# Argentina faces hot October

by Cynthia Rush

As with all its previous austerity programs, the International Monetary Fund's (IMF) latest shock plan for Argentina appears doomed to fail only shortly after it was announced on Aug. 2. Analysts in Buenos Aires give the misnamed *Plan Primavera* or Spring Plan, a life expectancy of about 45 days, as industrialists and workers refuse to adhere to dictates which lower consumption, production, and investment possibilities.

Clinging to the illusion that he may extract several billion dollars in fresh funds from international banks, President Raúl Alfonsín will pursue the Spring Plan anyway. No matter that thus far his slavish obedience to the IMF hasn't produced a red cent for Argentina, or that Argentines have reached the limits of their tolerance after five years of creditors' looting. Alfonsín and his technocratic Finance Minister Juan Sourrouille are willing to bludgeon productive and popular sectors even further, risking social upheaval, rather than offend creditors.

Many observers are predicting the eruption of nationwide mass protest, perhaps even violence, by the end of October, as a result of the devastating crisis. A foretaste of what may lie ahead was seen on Sept. 9, the day of the Peronist-run General Confederation of Labor's (CGT) 12th general strike in five years against the government's economic policy. A group of provocateurs, thought to have been sent in by the government intelligence agency, infiltrated a 15,000-person labor rally at the downtown Plaza de Mayo and staged incidents of rioting and looting. In response, local police teargased the entire area, fiercely repressing workers but avoiding arresting the provocateurs.

Several Radical party spokesmen immediately charged that the Peronists had resorted to their old tactics of "fanaticism"—the bankers' codeword for the nationalist tendencies they find so threatening. The Radical Civic Union's presidential candidate, Eduardo Angeloz, roared that "we have seen violence emerge once again from the Justicialist [Peronist] party," proving that "they are incapable of governing."

Correctly interpreting these statements as a transparent attempt to discredit Peronist presidential candidate Carlos Menem, an enraged CGT leadership immediately called for a second 24-hour general strike on Sept. 12, which shut down the entire country. The CGT's base, especially delegations from the bankrupt provinces, are now pressuring the national leadership to wage an all-out mobilization against Alfonsín's economic policy, to force both the ouster of Finance Minister Sourrouille as well as a shift in policy direction.

## Not enough austerity

The fact that the international financial community is offering no relief for Argentina's crushing debt burden will enhance the climate for upheaval. Government negotiations with the IMF for a $1.2 billion standby agreement are currently at a standstill, and prospects for an additional $2-3 billion from foreign commercial banks look similarly bleak.

An IMF delegation now in Buenos Aires to examine government books has indicated that the Spring Plan's measures to curb inflation and reduce the fiscal deficit from its current rate of about 10% of GNP don't go far enough. The plan's 30% hike in utility rates, currency devaluation, and wage gouging are not sufficiently harsh to make Argentina creditworthy, in the Fund's view.

With no immediate inflow of new funds expected any time soon, $450 million in interest payments on the $56 billion foreign debt have been placed on a non-accrual basis with creditor banks, after the government failed to make payment within the 90-day time limit. Total interest for 1988 is $5 billion, of which $1 billion is in arrears.

A confidential memo, reportedly prepared by a nationalist tendency within the Argentine Industrial Union (UIA), warns that the nation's current recession is the worst in years, surpassing even the period of the hated former finance minister of the 1976-83 military junta, Joseé Martínez de Hoz. The document, which has circulated among leading industrial and trade union sectors, states that, as in the past, the application of austerity measures to lower inflation will eventually only intensify the economic crisis by seriously hurting consumption, production, and productive investment.

It predicts a 40% drop in industrial capacity, which will lead to plant closings and mass layoffs among the manufacturing sector and companies which produce for the internal market. Inflation is not likely to drop below a monthly rate of 12% for September, it adds, and inflationary pressures will appear again as a result of a variety of factors, including higher meat prices, wage increases and new hikes in public utility rates.

The end result, the memo concludes, will be the intersection of numerous trade union conflicts and an emerging civil disobedience movement of citizens who are fed up with the cost and collapse of public services. Already, housewives and citizen groups at various locations in the country are organizing protest, refusing to pay utility bills, and sometimes burning them in public because they are "unpayable." Unless the government is willing to change policy direction, the industrialists' document warns, the consequences could be incalculable.