

Argentina still hostage to debt

by Mark Sonnenblick

Argentina is on a debt treadmill. If current debt-payment policies are continued, "By the year 2000, we will have paid about \$54 billion in interest and still owe more than \$100 billion in an unending spiral," a Peronist Party faction called "the Renovators" charged May 4. Argentina's debt today is \$51 billion. It spent 60% of its export income paying interest on debt last year and will pay over 70% this year, if its export prices continue to fall amid the world trade depression.

The Peronists alerted, "The only way out of this vicious circle is through growth; there is no stability without growth. Here you have our essential difference with the government's perspective."

Debt vs. productive labor

President Raúl Alfonsín has made a deal with foreign creditors to refinance \$30 billion in unpayable debt principal, in return for Argentina applying the economic tourniquet prescribed by the International Monetary Fund. Alfonsín promised to continue his suicidal course of economic stagnation, low wages, and relinquishing the productive sector to foreign speculators. The Peronists charged that his policy "condemns the country to permanent drainage of reserves." They call for "a new payment model which sees debt moratorium as the only way to launch a new economic strategy whose central objective would be the growth of social justice. Debt management must be subordinated to the defense of productive labor."

The subordination of productive labor to financial speculators by the Alfonsín government and the preceding military dictatorship was documented in a study released May 2 by the Association of Christian Business Executives. The study found that to bring real income back to the levels of the 1964-66 government of Arturo Illia, industrial wages would have to be increased 60%. To bring them back to the level of Juan and Isabel Perón's presidency (1973-75) would require a 76% increase in real wages.

Since the 1976 military coup, there has been a savage redistribution of income from wages into financial profits.

Practically none of that money has been reinvested in useful production. During the 1978-82 period alone, about \$21 billion in capital was sucked out of the country into secret accounts abroad, *Somos* magazine reported April 29. One of the most profitable businesses conducted by the major money-center banks during this period was lending to Argentines—at ridiculously high interest rates and commissions—dollars which they redeposited in other accounts at the same bank. The deposits soon disappeared, leaving the Argentine people stuck with the debts.

This looting process was orchestrated by British-oriented banker José Martínez de Hoz, the finance minister during the military dictatorship. The Peronist Renovators' document names Martínez de Hoz as exemplary of "the serious symptoms of corruption which tainted the armed forces," and as the architect of the "dirty war," which tortured and murdered not only to stop terrorism, but to intimidate anyone who would challenge the looting of the nation.

Alive, well, and living in Argentina

While preferring not to resort to death squads and torture centers, President Alfonsín is committed to continuing de Hoz's "free market" economic policies. He is lifting barriers on exportation of capital, while denationalizing industry and keeping real wages even lower than they were during the dictatorship. Naturally, most Argentines think that Presidents like Illia and Perón were right not to subordinate the nation to creditors. Alfonsín responded to this in his May Day injunction: "There is no cure for the Argentine crisis in any Golden Age which is found in the past."

Alfonsín is trying to lure the Peronist-controlled labor movement into a "social pact" which would give token wage increases in return for roping labor into helping preserve the status quo. He provoked a military rebellion in April to evoke images of a renewed cycle of repression to scare labor into such a pact. The Peronist General Confederation of Labor (CGT) joined in "the Act of Democratic Commitment" in defense of the Constitution, but refused to give Alfonsín the blank check he demanded for his IMF economic policies. The CGT insists that labor peace is conditional on measures which will "enable us to mobilize domestic growth" and an end to "adjusting our economic growth to the foreign debt." "Debtors' solidarity" is the only solution, the Peronist Renovators concluded. "Brazil's and Peru's isolation can only be attributed to the Argentine government's refusal to launch a joint action with world debtors." Even the president of the Latin American Association of Banks, Leonidas Ortega Trujillo, agreed: "There must be uniform continental action to fight it [foreign debt] and to protect the very existence of the American continent." Ortega called for an Ibero-American presidential summit to design such a "crusade" to defeat the debt "enemy" without sacrificing either the Ibero-Americans' "legitimate aspirations for economic and social development," or the stability of U.S. banks.