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Argentina's Road to a Universal Wage

📅 2024-01-03 👤 Julieta Campana and Federico Blasco

Caption: Annual march by popular economy organizations in Argentina, on August 7, the day of San Cayetano, patron of bread and work, demanding “Peace, Bread, Land, Roof, and Work.”

Credit: Movimiento de Trabajadores Excluidos, facebook.com/mteargentina

Latin America is a region where high levels of inequality exist in many countries. The richest 10 percent captures 55 percent of the total national income, making Latin America one of the most unequal regions in the world. While Argentina has not had the same inequality level as others—the richest 10 percent captures 30.36 percent of the total national income—there exists a level of structural income inequality that has been aggravated since 2016-2017. Today, a significant fraction of the country's working class is living in poverty or, worse, extreme poverty. Currently, 36.5 percent of people are below the poverty line,[1] and 8.8 percent are below the extreme poverty line,[2] compared with 25.7 percent and 4.8 percent just six years ago, in 2017. Significantly, the problem is no longer limited to unemployment but includes the new phenomenon of the “working poor,” a large sector of people who, although working, do not earn enough of an income to overcome the poverty line, including those working in what is known as the *economía popular* (popular economy).

These “workers in the popular economy” are becoming an increasingly important group in terms of size alongside the prevailing two sectors of employed workers: registered formal employees and unregistered, informal workers (or “undeclared employment”). These are workers without an employer, excluded from both the formal and informal labor market, who perform labor-intensive activities under precarious conditions and are excluded from full coverage by the social security system.

Originally, a survival strategy that originated in the context of the crisis created by neoliberalism in the 1990s—exemplified by the well-known case of waste pickers who gathered trash for recycling (*cartoneros*)—this sector has persisted and grown to become a structural feature of the Argentine labor market, estimated today at a fifth of the labor market (21.4 percent) which is, as is discussed later, still an underestimation.[3]

“ [1]Illustrated by the well-known case of waste pickers who [recycle] trash . . . [the popular economy] . . . [is] estimated today at a fifth of the labor market . . . which is . . . an underestimation.

A major development of late has been the organization of this popular economy sector, from its origins as forms of work for survival, into social movements with characteristics of trade unions, that are fighting for these precarious types of work to be transformed into legally recognized jobs with rights and benefits. Some of the organizations spearheading these movements are arguing for

the state to implement a Universal Basic Wage (UBW), a policy that seeks to guarantee an income and a social protection floor for the entire adult working-age population between eighteen and sixty-four years of age. It would cover those who are unemployed as well as those who are working either under an unregistered salaried or self-employed relationship, within the informal economy and in the popular economy. It would thus cover low-income, highly vulnerable workers as well as a portion of registered salaried workers and single payers on lower incomes, in order to avoid possible disincentives to labor formality. The UBW is calculated to ensure a basic food basket per person,[4] with the goal of eliminating extreme poverty in Argentina and guaranteeing a floor of social protection for the whole population. The UBW is a first step on the path against inequality. If implemented, it would have a profound impact on reducing inequality gaps. Once in place, it would be possible to think of new policies that improve work, housing, and the quality of life of the population.

The Popular Economy and a New Labor Market

The term “popular economy”—*economía popular*—covers a range of self-employed and precarious work that includes activities such as waste picking, street vending, textile work, family farming, construction of social infrastructure, and socio-community care. These forms of work have three defining aspects: the absence of a salaried employment relationship, labor-intensive activity with a low level of productivity, and based on *cultura popular*—a culture being based on popular knowledge and their way of doing things. Furthermore, these forms of work lack institutional recognition, that is, they are unregistered in the social security system and often other kinds of legal registration. This sector has a significant number of migrant workers, mainly from other Latin American countries like Bolivia, Peru, and Paraguay.[5]

The phenomenon of the popular economy can be traced back to the 1970s, under the economic policy of the military dictatorship in Argentina. Its growth coincides with the implementation of neoliberal policies in the country under the Washington Consensus in the nineties and the ensuing economic, social, and political crises, and its growth, therefore, is very different from the unemployment situation in Western European countries where the exclusion of sectors of workers was linked to automation. As Cappa and Campana point out in another work on the subject:

