Argentine general strike hits rising prices and job cuts

By Bill Van Auken
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Economic activity in Buenos Aires and other major cities was largely paralyzed Thursday as three of Argentina's five trade union confederations joined in a general strike over rising prices and mounting job cuts being implemented under the Peronist government of President Cristina Fernandez de Kirchner.

The walkout was launched on Wednesday by one of the union confederations—the opposition CTA, headed by Pablo Micheli—on Wednesday afternoon as a 36-hour strike and was then joined by the two other organizations—the CGT *Azopardo*, headed by Luis Moyano, and the *CGT Azul y Blanco*, headed by Luis Barrionuevo—which struck for 24 hours beginning Thursday morning.

The strike was accompanied by the organization of picketing, including by the parties of the pseudo-left *Frente de Izquierda*, on major roads leading into the capital and other cities, and in at least one instance saw a confrontation with police who tried to clear the thoroughfare using tear gas.

While Wednesday saw a rally and march in Buenos Aires from the Plaza de Mayo to the Argentine Congress, the larger strike on Thursday was not accompanied by any mobilization of the working class, something that the trade union bureaucracy is opposed to and fears.

The government and the trade union officials were sharply divided on the impact of the strike. CGT head Luis Moyano claimed Thursday that the walkout had been joined by 85 percent of the workforce, showing that "there's a great desire to take part and show the government that people are fed up, tired and seeking answers to these demands that haven't been met."

Jorge Capitanich, the head of Fernandez's cabinet, on the other hand, claimed that 75 percent of the workers "demonstrated their desire to work by not adhering to the stoppage proposed by a group of opposition unions and union leaders."

This is the third general strike against Fernandez since she was elected in 2007 and the second one this year, with the unions calling a nationwide walkout over much the same issues last April.

Commuter trains and trucking were clearly paralyzed by the strike, as were the ports, banks, restaurants, courts, garbage collection and air traffic. Schools opened, but with few students attending. One line of the subway system was shut down.

The government scored a minor victory in persuading the bus drivers' union, the UTA, to ignore the general strike. Passenger buses made most of their routes in Buenos Aires Thursday, but most appeared nearly empty. The Fernandez government reportedly bribed the union with subsidies, funds for the "social works" benefits plans, which are a major source of income for the bureaucrats, and a building to house a union training center. UTA President Roberto Fernandez allowed as how he was "in agreement with all of the demands, but not with this action."

The strike provided only a limited expression of the growing anger and unrest in the Argentine working class under conditions of "stagflation," with joblessness and inflation rising in tandem. According to official figures, the jobless rate has risen to 7.5 percent, with layoffs hitting a number of industries, particularly auto production. It is up from 7.1 percent in the first quarter of this year. Economic activity is expected to shrink by approximately 1 percent this year.

Meanwhile, the official inflation rate has risen to 31.3 percent annually, with private estimates putting it closer to 40 percent. This has meant a sharp decline in real wages.

The demands raised by the strikers include a government-imposed moratorium on layoffs and suspensions, the lifting of income taxes for workers and wage increases to match rising prices.

There are fears that the economic crisis will only deepen in face of the technical default imposed on Argentina by the decisions of a US federal judge in favor of hedge funds that are seeking 100 percent payment on bonds on which most creditors agreed to a write-down after the country's 2001 default.

US Judge Thomas Griesa last month barred Argentina from making payments totaling $539 million owed to bondholders who had accepted the restructuring deals, unless the so-called vulture fund holdouts received full payment as well. Argentina has the money to pay the $1.3 billion demanded by the vulture funds, but if it does so it would open the floodgates for equal treatment by other creditors, threatening to bankrupt the country.

Last week, the government unveiled a plan to allow creditors to receive foreign bond payments via local Argentine banks, effectively doing an end run around the US court. The announcement, however, raised concerns on international credit markets that the government will not resolve the dispute in the near future, prompting an acceleration of capital flight.

The Fernandez government has seized upon the dispute to dress up its policies in left nationalist demagogy, employing slogans such as " *patria o buitres* " (fatherland or vultures). The two unions that refused to join the general strike are close to the government and invoked the conflict as a reason that it was the wrong time to take action against the government.

In reality, the Fernandez government is continuing to meet its debt payments to the international banks and corporations, and most financial analysts believe that it will eventually reach a deal with the American hedge funds. It recently agreed to pay $9.7 billion to the Paris Club of creditor nations and handed over $5 billion in bonds to the Spanish oil company Repsol SA as compensation for the expropriation of its Argentine subsidiary.

With foreign reserves dwindling and the value of the peso declining rapidly, the real policy of the government is to impose the burden of the financial crisis onto the backs of the Argentine workers.