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Aging, Employment, and Poverty in Argentina.

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Chapter 17

AGING, EMPLOYMENT, AND POVERTY IN ARGENTINA

Jorge A. Paz

Abstract

The purpose of this chapter is to review and discuss data dealing with the issue of older adults' employment in Argentina, within a context where aging in populations is rapidly and unevenly growing between provinces and regions of the country. Indirectly, this leads us to address several supplementary issues, including gender and poverty conditions of elders. The analysis is based on information from household surveys and population censuses, which are available on the website of the National Institute of Statistics and Censuses (INDEC, for its acronym in Spanish). Also, the article is based on documents describing public policies on seniors' employment implemented in the country during the past years.

Keywords: aging, employment, poverty

Introduction

In mid-2010, the total population in the Argentine Republic was about 40.5 million, with almost equal numbers between males and females. The population growth rate is estimated at 1.3% and urban population represents approximately 88% of the total. Urbanization differentiates by province and is evident and persistent. In addition to differences in urbanization levels, there are also significant disparities in economic development within the country of Argentina: the rich area, comprising of the Central or Pampean

region, the Great Buenos Aires and Patagonia, and the poor area, comprised of Northwestern Argentina (NOA) and Northeastern (NEA).

Argentina's economy is highly volatile. Recurring expansion and recession cycles are frequent and have turned a thriving economy into a booming economy within a matter of months. As shown in Figure 17.1, the most recent crisis involves the years of 1995, 1998, and 2001/2002. This latter (2001/2002) was the most severe of all the crises on record. For instance, the unemployment rate was close to 20% (Figure 17.2) and the poverty rate by income was close to 50% of the population, exceeding 65% in less developed regions of the country (namely, Northwestern and Northeastern). Starting in 2003, the economic activity began picking up, already exceeding in the first quar-

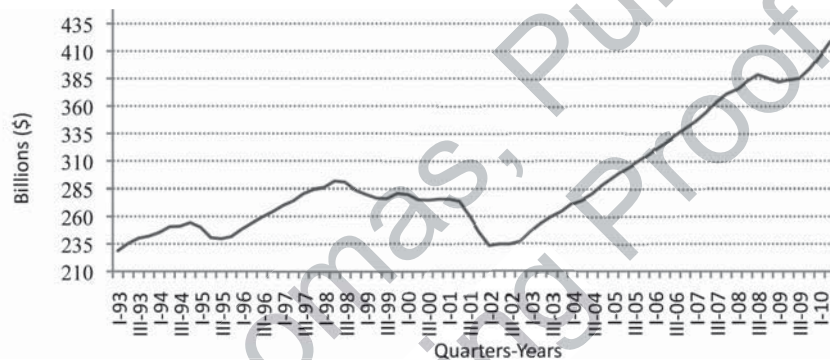


Figure 17.1. Gross Domestic Produce (GDP) evolution 1993–2010.

Note: I-93 means the first quarter of 1993 and III-93 means the third quarter of 1993, and so.

Source: Ministry of Economics: www.mecon.gob.ar.

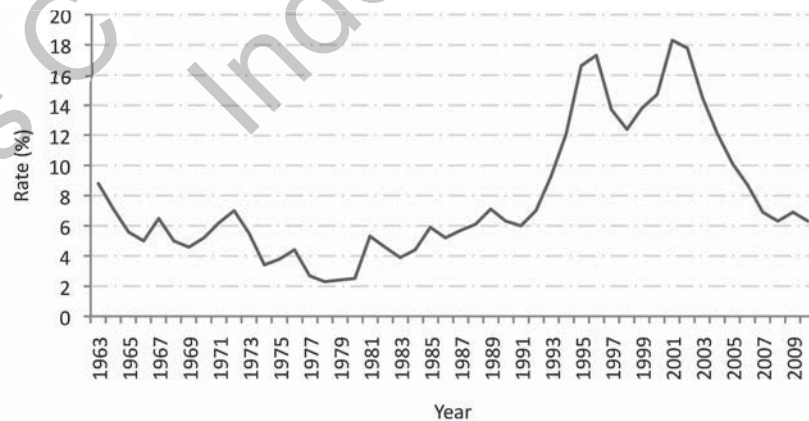


Figure 17.2. Unemployment evolution 1963–2010.

Source: National Institute of Statistics and Censuses, Household Survey (In Spanish, EPH): www.indec.gob.ar.

ter of 2005 the level it had reached during the second quarter of 1998. Turbulent times occurred by the end of that period, probably as a result of the international crisis in 2008.

Introduction of the Elderly Population in the Country

Argentina, as a whole, is going through the final phase of a demographic transition, the process that implies going from a demographic regime of high fertility and high mortality to one of low fertility and low mortality.¹ This process leads to a progressive increase in the proportion of people 60 years and older (in Argentina, people aged 60 years old are considered seniors), which is a phenomenon known as “aging of the population.” Consistently low fertility rates and higher life expectancy will transform the shape of the demographics pyramid of Argentina: reduction of the base by the fall of fertility, as well as the enlargement of the top of the age pyramid, caused by the rising of life expectancy, or the fall of mortality. This is probably the most important change that will be marked by the transition towards a much older population. As a result, the proportion of people of working age in Argentina is shrinking while the relative number of those retired is expanding.

Table 17.1 illustrates that the life expectancy has increased 13.5 years between 1950 and 2015. It also indicates that the net reproduction rate decreased from 1.4 daughters, to the level of exact replacement (one daughter).² In addition, during this period, the longevity, the difference between males and females (difference between columns (2) and (3), Table 17.1) has increased from 4.7 years at the beginning of the 1950s, and will increase to 7.5 years by 2015.

The above change in Argentina also replicates the world’s scenario. As seen in Table 17.2, in all nations, the mortality and fertility fell and will continue this trend in the future, with the declining rate being more intense in less developed countries. As can be inferred from the comparison, Argentina holds an intermediate position (see Table 17.1) in the world in terms of demographic changes.

Therefore, as stated in the above paragraph, the changes in demographic variables which cause aging in Argentina is pretty much like that in the rest of the world. More precisely, the mortality and fertility rates declining are causing strong and significant impacts on the age and sex structure of the

1. Avoid the problem that implies accepting or rejecting the paradigm of demographic transition as an explanatory model of the changes that take place in the components of demographic change. By “demographic transition” mean exclusively what is said in the text.

2. While the Fertility Rate is the total number of children a woman would bear during her lifetime if she were to experience the prevailing age-specific fertility rates of women, the Reproduction Rate is the number of girl babies a synthetic cohort will have.