Currently, universal income proposals being debated in industrialized countries, with high levels of labour formality and extensive unemployment insurance coverage, are often linked to discussions around the “future of work.” These debates consider the impact of automation and robotization on the labour market (ILO, 2019), in which a non-labour minimum income guarantee implies a response to this secular trend. The situation in our country is very different. The existence of a large segment of the excluded population, of which workers in the popular economy are part, is not a direct consequence of the advance of automation, but responds to causes linked to underdevelopment, typical of dependent countries, with incomplete industrialization processes and respond to historical processes that become structural characteristics, more linked to the past than to the future. In this framework, the guarantee of a universal minimum income can act as an automatic stabilizer at the

macroeconomic level, as unemployment insurance does in the developed world, but adapted to the reality of the local labour market, where contributory insurance is unable to reach millions of people who work outside the formal labour market.[6]

The popular economy has stabilized itself as a specific and relevant sector of the labor market over the last twenty years and has maintained a level over time that makes this sector a structural phenomenon.

The Phenomenon of the Working Poor

With poverty in the first half of 2022 reaching 36.5 percent of people, it has come to affect a significant part of the working class, regardless of sector (formal, informal, popular economy, or others). It encompasses an astounding 50.9 percent of children under fourteen; among the population aged 65 and over, 12.1 percent were below the poverty line.[7]

“ The poverty rate is higher among workers in the popular economy (35.5 percent).

Inequality is strikingly visible: people with the lowest income (those in the first decile) represent 1.6 percent of the total income of the population, while the richest (those in the bottom decile) represent 30.6 percent of that total income. We believe this inequality in household per capita income is linked to the characteristics of the labor market, particularly to the growth of the popular economy sector. This income inequality is accentuated between women and men: in the lower income deciles, there is a higher percentage of women.

The poverty rate is higher among workers in the popular economy (35.5 percent) than it is among the workforce as a whole (24.3 percent). It is the same for extreme poverty; at 8.4 percent for the popular economy, it is more than twice that of the other employed (3 percent). The data also show that the majority of their income (87 percent) comes mainly from work: we thus have people who work and yet are poor. While this is not unique to popular economy workers, it is important to point out that they are not waged workers, making them powerless to modify this situation in the absence of an employer and a collective bargaining process to guarantee an increase in their income.

Workers Without Rights

The popular economy is also far removed from the logic of labor rights. These are workers without rights doing unprotected work. In Argentina, the system of social protection and, in particular, social security (composed of the subsystems of social security, family allowances, unemployment and occupational hazards, and the National Health Insurance System) was historically built as a contributory system in which access to the provision of welfare and rights is conditional on the registration of employment.[8] In other words, it is mainly organized around traditional, registered, salaried work, which is no longer the norm for large sectors of the employed and working-age

population. As a result, it does not take into account the current structure of the labor market and therefore fails to guarantee a minimum income for all people of working age, insurance against unemployment, coverage for work-related illnesses and work-related accidents, protection for the elderly, maternity leave, and universal protection for children, among many other rights.

Invisibility in the Numbers

Public statistics fail to capture the phenomenon in its entirety, which often leads to its underestimation. According to the Observatory of Economic Conjuncture and Public Policies (OCEPP) estimates based on official statistics,[9] the popular economy sector consists of almost 4 million people who represent 19.5 percent of the economically active population (EAP) and 21.4 percent of the employed population.[10] The National Registry of Workers in the Popular Economy (ReNaTEP)[11] under the National Ministry of Social Development, launched in 2020, and still under construction, currently has 3,457,669 registrations.

These and other estimates heavily underestimate the size of the popular economy. The reasons are diverse: it is common for these workers to oscillate between activities in the popular economy and situations of unemployment or informality; in some cases, they simultaneously have other registered or unregistered jobs; and the estimates do not include the inactive population as part of the sector, which suggests it is quite possible that many women who perform care tasks both in the domestic sphere and in the community sphere are counted as inactive and hence excluded (according to ReNaTEP, 27.7 percent of the workers in the registry carry out socio-community services). Additionally, the ReNaTEP is implemented through a selfadministered online questionnaire, so it depends to a greater extent on the initiative of people to register. The form is a one-time record, so the registry cannot capture the evolution of the sector over time.[12]

Cementing the argument that the popular economy is indeed a structural phenomenon in a new labor market, the analysis of labor transitions based on official public statistics[13] shows that most workers in the popular economy remain in the same occupational category, with a very low probability of transitioning to formal jobs: 12 percent transition to unregistered wage jobs ("undeclared") and only 4 percent do so for registered salaried jobs. When changes occur in their employment situation, it is mostly toward the inactive sector, toward unregistered informal jobs, or toward situations of unemployment. This reflects the crisis of the "full employment" model in Argentina and the need to implement public policies for this new labor sector that lacks any labor rights.

