



Working Paper No. 519

Public Employment and Women: The Impact of Argentina's *Jefes* Program on Female Heads of Poor Households

By

Pavlina R. Tcherneva

The Levy Economics Institute of Bard College and Center for Full Employment and
Price Stability, University of Missouri-Kansas City

and

L. Randall Wray

The Levy Economics Institute of Bard College and Center for Full Employment and
Price Stability, University of Missouri-Kansas City

November 2007

The Levy Economics Institute Working Paper Collection presents research in progress by
Levy Institute scholars and conference participants. The purpose of the series is to
disseminate ideas to and elicit comments from academics and professionals.

The Levy Economics Institute of Bard College, founded in 1986, is a nonprofit,
nonpartisan, independently funded research organization devoted to public service.
Through scholarship and economic research it generates viable, effective public policy
responses to important economic problems that profoundly affect the quality of life in
the United States and abroad.

The Levy Economics Institute
P.O. Box 5000
Annandale-on-Hudson, NY 12504-5000
<http://www.levy.org>

Copyright © The Levy Economics Institute 2007 All rights reserved.

ABSTRACT

In 2002, Argentina implemented a large-scale public employment program to deal with the latest economic crisis and the ensuing massive unemployment and poverty. The program, known as *Plan Jefes*, offered part-time work for unemployed heads of households, and yet more than 70 percent of the people who turned up for work were women. The present paper evaluates the operation of this program, its macroeconomic effects, and its impact on program participants. We report findings from our 2005 meetings with policymakers and visits to different project sites. We find that *Jefes* addresses many important community problems, is well received by participants, and serves the needs of women particularly well. Some of the benefits women report are working in mother-friendly jobs, getting needed training and education, helping the community, and finding dignity and empowerment through work.

Keywords: Argentina; *Jefes y Jefas*; Public Employment; Women

JEL Classifications: E65, I38, J16, J68, O84

I. INTRODUCTION

For many years, Argentina was proclaimed to be the success story of IMF austerity and market liberalization policies, until it experienced an economic meltdown in the winter of 2001–2002. To deal with the looming crisis and skyrocketing unemployment and poverty rates, the Argentinean government implemented a limited job guarantee program called *Plan Jefes y Jefas de Hogar Desocupados* (Program for the Unemployed Male and Female Heads of Households, or simply *Jefes*). Participation in the program grew quickly, to two million workers at its peak—about 5% of the population and about 13% of the labor force. Much to the surprise of Labor Ministry officials, female heads of households had initially accounted for 64% of program participants and that had grown to a bit less than three-quarters by 2005. Formal surveys indicate that the program is well targeted to intended households (poor families with children) and is highly popular among participants. Studies by international researchers (including the World Bank) find that projects are generally well run, completed on time, and provide needed services to poor communities (see World Bank Reports No. 23710 and No. 32463).

However, the program faces sustained criticism in the media, by some research institutions, and by policy makers. Indeed, even economists at the Labor Ministry have undertaken a replacement of *Jefes* with a more traditional combination of unemployment compensation for the “economically active” (largely male) population and “welfare” for women (who are considered to be largely “inactive”). In August 2005, research scholars at the Center for Full Employment and Price Stability at the University of Missouri-Kansas City (C-FEPS) conducted a series of interviews with government officials, project coordinators, and program participants. In this paper we will report on our evaluation of the benefits of the program—particularly for female participants, as *Jefes* participation has from the beginning been predominately female.

This is important because those who have contemplated program “reform” do not appear to recognize the extent to which gender matters in *Jefes* program evaluation. Indeed, the primary measures used by officials to evaluate the program (“market efficiency” criteria) ignore many, and perhaps most, of the benefits received by women. We find that female participants prefer work over welfare because they feel that working

has enriched their social life, allowing them to become involved in, and contribute to, their communities. Further, employment in some of the projects has also increased access to a range of social services that (anecdotally) help to reduce spousal abuse, school drop-out rates, drug abuse and related crimes, and so on. Most of the women—especially those who had not previously participated in formal labor markets—believe they are learning useful skills; many think they are improving their chances of obtaining other (non-*Jefes*) paid work, which some women desire. At the time of this writing, women were moving in large numbers from *Jefes* to *Familias*, a welfare program which provides income to poor mothers depending on the number of children they have, without the simultaneous provision of employment. We conclude that government attempts to dismantle the *Jefes* plan, and specifically the aggressive encouragement to transfer women from public employment to welfare, represents a huge step backward with respect to reduction of gender inequality. We conclude with a call for more detailed and larger studies of the gendered impacts of *Jefes*, and of the possible consequences of “reform” along traditional lines for women who are being dismissed from the program.

II. OVERVIEW OF *JEFES* PROGRAM AND EVALUATION OF AGGREGATE DATA

Through most of the 1990s, Argentina had been the poster child for the Washington Consensus, adopting a currency board, opening markets, downsizing government, and freeing capital. After its economy collapsed and unemployment and poverty skyrocketed, it implemented a limited employer of last resort program called *Plan Jefes de Hogar* to provide jobs to poor heads of households.

The *Jefes* program provides a payment of 150 pesos per month to a head of household for a minimum of four hours of work daily. Participants work in community services and small construction or maintenance activities, or are directed to training programs (including finishing basic education). The household must contain children under age 18, persons with handicaps, or a pregnant woman. Households are generally limited to one participant in the *Jefes* program. The program was intended to be one of the government’s primary programs to deal with the economic crisis that gripped

Argentina with the collapse of the currency board. Most other safety net programs were eliminated or reduced in order to shift funding to *Jefes*. The Ministry of Labor also operates another employment program, *Programa de Emergencia Laboral (PEL)* with a design very similar to that of *Jefes*—monthly benefits are the same, but it includes some beneficiaries that do not qualify for *Jefes*.

The government's total spending on *Jefes* and *PEL* peaked at 1% of GDP in the early stages of implementation, with nearly two million participants (about 1.6 million in *Jefes* and 300,000 in *PEL*) in May 2003. This is out of a population of only 37 million, or more than 5% of the population. The size of the program was a concern, not only because of organizational demands, but also because of the cost. However, it should be noted that the United States spends 1% of GDP on anti-poverty social assistance, while France and the UK spend 3–4% of GDP on such programs (Neubourg, Castonguay, and Roelen 2005). Given a national poverty rate of 57.7% in 2002, and with 9.6 million indigents and a child poverty rate approaching 75%, Argentina's spending is small relative to needs.

According to the World Bank's reviews (see, for example, World Bank Report No: 23710-AR), the program has been successful in achieving a number of goals. First, program spending is well targeted to the intended population—poor households with children. Second, the program has provided needed services and small infrastructure projects in poor communities, with most projects successfully completed and operating. Third, the program has increased income of poor households, although it has not pulled them above the poverty line (this is not surprising because of the low monthly income provided through the program). Hence, the poverty rate in Argentina continued to rise during the first months after the implementation of *Jefes*.

While beneficiaries report satisfaction with the program, there are reports of favoritism and some home-country researchers have criticized its design. One of the most surprising results of the program has been the large influx of women into *Jefes*—in the early days of the program, women accounted for over 60% of program participants and that has since risen to almost three-quarters. It is suspected that many households have chosen to designate the woman as the head so that she could participate in the program while the husband attempts to find private-sector work, including work in the underground economy. Some consider this to be an undesirable outcome (more below),

and it seems to be behind current efforts to “reform” the program. In any case, the program is overwhelmingly female, which makes a difference in terms of program design, as well as measurement and perception of program success—as we will discuss.

The program is designed to limit entry to those who had qualified and signed-up by May 17, 2002, although some who did not meet that deadline have been added. The program was *de facto* closed for new entrants in May 2003. This resulted in discrimination because other potential participants were denied access even though they appeared to meet program requirements, but had no recourse for joining the program. Further, qualifying households were forced to make a choice concerning who would participate in the program; limited entry prevents the program from reducing unemployment and poverty rates further. If entry into the program were not restricted to one participant per family, it is probable that many poor families would send both husband and wife into the program. This would provide a minimum family income of 300 pesos monthly, lifting some families out of poverty. If the program were broadened further, extended beyond heads of households with children, persons with disabilities, or pregnant women, participation would almost certainly grow well beyond two million. The unemployment rate would fall much further, as would the poverty rate, even as labor force participation increases. Further, by limiting the program to the equivalent of half-time work, workers are prevented from working the number of hours desired, and their incomes are reduced to the extent that they are unable to find another part-time job to make up the difference. Given that many participants—especially females—have no previous formal labor market experience, the likelihood that they will find work outside *Jefes* at anything approaching the minimum wage is quite low. Limiting entry appears to have been made a central feature of the program in an attempt to constrain federal government spending; however, it has led to much dissatisfaction and some instances of favoritism and corruption.

In the remainder of this section, we look at several of the more conventional (and objective) indicators of the effects of the program. In the next section we will examine more informal and anecdotal indicators.

1. Indigence and Poverty

Despite the program deficiencies outlined above, *Jefes* has been successful in reducing indigence rates among its participants. Indigence is extreme poverty measured in income necessary to purchase the minimum amount of food calories per day. Only four months after the implementation of *Jefes* in April 2002, the indigence rates among participating households had fallen by nearly 25% and among individuals by over 18% (Figure 1). As noted above, the reduction in poverty has been small, largely because the program restricts participation to heads of household and because the income it provides is below the official poverty line.

