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Argentina: Factor 17: Good Governance

Argentina: Improving Agriculture Through Government

Argentina has a struggling economy that could potentially lead to hunger. This is concerning given the fact that Argentina is one of the greatest food-producing and food-exporting countries of the world, with an estimated 27,200,000 hectares (67,210,000 acres) of arable and permanent cropland (Nation's Encyclopedia n.pag). Argentina is the second-largest country in South America with a total area of 1,068,302 sq mi (Nation's Encyclopedia n.pag). The geography of Argentina is very unique with rain forests, swamps, grasslands, a lengthy plateau, and the Andes Mountains (World Atlas n.pag). The average population density is about sixteen people per square kilometer (Trading Economics n.pag), and thirty percent of the country is below the poverty line (The World Factbook n.pag).

Argentina is struggling to overcome an economic crisis that occurred in late 2001 (Stratfor n.pag). The crisis began when the peso was legally pegged to the dollar by Economy Minister in hopes to end hyperinflation. However, when Brazil devalued its real, foreign investors and buyers found they could buy more with their dollar in Brazil, so foreign investment and exports dried up (Time n.pag). Also, the crisis can be blamed on the extensive borrowing by the government, which resulted in a lot of debt, domestic and foreign, and sending the domestic interest rates up (Time n.pag). Due to the government's extensive borrowing, credit became expensive for businesses, forcing many to close. Due to a wave of privatization in businesses, mostly in utilities, prices for such things increased, leading to unemployment (Time n.pag). Thus, a domino effect was in place.

The main problem was the decline in industrial output and the over-reliance on agriculture to export enough goods to supply foreign currency reserves. The foreign exchange is critical for paying for natural gas, fuel, machinery, electronics, and cars (Stratfor n.pag). To keep domestic prices for consumers low during the crisis, the government made large populist spending commitments. The impact spurred consumption of everything from beef to natural gas without increasing revenues to the companies producing the goods. This resulted in declined productive capacity due to companies becoming unable to increase investments to meet the rising demand (Stratfor n.pag).

Persistent inflation has been triggered by the government expanding the money supply by an amount equal to forty percent of the annual gross domestic product. Argentines have been pulling billions of dollars out of the economy due to lack of confidence in the peso (Stratfor n.pag). By sending leaders of agriculture, or even simply ordinary people in agriculture, from the United States, they could talk to the Argentines and possibly the leaders about ways to improve the economy via agriculture. By encouraging the Argentine government to be positively involved in agriculture, without leaving a negative impact on the country.

Most of the population lives and works in urban areas, with about a third of the population in Buenos Aires, the capital. Therefore the rest of the population is living in smaller cities (Argentour n.pag).

According to gross domestic product figures, the average person is living on \$3800 USD per year, with most of the expenses costing a third of what they are in the U.S. (Expat Argentina n.pag). There are still large farms or estancias in many areas of Argentina. In fact, cattle ranches are common near Buenos Aires. Other estancias may be sheep ranches, or vineyards, orchards or fields of grain. In fact, some very large estancias are like little villages, with their own chapels and schools (Argentour n.pag).

Argentina has a traditional family structure. The father is considered the head of the family, while mothers are in charge of the household. Sometimes young married couples live with their parents in separate quarters built onto the house, or find their own place (Argentour n.pag). Despite tradition, Argentinians believe women have the right to a career, marriage, and a family. In fact, some families have hired help for domestic chores (Argentour n.pag).

In rural areas, people live in single family homes, with sixty percent of Argentines owning their homes, often building additional rooms rather than moving to larger houses (Argentour n.pag). Meanwhile, in the urban areas most live in apartment buildings. While the apartments do have modern facilities, the rent and electricity are very expensive (Argentour n.pag).

Argentina has a very structured educational system. It starts at kindergarten for children ages two to five, followed by primary schooling at age six (Education in Argentina n.pag). In addition, there are two options when it comes to schooling: either six years of primary school followed by six years of secondary school, or seven years of primary school with five years of secondary school. Following secondary school, students may take an exam for enrollment into one of Argentina's state universities (Education in Argentina n.pag). This is a very interesting system, due to the fact that one can get up to thirteen years of free public education.

The main crops grown in Argentina are cereal, oil grains and seeds, sugar, fruit, wine, tea, tobacco, and cotton. Argentina is one of the world's biggest producers of flaxseed, as well as sunflower seed oil (Nation's Encyclopedia n.pag). Impressively, the soybean production was around 78,000 tons in the 1970s, then rose to eighteen million tons in 1999. In addition, Argentina is one of the leading producers of wine, accounting for 4.5 percent of the world's total production (Nation's Encyclopedia n.pag).

The main staples in Argentina are beef, wheat, fruit, and vegetables. The food is mostly Mediterranean with a large emphasis on products locally grown (Typical Food of Argentina n.pag). Interestingly, locals eat mostly beef dishes, which may seem odd with so much seafood nearby. Main dishes are usually beef, with vegetables as a side dish (Argentine Food and Typical Diet n.pag). Also, Argentines don't eat anything salty or eggy for breakfast, it usually consists of sugary pastries or anything sweet, with coffee or tea (Spanish Vamos Academy n.pag).

