

Argentine President plots with U.S. to destroy Argentina

by Peter Rush

Two weeks after his party suffered a crushing defeat in his nation's presidential election, Argentine President Raúl Alfonsín is refusing to exit the political stage in a timely fashion, thereby condemning his country to the abyss.

He and his Radical Civic Union received barely one-third of the votes in the May 14 election, as against 49% for Peronist party candidate Carlos Saúl Menem, because of Alfonsín's worse than dismal management of the economy, which is now suffering greater than 60% inflation a month. But after a week of public statements suggesting a willingness to find some formula to shorten the constitutional seven-month lameduck period after which he would normally hand over power, Alfonsín on May 22 slammed the door shut on negotiations with the Peronists and vowed he would serve out his full term, no matter what the consequences for the economy and the nation.

With this dramatic move, Alfonsín confirmed that his purpose is not to solve the nation's ills, but to keep the Peronists, ardent nationalists, out of power, on behalf of the United States, until the U.S. can destroy the government of Panama, and until Alfonsín himself can finish off the nationalist current in the military and hand over to Menem and his party an economy so wrecked that it cannot be revived.

Alfonsín, a social democrat who has openly campaigned for 20 years to destroy the Argentine military, has been an integral member of the "Project Democracy" apparatus based in the United States. That is the apparatus which overthrew the Shah of Iran and Ferdinand Marcos of the Philippines, and has been gunning for the Peronists for half a decade.

The most hated man in Argentina

It apparently matters little to President Alfonsín that he may thereby become the most hated man in Argentine history. Ignoring the nearly universal sentiment in the country that he should step aside now, Alfonsín had demanded that Menem accept the very failed, International Monetary Fund-dictated economic policy that had caused the crisis in the first place, as the condition for handing over power early. "The talks are at a standstill," said Radical congressional leader César Jaroslavsky, speaking for Alfonsín, early on May 22. "The handover of power is inseparable from making an economic accord. If this is not reached, there will

be no handover of power."

In fact, for the previous week, the international financial press had been filled with nothing but calls for the Peronists to "accept reality," junk their campaign promises, and embrace the very monetarist policies they had campaigned against, if they expected to get any help from the international financial community. Numerous newspaper articles reported bankers saying Argentina would not receive a cent from them unless the Peronists accepted IMF-dictated monetary policies.

Then, on May 22, leaders of the Radical party communicated to the Peronists that they had until 9 p.m. that evening to accept their terms for an early transfer of power, or else all deals were off. Immediately rejecting the demand, Menem shot back saying, "Nobody can set us an ultimatum." Congressman Eduardo Bauza, the head of Menem's economic transition team and Menem's chief negotiator, told reporters that Alfonsín had sought "to shift to us the blame for the current situation without accepting any of the responsibility for it." He said, "In the face of this arrogance of the government, we cannot continue negotiating. . . . The economic measures that they take are the risk of the Alfonsín administration."

"What is certain is that we are resolved to govern unswervingly until Dec. 10, so no one should come and say that what might happen is reason for an earlier handover," Alfonsín told Argentines in his May 22 announcement that he was breaking off negotiations with Menem. "We are going to create not only a war economy but a crisis government. . . . We are going to carry forward a program with social awareness, but it will of course be tough, as everyone can imagine."

Just how "tough" was made clear on May 24, when Alfonsín announced the resignation of his cabinet and the appointment of radical monetarist economist Rodolfo Rossi to head the Central Bank. Rossi, linked to the Union of the Democratic Center (UCD) of Mont Pelerinite Alvaro Alsogaray, said that he had certain "conditions" for accepting the post, involving harsh fiscal and monetary austerity. News reports indicated that Alfonsín was looking to the UCD for other cabinet appointees as well, and was likely to purge the "left-wing" figures in his cabinet to whom he has heretofore been closest, led by Interior Minister Enrique Nosiglia, im-

plicated in the January 1989 guerrilla attack on the La Tablada military base in Buenos Aires.