Table 17.1.
Mortality and Fertility Indicators. Argentina, 1950–2015

Period	Life expectancy at birth (years)			Total fertility rate ^a	Net reproduction rate ^b
	Total	Males	Females		
	(1)	(2)	(3)	(4)	(5)
1950–1955	62.7	60.4	65.1	3.2	1.4
1955–1960	64.7	62.1	67.4	3.1	1.4
1960–1965	65.5	62.5	68.6	3.1	1.4
1965–1970	65.9	62.6	69.3	3.0	1.4
1970–1975	67.4	64.1	70.8	3.1	1.4
1975–1980	68.8	65.4	72.2	3.4	1.6
1980–1985	70.2	66.8	73.7	3.2	1.5
1985–1990	71.0	67.6	74.6	3.1	1.4
1995–2000	72.1	68.6	75.8	2.9	1.4
1995–2000	73.2	69.6	76.9	2.6	1.2
2000–2005	74.3	70.6	78.1	2.4	1.1
2005–2010	75.2	71.6	79.1	2.3	1.1
2010–2015	76.1	72.4	79.9	2.2	1.0

Source: National Institute of Statistics and Censuses: www.indec.gob.ar.

Note: The total fertility rate, sometimes also called the fertility rate, is the average number of children that would be born to a woman over her lifetime if she were to experience the exact current age-specific fertility rates through her lifetime, and if she were to survive from birth through the end of her reproductive life.^b The net reproduction rate is the average number of daughters that would be born to a female if she passed through her lifetime conforming to the age-specific fertility and mortality rates of a given year. This rate is similar to the gross reproduction rate but takes into account that some females will die before completing their childbearing years.

population. The best way to show these transformations is presented in Figures 17.3 to 17.6. They show transformations from 1914 to the forecast for 2050.

The following 10 major trends describe the aging process in Argentina:

1. The Argentine population is aging (Figure 17.7).
2. The dependent ratio of elder's decreases (because of the fall in fertility),³ but it will begin to rise due to the increasing elderly population (Figure 17.8).
3. The fall in mortality and reduced fertility rates were responsible for the aging population. Because of its speed and intensity, the effect of mortality on aging was stronger than that of fertility (Table 17.1).

3. Because the decrease in the population of children, adults, increase in relative terms.

Table 17.2.
Mortality and Fertility Indicators. World and Regions, 1950–2015

Period	Life expectancy at birth			Total Fertility rates		
	World total	More developed regions ^a	Less developed regions ^b	World total	More developed regions ^a	Less developed regions ^b
	(1)	(2)	(3)	(4)	(5)	(6)
1950–1955	46.4	66.0	40.7	5.0	2.8	6.2
1955–1960	49.6	68.4	44.1	4.9	2.8	5.9
1960–1965	52.4	69.8	47.4	4.9	2.7	6.1
1965–1970	56.0	70.5	52.0	4.9	2.4	6.0
1970–1975	57.9	71.1	54.5	4.5	2.2	5.4
1975–1980	59.7	71.9	56.6	3.8	2.0	4.5
1980–1985	61.4	72.7	58.6	3.6	1.9	4.2
1985–1990	63.3	73.7	60.7	3.4	1.9	3.9
1995–2000	64.7	74.6	62.4	3.3	1.9	3.6
1995–2000	66.1	75.5	64.0	3.1	1.9	3.4
2000–2005	67.5	76.2	65.5	2.9	2.0	3.1
2005–2010	68.8	76.9	67.1	2.7	2.1	2.9
2010–2015	70.2	77.5	68.6	2.6	2.0	2.7

Source: United Nations Population Division (UNPD): <http://esa.un.org/unpd/wpp/>.

Note: ^aMore developed regions comprise Europe, North America, Australia/New Zealand, and Japan; ^bLess developed regions comprise all regions of Africa, Asia (excluding Japan), Latin America, and the Caribbean plus Melanesia, Micronesia, and Polynesia.

4. Provinces are on different phases of the demographic process (Paz, 2009).
5. There are more women than men of old age (Table 17.1 and Figures 17.3 to 17.6).
6. Most elderly people live in urban areas, but people age faster in rural areas (Paz, 2010).
7. The elderly economic activity rate is growing, which means that they have to continue to work, due to their poor financial situation (Paz, 2010).
8. Social Security coverage is high (compared with other countries of Latin America) but disparate by provinces (Paz, 2009).⁴
9. The incidence of poverty for elders is high and is highly disparate among provinces.

4. While social insurance is paid by the federal government, is paid only to workers in the formal economy. The ratio of registered workers who retire, differs between provinces.

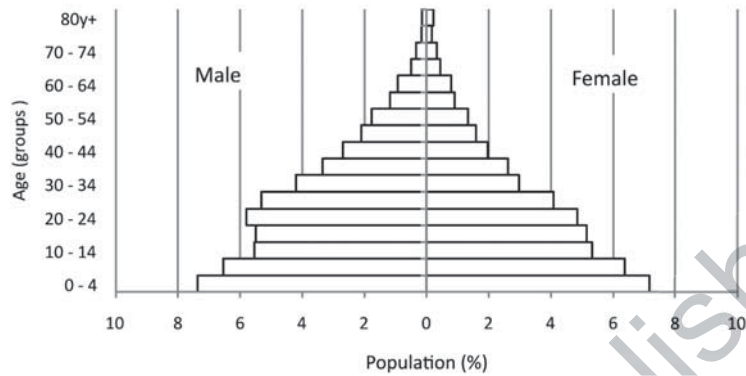


Figure 17.3. Age and sex structure of the population, Argentina, 1914. Source: Institute of Statistics and Censuses, Population National Census 1914.

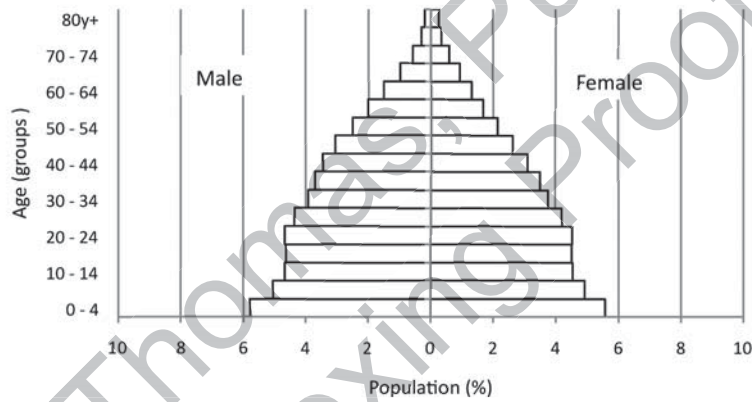


Figure 17.4. Age and sex structure of the population, Argentina, 1950. Source: Institute of Statistics and Censuses, Population National Census 1947.

