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## Argentina

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# Poverty, health, and pragmatism in the economy

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If one took the regulate, pragmatically, relations between the industrialized countries and the developing countries (to use the terminology common to the international technical institutions) which hold financial debts of great magnitude, and if one observed the facts as forming part of an interconnected whole, the ironic story of the "satanic Dr. No" might seem like a harmless nursery rhyme.

Let us look at some of these facts:

1) The industrialized countries need to expand their markets for manufactures and technology beyond the limits of the developed world, as part of their own potential for economic expansion.

2) The developing countries need to acquire these products, which their industries are not capable of supplying, to evolve economically and improve the socio-economic level of their population.

3) So that these mutual intentions be realizable, the industrialized countries offered a generous quantity of credits, which the developing countries hastened to accept, without really evaluating the future possibilities of paying them off.

4) To deal with these—both in capital and interest—the developing countries would have to obtain sufficient real resources through the sale of their own surplus production, including placing them on the markets of the industrialized countries.

5) With the aim of allocating the largest possible amount of resources for payment of foreign debt service, the developing countries would have to further drastically reduce their investments and internal credit, with the resulting contraction of the consumer market basket of their inhabitants.

6) However, the operative conditions of the international market and the economic rules of the Western world itself, determine that the developing countries receive less and less money for the sale of their products, and pay more and more for the purchase of industrial goods and technology transfers.

7) Hence, the world division of labor and the distributive inequality of the international community, far from being

compensated, tend to accentuate the differences, a process called by economists "deterioration in the terms of trade."

... The Argentine Republic fits perfectly into this group of phenomena, with some peculiarities: For example, it is practically self-sufficient in oil and other fuels; its major exportable volume is in agricultural products; its institutional system, and particularly its economic policy, have been highly unstable during the last 30 years; its privileged infrastructure of natural resources has made possible an acceptable standard of living for its population and a sizeable middle class, in comparison with the rest of Latin America.

### The effects of recession

Let us now observe some of the characteristics of the economic recession caused by adapting to the rules of the game we have described.

a) The drastic reduction of investments and domestic credit takes immediate effect, depressing real wages and employment. Between 1974 and 1985, there was a net average drop of more than 2%, in constant 1970 currency, of the capital stock invested in durable capital goods, and in the same period, the industrial Gross Domestic Product declined by 21%. During this decade the number of employed operatives in industry went down 12.6%, which actually means 40% if the employment of manpower had grown in the same proportion as the inhabitants of the country. In relation to the economically active population, personnel employed by industry went from 15.5% to 11.8% and the real wages workers went down by 35% (Economic Census 85 of the National Institute of Statistics and Census [INDEC]).

b) Industrial production plummets due to shrinking demand for products for internal consumption, without this being compensated by a growth in the foreign markets. . . . The physical volume of industrial production, taking 1970 as a base 100, grew in 1974 to 122.7 and went back to 100 in 1985, i.e., the level of three decades earlier. The number of industrial establishments fell by 14% in the decade studied, although the regression is greater since the cited census did not deal with the construction industry, where the decline has been sharpest.

c) In inverse proportion, one can observe the growth of unemployment, "self-employment," and street vendors, in those sectors of the population whose margin of the consumer

market is below the poverty line. In 1974, 18.8% of the economically active population, about 1.5 million persons, worked for themselves, a number that went up to 2.5 million in 1985, or 25%. On the other hand, the State employs about 2 million persons, covering up real unemployment, in a market in which the least productive areas occupy a substantial part of the workforce.

d) In this situation, the capitalist sectors and those of a higher socio-economic level turn their resources toward domestic financial speculation, or to inactive deposits abroad, taking monetary support away from productive activity.

e) The cited events determine a reduction of the Gross National Product which weighs more heavily on the wage-earning than on the capitalist sector, resulting in a relative transfer from the former to the latter in distribution of national wealth.

These policies have operated in the social field, increasing the proportion of population which has no access to dignified living conditions. To study its quantitative repercussions, the technicians—who strip everything of its emotional connotations—have designated the dramatic picture of misery as “unsatisfied basic needs (UBN),” or, in other cases, as “high socio-economic risk.” In this sense, an official reform of the INDEC worked out on the basis of data of the 1980 Census (*Poverty in Argentina*, 1984), estimated that some 7.6 million inhabitants, constituting 28% of Argentina’s population, fail to have their basic needs satisfied. These persons form part of 1,586,000 households, corresponding to more than 22% of the Argentine households.

It must be pointed out that to distinguish the households according to satisfaction of their basic needs, essentially social-type qualitative parameters were taken into account, such as: crowding (more than three people per dwelling), unfit housing (tenements, shantytowns, etc.), inadequate sanitary conditions (without toilets, no potable water), school-age children who do not attend school, or low percentage of members of the household who have income. . . .

## The influence on health

To observe how the cited facts influence the health of the inhabitants, we can analyze the risk of death to children under one year of age. The infant mortality rate is an indication of health directly influenced by the population’s social status, since during the first year of life, in which the child’s dependency is absolute, his survival is more intimately linked to environmental conditions. Of course, the nutritional factor is determinant in the degree of vulnerability of these children. If they are in inadequate nutritional conditions, they will succumb easily to infectious and parasitical diseases which in another situation, they could resist. Hence it is useful to compare the weight which infectious, parasitical, and nutritional diseases have as a cause of death within the Argentine infant mortality rate and that of three countries frequently taken as a reference (according to data from the Statistical Annual of the WHO).

As **Table 1** shows, the difference of the percentages of deaths caused by infections, parasitosis, and malnutrition, seen between the two industrialized countries and the two developing countries presented here, is enormous, and reveals a clearly different sanitation and nutrition profile.

Now let us go back to the beginning of the story. To remedy this situation, Argentina should expand its domestic market by increasing jobs, improving the buying power of wages, and encouraging investments in the most productive areas . . . but this will compete with foreign obligations. To obtain genuine foreign resources, Argentina is supposed to place its exportable surplus, both industrial and agricultural, in foreign markets. But industrial products have trouble competing with those of the industrialized countries, which rely on more advanced technologies and lower costs. In turn, agricultural products run up against the customs barriers put up by the industrialized countries and the subsidies which their governments grant to native producers whose costs are greater than ours, as happens to us with the European Economic Community. To get the wheels of production turning in general, we would need foreign capital, but its flow to these lands is conditioned by the refinancing of pending debts, since the United States, for example, raises its interest rates to wipe out its own fiscal deficit.

. . . And this vicious circle not only affects Argentina which—as we said—has a relatively privileged situation, but also many other developing countries whose potential for dealing with emergency is even less.

The finale of the “satanic” version of this story could be more or less as follows:

. . . The world leaders, worried about the situation of hunger and misery which large sections of the population was suffering, consulted the authoritative opinion of Dr. No who, with his implacable pragmatism, advised, “Let us do it at the least possible cost; to eliminate poverty let us exterminate the poor.” Immediately the sensible voices of the world were raised, in indignant defense of human rights: “Genocide! Fascist!” Common sense had triumphed. . . .

Table 1  
**Rates of infant mortality**  
(deaths per thousand)

Countries/years	Infant mortality	% deaths by infection, parasitosis, & malnutrition
Argentina 1979	35.6	29.8
Chile 1977	47.5	46.6
U.S.A. 1977	1	9.8
Sweden 1978	7.8	8.9