

# Argentine riots challenge IMF grip on Ibero-American nations

by Gretchen Small

Even as the Russian elections delivered a nasty jolt to the advocates of the International Monetary Fund's free trade scam against the former Soviet nations, riots and protests broke out in Argentina against that same economic program, shaking IMF control over the very Ibero-American countries which Russians have been told to study as proof that IMF policies will eventually bring stability, if only applied long enough.

The December riots were no local outburst. As honest political leaders across Ibero-America recognize, rebellions against the IMF, either organized or spontaneous, orderly or violent, can explode at any time, in any country of the region.

Wire services described the Argentine riots as "a pale copy" of the violent anti-IMF riots in Venezuela in February 1989, known as the *Caracazo*. The comparison is apt, and carries a dire warning for pro-IMF governments across Ibero-America. Venezuelan President Carlos Andrés Pérez bragged for several years that he saved IMF policy in 1989 by ordering the military to restore order—an estimated 3-4,000 people were killed by the time the riots were suppressed—but Venezuela's national institutions never recovered from the shock, as the leaders of two separate military uprisings in 1992 later testified. In 1993, Pérez was ousted as President, before his elected term of office had finished. Now President-elect Rafael Caldera, who assumes office in February, must decide whether he, or anyone, can govern Venezuela without dumping Pérez's IMF policies as well.

The contrast between myth and reality of IMF policies could not be sharper than in Argentina. On Dec. 10, the London *Financial Times* and the *New York Times* both hailed Argentina as "the next Mexico in Latin America," a financial success story which had international investors snapping up at record rates a new issue of Argentine government dollar-denominated "global bonds." The response shows how "more and more investors look favorably on Latin America," now that the North American Free Trade Agreement has passed, the *Times* wrote.

That same day, riots broke out in La Rioja, the home province of Argentine President Carlos Menem. Government buildings were attacked, and statues and monuments destroyed in the central plaza, in what the *Clarín* daily described as a "battle" between rioters and police. The riots followed an announcement by the governor of a new austerity budget, mandated by the federal government, which required banning

salary increases and the firing of thousands of state workers.

Menem cancelled a visit to his home planned for that weekend, sent in several hundred more gendarmes, and left a few days later for Europe. On Dec. 16, Menem met in Rome with Pope John Paul II, who urged the President to remember that the poor should not bear all the cost of his "economic miracle. . . . It is up to public officials to ensure that the most vulnerable are properly protected and guaranteed access to the goods they need," said the pope.

In reporting the pope's message, Reuters added: "As if on cue, half a world away in Santiago del Estero, one of Argentina's poorest provinces some 650 miles northwest of Buenos Aires, civil servants went on a rampage, looting and setting public buildings on fire after being told they would not be paid overdue salaries."

The riots in Santiago del Estero surpassed anything seen in La Rioja. Over Dec. 16-17, some 4,000 protesters burned to the ground the provincial legislature, the state house, and the courthouse, and attacked the homes of government officials. Four people were killed and more than 100 wounded, three gravely. Damages were estimated at more than \$7 million. After an hour, local police simply retired from the fray because, as the local chief of police explained, "Had we attempted repression, this would have been a catastrophe."

These riots erupted against the same federal "adjustment law" for provincial finances over which La Rioja had exploded, a law which, as *Clarín* summarized it, "would substantially reduce the wages of those public employees who are not being thrown into the streets." Santiago del Estero has an estimated 40% unemployment rate; with farming and industry near collapse, 80% of the labor force that is employed works for the provincial government, which in turn is so bankrupt that the provincial workers had not been paid their \$350 per month salary since August. The announcement of wage cuts and firings on top of that, blew the situation out of control.

## Reality? What's that?

The mood is ugly throughout the country. Demonstrations of thousands have continued in La Rioja, as well as the northern province of Tucumán. Judicial workers in Buenos Aires threatened to burn down the capital's courts if wage increases weren't granted. On Dec. 23, rock-throwing demonstrations by thousands of state workers in Jujuy province

## Venezuela, Brazil have alternative, says MSIA

On Dec. 19, two Venezuelan dailies, *Ultimas Noticias* and *El Nuevo País*, reported prominently that the Ibero-American Solidarity Movement (MSIA) of Brazil had issued a call for Brazil and Venezuela to "Form an Alliance Against the U.S. Banks," as the headline of *Ultimas Noticias* put it. The MSIA statement had been "widely circulated in Brasilia, São Paulo, and Rio de Janeiro," the paper noted.