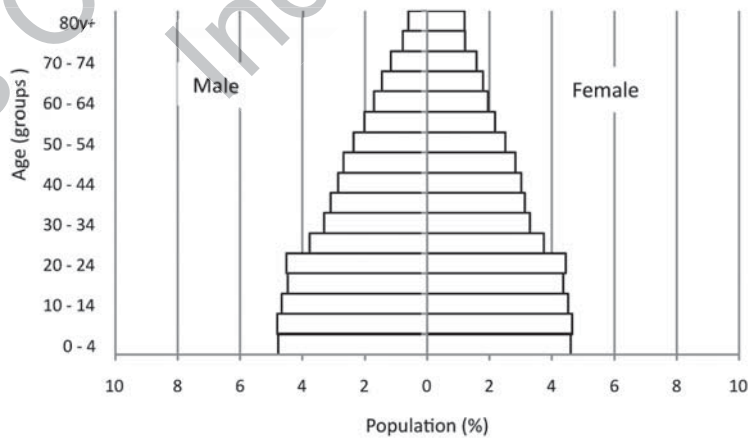


Figure 17.5. Age and sex structure of the population, Argentina, 2000. Source: Institute of Statistics and Censuses, Population National Census 2001.

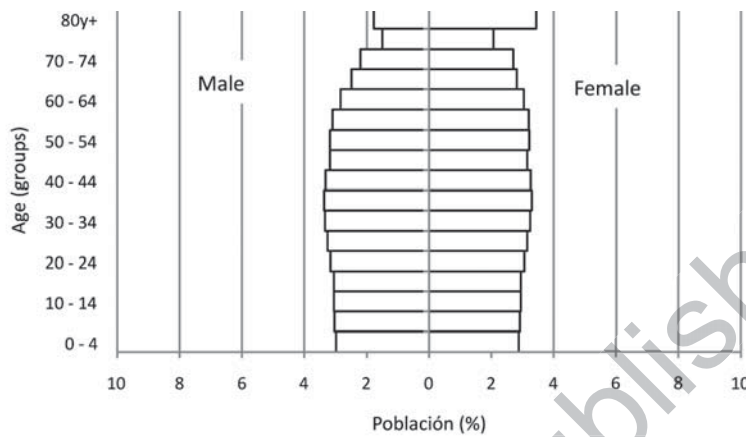


Figure 17.6. Age and sex structure of the population, Argentina, 2050. Source: Latin American & Caribbean Demographic Center: www.eclac.cl.

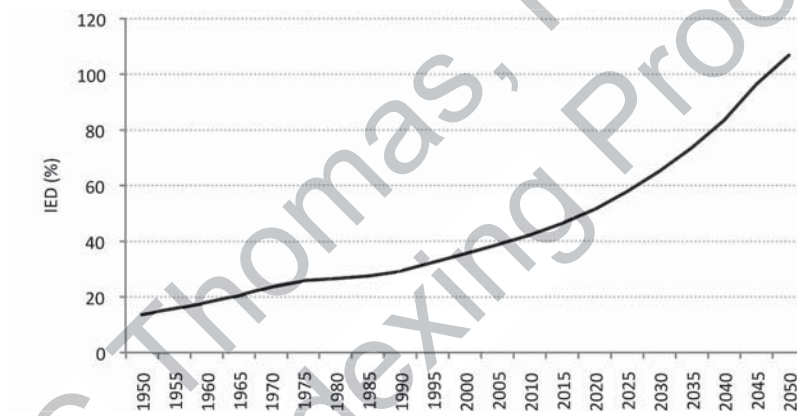


Figure 17.7. Aging Index (AI) evolution, Argentina, 1950-2050. Source: United Nations Population Division (UNPD, 2009): <http://esa.un.org/unpp/>.

10. In households with elders, poverty is lower (households with elderly have more money), but the contribution of income from retirement funds and pensions is less significant than in the rest of the households.

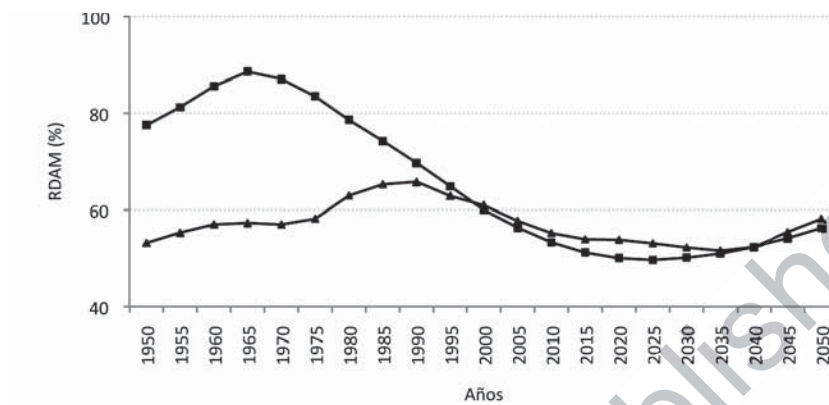


Figure 17.8. Dependency ratio (DR). Latin America and Argentina, 1950–2050. Source: United Nations Population Division (UNPD, 2009): <http://esa.un.org/unpp/>.

Aging and Employment

This section addresses the presence of older adults in Argentina's labor market, mainly during the period between 1997 and 2010. This issue, the downward trend of the employment rate concerning elderly population throughout time in more developed countries, has caught the attention of researchers specializing in aging. For example, in the United States (Burtless, 2002; Quinn, 2002), the prevailing trend covering the 1910–2001 period shows a general drop in employment rates for men older than 54 years, which gets steeper as the age of individuals increases. The decline in America coincides with a marked reduction in the average age of actual retirement, which went down from 74 years in 1910 to 63 years in 1983. However, retirement age seems to have steadied (at around 62 years), and has even increased slightly over the last two decades, both in the United States (OECD, 2005) and in Europe (Auer & Fortuny, 2002; Kinsella & Phillips, 2005). Social transfer incomes, such as state pensions in many industrialized countries (as Germany or France), make early retirement very appealing (Vettori, 2010).⁵ The retirement age of workers in France, for example, decreased⁶ (Bozio, 2006), in spite of the relatively low level of work after retirement of French men and women.

5. The employment rate of men aged between 50 and 64 is very low, compared to that of the OECD, while there are no differences in the female employment rate for this age group. However, there is a very marked difference in both genders in the percentage of population of between 60 and 64 years that is retired: 85% males and 63% females in France, versus 44% and 40%, respectively, as per the OECD (OECD, 2005).

