

Argentina on road to 'informal economy'

by Cynthia Rush

Over the past month and a half, Argentine President Raúl Alfonsín, Finance Minister Juan Sourrouille, and the government economic team have unveiled economic plans to "deregulate" the Argentine economy, completely privatize the state sector, and open up the country to "private initiative," both foreign and domestic.

Although the ideology he is following is exactly that peddled by the U.S. "secret government" and its so-called Project Democracy, Alfonsín isn't promoting legalizing the drug-based "informal economy," as is Peru's radical libertarian Mario Vargas Llosa, and his sidekick Hernando de Soto of Lima's Institute for Liberty and Democracy, the latter a major recipient of funding from the pro-drug National Endowment for Democracy.

He doesn't have to. If the plans Alfonsín has outlined are implemented, Argentina will become one gigantic "black economy" where the proceeds from drug trafficking, prostitution, and gambling will be deemed as important as income from productive activity.

The "every man for himself" mentality which has emerged with the destruction of Argentina's industrial apparatus, will become the norm under such conditions.

Goodbye, economic sovereignty

On July 20, Finance Minister Juan Sourrouille gave a nationally televised speech, signaling the government's deregulation offensive. The finance minister charged that the nation's economic problems were due to existence of an "obsolete model of development" based on a "populist, closed, and centralized state model."

What is needed, Sourrouille said, is a strategy "that will integrate our internal market further with international trade," and build a "new type of state . . . [that will] release productive energy through a reduction of regulations."

Argentina's foreign creditors, chief among them New York's Citibank, have long demanded precisely this type of "opening up" of the economy as a condition for new loans. During a recent visit to Argentina, Citicorp President John Reed informed the Alfonsín government that all future loans would be based on Argentina's acceptance of debt-for-equity and "debt capitalization" arrangements, which allow foreign

creditors to grab national assets through "investment" in state sector companies.

Back to the bad old days

Former Finance Minister José Martínez de Hoz earned the enduring hatred of Argentine patriots for his policy of "opening up" Argentina to international competition. This not only destroyed national industry, but turned the country into an international "hot money" center for short-term, speculative investment.

But Alfonsín is willing to repeat that experiment. In a mid-August meeting with some of the nation's most influential industrialists, he promised that prior to the important Sept. 6 elections, his office would announce the "elimination of the monopoly of the state companies, and permit the private sector to compete in the same areas."

Argentine business leaders are desperately seeking a way out of an economic crisis which, over the past five years, has caused the disappearance of 17,000 small and medium-sized businesses, the loss of 200,000 manufacturing jobs, and an 18% drop in the per capita gross industrial product. Current interest rates stand at 15% monthly, while sales and exports are dropping.

Alfonsín's response has been to offer a development program for the unpopulated Patagonia region, modeled on what Henry Kissinger and David Rockefeller proposed for the Caribbean and Central America: The creation of Hong Kong-style "free enterprise zones," in which activities related to the drug trade can flourish, unhindered by the restrictions and regulations of the "oppressive state."

The weekly *Somos* magazine reported in its Aug. 18 issue, that such zones will be entirely "linked to foreign investment, which will have more liberal [economic] regimes."

This debate has encouraged other local agents of the Project Democracy apparatus to come crawling out of the woodwork. On Aug. 27, long-time Kissinger associate Mariano Grondona dedicated his daily radio show to a discussion of the virtues of the "informal economy," which he described as real, "creative" capitalism; like Peru's Hernando de Soto, he demanded that the underground economy be legalized.

Grondona's radio partner, Bernardo Neustadt, has carried several live interviews with Vargas Llosa and de Soto, from Lima, in which he praised their fight against "economic dictatorship."

More indicative of the environment was the commentary of former Peruvian Foreign Minister Oscar Camilión, in the Aug. 27 issue of *Nueva Provincia* newspaper. A member of Sol Linowitz's Inter-American Dialogue, which recommends that Ibero-American nations "consider" legalization of the drug trade, Camilión criticized Peruvian President Alan García's bank nationalization, and praised Mario Vargas Llosa. Echoing the attacks of the pro-terrorist "human rights" lobby, Camilión also blamed García for using excessive repression in a prison uprising in Lima last year.