TABLE 1: Decline in Indigence and Poverty of Jefes Beneficiaries

	% of households below the line of indigence and poverty		percent change
	without <i>Jefes</i>	with <i>Jefes</i> (Aug 2002)	
Households			
indigence	86.4	61.8	-24.6
poverty	98.3	95.4	-2.9

	% of individuals below the line of indigence and poverty		percent change
	without <i>Jefes</i>	with <i>Jefes</i> (Aug 2002)	
Individuals			
indigence	87	68.6	-18.4
poverty	98.6	96.7	-1.8

Source: Ministry of Labor, Employment and Social Security, Argentina

Note: All figures refer to data collected through the two supplements to the Ministry of Labor Permanent Household Survey, "Evaluación Plan Jefas y Jefes de Hogar Desocupadas/os," Oct 2002, and "Segunda Evaluación del Plan Jefes de Hogar Desempleados," Oct 2005

2. Characteristics of Program Participants

Program participants come from households with at least one unmet basic need (Figure 2). These are people who live in overcrowded or otherwise inadequate housing conditions, with poor sanitation and very high dependency ratios, as measured by the number of family members per employed person in the household. As Figure 2 shows, the average dependency ratio in families with *Jefes* beneficiaries is 3.9 people per employed individual. Secondly, *Jefes* workers are individuals with low educational attainment and low income; the vast majority of *Jefes* beneficiaries have high school education or less (Figure 3) and fall primarily in the bottom two income quintiles (Figure 4). One surprising result, as we already noted, has been the significant influx of women into the program, who accounted for 64% of program participants in 2002, and that has been slowly rising to 74% in 2005 (Figure 5).

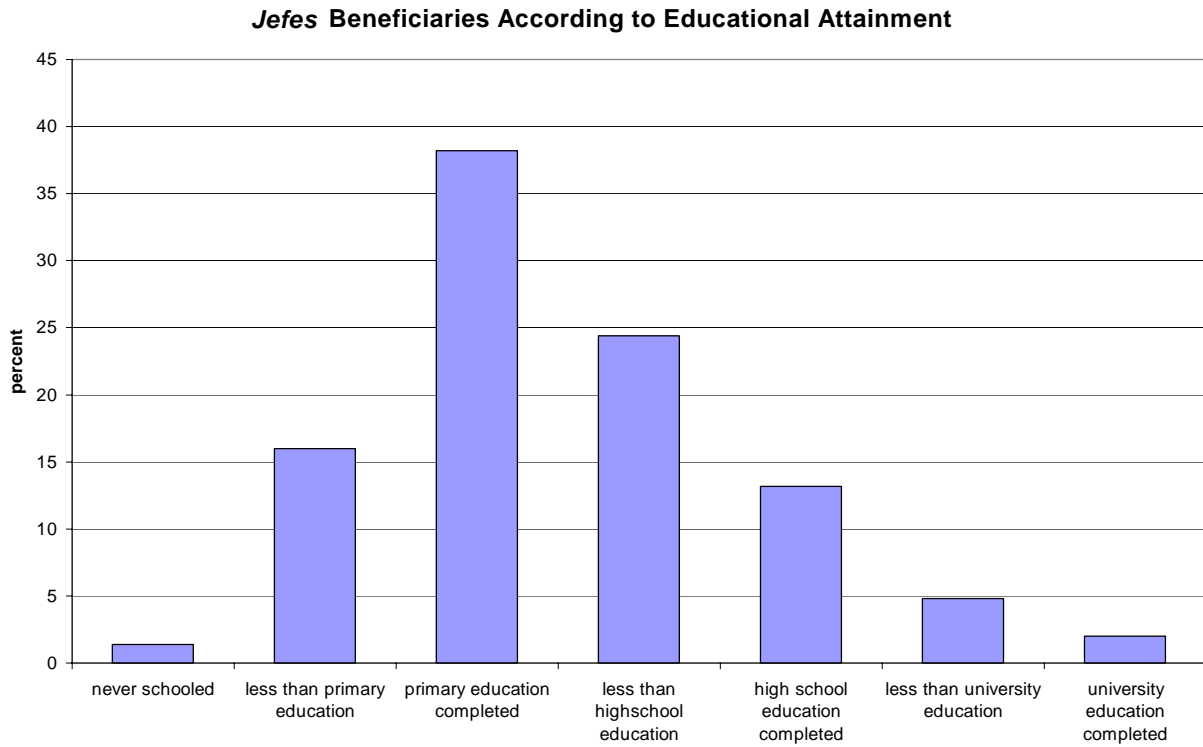
FIGURE 2: Beneficiaries According to Unmet Basic Needs

Beneficiaries According to Unmet Basic Needs

Poor sanitation	44.90%
More than 3 members per room	21.80%
Inadequate housing	8.60%
Kids that do not go to school	0.90%
Dependency rate (number of family members per employed individual in the household)	3.9
Household with at least with one unmet basic need	56.80%

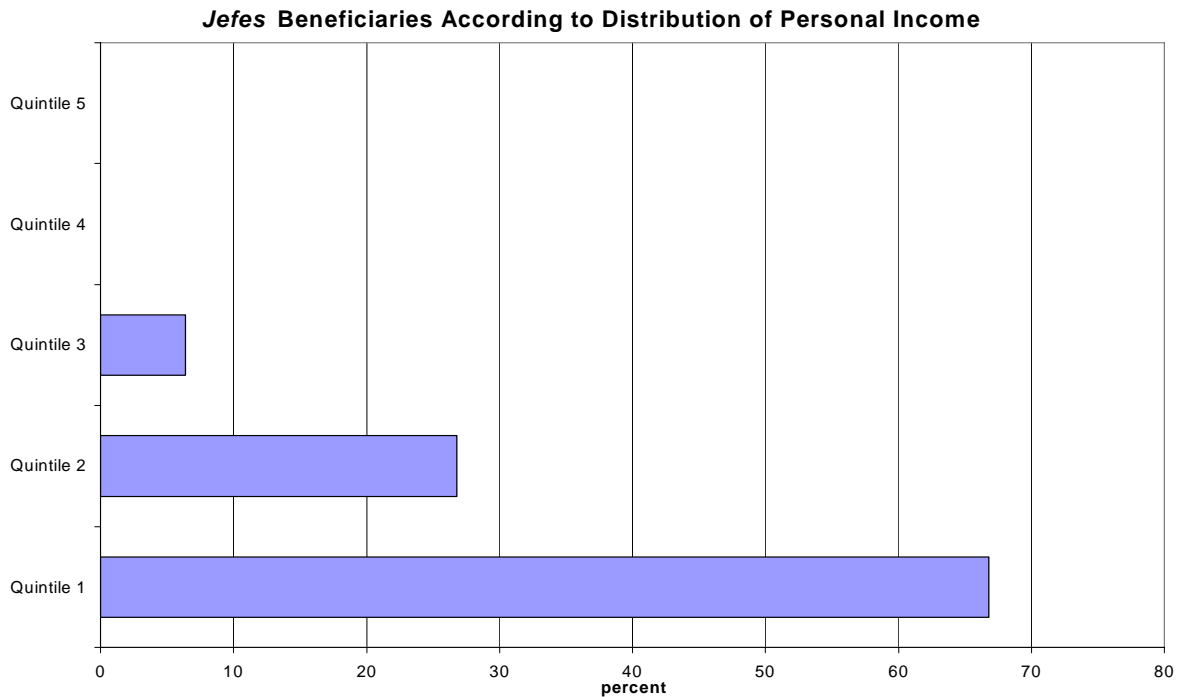
Source: Ministry of Labor, Employment and Social Security, Argentina

FIGURE 3: Beneficiaries According to Educational Attainment



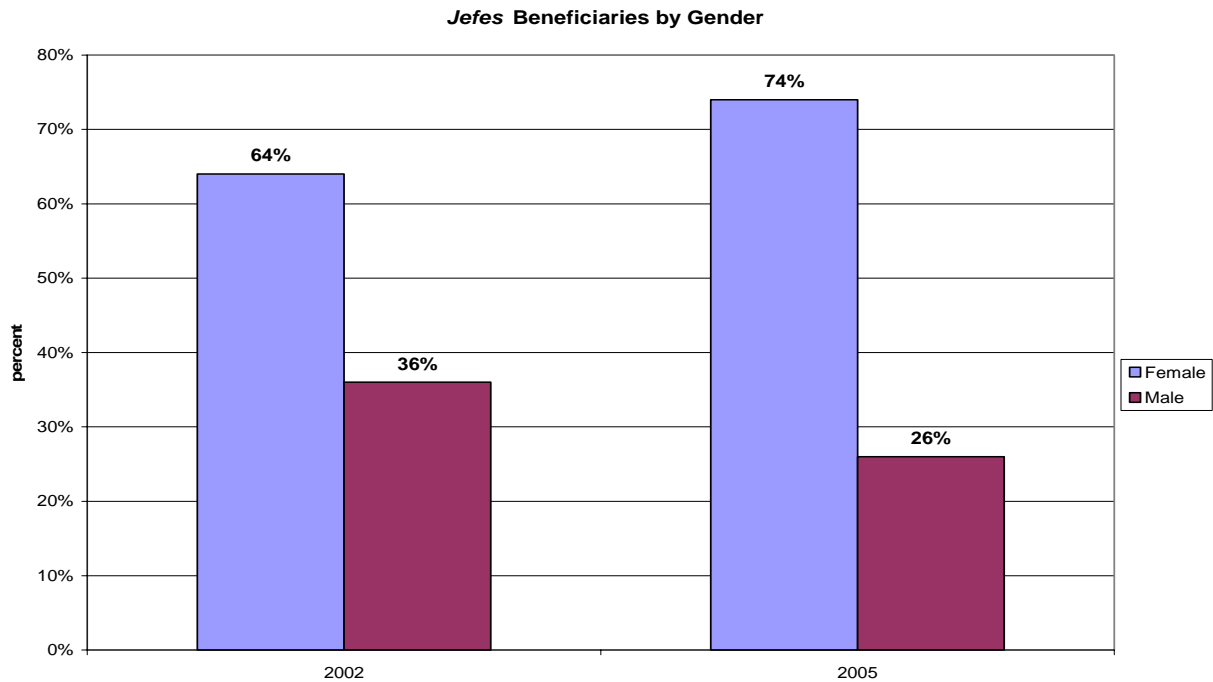
SOURCE: Ministry of Labor, Employment and Social Security, Argentina