6. Gwenn Parent has provided information that makes this claim. Thanks to her.

There is certain consensus in the literature as to the fact that these changes were driven by modifications in the coverage and the benefits offered by social security systems. In economically less developed countries that have social security systems with little coverage and/or offering few benefits, employment rates of elderly people are higher and therefore retirement age increases.⁷ The International Labor Organization (OIT, 2006) verified that the participation rate in Latin American and Caribbean countries rose in the 1990s. Between 1990 and 2000, the employment rate in these countries jumped from 58% to 65% in the 50–59 years population age group and from 20% to 23% in the age group of those over 64.

What has happened in Argentina recently? Figure 17.9 shows the elderly economic activity rate has gone up between 1997 and 2006. After this increase and a slight contraction between 2006 and 2008, the economic activity of older adults has steadied at around 26% in 2009–2010, which entails several more percentile points than in the previous decade. These figures are noteworthy, in light of the economic recovery, after the major 2001–2002 crisis. In view of the foregoing, this increase in the participation of elderly in Argentina may be compatible with the “Encourage Worker Effect” hypothesis—that older adults would be entering the labor market because of the employment and income opportunities they seek. But it should bear in mind that the employment rate of older adults drops sharply as they age.⁸ In Argentina, this trend is detected at the beginning as well as at the end of the observation period, from 1997 to 2010, but with a clear expansion, especially in lower age groups (Figure 17.10).

Although the increase in the participation of older people in economic activity could be considered undesirable,⁹ at least two arguments emphasize its positive aspect. The first one has to do with the contribution of this group to social wealth as well as the reasons tied to personal fulfillment (due to the real possibility these people have of feeling useful to the society they live in).¹⁰ The second argument, somewhat more practical and concrete, takes into account the increase of the postretirement period caused by the longer life expectancy in the region.¹¹ In this regard, if there are appropriate public pol-

7. When analyzing this ratio to the age of these older adults, find that the higher the age, the stronger the correlation between the pension system coverage and economic activity involvement; this may show evidence that such involvement is more obligatory than voluntary in nature.

8. The ILO (2006) Annex shows this reduction for a set of countries and by five-year age groups.

9. “Undesirable” when this participation is involuntary and implemented as a survival strategy (sometimes perhaps the only one available). This is often the case, especially in many poor LAC countries.

10. It is what social gerontology theories refer to as “active aging.”

11. The postretirement period is the stage of life spanning from the time individuals cease their economic activity until their death.

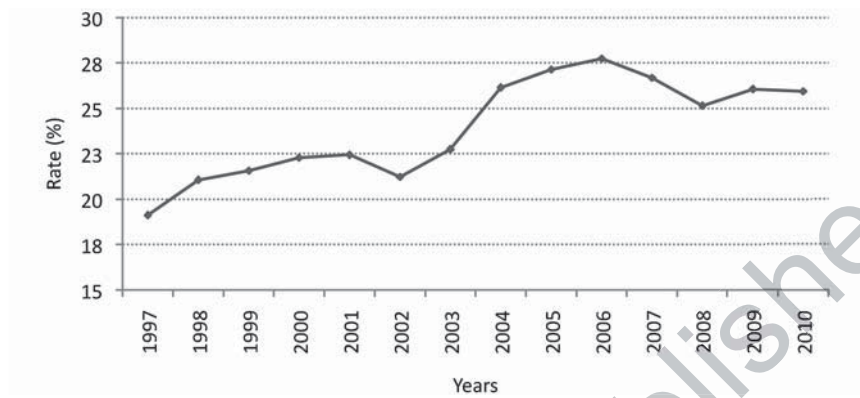


Figure 17.9. Economic activity rate (percent). Population 60+, Argentina, 1997–2010. Source: National Institute of Statistics and Censuses (In Spanish: INDEC), Household Survey (In Spanish, EPH): www.indec.gob.ar.

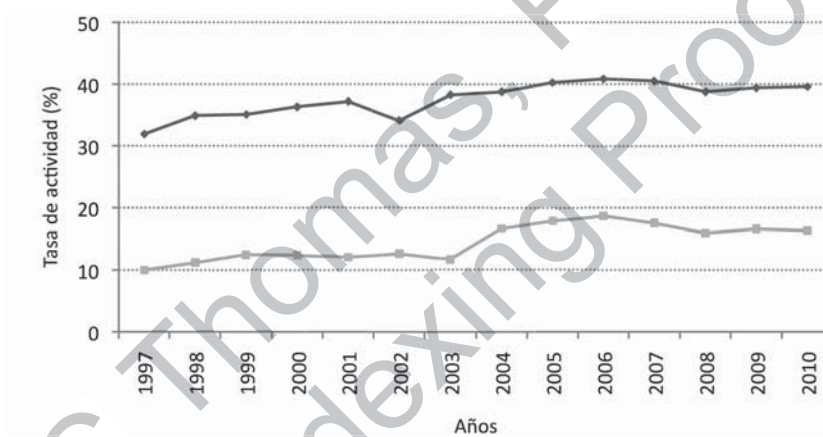


Figure 17.9. Activity rate (percent). Population 60+, age group, Argentina, 1997 and 2010. Source: National Institute of Statistics and Censuses (In Spanish: INDEC), Household Survey: www.indec.gob.ar.

icy devices, this trend toward increased participation in economic activity could be used to alleviate financial problems that arise due to longer post-retirement periods. The two arguments do not cancel each other out; rather, the more practical objective of this increased participation (second argument) contributes directly to broadening the options older adults have because of participating in a productive life.¹² However, the effectiveness of this policy measure will depend on the type of presence in the labor market, which is reduced when it is carried out informally or in precarious forms of

12. Not only in terms of financial security, but also social inclusion.

employment or, in short, in a context that fails to offer labor alternatives of decent employment.

Another main trend mentioned in literature is that many older adults continue to be employed in the informal economy.¹³ Informality is widespread in Latin America and grows as the life course of older adults progresses. This trend is a warning sign, given that the increase in an older adult's tendency to join the employment structure as an informal worker makes him/her more likely to lack protection against risks that rise exponentially with age, such as health or work accidents.

Some very fragmentary but suggestive evidence for Argentina in 2005 (Jiménez & Jiménez, 2008) shows that the rate of informality is high among the younger Argentinians, declines in the middle age groups, and then peaks again for older adults. When estimating several declines for the probability of being an informal worker (i.e., any person whose job is not governed by the labor laws in force), Jiménez and Jiménez (2008) found that the age (to describe the decline first and then the growth of that likelihood as age advances) is always statistically significant. The results thus suggest a U-shaped profile in the relationship between the likelihood of being an informal self-employed worker or being an informal employee at formal production units and age.