However, Alfonsín's own finance minister, Juan Pugliese, before resigning, gave the lie to Alfonsín's putative effort to deal with the crisis, when he told a radio interviewer May 22, "We aren't fit to handle this situation until Dec. 10. . . . Nobody cares and nobody believes in this government's policies. There is no chance of imposing measures which do not bear the stamp of the next government." Leading political economist Rosendo Fraga concurred, telling Reuters May 23 that there was no chance of the Radical government imposing successful economic measures. "Only a change of government will create the credibility needed for a stabilization plan."

Population set to explode

With the nation suffering a classic hyperinflation, the Argentine people appear on the brink of a social explosion. Reports from the state of Córdoba can be expected to be repeated throughout the country in coming days. On May 24, 20 very poor people helped themselves to cartloads of food at a supermarket and refused to pay, and later, a group of 70 women besieged the same market, threatening to loot it if they were not given food. A woman burst into the state legislature shouting, "Do something. We can't take any more. We are the people and we do not know what to do to survive." And the Córdoba Chamber of Commerce even issued a statement saying, "The people are struggling at the limit of subsistence."

The cause of the spreading desperation is inflation that has become mindboggling. Inflation for May was over 60%, with 100% predicted for June while interest rates top 300% a month. These are equivalent, in annual terms, to yearly rates of 28,000, 410,000, and 1.67 billion percent, respectively, rates not experienced by any major nation since hyperinflation destroyed the German mark in 1923.

The immediate consequence is that no matter how fast they are raised, wages cannot keep pace with rising prices, spelling a sharp fall in real incomes. Most of the population has suffered a 30-40% decline in purchasing power of their wages since last fall alone. "You just can't make any plans. You can't say you'll buy new clothes next month or change your car or buy on credit because you don't know what your money will be worth," said one housewife.

The financial system is also paralyzed. The government declared a week-long bank holiday May 22-26, but when banks reopen May 29, many fear possible runs on their remaining austral accounts that could put them into bankruptcy. While some banks are offering unsustainable 300% interest rates on deposits, others are talking about refusing to reopen their doors.

The government is bankrupt. It has been unable for more than a month to print enough australs to maintain adequate paper money in circulation, and the Treasury is empty. Tax

collections are running at 50% of last year's level, a drop caused by the effect hyperinflation has on tax collections, which lag months behind tax assessments. And, the government is being squeezed by the necessity to redeem \$250 million in bonds that fell due on May 22, and must be paid the day the bank holiday ends. But barely \$500 million remains in the nation's reserves, imports, and the prospect that Argentina may default looms large.

While Menem's solutions to these problems have yet to be spelled out, he *has* made clear his commitment to Ibero-American integration, and major infrastructure projects to generate economic growth at home, policies to which the international community is utterly opposed.

Excerpts from a May 19 interview with Argentine President-elect Carlos Saúl Menem, by Colombia's Radio Caracol.

Q: Mr. Carlos Menem, could we speak about the Latin American integration that you so often mentioned during your electoral campaign?

Menem: I would be happy to travel throughout Latin America with a document saying "Carlos Menem, Latin American citizen," and with a pocket full of Latin American currency. . . . There is no future, no destiny for all the Latin American countries except based on this integration.

Q: Speaking of that open wound which is Panama, a voice of encouragement would be extremely welcome from the land of Argentina for that Republic which was once ours, until 1903, when it separated.

Menem: Yes, truly the fraternal people of Panama are going through a very difficult, very dramatic moment. I hope that it will soon solve its problems. There can be no doubt that it was a very sloppy electoral process, but the attitude that the United States assumed was also very sloppy and beyond all international norms. It is not possible for other countries to intervene in Panama's internal affairs. However great the United States, for which I hold great respect, there are fundamental principles in matters of international law: the self-determination of peoples and non-interference of one state, no matter how powerful, in the internal affairs of another, no matter how small.

Q: How do you think this serious problem of narcotic drugs should be handled in Latin America?

Menem: With a heavy hand, of course. I have insisted on the need for the most severe punishment of those responsible for this contemptible, this criminal trafficking. The trafficking of drugs annually involves nearly \$600 billion, of which some \$400 billion worth is sold in the United States. . . . The situation is truly dramatic. . . . Our fundamental concern in this area too must be to pursue to the end those involved in this contemptible business.