FIGURE 4: Beneficiaries According to Distribution of Personal Income



SOURCE: Ministry of Labor, Employment and Social Security, Argentina

FIGURE 5: Beneficiaries by Gender

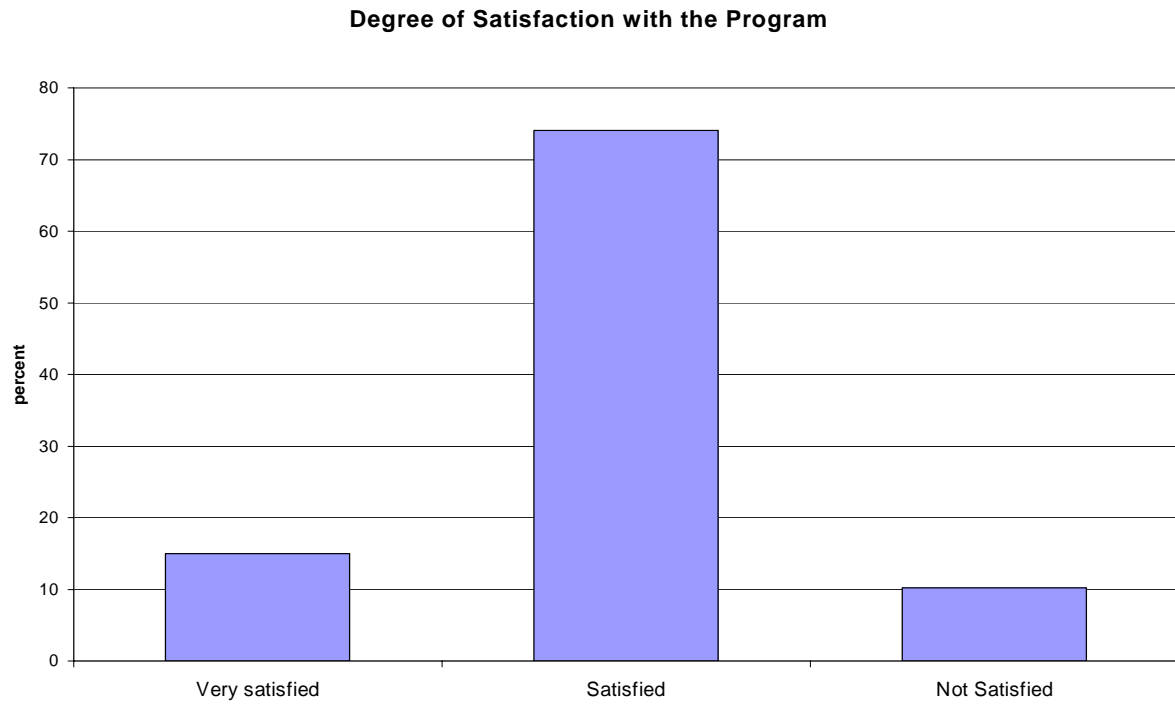


SOURCE: Ministry of Labor, Employment and Social Security.

3. Beneficiaries' Satisfaction with the Program

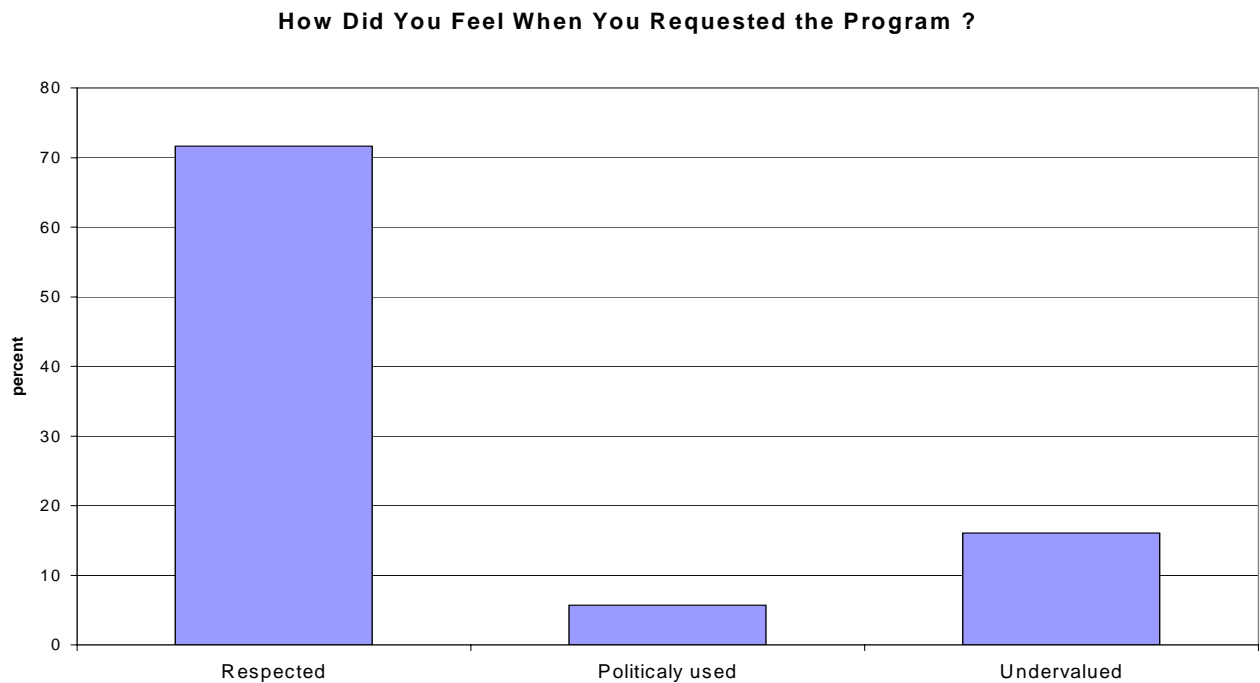
The response of the beneficiaries to the *Jefes* plan has also been positive. As Figure 6 shows, only a small fraction of *Jefes* workers have said that they are dissatisfied with the program, while 90% are either satisfied or very satisfied with it. When asked how they felt when requesting the program, most people (over 70%) reported “respected,” as opposed to “undervalued” or “politically used” (Figure 7). Some of the reasons for this satisfaction include the opportunity “to do something” and “help the community,” but note that the second largest reason for satisfaction that people report is the good environment that *Jefes* jobs provide (Figure 8). It is especially significant that participants rate these reasons far above “I have an income.” When asked what they would prefer to do as part of *Jefes*, most people stated that they would like to be involved in training and community projects (Figure 9).

FIGURE 6: Degree of Satisfaction with the Program



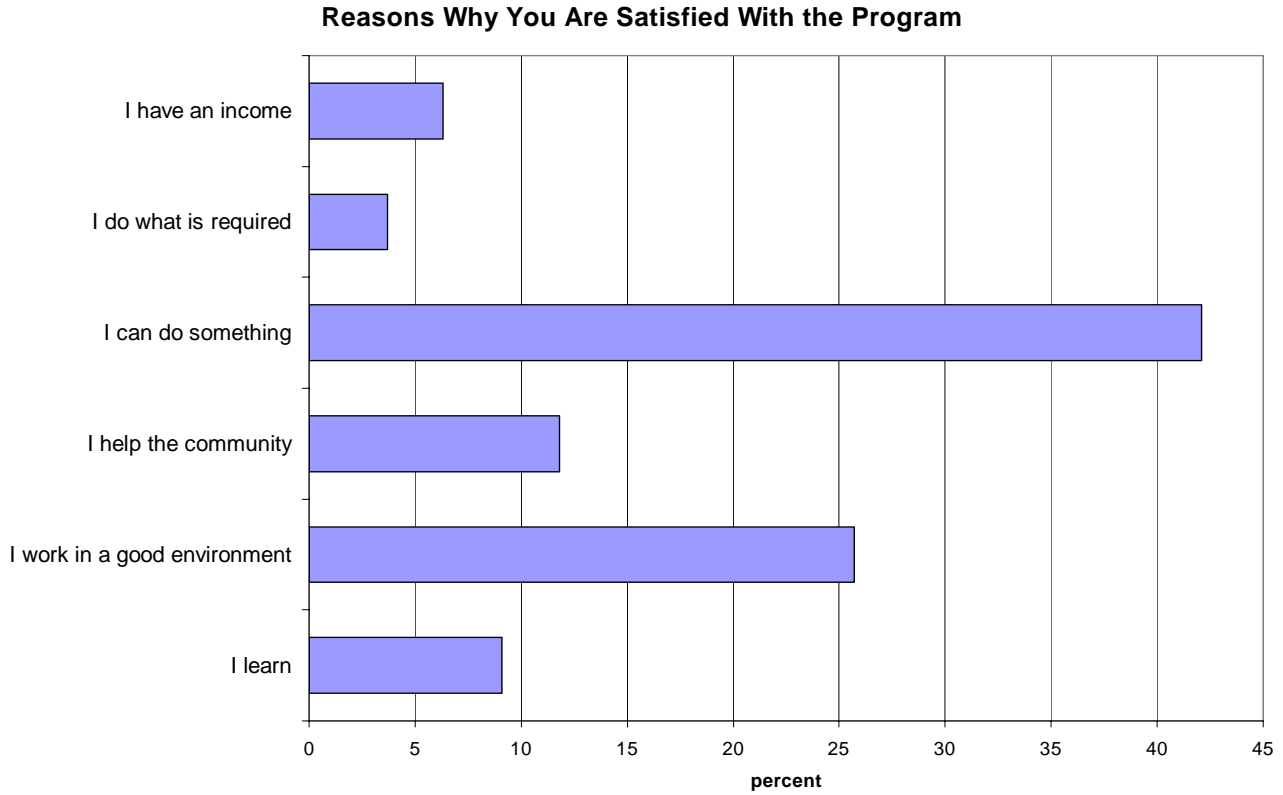
SOURCE: Ministry of Labor, Employment and Social Security, Argentina

FIGURE 7: How Did You Feel When You Requested the Program?