What implications does the above research have for public policies? It should be taken into account that, in the informal sector, income is lower than other formal jobs and less stable, possibilities of accessing training programs are lower, and the likelihood of being dismissed in the ups and downs of the economic cycle grows. In fact, these factors could be reflecting the incentives of businesses to invest in human capital of the population, which has high risk of definitive retirement and a high probability of making them waste money on training expenses.

Regarding this point, if hiring older adults and their labor stability are considered desirable, public policy should take into account the factors that businesses consider important when it comes to investing in specific training. This type of training is like insurance for the worker, since the employer is more reluctant to discharge a worker and the worker is more reluctant to resign as the stock of the business specific human capital becomes larger. Lack of incentives of a company to invest in older adults is seen as an incentive to hire individuals from this population group on an informal basis.

13. Informal workers are considered workers receiving a salary from which no social security deductions are made or self-employed (independent) workers who voluntarily refrain from making such contributions. The approach mostly associated with the idea of an "informal sector" considers informal workers to be those that are self-employed and provide nonprofessional services, or those who work in small production units, among others.

Perhaps with the possibility of informal employment and the recurrence of economic crises, Argentina is one of the countries in which the percentage of older adults in wage labor has increased the most; while the percentage of older adults who are self-employed or employers has dropped. This has been an ongoing trend for some time. In 1980, 46% reported they were self-employed, but it decreased to 35% in 2006. The wage labor percentages climbed from 44% to 56% between 1980 and 2006 (Alós et al., 2008). Is this greater share of wage labor an indicator of less labor informality? Not necessarily. Apella and Casanova (2008) found that in 2005, Argentina's older adults working as independently employed were more likely to make social security contributions than individuals under 25 (the control group in their study), which could be due, among other things, to nearsightedness in consumption.

It should be kept in mind that current retirees began their working lives at least 30 years ago, under completely different circumstances as compared to today's labor market. Society's challenges for the active population nowadays are somewhat different because the labor market conditions have clearly undergone changes. The tendency toward greater participation (especially by females) and taking poor quality employment are not minor challenges faced by public policy makers, who are also responsible for designing programs to accompany active aging. Increased female participation appears as a promising fact as long as this contributes to reducing the older adult population dependency.¹⁴ The difficulty in this regard lies in the characteristics of the entry to the market as the reasons behind it involve diverse labor quality guidelines.

Poverty and Elderly

Material poverty limits a human being's possibility of attaining other important achievements, which reinforces and justifies from an instrumental viewpoint, any effort to understand and reduce it. There is no question that this is a multidimensional phenomenon and work is essential to reduce poverty and to reach a more equal, global, and sustainable development, but among seniors, there are other factors, in addition to work (such as family income or social security benefits), that play a very important role.

Gasparini et al. (2007) shows poverty rates for the population as a whole and for adults over 59 is in a significant group of countries in Latin America

14. As in other cases analyzed in this report, the determining factors of female participation are very different in LAC countries. For cases in Argentina, Bolivia, Chile, and Paraguay, please see Paz (2008).

and the Caribbean (LAC).¹⁵ This study clearly indicates a great deal of diversity across the different countries. This contrasts with the comparatively high and homogeneous level of economic activity in older adults in the region, discussed in the previous section. In LAC, poverty measured by income is less frequent in old age than at other stages of the life course.¹⁶ Although older people are considered a vulnerable social group, in most countries, the incidence of poverty measured by income in homes with elderly people (extended family) is lower than that in homes without them (del Popolo, 2001; Guzmán, 2002). Although for some authors, this fact is clearly and directly related to the transfers of currency received by older people (Huenchuan & Guzmán, 2006), other arguments can be found to explain it: poor individuals have a shorter longevity and poor health than the nonpoor individuals.¹⁷

It should also be noted that: (a) Older adults today left the work force with social security benefits, which can only keep with the salaries received in prior decades, which, compared with today, had less unequal, less unstable, and precarious labor markets; (b) The effects of noncontributing retirement and pension schemes in reducing poverty in old age (CEPAL, 2006).

Figure 17.11 shows some evidence for Argentina in 1997–2010. Two conclusions are compatible with the findings for Latin America and Caribbean: (a) Households with seniors only (Type 2 in the figure) have rates of poverty by income significantly lower than any other types of households; (b) Although the fluctuations of the economy, the crises, and the recoveries affect the various types of households, they affect households with older adult residents less. That is to say, Argentina shares with the region the comparatively low incidence of poverty in homes with older adults while at the same time, these homes are less prone to be affected by fluctuating economic activity. The findings also show that there is great regional diversity in poverty rates in Type 2 homes on the most recent date (Figure 17.12). In Argentina, cities such as Posadas (the capital city of the *province* of *Misiones*. Misiones is one of the 23 provinces of Argentina, located in the northeastern corner of the country), where this rate totals 8% of homes, coexist with cities such as Ushuaia (the capital city of Tierra del Fuego province. Ushuaia is considered the southernmost city in the world. The province is located in the south of the country and entirely separated from the mainland by the Strait of Magellan), where the rate of poverty has practically disappeared.

15. The threshold is USD 2 PPP per day.

16. Probably because informality was not so widespread and labor market conditions allowed them access to more generous social security benefits.

17. There is abundant empirical literature on this point. The most recent examples result from the differentials by social sector and by regions also in more developed countries (Stevenson, 2008).

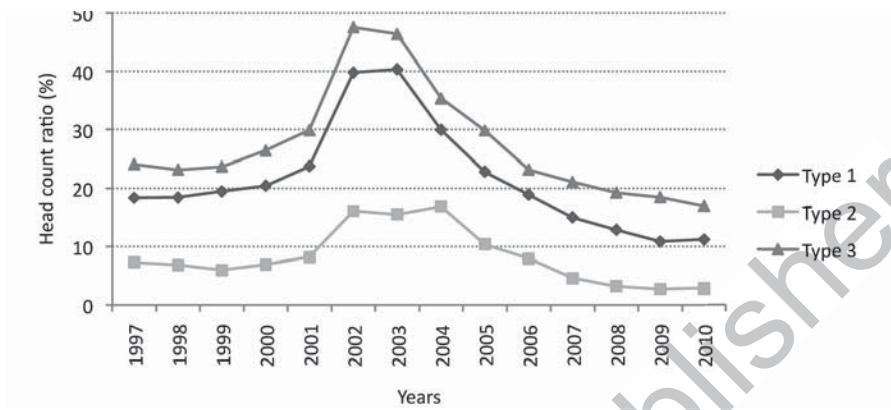


Figure 17.11. Poverty rates by household type. Argentina, 1997–2010.

Note: Type 1: All households; Type 2: Households with seniors only; Type 3: (c) Households without elderly. Source: National Institute of Statistics and Censuses (In Spanish: INDEC), Household Survey (In Spanish, EPH): www.indec.gob.ar.

