



LABOR REFORM: MAIN REASONS FOR MODERNIZING THE ARGENTINE LEGAL SYSTEM

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Amid much dogmatic and political criticism against the labor reform bill, there are a number of undeniably true issues that are worth mentioning, namely:

1. **Argentine labor and employment law is now anachronistic.** It was created after the enactment of the Employment Contract Act in 1975, at a time when the only device was the mechanical typewriter, and it was based on postwar sources (1945). Despite its subsequent amendments, and different breakthroughs and setbacks, the original model has been kept so far;
2. **Collective bargaining agreements were established in 1975** (most of them were made that year) and in spite of several reforms, they are also anachronistic and call for significant modernization to be agreed by their signatory parties;
3. **The invisible monster of exponential technologies** has accelerated labor modernization in all core countries, in particular after the pandemic, when remote work boomed. Spain, France, Great Britain, the United States, and Italy have already undergone several waves of reform. For instance, just take customer service apps, online banking and e-wallets, smartphones,

social media, the impact of neural networks, robotics, automation, and nowadays, the revolution of Generative and Creative Artificial Intelligence;

4. **The main goal of the 1975 labor and employment law was to codify fundamental labor rights, along the lines of the Argentine Constitution passed by Congress (Section 75, subsection 12 of the Argentine Constitution). Today, the top priority is to modernize the Argentine legal system with the main aim of job creation in the context of emerging technologies;**
5. **It is crucial to build on what has already been built.** Therefore, workers' fundamental rights should not be compromised. Freedom of contract should be promoted, clearing all obstacles and hurdles that may come in the way. **Workers' weak position and vulnerability as against employers should be counteracted by a strict observance of the general principles of labor and employment law;**
6. It is widely known that in the last fifteen (15) years **job creation has been frozen.** From 1991 up to date, **the rules designed to combat unregistered employment completely failed as clandestine work tripled;**
7. **Labor modernization** is clearly a responsibility of the National Government, specially Congress, together with employers and business organizations, unions representing public and private sector workers, NGOs and non-profit entities;
8. **Labor modernization also aims to provide clear and transparent rules that have led to conflicts and contradictory court rulings,** which in many cases are still sources of legal uncertainty. For example, many court rulings about imposing interest on awarded damages in labor claims proved to be confiscatory.
9. **The General Confederation of Labor (CGT), the Argentine Industrial Union (UIA), business chambers and the National Government have all agreed that the rulings awarding disproportionate damages that were revised by the Supreme Court of Argentina and the City of Buenos Aires were confiscatory, violated the right to property, the right to a fair trial, destroyed companies - especially SMEs - and also destroyed job positions in those companies that could not afford such payments;**
10. **Job opportunities are created when there is a modern regulatory framework coupled with economic growth, providing extraordinary chances to challenge the future.** In this scenario, it is imperative to have a fiscal balance, overcome inflation, build confidence through clear and permanent rules, which give local and foreign investors predictability in

the short and medium run while ensuring productivity and competitiveness.

This conversation about **labor modernization** will surely help adopt effective rules and actual predictability, in particular to provide legal certainty, ensure freedom of contract, based on a new legal model that promotes employment in the world of exponential technologies.