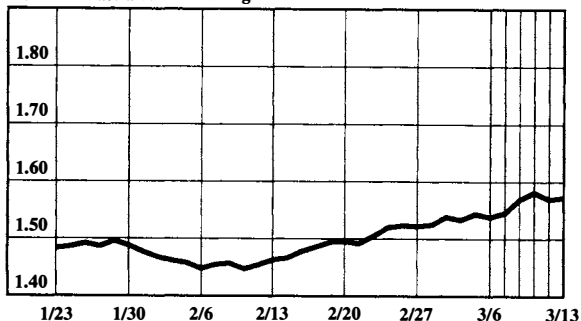


Currency Rates

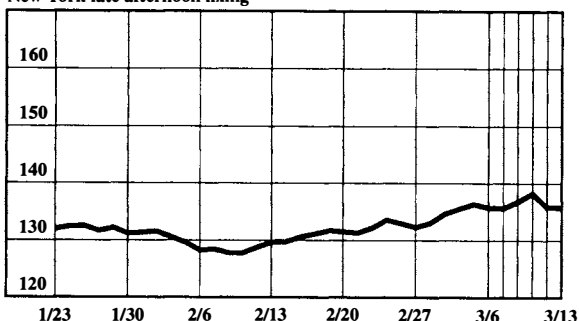
The dollar in deutschemarks

New York late afternoon fixing



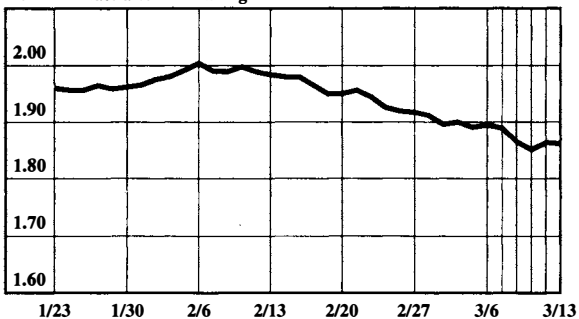
The dollar in yen

New York late afternoon fixing



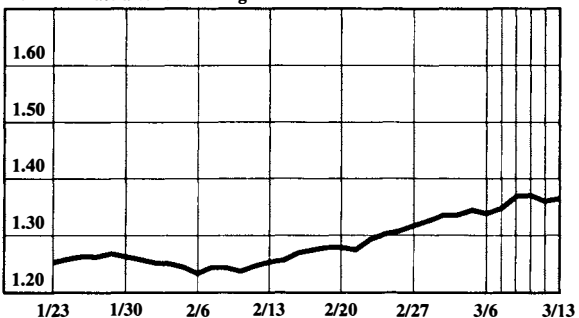
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Argentine economy wracked by chaos

by Cynthia Rush

As has become his custom, Argentine Finance Minister Domingo Cavallo went on national television on March 8 to give a detailed explanation of the country's economic performance and to promise that by April, he would have all the books balanced and everything "in order." The exchange rate would be stabilized, he said, and state-sector employment reduced dramatically through a harsh program of "administrative rationalization." The Harvard-trained minister predicted that by May, the government would be in a position to begin the process of "immediate economic reactivation."

Cavallo's report has little to do with the reality of the Argentine economy, which is plunging deeper into depression and isn't about to be "stabilized" by more draconian austerity. Moreover, the nation is plagued by strikes, corruption scandals, social unrest, and rumors of President Carlos Menem's imminent resignation. The minister's predictions are tied to the government's efforts to negotiate a new \$1 billion standby agreement with the International Monetary Fund (IMF), as well as with efforts to portray a picture of stability in preparation for next September's congressional elections in which the Peronists generally, and Menem's faction in particular, are expected to lose badly.

In February, Argentina became ineligible to receive the last \$240 million tranche of a standby agreement signed in 1989, when it failed to meet the IMF's fiscal and monetary goals. To qualify for a new loan, it must show a \$5 billion trade surplus and a \$4 billion equivalent primary budget surplus in 1991; if the government meets these goals, it will receive \$700 million this year and the balance of \$300 million in 1992.

In a March 8 press conference with Central Bank president Roque Fernández, the head of the IMF's negotiating team, Armando Linde, told reporters in Buenos Aires that the IMF would "support the Argentine economic plan if recently announced measures to lower inflation, improve the balance of payments, and achieve stability, were complied with." Linde emphasized that agreements have already been reached on reducing tariff barriers to imports and "opening up the economy." The IMF official explained that there are "two pillars" to the Menem government's program: privatization of state companies, and continued monthly interest payments on the foreign debt. Underscoring the IMF's demand for even harsher austerity, Linde said that "the fiscal question is the