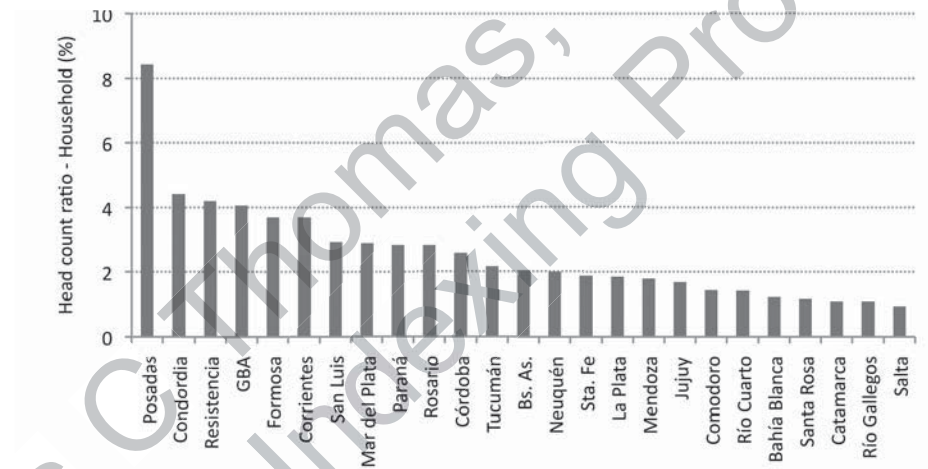


Figure 17.12. Poverty rate household type 2 by urban agglomerate (cities), 2010. Source: National Institute of Statistics and Censuses (In Spanish: INDEC), Household Survey: www.indec.gob.ar.

So it is worth pondering what factors come into play for such regional disparity. In principle, the following factors may be considered: (a) social security coverage; (b) monetary benefits; (c) the number of beneficiaries per home; and (d) labor income earned by older adults. Figures 17.13 to 17.16 all show the dispersion diagrams providing evidence about each one of the factors. As a very general conclusion supported by the data in Table 17.3 (order correlation coefficients), the factor with the strongest influence on the current

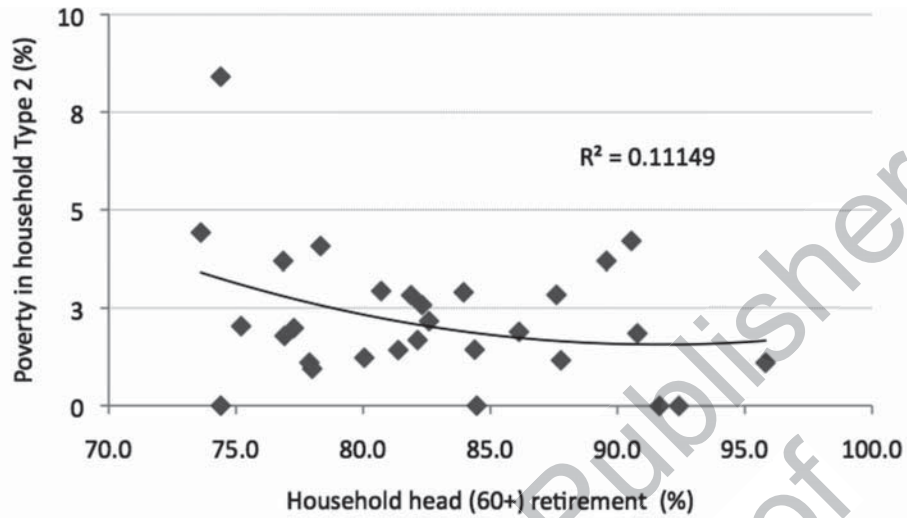


Figure 17.13. Relationship between poverty of household and retired household head. Urban agglomerate (cities) of Argentina, 2010. Source: National Institute of Statistics and Censuses (In Spanish: INDEC), Household Survey: www.indec.gob.ar.

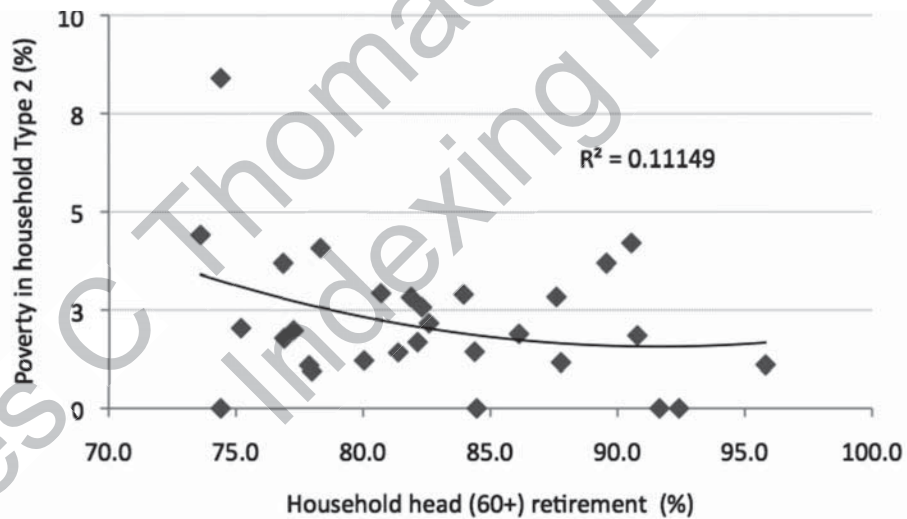


Figure 17.14. Relationship between poverty rate and retirement benefits of household head. Urban agglomerate (cities) of Argentina, 2010.

Note: Relative retirement benefits has been computed as the ratio between the benefit of each city and the city with the highest benefit. Source: National Institute of Statistics and Censuses (In Spanish: INDEC), Household Survey: www.indec.gob.ar.

Table 17.2.
Spearman Coefficient Between Years 2004 and 2010 in Argentina

Variable	Poverty (household Type 2)	
	2004	2010
Poverty 2010	0.155*	1.000
Change between 2004 and 2010	0.982***	0.047
Retired household head in 2004	0.012	-0.030
Retired household head in 2010	0.128*	-0.266**
Change in retired head	0.111	-0.225**
Benefits in 2004	-0.066	-0.738***
Benefits in 2010	-0.118	-0.554***
Changes in benefits	-0.125*	0.182*
Beneficiaries number at household in 2004	-0.914	-0.253*
Beneficiaries number at household in 2010	0.207**	-0.288**
Changes in beneficiaries number at household	0.118	0.014
Income labor in 2004	-0.034	0.059
Income labor in 2010	-0.189*	-0.069
Changes in income labor	-0.014	-0.099

Source: National Institute of Statistics and Censuses (In Spanish: INDEC), Household Survey: www.indec.gob.ar.