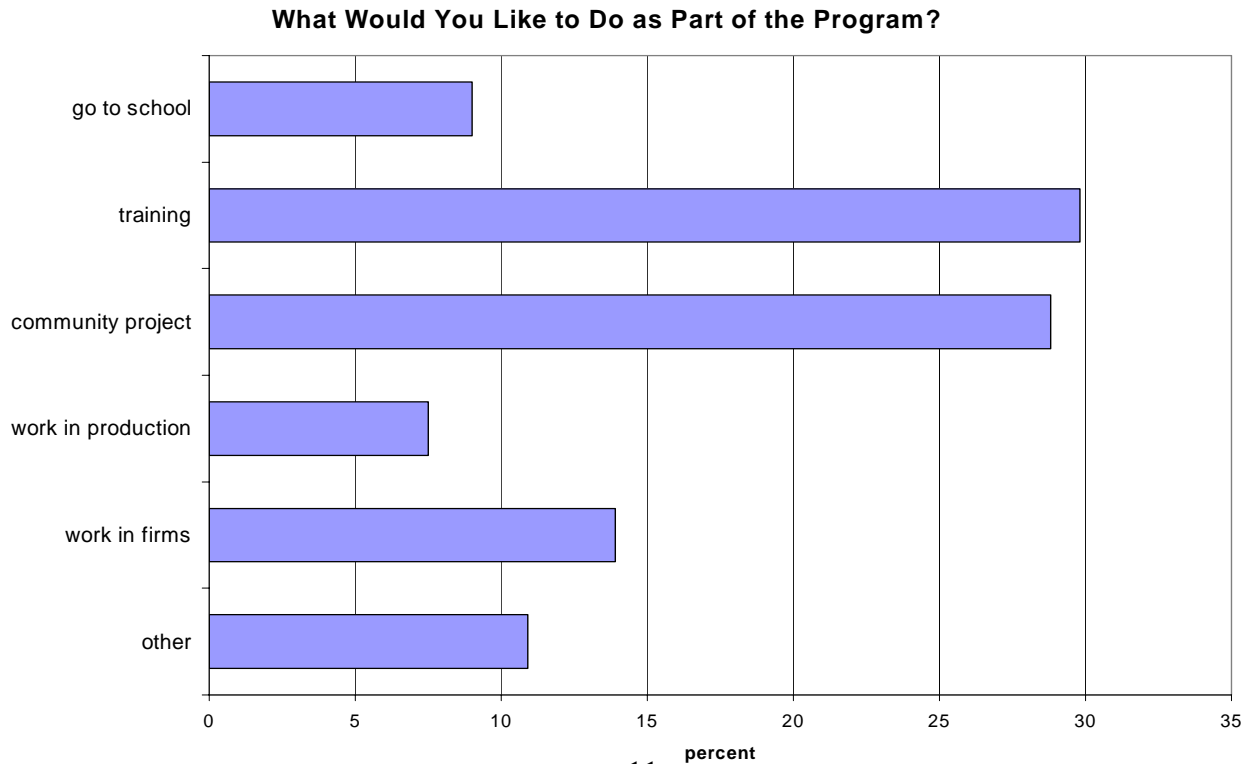
SOURCE: Ministry of Labor, Employment and Social Security, Argentina

FIGURE 8: Reasons for Satisfaction



SOURCE: Ministry of Labor, Employment and Social Security, Argentina

FIGURE 9: What Would You Like to Do As Part of the Program?

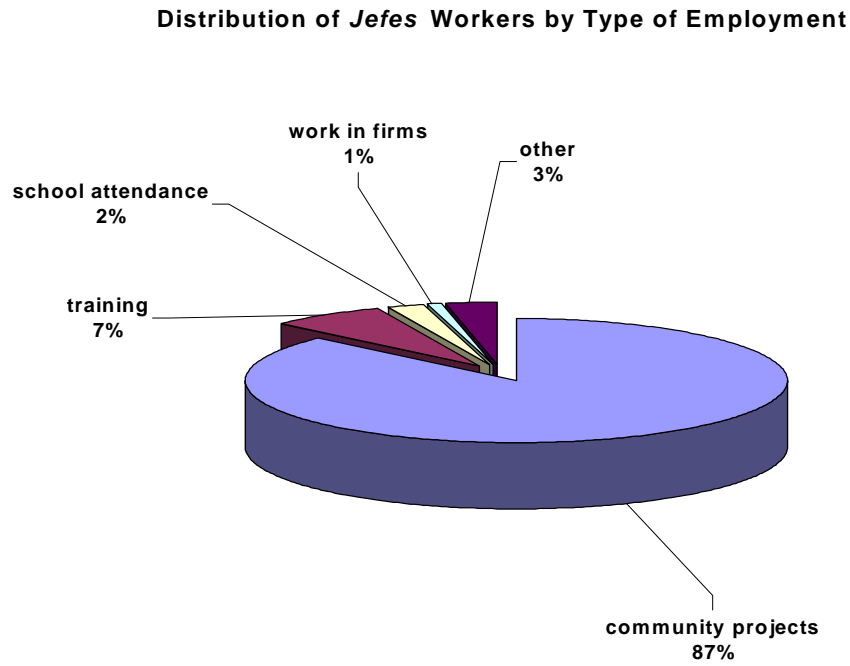


SOURCE: Ministry of Labor, Employment and Social Security, Argentina

4. Program Activities

And the program allows them to do just that—help the community. A large number of projects are designed specifically to cater to community needs by providing a wide range of goods and services. As Figure 10 shows, 87% of *Jefes* beneficiaries work in community projects. These include primarily agricultural microenterprises and various social and community services (Figure 11). Some specific examples include cleaning and environmental support in the agricultural sector, and improving the sewer systems and water drainages. Much of the community work is performed in local community centers, thus renovation of existing centers or construction of new ones represent many small *Jefes* infrastructure projects. Examples of community services performed in these centers include food kitchens or family attention centers which address domestic violence issues or provide temporary shelter and other services to abused women or children. Other projects include health promotion programs that offer basic education on sanitary issues—how to boil water, for example, or how to handle food and avoid dysentery and other infections. Others deal with mending old clothes that have been donated to poor communities. A similar program exists for the public libraries, where scrapped books from wealthier regions are repaired and cataloged for public libraries in poorer communities. Large-scale infrastructure projects, primarily under the jurisdiction of the Ministry of Infrastructure, also hire *Jefes* workers for the repair of Argentina’s roads and bridges.

FIGURE 10: Distribution of Jefes Workers by Type of Employment



SOURCE: Ministry of Labor, Employment and Social Security, Argentina

FIGURE 11: Types of Community Projects

Types of Community Projects

Micro enterprises (mainly in agriculture)	26
Social and community services	17
Maintenance and cleaning of public spaces	14
Public lunchrooms	11
Educational activities	10
Construction and repair of homes and social infrastructure	8
Healthcare and sanitation	5
Administrative support	4
Child care	2
Elderly care	1
Other	2
Total	100%

Source: Ministry of Labor, Employment and Social Security, Argentina

5. Other Positive Impacts on Participants

One of the most distinguishing features of the program's institutional design is its decentralized model of administration. The Argentinean federal government provides the funding, general guidelines for the execution of work projects, and some auxiliary services for managing the program. Such services include maintaining a national registry of program beneficiaries, as well as databases that track all projects that have been proposed, approved, denied, and completed. Note that all these databases are publicly available, thereby increasing transparency and reducing corruption.¹ The actual administration of the program, however, is primarily executed by the municipal governments. The municipalities are responsible for assessing the pressing needs and available resources of their communities and for evaluating the projects proposed by the local nonprofits or NGOs. For those projects that have been approved, the municipality contacts program beneficiaries informing them of the availability, time, and place of work. As we will discuss below, organization of projects by community activists has provided the opportunity to provide a range of additional services to participants, while enhancing social cohesion and participation in community life.

In addition, by remunerating activities that had previously been mostly unpaid work, *Jefes* has helped to broaden the meaning of work. For example, in the past, some people have delivered medicine or read newspapers to the elderly on purely voluntary basis; now the *Jefes* program allows for these to be paid activities. Other undertakings that may not be in the purview of profit-making enterprises (e.g., environmental cleanup, child care, soup kitchens) are also part of these government-funded jobs. The preliminary indication is that the projects provide needed service to the community. Furthermore the program has enhanced civic participation by involving many people across different social strata in the political process. Participants were also required to register their children in school and take the necessary vaccinations. These are two added benefits of the program design, made possible by simple eligibility criteria.

¹ For example, the Ministry of Labor collects data on *Jefes* beneficiaries, which is available monthly and lists all workers (by name and registry number) involved in the projects of each municipality.

III. SITE VISITS AND INTERVIEWS WITH PARTICIPANTS AND SUPERVISORS

In August 2005 we conducted a series of site visits, interviewing program participants and supervisors. We make no claim that the projects we examined represent a random sample, however, we did visit a range of types of projects. We visited projects that were formulated and supervised by community activists, as well as those run by municipal governments. We also were able to observe projects whose participants were mostly immigrants with little formal labor market experience, as well as projects with skilled workers who had lost jobs as a result of the economic crisis. One project employed mostly young and educated women from a “downwardly mobile” neighborhood that had aspired to middle class status before the crisis. Some of the projects sold output in markets, while others distributed their output or services free of charge to their communities. We visited projects in both urban and suburban areas surrounding Buenos Aires. A large majority of the participants we interviewed were female, as were many of the supervisors.

However, our sample of projects and participants was not representative of the program as a whole due to the following limitations: we did not visit projects outside the greater Buenos Aires area; there were no rural areas included (and only one quasi-agricultural project included); male participants were under-represented; and we were not able to visit any large-scale enterprises (such as public hospitals) that employ *Jefes* workers. While we had a series of questions to help guide the interviews, we allowed the discussion to develop naturally. In some cases, supervisors had gathered together a number of participants for the interview; in other cases, we interviewed participants as they worked at their usual workplace. Translation was done by Daniel Kostzer (Labor Ministry economist who is also a C-FEPS research associate) and Martha Tepepa (Columbia University). In addition, Jan Kregel, Chief of Policy Analysis and Development, Office of Financing for Development, United Nations, and Distinguished Research Professor, UMKC, attended the meetings with government officials.

