Strike wave threatens Argentine 'stability'

by Cynthia R. Rush

Argentine President Carlos Menem is boasting that he has achieved a degree of stability in his chaos-ridden country in recent weeks. His closest advisers emphasize that the exchange rate and financial markets have calmed down significantly, and point to reports from the state intelligence agency, SIDE, that 85,000 gathered in Buenos Aires' Plaza de Mayo on April 6 to voice approval of Menem's program.

All indications are that the calm, if it ever existed, won't last for long, however. Speaking from Madrid, Spain on April 15, labor leader Saúl Ubaldini, secretary general of one faction of the divided General Confederation of Labor (CGT), stated that "there is no difference between the economic policies which Raúl Alfonsín applied, and those currently applied by President Menem." Former President Alfonsín, the social democrat who governed from 1983-89, inherited a devastated economy from the military junta which preceded him, and made it worse by applying the International Monetary Fund's monetarist recipes.

Ubaldini, who demands that the government adopt a policy based on defending the "real economy," also charged that Menem's economic policy comes from "the same monetarist sectors who worked for the dictatorship," a reference to the team of Milton Friedmanites who ran the country's economic policy under Finance Minister José Martínez de Hoz from 1976-81.

This was not a favorable comparison for a Peronist President—nor was it intended to be. In the wake of numerous strikes and protests from state sector employees who oppose the government's privatization program, Menem has threatened to jail striking workers and dock their pay for every day they strike. He has also threatened to impose a state of siege. When workers from three railroad unions went out on wildcat strikes on April 8 and 9, Labor Minister Jorge Triaca canceled the unions' legal registration and declared a nationwide railway strike illegal. Now, the government is considering legal means to limit the right of state sector workers to strike.

Who backs Menem?

Government officials point to the fact that the International Monetary Fund (IMF) is expected to announce its acceptance of the government's new letter of intent on May 25, as evidence of support for Menem's policies in the international community. If the Fund takes this action, it will unblock three tranches of $235 million each, frozen since last year's standby arrangement fell through. IMF director Michel Camdessus has also invited Finance Minister Antonio Ermán González to attend the Fund's interim committee meeting on May 7, to present Argentina's point of view regarding the problems of international financing for "deeply indebted nations."

The April 16 issue of the financial daily *Ambito Financiero* reported that World Bank President Barber Conable promised Ermán González a $1 billion package to Argentina to further its reform of the state sector, reorganize its financial system, and reportedly aid the poorest sectors, hurt most by the government's austerity.

While Menem's government sees these developments as proof of the Bush administration's backing, not everyone in Washington agrees. An analyst from the American Enterprise Institute, linked to the right-wing social democracy, recently explained that regardless of what happens in Argentina, "it's not going to get any bridge loans, or special treatment from us. It's a rich country, but it misused its resources, and now it's alone. . . . The point is that the region is just not that strategically important to us anymore. . . . The Cold War is over." He added that Argentina no longer had the capability to "blackmail" the U.S. with threats of instability.

Statements like these are an admission that what matters to the administration are its condominium arrangements with Soviet leader Gorbachov, and that relations with nations like Argentina are viewed from that standpoint only.

As for the IMF's "backing" for Menem, it is contingent on his applying more of the austerity which has already destroyed living standards and thrown people out of work. As one of its conditionalities for aid, for example, the Fund demands that the federal government reduce financial allocations to the bankrupt provinces by as much as 10%. Given the volatility of the interior provinces, where economic deprivation is greater than in Buenos Aires, and where many rely on state governments for employment, these measures guarantee further upheaval. Almost 90% of provinces' income is allocated for wages, and federal funds are the primary, and sometimes the only source of income. Of 22 provinces, 17 can barely meet their wage bills. Some, like Corrientes, haven't yet paid February's wages. Because of the economic depression, tax revenues are dropping in many provinces.

The April 13 issue of the weekly *El Informador Público* reports that there could be as many as 150,000 layoffs in both the private and public sector over the next two months, and that the labor sector, led by Ubaldini, is preparing to resist government policy with a wave of strikes and a massive labor demonstration on May 1, Ibero-America's traditional "Labor Day." Ubaldini reported in his speech from Madrid that 42,000 state employees had been fired over the last year.