 per cent in the following 12 months. In December 2009, 250,000 workers were registered under this scheme by 68,000 companies. Mechanisms were established to facilitate payment of overdue debts or tax arrears and social security contributions, as well as means of regularizing unregistered jobs. The reduction in social security contributions has been extended to 31 December 2011. However, such a reduction may also have an undesired effect: if it is not adequately targeted and continues for too long, it may benefit workers that would have been hired anyway.

Challenges for the consolidation of employment and social protection

Since 2003, Argentina has seen an increase in formal sector employment, with only a slight and temporary dip at the height of the 2009 crisis. Social protection measures were directed at informal sector workers, with cash transfers to poor families in order to support compulsory school attendance and health checks, while active labour market policies were introduced to boost employment for this group. At the same time, measures were taken to facilitate and encourage registration of jobs with the social security institutions. Collective bargaining experienced renewed impetus from 2004 onwards, and during the crisis this resulted in agreements focusing on the protection of employment and more flexible working time arrangements. Although employment subsidies and reduced social security contributions were introduced during the crisis with the aim of boosting registered employment, those measures will in future need to be assessed and adapted to prevailing socio-economic conditions if they are to be effective.

1 MTEySS (2007); MTEySS (2010).
2 MTEySS (2010).
3 Ibid.
5 Bertranou (2010); Agis, Cañete and Panigo. (2010); Cruces and Gasparini (2010); D’Elia et al. (2010).
6 ANSeS (National Social Security Authority), 2010.
7 Palomino and Trajtenberg (2011).
8 ILO (2011).
9 Bertranou and Mazorra (2009).
10 For example, by declaring real wages and the real date of the start of employment.
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