Note: Significant at ***1%, **5%, *10%. No asterisk, not significant.

level of poverty of older adults in Argentina is the monetary value of pension benefits (Beneficiaries number at household in 2010 and Benefits in 2010).¹⁸ The next major factor is the number of retired individuals per home, while heads of households insurance and labor income lack significance.

Table 17.3 highlights the importance of the policy aimed at improving social security benefits over the coverage of the social security system, although both improved during the last economic recovery.¹⁹ However, although this factor is not the main cause of poverty in older adults, it is very likely to be so in the near future. The labor market appears to rapidly improve the current situation of the employed (CEPAL, 2008). Besides, it should not overlook the fact that the financial condition of older adults is also related to both their own history in terms of generating income, to the accu-

18. Table 17.3 shows the Spearman coefficient correlation. This coefficient is a nonparametric measure of statistical dependence between two variables. It assesses how well the relationship between two variables can be described using a monotonic function. If there are no repeated data values, a perfect Spearman correlation of +1 or -1 occurs when each of the variables is a perfect monotone function of the other.

19. There are currently more than 5.5 million retirees who collect a pension. The coverage rate is 87% approximately. The current exchange rate was around 4 pesos per dollar.

mulation of assets, and to their families in terms of the opportunities that younger members of the home may have of obtaining a decent job, health-care, and a home. Thus, both the past and present conditions of the labor market, which reflect on the young people with whom older adults live, affect the current financial situation. In social security systems with little coverage, low benefits and risks which increase exponentially with age (such as disability which, at the same time, hinders participation in the labor market), family support is key to the well-being of older adults.

Due to the dependence of older adults on the social and financial situation of younger people, the family structure plays a crucial role in preventing the elderly from slipping into poverty. What should be taken into account is that families have been undergoing significant changes in the last few decades. A report by the Economic Commission for Latin American and Caribbean (ECLAC) (CEPAL, 2008) features some of them, including changes in structure and the size of families. As a result, there are fewer people available to tend and care for family members, whether they are children or aged people with disabilities. In addition, the new role of women in society has promoted greater participation in the labor market and in other areas. This has kept women out of the home for longer without limiting their availability to carry out domestic tasks, including caring for seniors and infants.²⁰

Lastly, it is worth taking into account phenomena related to poverty such as vulnerability, although as shown in Figure 17.11, the Type 2 households (with elderly only) seem to be less vulnerable than other households. In countries with a lower relative level of development, approximately half of the total poverty is transient and not chronic;²¹ consequently, it depends on how the employment conditions change, health, life-threatening risks or new opportunities (Dercon & Shapiro, 2007). Therefore, the numbers of people living in poverty, or persons vulnerable to it, are in fact a lot higher than those living below the poverty line²² at any given point in time.

20. An article published in an Argentine daily newspaper recounts Cristina Cordera's situation, aged 58 years, who thought that when her four children were grown up she would have more time to herself. But her mother, aged 87 years, has been living with her and her husband for five years now. ". . . It's as though she were another child," said the woman to the reporter (published in *La Nación*, 02/06/2008).

21. The difference between chronic and transient poverty lies in the time that an individual or household remains poor. The period is usually one year.

22. The poverty line is about 2.5 dollars per day.

Public Policies

The policies directed at older adults have traditionally been viewed as social protection policies: federal, provincial, or municipal state intervention. There was a double purpose in this, namely: (a) to improve employability and compensation of elderly people with difficulties in joining the labor market, and (b) the welfare of older workers and their families (without an explicit objective linked to performance in the labor market). For this very reason, it is said that the first objective places more emphasis on efficiency, while the second one focuses mostly on equity. Social protection policies deal with the safekeeping of welfare for the elderly. Individuals who face risks and adverse shocks in their life course are members of vulnerable groups or with less-than-average abilities to achieve their own means to survive.

To improve employability and salaries, governments have a whole set of measures at their disposal, including those aimed at strengthening the supply side (training courses, employee training, knowledge update), those focusing on the demand side (employment subsidies, directly creating public employment, or promoting private employment), and lastly, those aiming to improve the liaison between supply and demand (job-broking). Additional sums of money in the form of cash transfers are usually supplied to improve welfare (Bertranou & Paz, 2007). Argentina is one of the countries with the lowest level of development of specific public policies for older adults. In this regard, Latin America and the Caribbean are faced with a paradox: It would seem that the countries that are more advanced in their demographic transition are less developed in terms of public policies for the elderly. Although it is clearly difficult to provide evidence of this statement, the experience of some countries will be reviewed.

Public Policy Aimed at the Elderly in Latin America and the Caribbean

Empirical evidence available indicates that in Latin America and the Caribbean, the problem of older adults' employability is due, among other reasons,²³ to the low levels of basic and essential qualifications that the elderly have, such as low literacy rates and calculation abilities. Thus the demand for new qualifications and knowledge places many older workers at a disadvantage (ILO, 2001). To overcome these difficulties, many countries have already implemented several initiatives: supply of employment training (Chile, El Salvador, Uruguay, Panama, Honduras, Puerto Rico, and Colombia) and

23. Those related to the need to supplement income have already been mentioned, which seems to be the most important of all.

the development and maintenance of an information and data base on jobs for older people (El Salvador, Mexico, and Puerto Rico), which in San Luis Potosí (Mexico) have turned into “job fairs.” The main purpose of the data bank and job fairs is to solve the issue of information asymmetry among employers and older adults.

The essential points addressed include the development of basic skills in Argentina (reading and writing and calculations), the provision of constant education, knowledge on new information and communication technologies and on how to handle them, as well as creating safe and adequate employment conditions. Some studies show that the involvement of older adults in training and refresher courses is very low compared to that of younger adults (ILO, 2001). However, this is logical due to the time needed to recover education costs and obtain net benefits from it, although one would have to assess to what extent this does not involve discriminatory behavior towards older people, employed mostly in the informal economy.

In some countries in the region, there are records of advances aimed at eliminating age discrimination in employment, expressed in positive action measures or expressed in prohibitions from segregating any employees on account of their age. After 2002, Brazil, El Salvador, Mexico, Paraguay, Peru, and Uruguay joined other countries which had already passed antiage discrimination provisions, such as Cuba, Colombia, Ecuador, Guatemala, and the Dominican Republic. The most recent progress was registered in Panama in 2007, where the National Assembly approved a new bill to abolish the Faúndes Law, which prevented civil servants aged 75 or older from continuing to work in the public sector. Thus, the country responded to a great concern that was expressed in the claims made by organizations representing the elderly and civil servants, especially by universities (CEPAL, 2007).

