

death of a student, gave Roh the leverage to press his demand.

For Koreans, the turnabout “had the effect of a political nuclear bomb,” reported the Japanese daily *Mainichi*. In South Korea’s Confucian society, where the premium is placed on consensus and loyalty, Roh’s direct challenge to Chun sent a shockwave through the country, and silenced the opposition.

After 48 hours, President Chun himself addressed the nation, giving his promise that, depending upon agreement on constitutional revision with the opposition, direct elections will be held late this year, in time for Chun’s scheduled departure from the Blue House in February 1988. The President appealed to South Korean patriotism and pride. “Now, let all of us create another legend to bring our country into relief in world history, not simply as an economic example, but as a political example. After giving up past practices of misunderstanding, mistrust, and mutual hatred, we, as members of the same nation and country and as fellow democratic citizens, must expand trust and reconciliation.”

The President further warned that “if any attempt were to be made to cause social disorder by lawlessness and violence for any reason whatsoever, it will be regarded as an attempt to destroy the liberal democratic system, and the people will not tolerate this.”

The government has since made additional concessions. President Chun resigned from the leadership of the Democratic Justice Party, the cabinet was reorganized in order to give the appearance of assuring fair elections, and on July 22, the leading parliamentarians of both parties agreed to waive a clause in the constitution which prohibited opposition leader Kim Dae Jung from running for President.

The government has managed to seize the moral high ground, for the moment. In addition, it hopes that the tensions between the two opposition leaders—Kim Dae Jung and Kim Young Sam—will be exacerbated and lead to a divided opposition that can thus be defeated.

For the Korean military, the danger is the ascension to power of Kim Dae Jung, whom they suspect of being an agent of the North, and key generals have let it be known that the military would not permit Kim to become President. Certainly, Kim Dae Jung would be a willing negotiating partner with the North for the expulsion of the U.S. military presence in South Korea and a Soviet-Chinese-sponsored “reunification,” and this is why his return to South Korea and bid for power has been sponsored by the U.S. State Department and its Project Democracy fronts. A demand from Kim Dae Jung for the immediate creation of a caretaker bipartisan government was heralded on the op ed page of the *New York Times*.

Only the day before Pyongyang issued its peace offer, Assistant Secretary of State Gaston Sigur addressed the Foreign Policy Association in New York and urged that Pyongyang cooperate “in lessening conflict and strengthening regional peace.”

Alfonsín, IMF push Argentina to brink

by Cynthia Rush

The Argentine government of Raúl Alfonsín is portraying the upcoming Sept. 6 elections for several key gubernatorial and congressional posts as a test of the four-year-old regime’s success as a “democracy.” In the midst of extraordinary economic crisis, which will deepen as a result of new accords with the International Monetary Fund, Alfonsín is telling Argentines that if Radical Civic Union (UCR) candidates aren’t voted into office over opposition Peronists, the country will sink into chaos.

Acts of violence—bombings, murders, assassination threats—have accompanied this election campaign, as also occurred prior to the 1985 congressional elections, when citizens were told that a vote against the UCR was a vote “against democracy.” In recent weeks, bands of unidentified terrorists have bombed several UCR offices around the country; the editor of the ultra-right-wing newspaper *Alerta Nacional* was murdered; and word of an assassination plot against Alfonsín by French terrorists was leaked to the press.

On June 29, news that the tomb of Gen. Juan Domingo Perón had been desecrated by an unknown commando shocked the nation. Individuals entered the Perón family tomb at Chacarita cemetery in Buenos Aires, stole the general’s sword and cap, and severed the hands from the cadaver. Letters received by Peronist leaders Vicente Saadi and Carlos Grosso warned that the hands would be “pulverized,” unless the perpetrators received the sum of \$8 million to pay “a debt owed us by Perón.”

The government promised an immediate investigation, but promptly announced that “right-wing extremists,” wishing to destabilize the nation, had carried out the desecration. To date, the investigation appears to have gone nowhere; and few have bought the “right-wing destabilization” explanation.

The word on the street, among angry Peronist activists and trade unionists, is that “the government did it.” Political observers speculate that the State Intelligence Service (SIDE), a bastion of UCR political appointees which is advised by the Israeli Mossad, was likely involved, perhaps in connivance with other government officials. They also fear that in combination with the devastating economic situation, and contin-

ued military unrest, Argentina could explode in an unprecedented political crisis, after the Sept. 6 elections.

IMF: more blood

In late June, the IMF announced its decision to grant Argentina \$2.1 billion in "new money," of which \$660 million has been disbursed thus far. In addition, Argentina's commercial bank creditors are about to finalize details on a \$1.95 billion loan package, the first disbursement of which is expected to come through in August.

The government boasts that these loans are a sign of creditor "confidence" in Alfonsín's democracy. That is hard to believe since Argentina failed to comply with virtually every IMF guideline established for the second quarter of 1987, in the categories of fiscal deficit, inflation, monetary issuance, and trade balance. The country is headed for well over 100% inflation this year, if current trends continue.

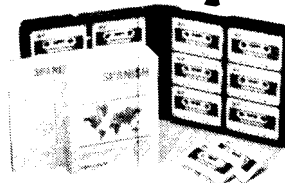
Because this year's trade balance is estimated to be no more than \$800 million, rather than the hoped-for \$2.7 billion set in the national budget, the government has been forced to dip into its reserves to service its \$50 billion in foreign debt. Available reserves reportedly are no more than \$686 million—enough for only *two months* of imports.

For political reasons, the IMF waived Argentina's non-compliance with second-quarter guidelines, and granted new funds. Banks have a certain stake in promoting Alfonsín's success. But, the Fund says, the Argentine President had better produce results. The agreement calls for raising interest rates above existing levels of 15% monthly; reducing the fiscal deficit by increasing taxes and rates on public utilities, and implementing a new package of measures for "structural reform," which will meet creditor demands for privatizing the state sector, and opening up the economy to asset grabbing.

The Peronist party's municipal council in Buenos Aires issued a document characterizing the government's economic authorities "as designers not of a sovereign policy, but as the Fund's ambassadors in Argentina." The Peronist-run General Confederation of Labor (CGT) is considering mass protest actions against these austerity measures; and the Argentine Industrial Union is expected to rebel against higher interest rates.

But on July 20, Finance Minister Juan V. Sourrouille went on national television to announce further "reforms." He reported that the Treasury would assume the foreign debt of state-sector companies, but would no longer provide them with any financial assistance for their functioning. They would have to generate revenues to finance their activities, or be bought up by private concerns, probably leaving tens of thousands of state-sector employees jobless in the process. He explained that state sector companies in the area of petrochemicals would be the first targets of privatization, and that national transportation and airline companies would be deregulated in order to foster "competition."

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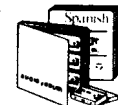
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