

According to measures announced on April 5, exporters and importers will now be able to operate using both the official and the unofficial exchange rate, transacting 50% of their business in each. Previously, exporters were forced to exchange dollars at the commercial rate of 15 australs to the dollar, and then watch the government trade those dollars on the free market at close to 50 australs to the dollar. For the agricultural sector, whose exports provide the bulk of Argentina's foreign exchange, this meant millions of dollars in losses. The new mix means an effective devaluation for agricultural exporters of close to 40%.

These measures are meaningless, however. Argentina has been battered for five years by International Monetary Fund policy, and citizens want to know how the next President is going to change that. Angeloz says he can do a better job of implementing IMF policy than Alfonsín has done, promising to privatize the entire state sector, impose more drastic austerity, and dismantle the organized labor movement, while paying foreign debt. But it is Menem's call for a "revolution of production," promotion of Ibero-American integration and defense of national sovereignty, that appeal to broader layers of the population, especially the working class and the poor.

Menem's program

In an interview published in the March 26 issue of the Buenos Aires daily *Clarín*, Menem explained, "We are talking about integrating ourselves, first with Latin America, to build a common market, to create continentalism. A continent with work and production, to give happiness to our people." The Peronist candidate warned that foreign creditors want to "impose policies from abroad. Look what happened in the case of Venezuela: They followed the policies which the Monetary Fund told them to, and they had over 300 dead."

In the interview, Menem outlined a series of infrastructure projects which he hopes to implement if elected. These include crucial irrigation projects, to put 200,000 more hectares under cultivation in five provinces; construction of deep-water ports; hydroelectric projects; and the completion of the long-delayed Yacretá dam and Atucha II nuclear plant, because, "without energy there is no production." Any plan for payment of the foreign debt must be subordinate to a program of economic growth, he added.

Such optimistic plans don't sit well with the Peronists' social democratic wing, which maintains a cozy relationship with the IMF and the Socialist International. Worried that they might not be able to control a Menem presidency, the spokesman for this faction, Buenos Aires Gov. Antonio Cafiero, proposed on March 27 that even if Menem wins the May 14 elections, "the next government will have to be a coalition, and not [based] on one political party, because the country's grave crisis demands it." Presumably such a coalition would be with Alfonsín's discredited UCR.

Cardinal Sin on hot

by Antonio A.S. Valdes

We reprint here a March 29, 1989 commentary from the Business World daily of Manila, Philippines. The author, a businessman and columnist in the Philippines, explains why he has written to Jaime Cardinal Sin, the powerful head of the Catholic Church in the Philippines, to protest the Cardinal's agnosticism on the fight around the Philippines debt crisis and the IMF. The country is currently paying 45% of its export earnings to its foreign creditors. Emphasis is the author's. Mr. Valdes entitled his article, "An ecclesiastical cop-out."

Last week, for the first time in my life, I addressed a letter to His Eminence, the Cardinal Archbishop of Manila. I was emboldened to do so by an article which appeared on the front page of the March 21 issue of the *The Chronicle*, where on being asked to comment on the latest Letter of Intent submitted by the Aquino government to the International Monetary Fund, His Eminence was quoted to have said:

"I do not know what it is all about; you ask me about the Church, but not banking. . . . I should not interfere because I am not an expert, and I am too busy with other things to bother about additional loans."

I wrote with mixed incredulity, anguish, and frankly, exasperation. I wrote because I found it impossible to believe that these words were spoken by a man who has never hesitated to make known his views on just about everything else, from the re-entry of Harry Stonehill to graft and corruption in the administration.

And I wrote because I found it even more difficult to accept that they emanated from the highest ranking member of the hierarchy in this most Catholic of Asian nations, who also happens to be the second—if not actually the first—most powerful person in the country.

Why, I wanted to know from the good Cardinal, the sudden reticence and modesty about so fundamental and critical an issue as the foreign debt?

And why, when the Church would have all of us agonize over the errors and perils of artificial birth control, divorce, and the fundamentalists, has its de facto spokesman seen fit to dismiss what many of us perceive as a matter of life and death so casually and, indeed, even callously?

And so I wrote His Eminence:

seat in IMF debate

"I lament the loss of a golden opportunity on the part of the Catholic Church to finally articulate its position on a matter affecting all of us Filipinos and millions of others whose governments are similarly influenced by the World Bank and the International Monetary Fund.

"I am convinced that the Filipino people, including our leaders in government and especially our negotiators, will appreciate being enlightened by the Church's position on debt. Then and only then can we be assured that our government's policy on debt also answers the moral questions attached to it.

"Banking acrobatics is a talent given to very few, but morality is everyone's responsibility."

Had he taken the bull by the horns in the instance, I told the Cardinal, he would have been standing on very solid ground. For in February 1987, the Pontifical Commission on Justice and Peace had issued a report, *An Ethical Approach to the International Debt Question*, setting forth in no uncertain terms the stand of the Church on this global malaise.

And barely a year after, John Paul II had adopted the commission's report *in toto* in his encyclical *Sollicitudo Rei Socialis*, which confirmed the "failure of the mechanisms" developed and implemented by the multilateral agencies, which merely worsened the economic predicament of countries which they supposedly are meant to help.

Is it at all possible that His Eminence has not had the opportunity to read and digest these vital documents, possibly the Catholic Church's most enlightened and boldest essay at defining its own moral and spiritual mandate vis-à-vis the world's most pressing economic and social concerns? (Why, I had asked in a previous piece, had the encyclical not been read from our pulpits?)

If so, then perhaps we should condense these lengthy pronouncements down to the most essential point they raise, which is:

"Debt service cannot be met at the price of the asphyxiation of a country's economy, and no government can morally demand of its people privations incompatible with human dignity."

Surely nothing can be more straightforward and unequivocal than that.

Asphyxiation, as in automatically setting aside in excess

of 40% of our revenues to keep our accounts current, even at the risk of defaulting in the delivery of the most basic goods and services to our people.

And as a consequence of blindly accepting the World Bank and IMF's prescriptions, we must bear such privations as inevitable and continue increases in power rates, the prices of food and other basic commodities, the price of gasoline and transportation fares, of imports and the cost of imports, and eventually of taxes.

All these, the latest Letter of Intent would have us swallow wholesale in return for imaginary carrots like the PAP and whatever alms the Paris Club promises to dole out, most of which will come from our debt service payments anyway.

Let me suggest to the Cardinal that to appreciate the gross imbalance and near-total loss of sovereignty now being foisted on our people, banking expertise is not necessary. But moral sensitivity, conviction, and courage are, and the imperative for such sensitivity, conviction, and courage does not disappear merely because one says: "I do not know."

To plead ignorance in the matter is a cop-out, pure and simple. It is to wash one's hands like Pilate while innocent, helpless people are condemned to carry the cross of abject poverty and starvation.

I'm sorry, Your Eminence, it just doesn't wash.

The old monetary system is dead. Put it in the closet, and open the closet to horrify children on Halloween. The question is, how do we build the new monetary system?

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