

NHDR Write-Up: VDA Practitioner Course on Human Development

Argentina: 2005 NHDR

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The first thing that should be noted on the case of Argentina, the country that I am working at, is that the last NHDR was done in 2005, just emerging after the deepest crisis that the country faced, and after the decade when the structural adjustment policies induced everybody, especially policy makers, to believe that market forces were the best factor instrument for resources allocation. That experiment ended with more than half of the population under the poverty line, 25% of unemployment, half of the working force in unprotected labor and deterioration on some of the educational variables.

The 2005 NHDR notes in its first headline that at the end of that year the economy recovered the real GDP it had during 1998, meaning that without any natural disaster or war, the slump of the country lost 7 years of economic growth. As was mentioned social indicators located in a step lower than before.

The Argentinean HDI shows how important is the investment in human capital in the broader sense: a big portion of its maintenance as the highest in the Latin American region lies in the fact of decades of the reasonable performance of a welfare state that could not be dismantled by the dictatorship or the neo-liberal policies, although was not sufficient to support the population harmed by the crisis.

In general terms should be pointed that Argentina is a very big country and regional differences have increased in the last two decades. As was stated by many colleagues in the discussion forum, this is a drawback in the HDI in general. At this point I would be fond of correcting the group of income variables with the Gini coefficient, with a weighting of 1/3 or 1/4 and limits of 0.3 and 0.6. This will penalize countries with larger GDPs but skewed income distribution, while compensating poorer countries that have more equity. After all, this is a value that we all share.

At this point it can be said that the problem of income distribution increased during the 90s significantly, not only at regional level, as was pointed out, but also at social level, generating a two tear type of economy. Economic growth was like mushrooms.

In terms of health Argentina still presents good indicators, as well in the case of education, but also the regional differences are very big, to the point that the country and the UNDP CO induced as variables and goals of the MDGs the inclusion of variables that would reflect reduction not only in average terms, but also regional differences in the cases of infant and maternal mortality. With education is the same.

One significant point arises from the overall school enrollment since Argentina observed a reduction, mainly at high school level. This represents a challenge since the so called 'popular wisdom' is not enough to understand this phenomenon. During the crisis with the unemployment skyrocketing, a large number of teens dropped out from school in order to help the livelihood of their households, where the parents lost their jobs. Before that (1995/2001), the school helped with the distribution of food and clothing to retain kids attending, since contributed to family incomes. When there was no income at home, kids would go to look for a job. With the economic recovery, many of these youngsters would already find a job, see their incomes rose and in many cases, jumped from informal to formal jobs, postponing or even declining the possibility to go back to a school that is not properly suited to educate for the labor market, nor adapted to the needs of contemporary society.

A good thing of the crisis is that in political terms was solved with the tools that democratic institutions offer, not with the messianic discourse of dictators.

A second lesson is that market is not enough, that GDP may grow at the same time of poverty and inequality, that an employment base strategy is the only way to increase incomes, redistribute income and the best social policy. The assessing of the impact on employment of every measure of economic and social policy is a must in order to avoid the destruction of jobs that can not be recovered later. There is a clear interaction between social indicators

and the pattern of economic growth. There is a iterative triangle that gathers economic growth, income distribution and poverty reduction, contributing to the social sustainability of the schema.

In conclusion: from the formal point of view, the challenge is the introduction of distributional variables to the HDI, and from the point of view of the policy making, to go beyond the recovery in quantitative terms, seeking a better quality of life in a framework of democratic governance and environmental sustainability.