

Argentina after Alfonsín: Can the nation be rebuilt?

by Cynthia Rush

When Peronist Carlos Saúl Menem assumes the Argentine presidency in early July, he will be faced with the monumental task of rebuilding a nation that, over the past five and a half years, has been dismembered by President Raúl Alfonsín and his Radical Civic Union (UCR). The country that once held the promise of following in Japan's footsteps, and boasted of a formidable scientific infrastructure, today has 7 to 8 million of its 30 million inhabitants living below the poverty line, and a minimum wage level which, by the end of June, could be worth \$10—lower than that of Haiti. In recent months, large slum areas have sprung up around the major cities.

Alfonsín came into power in December 1983, promising that Argentina would never again be subjected to the usury, speculation, economic looting, or civil upheaval that it suffered at the hands of the 1976-83 military junta and Finance Minister José Martínez de Hoz, Henry Kissinger's cohort. Instead, the social democratic President, and his backers in the U.S.-based Project Democracy apparatus, set out to deliberately destroy every vital sector of Argentina's social and economic structure: industry, agriculture, the workforce, and the armed forces. Until April 1988, when it could no longer do so, Alfonsín's government slavishly paid interest on the foreign debt; and, in the name of "democracy," it undermined the nation's staunchly Catholic culture and moral values with policies that encouraged the growth of the drug trade, pornography, and "valueless" education. In this environment, a terrorist capability controlled from outside Argentina was also permitted to flourish.

In October 1983 *EIR* published in Buenos Aires the book *Argentina Industrial: eje de la integración iberoamericana (Industrial Argentina: Axis of Ibero-American Integration)*. Prepared by an *EIR* team, and with a prologue written by Lyndon H. LaRouche, Jr., the book detailed Martínez de Hoz's destruction, and outlined the program which could have launched Argentina on the path of both rapid industrialization and continental integration.



Four Ibero-American Presidents at a summit meeting in November 1987 in Acapulco, Mexico. Each of the four capitulated to the International Monetary Fund's austerity regime, and the economic and political fabric of each country is now being ripped apart as a result. Left to right: Argentina's Raúl Alfonsín, Mexico's Miguel de la Madrid, Brazil's José Sarney, and Panama's Eric Delvalle.

In a new chapter in the book's second edition, included in the pages that follow, we demonstrate that the Alfonsín government used Martínez de Hoz's economic destruction only as the *starting point* for plunging production and living standards into the downward spiral that has culminated in today's hyperinflationary nightmare. Today, the monetary and financial system is wrecked to the point that the national currency has been replaced by the dollar; citizens send their funds out of the country rather than place them in the banking system; families have no way of coping with monthly inflation rates of over 100%.

With their policy, Alfonsín and his socialist supporters intended to deliver a death blow to any nationalist sector or institution that might oppose Washington's condominium arrangements with Moscow—arrangements which relegate developing-sector nations to the trash heap. The Peronists, their powerful trade union movement, and nationalists within the armed forces were singled out.

Even despite the current destruction, however, if the Menem government demonstrates the necessary political will, it could break Argentina out of the IMF's grip. This is the fear that Viktor Volsky, head of the Latin America Institute of the Soviet Academy of Sciences, expressed in July 1988, when he warned that the Peronists were "too unpredictable," and too subject to taking such "extreme" actions as declaring a debt moratorium. He added that U.S. experts agreed.

Washington and Moscow also agree that Argentine nationalists cannot be allowed to stand in the way of their strategic deals. Unable to defeat Peronism at the ballot box, the Alfonsín government has geared every action of the last

three months toward exacerbating multiple crises, especially on the economic and military fronts, with the purpose of forcing Menem to compromise himself by making deals with the very oligarchical forces he says he opposes.

To the degree that he has accepted such compromise, seen in his desire to maintain "good relations" with foreign creditors, Menem's ability to rule in the national interest has been weakened, even before he takes office. But if that's not enough to hem in nationalist forces, a second option is to prevent Menem from taking power altogether. As we go to press, Alfonsín and the Army high command are deliberately provoking a renewed crisis in the army, in a way which could affect the constitutional transfer of power. By ordering federal judges to resume trials of military officers charged with human rights violations during the 1970s "war against subversion," a source of enormous officer unrest, and permitting the largely liberal Army high command to decapitate the nationalist sector through retirements and sanctions, Alfonsín is risking provoking a response from either the liberal or nationalist sectors, which could result in bloodshed.

Most dangerous is Menem's pragmatic acceptance of the program formulated by the Soviet-linked grain cartel Bunge and Born, and his selection of cabinet ministers of the cartel's choosing, such as Finance Minister Miguel Roig. Based on the econometric model of U.S. Nobel Prize-winner Lawrence Klein, the Bunge and Born plan is at best a neo-Keynesian scheme which might offer the country a short breathing space, but whose fundamental goal is to keep Argentina functioning within the framework of IMF conditionalities. Like most other pro-IMF programs, it is doomed to fail.