

a 'nation,' the state would take care of the sick, the elderly, and the outcast."

The globalists demand that the model be defended, however. In an interview published on Aug. 12 in the La Plata daily *La Capital*, IMF adviser Frank Williams warned that if imposition of austerity is not accelerated, Menem "will not only be defeated in 1997, and 1999, but even the [Peronist] Justicialista Party will disintegrate." If people protest against greater austerity, too bad, Williams sneered. "People have to understand clearly that the solution will be traumatic."

With fascist overtones, Guillermo Calvo, an adviser to Roque Fernández, told *Clarín*, "When there is a fiscal deficit, we have to squeeze whatever is necessary out of people to finance it." Arguing on behalf of bankers, Calvo threatened that Argentina's "ability to borrow abroad depends on their view of us. . . . [Bankers say] if [Argentina] doesn't save, we don't pay." If bankers perceive that Argentina's leaders lack resolve in applying austerity, Calvo warned, "then the game is all over."

The government has baldly announced that it intends to smash the labor movement, through legislation deregulating health and job benefits now centrally controlled by trade unions, and by eliminating job security. On Aug. 20, unidentified individuals provoked a violent confrontation between leaders of the CGT and independent trade unions, meeting to decide on the date of the next strike. "Clearly this was orchestrated ahead of time in an attempt to cancel the strike," one union leader commented.

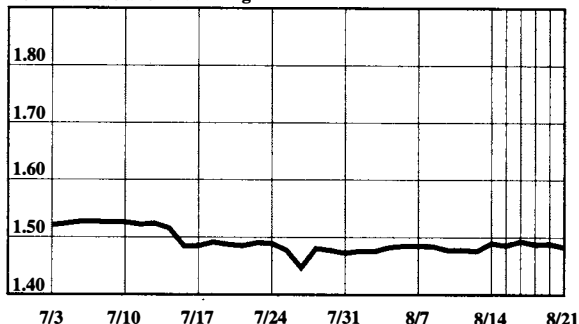
For all the bludgeoning, there is no guarantee at all that the Menem government can enforce the announced measures—and Wall Street knows it. During the week of Aug. 4-10, more than \$1 billion fled the country, while the stock market plummeted the following week, after the new austerity measures were announced. Argentine economist Luis Secco told the *New York Times* that "the name of the game in Argentina will be volatility for the next few weeks." Other foreign economists complain that the new measures aren't sufficient to "close the budget gap."

The Peronist bloc in Congress publicly vowed to "support the President." But there are intense negotiations going on between congressmen and the government to modify some of the harsher measures, a fact which caused a panicked London *Financial Times* to report on Aug. 20, "Argentine Austerity Plan Falter." Peronist governors met in emergency session with Carlos Menem on Aug. 15 to express concern over what the measures will do to already failing regional economies. The mood at that meeting was revealed when one governor reported, "I don't know how I can go home and face the farmers," who will be badly hurt by hikes in the gasoline and diesel oil prices. When Industry and Commerce Secretary Alieto Guadagni told the governor "what matters is what foreign investors think," not Argentine farmers, the governor's retort was, "Well, with that criterion, why don't we just kill off one retiree every day?"

## Currency Rates

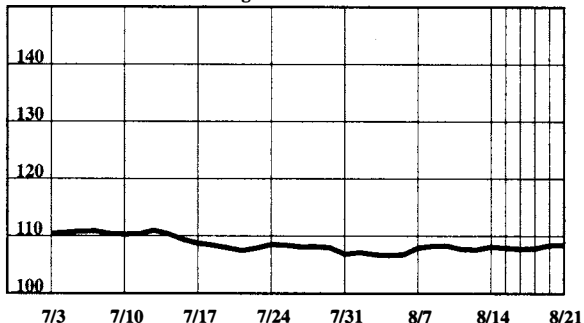
### The dollar in deutschemarks

New York late afternoon fixing



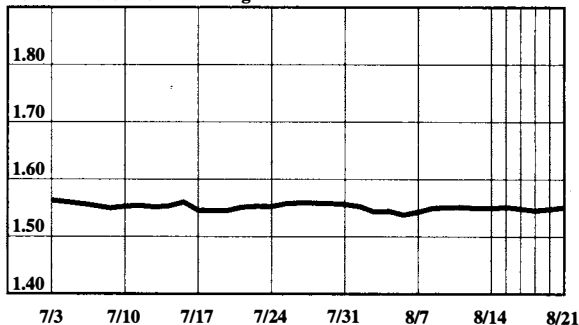
### The dollar in yen

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