The Emergence of Social-Union Movements in the Popular Economy

In a major development, workers in the popular economy have recently organized themselves under novel forms that combine characteristics of social movements with structures, discourses, and characteristics of trade unions. It has its antecedents in the Unemployed Workers Movements that emerged in the 1990s, when, in the wake of an exponential growth of poverty, extreme poverty, and unemployment, these movements were organized to demand food and social assistance programs. It was a period where many people had to, in their words, "invent our own

work.” For example, the waste pickers made a job out of garbage collection, collecting waste such as paper and cardboard for sale as raw material. Others began to sell products on the street, making the public space their place of work. Economic and social indicators began looking up in 2003 at the beginning of the new millennium and under the government of Néstor Kirchner. But following the global financial crisis of 2008-2009 and its consequences, the *Confederación de Trabajadores de la Economía Popular* (CTEP; Confederation of Workers of the Popular Economy) was formed in 2011, with the aim of gaining recognition as workers and fighting for labor rights.

These efforts gained strength in 2016 in the fight for the Social Emergency Law (discussed below) and the opposition to the neoliberal policies effected that year by President Mauricio Macri. They reached their peak in 2019 with the alliance of multiple organizations under the banner of the *Unión de Trabajadores y Trabajadoras de la Economía Popular* (Union of Workers of the Popular Economy, [UTEPP]), conceived by its protagonists as the “union of workers of the popular economy.”

CTEP emerged in 2011 and brought together a broad group of social organizations with the aim of coordinating the demands of popular economy workers. Since its founding, CTEP has emphasized the need to “advance a profound restructuring of the workers’ movement that also includes us and fights primarily for the demands of the poorest workers.”[14] A waste picker, for instance, is not legally or socially recognized as a worker. Their main objective therefore has been the recognition of these activities as work and of those who carry it out as workers, with corresponding rights guaranteed by the state. Among those rights are health and safety, social security, and a decent income that covers their needs. One of their main slogans is *Tierra, Techo y Trabajo* (land, roof, and work).

“ Their main objective . . . has been the recognition of these activities as work, and of those who carry it out as workers, with corresponding rights guaranteed by the state.

In 2015, CTEP was legally recognized by the state, giving them a legal status similar to that of trade unions, allowing them to have a statute, electoral systems and representation schemes such as a board of directors. In 2016, in coordination with trade unions and traditional workers’ centers, it secured the passage of the *Ley de Emergencia Social* (Social Emergency Law) in the National Congress after large mobilizations. This law is central since it establishes its objective

to promote and defend the rights of workers who work in the popular economy, throughout the national territory, with a view to guaranteeing them adequate food, decent housing, education, clothing, medical coverage, transport and recreation, holidays and social security protection, based on the guarantees granted to work in its various forms [. . .].[15]

The Social Emergency Law recognizes popular economy workers as workers. However, despite this formal legal recognition, in practice the status of these workers is still under dispute in the spheres of government, public policy, academia, and in society in general.

The law was the basis for the Complementary Social Wage (as part of a public policy call currently *Potenciar Trabajo*) that consists of a monthly cash transfer equivalent to 50 percent of the Minimum Living Wage for people who are at risk or in a state of social vulnerability or who work in some activity of the popular economy, who are over eighteen and under sixty-five years of age. The beneficiaries of the program must be participating in socio-productive projects, completing their formal studies or participating in labor or socio-community projects. This policy, which arose from the demands of the popular economy movement, has been central to complementing the low income of these workers, although its scope is still very limited within the sector. It should be noted that this law also created the National Registry of Workers of the Popular Economy (ReNaTEP), implemented in 2020.

“ The Social Emergency Law recognizes popular economy workers as workers. However . . . in practice the status of these workers is still under dispute in the spheres of government, public policy, academia, and in society in general.

In 2019, CTEP came together with several other organizations working in the popular economy realm to launch UTEP, as “a single union that seeks to continue fighting for the rights of the Popular Economy sector with greater unity, strength and organization.”[16] These organizational forms and strategies show the capacity and potential of these social-union movements to create demands, and dispute policies and state resources. Despite their growth and their successes, the majority of the sector is not organized, so many challenges still lie ahead.

