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Argentines say 'enough!' to IMF

by Cynthia Rush

Two months after his austerity policy was overwhelmingly repudiated at the polls, Argentine President Raúl Alfonsín faces economic upheaval, and mass political unrest, because of his refusal to abandon the International Monetary Fund's dictates. Organized labor, and industrial and agricultural producers are in a state of alert around the country, mobilized against the latest version of the IMF's "shock" program, announced on Oct. 14.

Argentina's bankruptcy is such that the government reportedly came close to declaring a debt moratorium on Nov. 6, in the midst of intense negotiations between the Brazilian government and its creditors. Argentina's foreign reserves are at an all-time low of $400 million; and the IMF and commercial banks had delayed disbursements of agreed-on funds. Only last-minute action by the IMF, and release of a $500 million bridge loan from the U.S. Treasury, on Nov. 9, prevented the moratorium, according to Brazilian sources.

Despite this, Alfonsín is determined to impose an orthodox monetary policy, which will plunge the country into deeper crisis. The package announced on Oct. 14 includes wage and price controls, 10-20% increases in public utility and service rates, unregulated interest rates, and an enormous tax increase, the brunt of which will fall on industrial and productive sectors.

On Nov. 4, the 3 million-strong General Confederation of Labor (CGT), controlled by the Peronists, held a 12-hour general strike against this IMF policy. Describing this action as only the first phase of a nationwide campaign of "alert and mobilization against surrender, hunger, unemployment, and misery," CGT Secretary General Saúl Ubaldini demanded the resignation of Finance Minister Juan V. Sourrouille and his economic team, "for the good of the country, and the workers."

Observers report that the strike was one of the most effective and disciplined carried out by the labor federation, and constituted a severe political blow to Alfonsín. In his speech before 60,000 workers at the Plaza de Mayo in Buenos Aires, Ubaldini responded to Sourrouille's assertion that current economic policy is "not negotiable," with the statement "that what cannot be negotiated, as an external guarantee to satisfy the IMF's pretentions, are the privations of the Argentine people."

The CGT is demanding that the government adopt the labor federation's 26-point program, elaborated two years ago, which calls for a moratorium on the nation's $54 billion foreign debt, and establishment of a credit and monetary system which favors economic and industrial growth rather than speculation.

Until now, most public protest against economic policy has come from the labor movement. But the deepening crisis has forced industrial and agricultural producers to raise their voices too, especially in the interior.

On Oct. 28, the entire province of Santa Fé went on strike for 24 hours, led by the Provincial Businessmen's Assembly for Growth (APEC), and backed by every industrial, agricultural, and producer association across the province. The government's economic policy "is sweeping us into an intolerable state of decadence," APEC charged. The businessmen's association in the industrial center of Rosario, characterized the strike as a "serious and drastic warning to the national government, and its economic policy. We say, enough of this policy!"

The executive committee of the Argentine Industrial Union (UIA) has been meeting in emergency sessions over recent weeks, to hear reports of plummeting sales and production from its provincial chapters in Santa Fé, Córdoba, Mendoza, San Juan, and La Pampa. Other regional and provincial organizations say government policy is a threat to their very existence, and warn that they will carry out province-wide strikes, following the Santa Fé example, if the new austerity package isn't dropped.

IMF equals balkanization

As expanding protest shows, the process of national disintegration resulting from IMF policy is reaching the limits of toleration. Denied needed funds by the federal government, provincial governments have been left to fend for themselves; this has meant taking steps such as creating their own currencies, or making deals with the Soviet government when credit is unavailable elsewhere.

Two years ago, the northern province of Salta issued its own currency—"Salta bonds"—in order to meet its provincial wage bill and ensure continuation of vital services. Today Salta bonds are preferred over the national currency, the austral. At least two other provinces have taken similar steps.

One source told *EIR*, "It's almost like a lottery. . . people are offered prizes, as an incentive to use the bonds." Alfonsín's economic policy "is turning us into a group of small republics, each independent from the other," he said.

Yet the national government is exacerbating the problem. Through Finance Secretary Mario Brodersohn, it announced it would not pay almost 2 billion australs promised to the provinces, as part of a revenue-sharing agreement. The central bank has also just taken steps to deny rediscounting facilities to state banks in the interior of the country, making credit for production even more accessible.

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