



May 7, 2018

Happy Monday, everyone!

Man, oh man. What a week!

I know, you're anxiously waiting for us to explain what happened last week and why suddenly people were writing about [why it may be time "to get out of Argentina"](#), why Mirtha Legrand [said she's "disappointed" in this government](#) and why everyone freaked about the dollar hitting the 23-peso mark.

All that is below, so I recommend you read Bianca Fernet's piece with the flying dollar emoji.

In the meantime, this is what also happened in the last seven days:

THE LABOR REFORM IS COMING

The Upper House [is set to start debating in the coming days different bills that form part of the labor reforms the government seeks to push](#). The Macri administration intended to introduce these initiatives at the end of last year, but the social and political chaos that ensued as a result of the debate over the reforms to the pensions system led them to hold off for several months.

There are three bills. One would grant an amnesty regarding labor taxes for employers who register their employees and bring them onto the formal side of the economy. Another one would create a so-called “National Agency for the Evaluation of Health Technology” – we will get into that in a bit – and an internship program for young adults, aimed at helping them get their first work experience.

However, one of these bills also includes a new way of calculating severance payments for employees that takes into account fewer components of the salary at the time of doing so. One of the leaders of the CGT umbrella union’s executive board, Juan Carlos Schmid, has already warned that “if the issue of the severances’ deduction is included in the bill,” he will reject it. However, Schmid’s words may end up not being relevant, as the CGT’s board is going through its last days, consumed by internal struggles. The union’s authorities are set to elect a new leadership after July.

THE GOVERNMENT HAS WARNED THAT IT WILL VETO A BILL TO ROLL BACK UTILITIES HIKES

Cabinet Chief Marcos Peña [confirmed last week](#) that, if the opposition manages to pass the bill that would have the government roll back on this year’s utility hikes, President Mauricio will veto it. Peña made the comments in a radio interview a few hours before special committees in the Lower House meet to discuss the initiative, the first legislative step towards passing a bill. If it garners enough votes in the committees, the bill will be sent to the floor of the Lower House.

However, given Peña’s statements, it is safe to say that unless some unexpected consensus regarding the matter is reached, the following debates in Congress will be mere political games aimed at capitalizing the social discontent over the increases. Even though the opposition has the way paved to approve a bill – after the Cambiemos caucus agreed to discuss it in commission – they already know any initiative is destined to perish under Macri’s pen.

Nonetheless, they plan to continue anyway. Since this time they will follow the standard legislative process, their bill would only need a simple majority to make it to the Senate, as opposed to the two thirds of the deputies present needed on the special sessions that took place last week (and the week before). And they already know they are able to muster more than half the deputies of the House.

According to Peña, the bill would cost the state AR \$100 billion. “But they don’t say where they are planning on getting that money from,” he argued. “The approval is not fiscally viable; extremely irresponsible. If it is approved like this, it will be vetoed,” he said to Eduardo Feinmann.

He went on to say that eventual support to the bill from the lawmakers who answer to the provincial governors would make the latter incur in a “contradiction,” because they also need for the country “to grow, create employment and receive investment, as it is currently happening.” “We have a good working relationship [with them] and they can talk to their deputies and senators so they help to find a new space to talk about this, but it has to be outside Congress, because it oftentimes ends up being used by sectors that want nothing other than destabilizing the government, he added.

“We don’t want to make any room for that kind of demagogy, which imperils the country’s chances of development,” he concluded. Nonetheless, everything indicates the opposition will move forward with its initiative anyway.