Pushing for the Universal Basic Wage in Argentina

The proposal for the UBW (*Salario Básico Universal*) has not yet found any pure precedent in implementation at the global level.[17] The proposal was drafted as a Bill and presented in May 2022 (although not yet discussed) in the National Congress.[18] The Bill was presented by congressman Itai Hagman, who belongs to the political organization “Frente Patria Grande” and is a member of “Frente de Todos,” the governing coalition at the national level. It was prepared with popular economy leaders and organizations, including Juan Grabois, a leader from UTEP, who has been an important actor in promoting this project. The project bears the signature of 16 deputies from different organizations that make up the “Frente de Todos” coalition (among them Natalia Zaracho, who before being elected congresswoman was a waste picker herself; and Federico Fagioli, who before being elected congressman was a social leader), and has received support from some union leaders and politicians. While the Bill has parliamentary status it still does not have the positive vote of the three commissions to which it has been assigned (budget and finance; social

security and welfare; and labor legislation). These votes are a requirement for it to be debated and voted on in Congress; failing which, by the end of 2023 it will lose parliamentary status.

Another proposal—also yet to be discussed in Congress—was presented in August 2022 in the Senate of the National Congress, whose first signatory is Juliana Di Tullio, a senator member of the Frente de Todos. It proposes what it calls a “reinforcement of income” for the highly vulnerable populations through a transfer of money equivalent to a basic food basket.[19]

“ The proposal for the [universal basic wage] has not yet found any pure precedent in implementation at the global level.

Among the most prominent of the antecedents of income transfer policies in Argentina is the Asignación Universal por Hijo (Universal Child Allowance [AUH]), aimed at the children of unemployed people, workers in the low-income informal economy and domestic service workers. It consists of a monthly cash transfer paid to one parent (giving priority to the mother) for each child under the age of eighteen. The aim is to achieve 100 percent coverage for children and teenagers. [20] Policies like these which aim at universal coverage by complementing contributory and non-contributory systems have proved to be effective in reducing inequalities in the country.

Like the AUH for the coverage of childhood, certain other policies such as pension moratoriums for older adults, and the Complementary Social Wage as an income supplement policy for PE workers, represent a set of important antecedents to consider when thinking about the UBW proposal and its modality of implementation. The level of casualized labor in Argentina, precipitated by the Covid-19 pandemic, requires new and novel responses from the state and strong public policies. The Universal Basic Wage that has been presented to the National Congress would be part of such a policy. But, as we have said before, it is only a first, if important, step. As the testimony of Natalia Zaracho, a congresswoman and former waste picker and representative of the popular economy movement, stated in the launch of this proposal:

It is important to discuss this, this initiative is very good. But the truth is that I am not happy to be discussing a universal basic salary. It is a step, but I would like to be discussing deep policies such as the Earth agenda, Roof, and Work.

As in the case of the AUH, the claim of the Universal Basic Wage to be “universal” does not lie in the extension of its coverage to everyone without distinction, but in guaranteeing that all people of working age have a decent income above the poverty line. It would guarantee an income for those who, even when working, do not reach it. The reference to a “wage” as a denomination seeks to make visible the reality of those who work, but are poor. The challenge is to achieve a floor of income and access to rights for the whole population throughout their lives.



... the claim of the Universal Basic Wage ... does not lie in ... coverage to everyone without distinction, but in guaranteeing that all people of working age have a decent income above the poverty line.

It is important to note that the UBW proposal goes far beyond the universe of popular economy workers to also cover phenomena such as unemployment. It could also have a substantially positive impact on reducing gender inequality; and on the care economy by guaranteeing a floor of income for many women whose main occupation is socio-community and care work, most of which is unpaid.[21] While it has not yet reached the social and political consensus necessary for its implementation, it is vital that it be moved forward in the labor environment of today, where traditional formal wage employment has lost its place as the norm and the organizing principle of social life, and when it no longer seems to have the capacity to recover that role.