1. *Jefes* Projects in the Neighborhood of Mataderos

The first group of job creation projects we visited was in the neighborhood of Mataderos. It is among the most impoverished regions in suburban Buenos Aires. The infrastructure was crumbling, many streets were not paved, there was limited electrification, houses lacked proper windows and roofs (there were many shanty homes), manhole covers were missing, and piles of trash littered the streets. In fact, this particular area of Mataderos was called *Ciudad Oculta*—the Hidden City, a city whose destitution, according to the locals, nobody wants to see.

Our guide through the neighborhood was Gladis, a leader of one of the *picatero* political social movements called “Barrios de Pie.” *Picateros* are generally members of political organizations that represent the workers and the poorest of the poor. The *picateros* were among the many individuals who took to the streets during the crisis in December 2001–January 2002 and who demanded that the government create jobs and deal with the massive poverty problem.² Most of these social movements today have official representation in the Ministry of Labor so that the interests of the poorest segments of the population are directly conveyed to policy makers. In other words, these are political or grassroots movements whose representatives have a voice in government. Gladis was one such representative.³

The Butcher Shop

She first showed us the construction project of a very small two-story building, whose first floor was intended as a butcher shop for the unemployed men in the community, and whose second floor was to serve as a small training and education facility. This was a common model for many projects: one room was allocated to the actual jobs being performed, while adjacent rooms were allocated for literacy training or basic education. It is worth noting that the initial stages of construction were self-financed. The organizers were planning to apply for funds from the government in order to complete the project and pay *Jefes* wages to those who would work there. Such job creation projects generally

² *Picateros* participating in the *Jefes* plan are said to be less than 10% of total participants.

³ The organization “Barrios de Pie” that Gladis headed is part of a bigger political movement called “Patria Libre”—one of the collaborative *picatero* movements in the country working closely with the government to create jobs. Some *picatero* groups continue to shun collaboration with the government.

receive up to 60% to 80% of funds from the national government (see Tcherneva and Wray 2005a, 2005b, and 2005c). The rest is financed through nonprofits or NGOs.

The Mataderos Bakery

Our next stop was a local bakery. Once again, this was a very small structure. There were three women at work with one oven. The second floor here also had a training facility where the women learned how to maintain cleanliness standards, make the dough, and bake goods. Other men and women also came for literacy training at this facility. We were greeted by about 25 men and women, members of the “Barrios de Pie” organization, each of whom worked or studied at this facility. Almost all the participants were immigrants from a number of South American countries (including Bolivia, Peru, Paraguay, and Uruguay), although most had been in Argentina since the 1980s or 1990s. Most of the women had not previously worked outside the home for pay. We interviewed the supervisor and the workers. Each was allowed to work only four hours (as the program requirements stipulate) and all of the food that was produced here went to feed the community. The workers told us that the food they made was insufficient to feed the hungry and, in fact, the poor from neighboring boroughs also came to get food at this location. We asked the workers if they would like to work more hours for more pay—for example eight hours for double the pay. Each, without exception, said “yes.” We also asked whether they would prefer to receive equivalent transfer (“welfare”) payments to stay home and each said “no.” When asked why they preferred to work, most mentioned that they wanted to contribute to their community and that participation in the program had helped them to get to know their neighbors. A few thought that participation would enhance their employability, although several of the women mentioned that it would not be feasible for them to work outside their community due to family responsibilities.

There were other food kitchens scattered in the neighborhood. We were told that they experienced the same problems—they could not feed everyone who knocked on their door.

Some other services provided to the residents of these neighborhoods included shelters for battered women and abused children. Because those who work in the shelters also live in the communities they serve, they had a good idea of which women and

children needed this service but were afraid to ask. Thus, they were able to reach out and help them.

Sewing Cooperative

The next project we visited was a sewing facility. Again, this facility was in a very small room that had three sewing machines purchased with government funds. The beneficiaries were unemployed heads of household who had lost their textile factory jobs during the crisis. They were “skilled labor,” although they were very poor and with little formal education (most had not finished secondary school). Two women and one man were working there when we visited. The clothes they made were primarily for the neighborhood children—mainly school uniforms and gym outfits. The government provided the materials and wages for four hours of work. However, the workers were allowed to use the machines additional hours if they wanted to produce more clothes. In that case, they had to buy the additional materials themselves and find a market for their products. This particular group had formed a cooperative (not an unusual arrangement), and they marketed the “extra” output and used the proceeds to cover their costs and share the profits. Again, we asked them whether they would like to work more hours for more pay and all said “yes.” Indeed, these workers were already working far more than the required four hours (we arrived in late morning and the workers said they had worked all night). Furthermore, all preferred paid work over transfer payments—even at the same pay.

2. Jefes Projects in the Municipality of Almirante Brown

The other set of projects we visited were located in the Municipality of Almirante Brown. This neighborhood is an hour and a half drive from downtown Buenos Aires. It is also a somewhat “wealthier” neighborhood by comparison. It still had many dirt roads and crumbling homes, but it was generally cleaner, there were some small shops and businesses in the area, and the neighborhood was a bit safer. The neighborhood was said to have been lower-middle class before the crisis.

Our guide was Dr. Graciela Doldan—the General Director for Employment for this municipality. In contrast to the projects run by the *picateros*, these projects generally offered fewer social services for participants.

The Agro-Cooperative

The first project we visited was an interesting hybrid of activities. The project was located on a plot of land that had been previously abandoned and fallow. The plot was assigned to a group of unemployed heads of households to use for their own sustenance and provision. The beneficiaries had uprooted the shrubs and the weeds and had divided the plot in two parts. One was used for agriculture where men (for the most part) worked the land—they primarily planted vegetables to feed themselves and their families. The other half of the plot held a bakery. There was an outdoor oven where the women made bread and prepared the food (again, mostly for their own consumption). All of these people had children and two women were assigned to their care. Thus, part of this half of the plot was a kindergarten of sorts. There were a total of 25 people at this agro co-op, the men and women working side by side to supply food to the group and to take care of the children. As in the case of the bakery in Mataderos, most women had previously been outside the formal labor market. Some of the men had lost jobs—in one case, skilled work as a printer—in the crisis; one young man was a college student. All wanted more paid hours of work and all said they preferred work over transfer payments.

The Pastry Shop/Bakery

We next visited another bakery, which prepared various pastries. Most of the people working there were young women who had graduated from high school not too long ago and were unable to find any jobs to support themselves and their children. This bakery made bread and pastries that they marketed to the neighbors on a door-to-door basis. It also offered courses in various subjects, from sewing and weaving to gardening and hairdressing. Again, all people we interviewed wanted full-time work and preferred work over transfer payments. One young woman worked part time in another job at a wage well below the minimum wage to supplement her *Jefes* wage; others worked as

occasional domestic labor, but could not find sufficient work to patch together a full-time equivalent job, even with the *Jefes* work.

The Multi-Project Facility

The next facility was among the most interesting. A family with nine children had offered some of the rooms in their small home as working areas for *Jefes* beneficiaries. This family was not paid anything (not even “rent”) in return.

The sewing microenterprise Two of the daughters of the homeowner worked in these projects along with the other beneficiaries. One daughter was quite entrepreneurial. She and two other women had obtained funding for two sewing machines from the government, which they used to make baby clothes and blankets. She explained that she saved 10% of her first sale and bought additional materials to make more clothes. She did the same with her next earnings and so on. This was a microenterprise for which the government funds essentially served as “start-up” money used by the beneficiaries to purchase the materials and set up their own shop. This young woman and the other two workers also made clothes for the neighborhood and sold them door-to-door. The room where they worked had educational posters announcing places where one could get basic education in the neighborhood or advice on contraception and family planning.

The toyshop Another room in this house contained a small workshop that produced handicrafts. It contained approximately twenty women (and a few children) who sat around a long table where they performed their respective jobs. They primarily produced toys. While many of the women had never worked for pay previously, they either possessed the necessary skills or learned skills on-the-job. Many of these toys were made of recycled or other inexpensive material. As with the products of the other projects, many of these toys were distributed to the children in the neighborhood. August 14th is the Day of the Child in Argentina. When we visited this toyshop, the workers were preparing special surprise gifts for the kids in the area for this holiday. There was yet another oven in this toyshop. Some of the women prepared empanadas and various other baked goods for the people working there. Some of the women preferred part-time work,

although others wanted full-time jobs. All preferred work over transfer payments. When asked what they liked best about their job, several women spontaneously answered that they enjoyed the social interactions made possible by working together.

The Supermarket

Many of the products were delivered door to door, but some were sold in markets or even at stores. We visited a large supermarket that had a special section designated for *Jefes* products. This section was staffed by members of a small *Jefes* cooperative. They had their own cash register and product displays. They sold products made not only by the members of the co-op, but by other *Jefes* workers as well. This particular location sold many knitted clothes, shoes, small crafts, toys, and furniture, including chairs, desks, and beds. There was a picture catalog of the many different products one could order that were produced by *Jefes* workers, including kitchen cabinets, wooden staircases, window frames—all of quality that did not seem in any way inferior to similar, but mass-produced, products. A labor ministry official estimated that the products were offered at about 20% below comparable market prices.

We interviewed many of the immediate project supervisors and their beneficiaries. The next section will cover some of their responses and will elaborate on our observations. The last section concludes with the discussions we had with government officials at the Labor Ministry and the City Government of Buenos Aires.

IV. ADDITIONAL OBSERVATIONS AND NOTEWORTHY FINDINGS

1. Work vs. Leisure

It is commonly argued that government employment programs create a moral-hazard problem. People take comfort in the guarantee of employment and do not put enough effort in their work or look for ways to slack on the job. Furthermore, the argument goes, people would much rather receive the monetary benefit of this safety-net while staying at home instead of being forced to go to work. Finally, a major critique of “job creation” is that it will be “make work,” producing nothing of genuine value. While we will discuss

this in more detail, the relevant implication for our purposes here is that *Jefes* workers would not be proud of their output.

