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## A Widening Gap Erodes Argentina's Egalitarian Image

By [LARRY ROHTER](#)

BUENOS AIRES — Five years after the collapse that ushered in the worst economic crisis in its modern history, [Argentina](#) has largely recovered. Since 2003, the economy here has grown faster than any other in South America, expanding on average by more than 8 percent annually.

But another problem has come with that revival, vexing Argentines and challenging their image of themselves and their society. The fruits of the rapid expansion of commerce, construction, corporate profits and exports are not being shared by all, and as a result, economic and social inequality have intensified.

Historically, this has been a country that prided itself on its egalitarianism. An Argentine factory worker, for instance, could reasonably aspire to live in a comfortable apartment (often with professionals as neighbors), eat meat every day, get competent medical care and, through his union, enjoy a couple of weeks of vacation each year at the beach.

Argentines scorned what they saw as the individualistic dog-eat-dog, every-man-for-himself character of American capitalism and the chasm between rich and poor in nearby countries like Brazil, Chile and Peru. If there was a model Argentines admired, it was France's manifesto of "liberty, equality and fraternity."

Those ideals of solidarity help to explain the rise of Peronism and its continuing appeal here. But the reality on which that vision is based has eroded as a result of the wrenching transformation of Argentina's economy and society since the start of the 1990s — and especially since the crisis that erupted in December 2001.

"In the past, Argentina really was more like Europe than the rest of Latin America," said Bernardo Kosacoff, the Argentine representative of the [United Nations](#)' Economic Commission for Latin America and the Caribbean. "Parents had the perception that their children would live better than they did, because workers had well-paying jobs in the formal sector, their own houses and access to good education. But now the process of social ascent is much more complicated."

Statistics clearly make that point. In the mid-1970s, the most affluent 10 percent of Argentina's population had an income 12 times that of the poorest 10 percent. By the mid-1990s, that figure had grown to 18 times the income of the poor, and by 2002, the peak of the crisis, the income of the richest segment was 43 times that of the poorest. The situation has improved only slightly since then.

The economic crisis, which built through the 1990s, peaked when the government froze bank

accounts and declared its largest foreign debt default ever. The peso's value collapsed, millions of Argentines lost part or all of their savings and the economy contracted by more than 11 percent the next year.

Despite the recovery, barely 5 percent of Argentine families are now saving money, according to a study conducted in April by the Market Foundation, a research group. That compares with nearly 30 percent at the end of the 1990s. At the crisis's peak, nearly 60 percent of Argentines had incomes below the poverty line.

"The breach between the rich and the poor continues to grow even though the number of people living in poverty is declining," said María Laura Alzúa, an economist at Mediterranean Foundation, a research group here. "There is growth, but more of it is going to those at the top of the pyramid than any other sector, and so the Argentine dream of social mobility is disappearing."

The gap can perhaps be most easily perceived in the suburbs north of the capital, where beneficiaries of the economic rebound live in gated communities, known here by the English word "countries."

Many of the poor, both new and old, live just outside the walls, jammed into slums called "villas miserias," or misery settlements. Often, they work for their affluent neighbors as gardeners, maids or handymen, the only work they can find, and that is off the books.

"That is the new model of social segmentation," said Agustín Salvia, a sociologist at the Catholic University of Argentina. "This used to be a society that was relatively homogeneous, but now there are two Argentinas, marching in different directions and at different speeds."

Gen. Juan Domingo Perón, who came to power in 1946, ruled in the name of the so-called "shirtless ones" until he was overthrown in a coup in 1955; he returned to power in 1973 and died in 1974. His movement, Justicialismo, was proscribed under most of the military and civilian governments that followed, but they dared not dismantle the network of social benefits that he had erected.

"There really was a state of well-being, and everyone had access to goods and services," said Jorge Colina, an economist at the Argentine Institute for Social Development, a research institution here.

Mr. Colina cited his own history as an example. He is the son of a bus driver, but in the 1960s, "the school I went to was the same one the sons of the rich and the local congressman attended, and they even fed us there," he recalled. "If it were not for Peronism, I would not be here."

Economists now say that system encouraged Argentina to live beyond its means and discouraged investment and production. Nevertheless, many Argentines remember those years as a golden age of equality, opportunity and well-being.

"Things were different back then, much better, I'd say," said María Chazareta, 67. "You could live, and reasonably well, on what you earned. Prices weren't in the clouds, and the medical care was good and cheap."

That view is shared by young people, too, like Enrique Rolón, 26, a laborer who is a neighbor of Ms. Chazareta's in La Cava, a villa miseria that abuts a well-to-do gated community in the northern suburbs here.

"We were nine kids, but things weren't so tight back when I was a little guy," he recalled. "Dad was a bricklayer, but he always managed to feed and clothe us all, and have a bit left over. I can't do that, even though I only have three children."

Asked if he resented the prosperity of those who live on the other side of the wall, Mr. Rolón said no. "They got it through their own effort," he said. "What bothers me is that the wealth I see is not being shared equally. Before, it was different."

Except for a two-year interlude that led up to the economic collapse in December 2001, Argentina has been governed since 1990 by Peronists. Though President Néstor Kirchner, who is up for re-election in 2007, has sought to alleviate some of the disparity with work programs that pay about \$150 a month, experts say resentment of income inequality remains widespread.

"There is a sense of frustration, of being deceived," said Mr. Salvia, the sociologist. "The feeling is that there was a promise, a contract, and it has been violated."

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