Argentina seeks 'better conditions'

by Carlos Méndez

"Argentina is in solidarity with Brazil for the unilateral suspension of payment of interest on the debt, but for now this does not include a common strategy, given that both countries are starting a decisive round of negotiations with the creditor banks," said presidential spokesman José Ignacio López on Feb. 24, in announcing that President Raúl Alfonsín had held a phone conversation with President José Sarney.

Consistent with this attitude, on Feb. 26 the Alfonsín government announced a new wage and price freeze, and a new devaluation of the austral currency, this time by 6.6%, although it also announced a reduction in interest rates. Before the freeze, the minimum wage only rose by 7% (which does not even cover the last quarter's inflation), while public utility and transit rates went up 2%, and gasoline prices rose 15%.

Economics Minister Juan Sourrouille said, in announcing the measures, that Argentina will not sell out the population's welfare to the creditor banks, but added, "We need to mobilize jointly to conquer inflation and continue to grow."

Economics Ministry adviser Roberto Frenkel said that Argentina would not declare a moratorium on payment of interest on the foreign debt—which is at $52 billion—because talks are "on a good track," and "suspension of payments would not be logical."

The talks don't appear to be going so well. The creditor banks still have not come up with a new $1.15 billion loan to Argentina as agreed. On Feb. 21 Finance Minister Mario Brodersohn stated that Argentina will not pay interest on its foreign debts if the banks do not grant that loan. On whether Argentina would take joint debt action with Brazil, Brodersohn said, in an inteview the same day in the daily, *La Nación*: "I would not put it in those terms. Obviously, Brazil is going to take decisions that are compatible with the needs of its own economy, and Argentina will take its own. . . ."

Labor, Church see eye to eye

On Feb. 21, the powerful General Labor Confederation (CGT) put out a news bulletin entitled, "The debt cannot be paid with the hunger of the people." It says: "With the same words on which the general secretary of the CGT, Saúl Ubaldini, based the union's principal dissent with the Argentine government's socio-economic policy, Brazil's President, José Sarney, defying the internal and international consequences of his decision, has just announced to the world that his government has declared a unilateral moratorium for an indefinite time on payment of interest on the foreign debt which was overwhelming his country's economy."

The CGT communiqué adds, "We have warned to the point of fatigue that the hotbed of every authoritarian regime is misery, and now President Sarney seems to be paraphrasing our thoughts when he warns that bills paid with misery, will also be paid with democracy."

The CGT also says that the government is destroying the internal market by orienting exports only toward "covering the deficits of the trade balance to be able to satisfy promises to international usurers." The communiqué notes that "to achieve competitiveness of Argentine products in the foreign markets," instead of protecting national producers, "they speculate with the cheapness of slave labor which is orchestrated, through the arbitrary fixing of the wage scale, by the government team which has its head in the Economics Ministry and its working claws in the Labor Ministry. . . ."

The CGT demands have won the backing of the Catholic Church. On Jan. 28, Msgr. Italo Di Stefano, chairman of the Argentine Bishops' Social Pastoral Commission, said that "strikes hurt us all, but what hurts us worse are the causes of the strikes." Monsignor Di Stefano—who is organizing Pope John Paul II's visit to Argentina in the second week of April—also said, "businesses should be the very center of help, with their own rights and in solidarity, of manpower, technology, and capital to create wealth for the progress of the population," but that this does not now occur because of "the high cost of money, usury, speculation, and foreign debt."

The farmers, meat producers, and industrialists have manifested heavy opposition to the Alfonsín government's economic policy, which they accuse of cutting off credits for production, raising interest rates, and undermining production more and more.

On Feb. 8 President Alfonsín sent Congress a labor bill to eliminate the right to strike, and decree a "state of economic emergency" which would let him impose more austerity. Yet, President Alfonsín sent to Pope John Paul II a message expressing his "complete agreement" with the document recently put out on the foreign debt problem by the Pontifical Commission "Justitia et Pax," which condemns the usury of high-interest rates, and states that no government can morally oblige its people to suffer austerity. The Alfonsín message, published on Feb. 25 by the daily *Clarín*, says: "Let me state, in the first place, my approval of the decision that led the Holy See to concern itself with the foreign debt of our countries. . . . The document is a lofty stimulus for those of us who have insisted over the years on the gravity of the question and sounded the alarm on the risks of entrusting this situation to market forces and direct negotiations between creditor banks and developing countries."