Was this the case with *Jefes*? During our site visits, we spoke with nearly one hundred individuals who were *Jefes* workers. When asked “would you prefer to receive the benefit of the *Jefes* program but stay at home,” every single one, *without exception*, said that they would not want to sit at home and that they preferred to go to work. When asked why, the most common responses were that: 1) they felt (or would feel) useless sitting at home; 2) they felt like they were helping the community when they were working; 3) there is dignity in working; 4) they were meeting their neighbors; and 5) they were learning new skills. Note that our findings are consistent with the survey data presented above in Figure 5, Figure 6 (which show a high degree of satisfaction), and Figure 8, which indicate that participants are highly satisfied with the program because they feel that they “can do something,” they “help the community,” or that they “work in a good environment,” and they “learn.”

It is also worth mentioning that while some of the visits were planned in advance, others were surprise visits. In all cases, those who were on duty kept working. As we interviewed them, we were under the distinct impression that there was work to be done, which we were possibly disrupting. We also were able to spend time with many people who were off duty, but wanted to talk to us about their experience. In almost all cases, people took pride in the things they produced. They treated us to pastries and wanted to know how they tasted. They wanted us to see every type of baby outfit they made, touch the fabric, comment on the products. The people from the toyshop gave us two souvenirs—a Christmas tree ornament and a jewelry box, both of which were made with recycled plastic. It is true that there were a few instances in which a worker commented that he or she was capable of more “productive” work; in these cases, the worker had previously held a job in a skilled occupation (a male who had been a typesetter; a female who had been a professional white-collar worker). These cases were few and far between, but provided some evidence that satisfaction with the program is inversely related to previous employment in formal labor markets in skilled occupations.

2. Auxiliary Services and Benefits

Some of the important advantages of the program that beneficiaries reported were their proximity to the jobs and to childcare. Beneficiaries' children attended daycare (some of which was also provided through the *Jefes* program) or attended school very close to home; in a few cases, young children were in the workplace with their mothers, where women were designated to help the children with their homework or planned some after-school activities. Furthermore, many people reported that before being laid off, many of the private-sector jobs were in areas of Buenos Aires that required a commute of up to two hours in each direction. If their children needed to be picked up from school earlier, there was no way to get to them due to the long distance. Thus, many indicated that if they were to work, they had to work in the community due to childcare and transportation considerations. In some of the projects, organizers provided social services to participants—often in a room attached to the workplace. These services included tutoring and literacy programs for children and adults, reproductive health services, and information about intervention services for drug abuse and violence within the family.

3. Problems Noted

One main problem with the program that the beneficiaries reported was the lack of a pension plan. An elderly male, who worked in the agro co-op discussed above, reported that he had been employed for 40 years in a private printing press before he lost his job due to automation. He reported that he only had five years to retirement, but after he was laid off, he lost both his job and the retirement benefits. He now works in *Jefes* to feed himself, but he was distressed about what to do when he becomes too frail to work the land.

Many workers reported that they would like to receive more training in *Jefes*, to prepare them for higher-paying private-sector work. This finding is consistent with survey data reported above in Figure 9, in which nearly 30% of respondents listed “training” as their primary motivation for participation in the program—on par with the percent that ranked working in a community project as the primary motivation. When we asked what type of training they needed, the most common response was “computer training.” While we did not pursue this in any detail, this sort of training appeared to be

unrealistic for many participants we observed—those with no formal sector experience and with only basic education and literacy skills. Yet, even some of the poorest immigrant women with the least education mentioned computer training. This might merely indicate the degree to which “new economy” hype has penetrated the global community. However, there is a real need for increasing the training component. Supervisors also conceded that many projects were not providing skills in demand by the private formal sector. Although many of the women we interviewed had no interest in moving to a private-sector job, others wanted to make that transition.

4. The Meaning of Work

It was particularly interesting to note that whomever we asked “do you think the government can find enough jobs for all of the unemployed?” people interpreted the question to be asking about factory or other industry jobs. This led many people to answer with a “no.” But when asked differently, “do you think that there are essential goods and services that your community needs that can be performed by *Jefes* workers,” everyone, without exception, answered in the affirmative. People distinguished between factory work and community work, with many claiming that there are social services that are not considered “productive” in the sense of profit-generating activities that, nonetheless, needed to be done—things like caring for the young, old, and the frail, cleaning and fixing up the neighborhoods, running soup kitchens, and so on.

The director for the national advancement of employment at the Ministry of Labor, Dr. Luis Casillo Marin, argued that, for example, in Argentina there is abundant infrastructure for social services that sits underutilized, especially the infrastructure that was put in place by the Eva Peron Foundation to help the poor get housing, food, and clothes. Scores of buildings, parks, and recreational facilities were created; there were numerous residences that the foundation built for elderly persons, abused persons, orphans, homeless people, poor and unemployed people, people with disabilities, and immigrants. The Eva Peron Foundation also built entire “student cities,” summer camp facilities, youth homes for the arts, and sports and recreational facilities. The physical and institutional infrastructure that was created by this foundation could be put to use today if there were workers. The problem, Dr. Marin insisted, is lack of paid workers to run them.

The Eva Peron Foundation was, in many ways, set up to do exactly what *Jefes* is doing today. Many of these facilities were expropriated after the 1955 coup and were used for other (mainly military) purposes. But, according to Dr. Marin, many are largely underutilized, and it is a pity to leave these resources idle when they were already set up to cater precisely to the needs of the people *Jefes* also aimed to serve—especially since *Jefes* provides the needed paid labor to help to operate the facilities.

Jefes is helping to redefine the meaning of work, providing paid employment for activities that are generally thought to be “unproductive labor.” However, we found significant barriers, especially at the highest levels of government, to thinking about such types of work as deserving of remuneration. All of the government officials agreed that the kinds of services provided by *Jefes* projects were useful, but they were reluctant to view *Jefes* projects as “efficient.” There was a strong bias toward market evaluation of efficiency. For example, officials agreed that the bread provided by *Jefes* workers to poor neighbors was meeting a real need; however, they believed that modern private-sector bakeries could meet this need much more “efficiently” with fewer and more skilled workers. The *Jefes* projects that they viewed as “sustainable” were microenterprises that could compete in markets.

5. Desire for Transition to Formal Sector Work

An interesting observation that emerged from our visits was that education and skill level was highly linked to satisfaction with the program, and with desire to move out of *Jefes* and into formal sector paid work. The poorest of the poor (generally those with very little education) were very happy to work in the community and hold *Jefes* jobs. Some of those with a bit more education wanted private-sector jobs, but had bitter experiences with the working conditions of factory jobs. Hence, they would move to the formal sector for paid work, but only if working conditions were acceptable. Others with more education, even if they liked *Jefes* and the environment it provided, preferred to get back to the formal sector jobs they had lost.

For example, in the Mataderos sewing cooperative, one of the men complained about the conditions in his former factory job. Before the textile factory shut down, he was required to meet a daily quota of tailored clothes. If he was unable to do so in eight

hours, he had to work overtime with no pay, often till the wee hours of the morning. Now he works close to home and, if necessary, stays late (even all night), but only because he is remunerated for extra work—extra production is sold and the co-op divides the proceeds. Furthermore, he said that he was much happier to be closer to his children. He wanted a private-sector job, but only if it offered better conditions than those he had previously experienced in private factories. He reported he was happy with the conditions in *Jefes* and would remain until a better offer came along.

As we indicated, those with few skills and little formal education said they were very happy to work in the community food kitchens and agro-projects. This was often their first job, and many reported that they liked meeting many of their neighbors and that they were no longer just sitting at home wondering what to do with themselves. They looked forward to going to the *Jefes* jobs. Some of those with more education reported that, while it was great to work side by side with their neighbors, they looked forward to the time when they could get back their factory, administrative, or service jobs. The more education and skills they possessed, the more likely participants were to consider their private-sector jobs “real work,” even if they performed similar tasks in their *Jefes* job (as was the case in the sewing facility). However, those who started up their own microenterprise were very happy to have their own business close to home.

6. Impact on Women

The differential impact of the program on women was immediately apparent. Many were happy to work and preferred being among people to staying at home as they had previously done. Many were happy that the daycare centers were close to their jobs and that they could see their children during the day. Many said they were surprised by the small things they learned which they did not know before—how to disinfect their working places/homes, how to prepare food (they learned new recipes), and how to mend clothes. All felt that they did useful work for the community and that this experience was good for them as well. Many of the elderly in good health were also happy to have the option to work if they wanted and if they qualified.

The “reactivation of women” (a rather misleading terminology indicating returning to the labor force—as many of the women we interviewed had never been in

the labor force) was an unexpected result of *Jefes*—creators of the program had presumed that most *Jefes* workers would be male. Some consider it a bad thing that women are entering the labor market at all or, at least, presume that women would rather stay at home and collect a family allowance. However, all women we interviewed said that they preferred to work and receive income rather than receive income while staying at home. In other words, while the monetary income was desired, women recognized other benefits from participation in *Jefes*. As mentioned above, the benefits included increased probability of obtaining formal work in the private sector, working cooperatively with neighbors, contributing to and participating in their community, and learning life skills from their coworkers.

This is important because the *Jefes* program has recently started moving many women off its payrolls and into another government program called *Famillias*. This latter program is designed specifically for unemployed mothers and provides no work option. So while the *Jefes* program used to provide income *and* jobs to many women, they are now moved to a program that provides money, but without the opportunity to work. Some politicians and program administrators spoke of this shift as a positive reform to the program, while the women we interviewed (we stress again—without exception) wanted to work. As we will discuss in more detail below, at least some government officials want to continue to reduce female participation in paid work by replacing *Jefes* with “welfare” for the economically “inactive” population and unemployment benefits for the economically “active” population. Women who want to work, but who will not find appropriate paid work in the formal sector, will be left behind.