The medical care in larger cities is generally good, however quality and availability can vary outside Buenos Aires. Private physicians, clinics and hospitals expect cash payment immediately following health services (Just Landed n.pag), which may be a struggle for some. In addition, there are three main health providers, the first of which is the public sector. This provides free clinical care for hospital inpatients and outpatients, covering about fifty percent of the population. Secondly, there are mutuals or social plans that are administered by trade unions, so employers pay a fixed fee. This used to cover about forty-five

percent, however, due to an increase in unemployment, the percentage has dropped (Just Landed n.pag). Lastly, there is the private sector, which covers about five percent of the population, where patients meet the total cost of their medical care (Just Landed n.pag).

In Argentina, there are five types of farm ownership. To begin, there are family owned and operated farms, as well as larger family operations. However, on the larger family operations, the family does not live on it; there are contractors called in to work there (Farmer's Weekly n.pag). Next, there are investment groups, who use contractors as well, but often do not even see the farm. Lastly, are the corporate farms, in which the land is owned and the farming is on a larger scale (Farmer's Weekly n.pag).

Pollution and the loss of agricultural lands are some major environmental issues in Argentina. Erosion, salinization, and deforestation are threatening the soil (Encyclopedia.com n.pag). Soil erosion is due to the usual heavy rains of Argentina. To help solve this issue, Argentinian farmers tried no-till in the late 1970s. No-till is now used on over eighty percent of the crop land in the country (Farmer's Weekly n.pag). Also, dumping of pesticides, hydrocarbons, and heavy metals are threatening the water supply (Encyclopedia.com n.pag). An additional issue would be the struggle for farmers to compete with other farmers due to the difference in labour wages. The issue is that due to inflation, labour prices have gone up in agriculture (Farmer's Weekly n.pag).

Approximately 37.9 percent of the population does not have access to what is considered in the U.S. a "healthy food basket" (Merco Press n.pag). This is very concerning giving the fact that family farms provide approximately 70 percent of the daily diet (Inter Press Service n.pag). Due to inflation, the cost to live has increased a great deal, especially with the more fresh, healthy foods.

These concerning factors, along with the government intervention and high taxes, are becoming major problems in Argentina's agriculture (Farmer's Weekly n.pag). In fact, farmers are saying that margins are tight and politicians can be a vexation to the agricultural sector (Farmer's Weekly n.pag). Taking the blame for the situation is President Cristina Fernandez de Kirchner. Farmers are saying that government intervention and high taxes have become major problems in Argentina's agriculture during her term (Farmer's Weekly n.pag).

The root of the tension between Argentinian farmers and the government revolves around three main issues. One problem is that there are export taxes on grain to go to the central government instead of the provinces where it was collected (Farmer's Weekly n.pag). Secondly, there is a lack of a clear policy on farming, agro-industrial development and tax, and there are several laws and changes enacted each day. Lastly, farmers lack the ability to acquire U.S. dollars with their harvest income to protect themselves against inflation and the devaluing peso (Farmer's Weekly n.pag).

Experts say that it is not the laws that are deficient in Argentina, but the failure to enforce the current ones. With the conflict of the economic crisis in 2001, the struggle to balance economic growth and environmental preservation is a major challenge (Foundation for Sustainable Development n.pag). At the moment, growth agendas are outweighing pro-environmental action (Foundation for Sustainable Development n.pag).

Growing public awareness about the condition of the nation's water supply has put pressure on the government to act, in addition to raising public interest in other environmental issues. However, to create enforceable policies, research must be done and the public must be educated so that they will not accept the propaganda and lack of enforcement, which has been the current government position (Foundation for Sustainable Development n.pag). This is why farmers are getting frustrated with the government. One organization that is working on this issue is the Foundation for Sustainable Development, or FSD. FSD interns and volunteers conduct very important research that informs many projects initiated by FSD host organizations, specifically research in public transportation, public awareness campaigns, national and international environmental law policies, and air emissions cataloging (Foundation for Sustainable Development n.pag). Other interns and volunteers support the implementation of project work that is fed by research. These various projects lay the foundation for a sustainable use of resources for several generations to come (Foundation for Sustainable Development n.pag).

It is time that the government of Argentina become aware of its environmental issues. The public must also be better informed and educated on the topic as well. Without the government being positively involved, the citizens will not play a role in helping, either. By educating the citizens, they could see the factors threatening their country, hopefully calling them to take action. Having individuals from such as USDA Farm Service Agencies take their knowledge from studies taken in the US to Argentina and presenting or having hands on experiences for producers as well as the government. Taking this knowledge down there to them will hopefully assist with FSD and other environmental organizations of Argentina to continue having the government make better sound decisions to improve the conditions of the country. Taking this action to the government could benefit the citizens as well as the economy.

By creating an internship position between the USDA Farm Service Agency and the FSD would allow for that continual open discussion between the two countries. This dialogue between the organizations should foresee improvement in the economy and agriculture. With such foundation the government could implement positive regulations to protect the environment and improve economic soundness for generations to come. Policies along the line of CRP or Beginner Farmer Loans could be used to assist in creating and sustaining current agricultural production to allow for an increase in the economic production of agricultural products. This would make a great opportunity for a Borlaug scholar to fill this position.

In conclusion, the current status of the economy of Argentina is concerning. With the inflation on a continuous rise, it is time that someone take action. Spreading the knowledge that we have could only benefit Argentina. This may seem like an insignificant solution, but the impact it could play is significant. The greatest resource is the citizens of Argentina. Therefore, the need for citizens' awareness of the importance and struggles of agriculture is a must.

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