Notes

1. The measurement of poverty with the poverty line method consists of establishing, based on household income, whether they have the capacity to satisfy—through the purchase of goods and services—a set of needs considered essential. The poverty line is determined by a total basic basket that includes food but also non-food goods and services (clothing, transportation, education, health, etc.).
2. The extreme poverty line determines whether households have sufficient income to cover a basic food basket capable of satisfying a minimum threshold of energy and protein needs; households below that line are considered extreme poverty.
3. Official statistics show that 7 percent of the economically active population is currently unemployed. Of the employed, 46.7 percent have a registered salaried job (formal labor market, with an employer), 26.3 percent have an unregistered salaried job (informal labor market, with an employer), 21.4 percent are in the popular economy (precarious work without an employer), 2.6 percent are professional self-employed, and 3 percent are employers who work for their own business or activity as well as hire permanent employees.
4. A basic food basket is capable of satisfying a minimum threshold of energy and protein needs; those people or households that cannot cover a basic food basket are considered to be living in extreme poverty.
5. According to data from the Observatory of Economic Conjuncture and Public Policies (OCEPP). See for example: OCEPP, “The Popular Economy. Total Workers, Income and Labour Transitions,” 2021, available at <https://www.ocepp.com/post/la-econom%C3%ADa-popular-total-de-trabajadorxs-ingresos-ytransiciones-laborales>.
6. See A. Cappa and J. Campana, “Between the crisis situation and structural inequality: notes for the construction of a universal social protection in Argentina”, in State and public policies between the social crisis and the search for equity (Buenos Aires, Flacso Argentina, pages 201-222, 2021).
7. The total percentage of poor people in the fifteen to twenty nine and thirty to sixty four age

groups are 43.3 percent and 32 percent, respectively.

8. See C. Martinez, A. Cappa, and F. Blasco, *The social security coverage in the popular economy in Argentina* (Buenos Aires: Friedrich-Ebert-Stiftung Argentina, 2022).

9. See OCEPP, "The Popular Economy."

10. The National Institute of Statistics and Censuses (INDEC) defines the economically active population (EAP) as those who have an occupation or who, without having it, are actively looking for it. The employed population are those who have at least one occupation, that is, who in the reference week of a survey/statistical operation have worked for at least one hour in some economic activity.

11. The National Registry of Workers of the Popular Economy (Registro Nacional de Trabajadores de la Economía Popular or by its acronym in Spanish RENATEP).

12. The registry of beneficiaries of the Emergency Family Income (IFE) granted by the Argentine state during the pandemic to the most vulnerable population reached more than 9 million people—another indication of the underestimated size of the popular economy.

13. OCEPP based on INDEC-EPH.

14. E. Pérsico and J. Grabois, *Organization and popular economy: our reality* (Buenos Aires: Confederation of Workers of the Popular Economy, 2014) available at <http://www.ctepargentina.org/descargas/1.pdf>.

15. Law 27345, available at <http://servicios.infoleg.gob.ar/infolegInternet/anexos/265000-269999/269491/norma.htm>.

16. <https://utep.org.ar/nuestro-sindicato>.

17. Also referred to as basic income, universal basic income, and universal basic wage.

18. Draft law, "Expansion of the Social Security System Through the Universal Basic Wage (SBU)," available at

<https://www4.hcdn.gob.ar/dependencias/dsecretaria/Periodo2022/PDF2022/TP2022/2083-D-2022.pdf>.

19. Draft law, available at

<https://www.senado.gob.ar/parlamentario/comisiones/verExp/1860.22/S/PL>.

20. Children of those with formal salaried jobs or belong to high-income groups are covered by the system of family allowances (or tax discounts) of the social security system.

21. See J. Campana and A. Rossi Lashayas, *Organization of care in the popular economy: socio-community work and its link with public policies* (Buenos Aires: Friedrich-Ebert-Stiftung Argentina, 2022).

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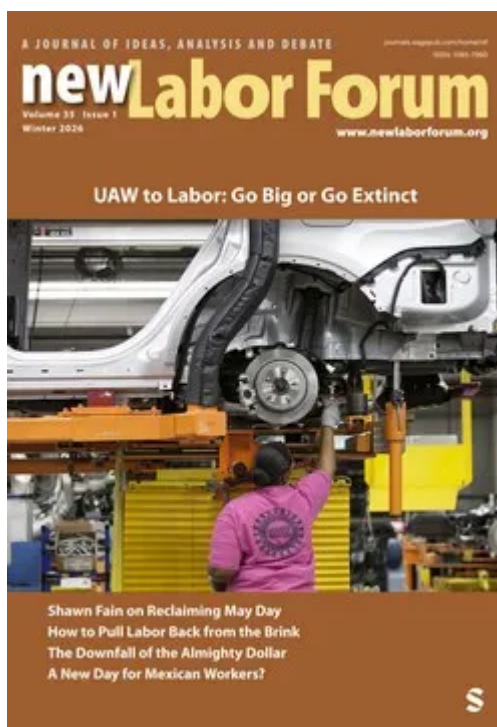
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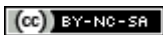
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