The point is not to require women to work as is done in modern workfare programs with punitive means-tested measures, but to give women the opportunity to be employed in decent jobs if they want to work. In the United States, one of the results of the 1990s welfare-to-work reform is that many women are required to obtain jobs just to “prove” they were deserving welfare recipients (even if these jobs require long commutes and offer meager wages). Workfare does not guarantee that there will be any jobs available. This means that the onus for obtaining and keeping a job falls on participants; if a woman is unsuccessful, there is a nearly automatic predilection to blame her for her inability to hold a job. On the other hand, the *Jefes* program in Argentina provides to

women both the income and the job. As Hyman Minsky (1986) put it, jobs must be made available that “take workers as they are”—that is, that tailor-makes jobs that suit the skills and availability of workers. Most of the women we interviewed did not (yet) have skills desired by the private sector; further, their geographic location, access to transportation, and family responsibilities all made it very difficult for them to find formal private-sector employment. Finally, the private-sector demand for labor remains depressed; while Argentina is recovering from its financial crisis, workers still face a very depressed labor market. Thus, the likelihood is high that many, or even most, women in *Jefes* will not be able to find paid employment if *Jefes* is discontinued.

7. Formalizing the Informal Sector

One of the hopes of planners is that *Jefes* will help to reduce the number of workers in the paid, informal sector by bringing more of them into the formal sector. *Jefes* workers are registered with social security numbers. When they find jobs in the formal private sector, their employers are required to pay social security and other mandatory taxes and benefits. However, not many can find formal private-sector jobs, first because the private sector is still in shambles and not hiring in great numbers, second because *Jefes* workers are largely from the low-skilled, low-education segments of the population, and third, (in many cases) because of ethnic discrimination. For example, men in the neighborhood of Mataderos reported that many of the private-sector jobs they applied for had a “height requirement.” The Mataderos region is highly concentrated with immigrant or local indigenous population, which tends to be much shorter than their white Argentinean counterparts of European descent. The height requirement was clearly a method of “selecting out” the indigenous and immigrant labor. Hence, while *Jefes* has offered a type of formal sector work, it is difficult for a large number of workers to make the transition to paid work in the formal private sector.

It should also be pointed out that many beneficiaries reported that because of the very low *Jefes* wage, they still had to work in the informal sector to support their families.⁴ Many women cleaned homes (this was now quite irregular work because the economic crisis had also affected incomes of the middle classes that had previously

⁴ The *Jefes* wage is below the poverty level.

provided domestic work for these women), while some of the men worked in construction or ran small errands for wealthier people.

A few people—especially the administrators we spoke with—said that working in *Jefes* stigmatized participants, identifying them as low-income, and perhaps low-skill and low-education, workers. Thus, they did not believe that participation in *Jefes* would increase their chances of obtaining paid work in the formal sector. However, female participants in the program—especially those with little previous experience with paid work—believed that their *Jefes* work enhanced their employability. It is possible that both views are correct, with each applying to a different segment of the population and to different occupations.

Stigmatization could be reduced, and transition to the formal sector employment enhanced, through three changes to the program. First, if *Jefes* employment were made available to all rather than restricted to heads of poor families, potential employers could not so easily, and correctly, surmise that participants were from poor families. Second, if the training component of *Jefes* were enhanced, participants could be provided with documentation of skills learned. In addition, if *Jefes* participants were allowed to work full-time (for commensurately higher income), this would reduce the necessity to work in the informal paid sector. This would almost certainly attract more men into the program. It would also improve pay and working conditions in both the formal and informal sectors—as employers would have to compete with the *Jefes* program.

These changes might result in some women leaving the program because the longer hours and higher income might allow some men to support their families with only one income. However, this could reduce some criticism of the program because participation would be somewhat more “voluntary.” On the other hand, even full-time work (at 600 pesos per month at current pay) would leave a family with a very low living standard if only one member of the household worked in *Jefes*—so it is possible that many families would choose to have two (or more) *Jefes* workers. More importantly, however, we believe that so long as women feel that they reap real benefits from *Jefes*, they should continue to have access to public employment, training, and education, which can then be used by those who desire as a springboard to other more attractive private or public-sector jobs.

V. DISCUSSIONS WITH GOVERNMENT OFFICIALS

Our meetings with Federal Government officials included interviews with:

1. Lic. Daniel Hernandez—Director for National Training, Employment, and Professional Formation, Ministry of Labor
2. Lic. Jorge Costelo Maciel—Director of the National System of Employment, Ministry of Labor
3. Lic. Gustavo Svarzman—Undersecretary of Production, Tourism, and Sustainable Development in the City Government of Buenos Aires
4. Dr. Luis Castillo Marin—Director for the National Promotion of Employment, Ministry of Labor

Several of the meetings also included some of these policy makers' staff members. All of these meetings were arranged and facilitated by Daniel Kostzer, Director of Research and Macroeconomic Coordination at the Ministry of Labor. Mr. Kostzer, as mentioned above, was instrumental in championing C-FEPS's Employer of Last Resort model for Argentina, and the *Jefes* program was created and implemented largely as a result of his efforts.

All administrators and their staff considered *Jefes* to be a temporary program and most believe it needs substantial reform. It should be pointed out that while many of the administrators and their staff members were critical of the program, most of them were nonetheless committed to it—as an important, albeit temporary, program. Although several officials mentioned that the program might be losing political support, Dr. Marin emphasized that it still employs a large number of people and therefore he did not foresee a program shutdown for at least five years. During our 2005 meeting, other officials had told us that the federal government was studying (and apparently considering) a major reform to its approach to dealing with poverty and unemployment.

This reform, which Lic. Hernandez and Lic. Maciel discussed in some detail, involves phasing out the job creation component of *Jefes* and replacing it with a universal child allowance and limited-term unemployment insurance. The child allowance is clearly a poverty-reducing measure, which, in their opinion, was not necessarily in

conflict with the current *Jefes* arrangement. The unemployment insurance, however, was considered to be a more desirable labor market policy than direct job creation. They had estimated that if *Jefes* were phased out, approximately 600,000 people would apply for unemployment insurance (which is proposed to pay 300 pesos per month for 12 months of unemployment). They had also budgeted the total annual cost for this new program to be exactly what *Jefes* costs today. Today the *Jefes* plan covers twice as many people (about 1,200,000) who are employed at 150 pesos for four hours of work. The reformers wanted to pay twice as much money to half the people for *not* working. Furthermore, their proposed program would expel participants after 12 months of unemployment insurance, while *Jefes* is currently open-ended.⁵

We questioned the political and economic justification for this reform. The government officials explained that *Jefes* was losing political support (we interpreted that to mean among the middle class and in the media) and they believed there would be support for moving mothers out of *Jefes* while providing income to their families through a child allowance. They also believed there would be support for unemployment compensation for those who really wanted to work—and as the economy improved, jobs would be created. We pointed out that this proposed reform would leave behind many current *Jefes* participants who want to work, but who do not have a realistic chance at obtaining paid formal sector work. While they concurred, this did not change their views on the need to replace *Jefes*.

The Administrators we met reported the following problems with *Jefes*:

1. The most common objection government officials made concerned the issue of corruption or clientelism. Some of this corruption comes directly from government officials. The following example was given: someone runs for office by promising access to the *Jefes* program to his unemployed constituents. He or she is reelected, pockets the money, and does not provide the jobs. Other forms of corruption involve offering *Jefes* jobs to people who are not unemployed (this is especially the case in

⁵ The *Jefes* reform did, in fact, eventually take place. While the program was still running in 2007, government planners have been aggressively moving workers from *Jefes* to employment training programs and welfare rolls.

the higher-income neighborhoods). For example, a construction company would lay off its employees, rehire them as *Jefes* workers, and subsidize their wage with the government funds. While these are isolated cases, they are favorites with the media. In some cases, corruption is said to come from the political movements themselves. Some *picateros* are said to use the *Jefes* money to pay their members to take to the streets in demonstration for whatever cause the group favors. We were not able to observe any such cases of corruption, but such stories seem to be commonly invoked. Even if corruption is significant, it is not clear that the proposed reform would resolve such problems—as both the child allowance program, as well as the unemployment benefits program, could be manipulated for personal gain. If local politicians are able to skim money that is supposed to be paid as *Jefes* salaries, they may also be able to take money that is supposed to go to children or the unemployed. Payments could still be made to families conditional on political support and favoritism would still be possible.

2. Another objection was that the training and retraining component of the program was far too small; the vast majority of the *Jefes* participants who manage to find private-sector jobs are high-skilled, but less than 10% of the *Jefes* jobs require or provide education and training. Thus, the component of the *Jefes* program that increases employability must be enlarged if many *Jefes* workers are to transition into skilled jobs. As we noted above, many program participants agree with this view. However, neither a child allowance nor unemployment compensation would resolve problems of low skills or education—indeed, *Jefes* would have to be superior to either of these reforms in that respect.
3. Because the program is not universal, there are allocation problems—some qualifying families registered in time, others did not. Furthermore, women enter the *Jefes* program as the head of the household, while the men still (mostly) work in the informal sector. Hence, some believe that the women really do not want to work, while those who do want to work (men) are not drawn into the formal sector. Additionally, there are said to be cases of favoritism—for example, someone who had

not signed up for the program in time is still allowed to participate. Paradoxically, while the administrators agreed that universalization of the program would eliminate many of the allocation and corruption problems, many did *not* favor universalizing *Jefes* to make it accessible to all unemployed (not just to the heads of households). Program cost seemed to be the major objection. We have dealt with budgetary issues elsewhere, making the case that once Argentina abandoned the currency board, its federal government could “afford” a universal job guarantee (See Tcherneva and Wray 2005a, 2005b,2005c).

4. There are also supposed to be poorly designed or mismanaged projects. The administrators pointed out some cases of wasteful use of government funds: for example, requesting electric ovens for food-kitchens in areas that lacked electrification. Note that the *Jefes* program generally provides only federal matching funds for capital and materials—which should help to reduce this kind of abuse. Still it is highly likely that given how fast the *Jefes* program was implemented, a lot of the projects could have been poorly designed and managed. However, there is little doubt that at least some of the projects (according to the World Bank’s studies, the majority of projects) accomplish what they set out to do, and are supplying real benefits to communities that go beyond the wages paid to *Jefes* participants. If this is true, *Jefes* is superior to the reforms, which do not require recipients to perform any services of use to the communities (aside from providing family allowances that allow parents to care for their children).
5. Some administrators expressed the concern that the *Jefes* workers may be stigmatized because they are associated with the militant *picateros*. But, as noted above (see footnote 2), *picateros* organized only 10% of the *Jefes* jobs, so if there is indeed such a stigmatization, it is a most unfortunate development. Still, there are other kinds of stigmatization, as noted above. In comparison with the envisioned reforms, it is difficult to see how women with children who move from *Jefes* to a child allowance stipend will be any less stigmatized. It is conceivable that those who move from *Jefes* to unemployment compensation will be less stigmatized because they might be seen

as looking for a job. Further, because the unemployment compensation is limited to a year, this could be seen as more desirable than long-term participation in *Jefes*. However, it is not clear what the unemployed individuals will do if they do not find paid work before their benefits run out—at that point they could become more stigmatized than if they had remained in *Jefes*—and much poorer, also.