In terms of poverty and vulnerability, Conditional Cash Transfer (CCT) programs²⁴ are one of the main social policy instruments the State has to promote welfare for homes and people under conditions of extreme poverty, including older adults. These programs combine subsidies with coordinated involvement in the most relevant social dimensions: health, education, and food. Their principal objective is to bring about the accumulation of human capital between children and young adults to expand the range of opportunities of accessing income generating activities. As regards to the older adult population, several programs offer support to the elderly of a certain age.

24. Conditional cash transfer (CCT) programs aim to reduce poverty by making welfare programs conditional upon the receivers' actions. The government only transfers the money to persons who meet certain criteria. These criteria may include enrolling children into public schools, getting regular check-ups at the doctor's office, receiving vaccinations, or the like.

The Social Security System in Argentina

The main public policy in Argentina is the Social Security System, consisting of six components, namely: the welfare system, statutory healthcare organizations, the unemployment benefit system, the work accident insurance system, PAMI (medical insurance for retirees and pensioners), and the family allowances system, which provides low income families and children of informal employees with subsidies. The six components have been ratified by law; that is to say, their design was assessed and approved by the Argentine Congress. This status sets them apart from focused social programs that normally arise out of executive orders and which tend to be implemented in emergency situations. All of these components are characterized by the contribution factor, which means that access to those benefits depends on how an individual joins the labor market; a factor which clearly favors registered workers.²⁵

The Argentine social security system does not differ significantly from those in other countries in the region such as Brazil and Chile, although some authors consider it necessary to differentiate the periods prior to president Perón (1890 through 1944) and after Perón (1944 through 1973). They also agree on pinpointing a crucial period which begins with Carlos Menem's presidency in 1989 (Feldman et al., 1988; Lloyd-Sherlock, 1999). In 1991, the National Social Security Administration (ANSES) (reporting to the Ministry of Labor, Employment and Social Security) was established with the purpose to manage the funds from national retirement and pension fund systems, involving payroll employment and self-employment and family allowances and subsidies. ANSES benefits are part of the national social security system and they are involved in a very broad spectrum. Within this framework, the ANSES grants pensions, family allowances for active individuals, family subsidies for passive individuals, and unemployment benefit, funded by the National Employment Fund.

The government-run pension system was in effect until the early 1990s when conditions created a need for the 1994 reform that overhauled the social security system to pave the way for another one based on two pillars: the first is a pay-as-you-go government-run pension system, and the second is a personal account systems provided by private companies. The new Integrated Retirement and Pension System (IRPS) were expected to balance contributions and expenses. However, the transformations have not turned out as expected, due to the economic crisis and certain labor market factors,

25. Social security in Argentina tends to be referred to as "Bismarkian" in contrast to the "Beveridgean" system, which provides coverage for the whole population regardless of their status in the labor market.

such as the increase in informal employment and unemployment in the second half of the 1990s and the dawn of the new millennium.

In December 2008, the Integrated Retirement and Pension System (SIPA) was established and did away with the privately-managed individual retirement system, which was funded through a pay-as-you-go government-run support retirement system. This program guaranteed enrollees and retired pensioners of the privately-managed individual retirement system identical coverage and treatment provided by the government-run retirement system. Thus, the Argentinian Government complies with the mandate set forth in article "14-bis" of the Argentine Constitution, the relevant part of which says: "The State shall grant comprehensive social security benefits that may not be waived."

As a result, from 1980 until today, social welfare-related subsidy doubled and behaved erratically with three clearly marked-out phases in terms of long periods: (a) the strong expansion that took place during the decade between 1983 and 1992; (b) a plateau between 1993 and 2001; and (c) another strong expansion between 2004 and 2007. A noteworthy factor is the marked drop in spending between 2001 and 2003, which placed the Provincial Social Public Spending (GPSP) in 2002 at the level it had been registered at the beginning of the series: 1980.

During the last five years, resources have more than tripled (Repetto y Dal Masetto, 2011). In nominal terms, they jumped from 20.159 billion Argentine pesos in 2004 to 68.755 billion Argentine pesos in 2008.²⁶ Of the latter figure, 63% comes from social security contributions and 34% from tax-related resources. Only 3% comes from other sources, such as income from property. That is to say, there were significant changes in the breakdown of those figures. In spite of the projections in the early years of this decade that predicted a decline in coverage, the changes and reforms triggered an increase in the number of beneficiaries, reaching over 3.4 million in October 2008. The situation is certainly very disparate in the provinces because the national measure must be handled with caution, as it harbors strong disparities, such as regional/provincial ones.

Conclusion

As in other parts of the world, Argentina's population is aging, but unlike other countries, is aging rapidly. Moreover, this process is very different in other states. In Argentina, the economic activity rate of the older workers has gone up between 1997 and 2000. After this increase and a slight contraction

26. The current exchange rate was around 4 pesos per dollar. Entre 2004 and 2008 was about 3.5 pesos per dollar.

between 2006 and 2008, the economic activity of older adults has steadied at around 26% in 2009–2010. This increase in the participation of older adults in Argentina may be compatible with the “Encourages Worker Effect” hypothesis, that is to say, that older adults would be entering the labor market because of the employment and income opportunities they seek.

The increase in the rate of activity can also most likely be linked to the impoverishment of the country during the pre-economic recovery. The bad financial situation would have forced older people to delay retirement. This increase in economic activity in the elderly should be of concern because they are locked in the informal sector of the economy. In the informal sector, money incomes are lower and more unstable, and the lower the chances of access to training programs, the more likely they are to be separated from negative changes made to the business cycle.

During the last economic recovery, this has dramatically improved Social Security coverage, including benefits to retirees. As discussed in this chapter, these factors will result in improvements in the quality of jobs for the elderly, who must not work out of economic necessity, but to take advantage of the positive aspects of human labor.

Appendix

FACTS ABOUT ARGENTINA



- Argentina is located in Southern South America, facing the South Atlantic Ocean and neighboring Chile and Uruguay.
- The total population in Argentina is close to 41 million.
- People aged 65 and over in Argentina make up 11% of the total population.
- Life expectancy for Argentineans is 77 years of age.
- Argentina has become an aging society due to reasons such as, higher living standards, better healthcare, and housing improvements. These factors in addition to better education and family planning, have reduced the birth rate and increased life expectancy.
- Argentina's Medicare System was established in 1971, and was initially successful in offering health and other social services to insured elderly. However, by the mid-1990s this system began accumulating substantial deficits due to the increased number of elderly people.

For further information please check the following websites:

<http://argentina.america-atlas.com/>

<http://forums.footballguys.com/forum/index.php?showtopic=434595>

<https://www.cia.gov/library/publications/the-world-factbook/geos/ar.html>

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