The MSIA, founded by friends of American economist and statesman Lyndon LaRouche, called attention to two recent events. First, the report published in *Correio Braziliense* that the U.S. government had recently threatened to cut off all oil import credits, were Brazil's military to intervene to resolve that nation's spiralling political crisis. Second, that in the days before Venezuela's Dec. 5

national elections, U.S. Assistant Secretary of State for Inter-American Affairs Alexander Watson had also threatened Venezuela that, were any military intervention into politics to occur there, the United States would suspend food exports to, and cut off oil sales from, Venezuela.

Both threats show that the financial interests of Wall Street and the City of London fear that the free trade "economic policy imposed on the Ibero-American countries [may] be interrupted," because of the "grave social problems" which they provoke, the MSIA said.

"It is a great irony that, were the threats against Brazil and Venezuela to be carried out, the two neighboring countries would have no other alternative but to obtain from each other the products denied them by the senseless policy of the colossus of the North. Thus, in exchange for having its energy needs taken care of, Brazil would ensure Venezuela's food supply. Must our governments wait for the threats to be carried out, before they establish a joint economic bulwark against the free trade policies that are devastating our economies much more efficiently than if we were victimized by war?"

led panicked reporters to initially tell Buenos Aires radio that a repeat of Santiago del Estero was under way.

The governors of El Chaco, Entre Ríos, Tucumán, Salta, and Corrientes travelled to Buenos Aires the week before Christmas to explain the reality to Finance Minister Domingo Cavallo. The governor of Corrientes, Romero Feris, announced that, although the province has not a penny left in its coffers, he simply will not fire public employees until there are jobs for them in the private sector. But Cavallo's policies have gutted basic industrial production in the country. Iron production dropped 24% over the last two years; machine tools, 19% last year alone; the capital goods industry is "being told to die," leaders of that industry have stated.

On Dec. 22, Labor Minister Enrique Rodríguez resigned, charging that under Cavallo's program of "savage capitalism, Thatcher-style . . . there will be no other way to apply [the government's] economic measures than with repression." Rodríguez told the Buenos Aires daily *Página 12* on Dec. 24 that he had warned the cabinet a month ago that there would be major explosions in the provinces unless the government's "reforms" were slowed. "Cavallo is an economist with an absolutely mathematical methodology," whose policies "could end up destroying part of our industrial development," he warned. Rodríguez argued that Argentina should look instead to "the latest theories of international capitalism," such as "German-style social capitalism."

But Menem and his Harvard-trained Cavallo are following the Pérez strategy, refusing to budge one iota from their insane economic policy. Menem dismissed the government

in Santiago del Estero, and appointed as "interventor" to run the province, Juan Schiaretti, a former industry minister who is known as a Cavallo man. Schiaretti and Cavallo promised the worried financial sectors that not only will they restore order, but in the next 150 days, they will make the province a model for how to implement the provincial austerity plans by directing popular rage against "corrupt" local leadership.

"I can assure you that the economic plan is not negotiable," Menem told reporters, charging that "sedition" by outside instigators, not hunger, was all that was involved. He named Armando Caro Figueroa, an expert in "labor flexibility" who authored the anti-labor program implemented by Felipe González, the Socialist prime minister of Spain, as the new minister of labor. The only "concession" granted by the federal government was to send funds into Santiago del Estero to pay two months of overdue back wages.

When several Catholic bishops criticized the government's economic program, Cavallo arrogantly ordered one of them to "think of the Gospels instead of talking about economics, about which he proved he knows nothing." The mad economics czar asked *Clarín* Dec. 19, "How can you say there is a production crisis, when the country grew an average of 8%?" He insisted that nobody goes hungry in Santiago del Estero, despite the fact that official statistics report over 35% of its people live in severe poverty, lacking the basic necessities of life, and even charging that "the whole problem is because journalists lack the capacity to see reality. Its simply amazing. The real Argentina is so different from what the analysts portray."