6. Another concern was that there aren't enough useful activities for people to do. Some officials also argued that it is harder to identify useful activities to be performed in the big city, while in rural areas the task is much easier. This was an interesting concern and wholly contrary to our observations in the field—certainly there was much more to be done in the Mataderos neighborhood, and organizers seemed to be able to keep their *Jefes* workers busy doing useful things. Perhaps this perception was linked to the administrators' view that a project was useful only if it was “productive” according to market-efficiency criteria. They were more likely to think of the food kitchens, agro co-ops, and bakeries as “make work.” By contrast, it was our distinct impression that these projects provided much needed services that the community did not previously have and many people's lives depended on them. So again there was a bias regarding what is considered useful and productive—profit-making enterprises are generally favored by officials over socially beneficial activities.
7. Time and time again, administrators questioned whether Argentina possesses the necessary institutions, resources, and infrastructure to create and manage these projects on the required scale. This again was in stark contrast with our observations. People donated their homes so that productive activities could be set up and other people could work there. Others built new structures or used old ones to set up their job projects. The *picateros* were committed, resourceful, and competent organizers. Even the municipal projects seemed to have committed and skilled organizers who made use of donated land, buildings, or floor space in supermarkets. The complaint about insufficient resources was also in contrast with Dr. Marin's opinion that, in fact, there was abundant physical and institutional infrastructure that was being underutilized. While some of the administrators argued that they had the money but

not the capacity to create and supervise the jobs, Dr Marin claimed that the capacity was there, but there wasn't enough political commitment to increase the budget of the program to the necessary level.

8. Because of the distinction between what is considered productive and unproductive, there is a big emphasis in *Jefes* is on creating microenterprises. All administrators favored the use of more microenterprises to provide jobs and marketed products. They offered some good examples of successful small start-ups (some of which we observed)—things like tailor shops or cyber cafes required little money, but proved to be market viable and provided income for the entrepreneurs. This offered to the administrators a ready measure of program success. The administrators seemed to be reluctant to use other criteria to evaluate program outcome. Dr. Marin was perhaps the only administrator who argued that we must reorient our thinking and recognize socially useful activities as deserving remuneration. Again, we question how a child allowance or unemployment compensation can be viewed as more “productive” than *Jefes*, even on conventional criteria. More importantly, alternative measures of outcomes are needed to gauge program success.

9. Dr. Marin pointed out that administrators were increasingly coming to the opinion that government should no longer be driven only by the idea of downsizing the public sector, but that there was an important role for the government to play in providing jobs and social security. It was also being recognized that the government should absorb some of the labor by creating more public-sector jobs, including those outside *Jefes*. Some administrators, on the other hand, reported that some of the *Jefes* workers have already replaced public-sector workers, while others suggested that *Jefes* workers did not really replace but actually duplicated the public-sector jobs. In any event, it seems that with the new reforms the tide is turning toward *less* government involvement in job creation.

10. Another concern was that there were no clear links between *Jefes* and industry. What was necessary was a vision of how *Jefes* activities can help the overall development and growth of Argentina. These visions needed to be clearly articulated.

VI. CONCLUSIONS

It should be emphasized again that all of the policy makers we met, despite their critiques of the program, seemed very committed to the problems of unemployment and poverty. Despite their preference for program reform, in 2005 some were designing a *Jefes* program specifically targeted to youths who either finished high school or dropped out. This program would help them stay in school while at the same time would give them an opportunity for vocational training on the job. We also note that many of the policy makers are committed to developing new training programs or enhancing current programs to help move people into formal paid work. Some administrators believe this will be more successful at moving the low-skilled women into the formal sector than the *Jefes* program has been. All of this is probably true. What seems to be lacking is an appreciation of the contribution that *Jefes* makes by “taking workers as they are” and giving them a chance to work. No amount of training will ensure that everyone who wants paid formal sector work will be able to obtain and retain such work.

There also remains the problem of which activities should be considered as useful and productive. All jobs (private or public) are presently evaluated primarily according to private sector, free-market efficiency criteria—even though most officials recognized that there are other benefits of *Jefes* projects. Argentina was the poster child of IMF free-market policies that were largely responsible for the social dislocation we observe today. It is clear that free-market ideology still clouds the minds and prevents new ways of thinking about how to begin rebuilding a country. There also seems to be a gender bias that makes it difficult to see “women’s work” as “productive.” All officials we interviewed agreed that the women in *Jefes* were doing important, even necessary, things; however, they were less convinced that these activities should qualify for pay. If the women organized into microenterprises to sell products in markets, then the market would determine the proper remuneration. However, if products were distributed freely to

neighbors, then the work was somehow undeserving of remuneration. Of course, these are widely held views all over the world.

It is now evident that the strong forces within government to “evolve” *Jefes* toward a more traditional approach have won, considering the increased unemployment compensation for the “economically active” (mostly male) and family allowances for others (mostly women and children) as a means of reducing *Jefes* payrolls. While Argentina probably does need to add both of these to its as-yet inadequate arsenal of programs to deal with poverty and unemployment, we believe that *Jefes* provides important benefits that will not be forthcoming from the traditional approach. Our impression is that government officials are particularly unaware of, or insensitive to, the needs and desires of poor mothers. We did not find a single woman who said she would prefer a family allowance over working in *Jefes*. Yet, most officials (and some researchers who are critical of the program) do not consider this to be an important issue—they never brought it up in discussion and have made no plans to provide work to such women if *Jefes* is replaced by the more traditional approach—even though they recognize that many or even most women in *Jefes* will not be able to find private-sector employment. There is a danger that the current “reform” will mean that many women will return to relative isolation within their substandard houses, in communities that are themselves isolated from more prosperous society.

The officials appeared to be reacting to what they believe to be public sentiment and political winds—and we had no reason to doubt that their reading is largely correct. What had to be done was to publicize the success of *Jefes* projects, as measured by a much wider range of indicators than those used to date, such as numbers of families raised above poverty or indigency lines, numbers of projects started and completed, sales revenues of microenterprises, number of *Jefes* workers that have transitioned to formal labor markets, and so on. We also need studies that will show how the quality of life has improved for women in *Jefes* through enhanced social networking, improved school performance of children, reduction of drug abuse, improved reporting of domestic violence and reduction of its incidence, greater access to family planning, products and services delivered free of charge to communities, and so on. In earlier drafts of this paper, we did not want to sound overly alarmist as we thought the observed popularity of the

program among such a large proportion of the population would protect the program, at least for several years. However, it is now clear that with the speed of the reforms, the program has been seriously eroded because of a lack of understanding of the substantial benefits it provides. We still hold the view that the program should have been expanded to a universal job guarantee, rather than being cut or eliminated.

REFERENCES

- Forstater, M. 2001a. "Full Employment Policies Must Consider Effective Demand and Structural and Technological Change." *C-FEPS Working Paper No 14*. Kansas City, MO: Center for Full Employment and Price Stability.
- . 2001b. "Full Employment and Environmental Sustainability." *C-FEPS Working Paper No 13*. Kansas City, MO: Center for Full Employment and Price Stability.
- Kostzer, D. 2004. "Globalization and Disarticulation: the Road to Exclusion in Latin America." *C-FEPS Seminar Paper No 36*. Kansas City, MO: Center for Full Employment and Price Stability.
- Kregel, J.A. 2003. "The Perils of Globalization—Structural, Cyclical, and Systemic Causes of Unemployment." *C-FEPS Seminar Paper No 13*. Kansas City, MO: Center for Full Employment and Price Stability.
- . 2002. "An Alternative View of the Argentine Crisis: Structural Flaws in Structural Adjustment Policy." *C-FEPS Seminar Paper No 12*. Kansas City, MO: Center for Full Employment and Price Stability.
- Minsky, H. 1986. *Stabilizing an Unstable Economy*. New Haven, CT: Yale University Press.
- Mosler, W. 1997–98. "Full Employment and Price Stability." *Journal of Post Keynesian Economics* 20(2): 167–182.
- Neubourg, C., J. Castonguay, and K. Roelen. 2005. "Social Safety Nets and Targeted Social Assistance: Lessons from the European Experience." *World Bank Briefings*. Available at: http://www1.worldbank.org/sp/safetynets/Training_Events/OECD_3-05/EU_Briefing_Book.pdf
- Tcherneva, P., and L.R. Wray. 2005a. "Is *Jefes de Hogar* an Employer of Last Resort Program? An Assessment of Argentina's Ability to Deliver the Promise of Full Employment and Price Stability." *C-FEPS Working Paper No 43*. Kansas City, MO: Center for Full Employment and Price Stability.
- . 2005b. "Common Goals—Different Solutions: Can Basic Income and Job Guarantees Deliver Their Own Promises." *C-FEPS Working Paper No 42*. Kansas City, MO: Center for Full Employment and Price Stability.
- . 2005c. "Employer of Last Resort: A Case Study of Argentina's *Jefes* Program." *C-FEPS Working Paper No 41*. Kansas City, MO: Center for Full Employment and Price Stability.

Wray, L.R. 1998. *Understanding Modern Money: The Key to Full Employment and Price Stability*. Northampton, UK: Edward Elgar.

World Bank. 2006. "Project Appraisal Document for the *Heads of Household Transition Project*." Report No. 32463-AR. Washington, DC: World Bank.

———. 2002. "Project Appraisal Document for the *Heads of Household Project*." Report No. 23710-AR. Washington, DC: World Bank.