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## Interview: Rodolfo Oswaldo González Meda and Fernando Becaga

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# Argentine retirees blast International Monetary Fund

*Rodolfo Oswaldo González Meda and Fernando Becaga granted the following interview to EIR correspondent Gerardo Terán Canal in Buenos Aires on Nov. 10. The two are retired from the Banco de la Provincia de Buenos Aires, a provincial bank, and are also leaders of the retiree movement which has set up a permanent soup kitchen at Plaza Lavalle in Buenos Aires to protest the miserable level of pensions paid by the Argentine government in compliance with austerity conditionalities demanded by the International Monetary Fund (IMF). Another leader of the Plaza Lavalle movement, Francisco Gionini, died on Oct. 4, 1992 from exhaustion and heart problems.*

*The inability to survive on pensions, which average \$140 a month, against monthly market-basket necessities costing \$1,000, has driven more than 500 retirees to commit suicide over the past year. Their plight was recently highlighted by the callous statements of Finance Minister Domingo Cavallo, who publicly reported that he personally could not live on less than \$10,000 a month. "You wouldn't want me to live in indigence, would you?" he asked the media. The finance minister, trained at Harvard University, insists that the families of retirees support them, or that the elderly pensioners "go back to work."*

**EIR:** According to reports in the Argentine press, over 500 retirees have committed suicide over the past year due to the terrible conditions in which most of the country's elderly are forced to live. How accurate is this information?

**A:** I don't know if the figure is accurate—whether there are 500 or 10 suicides. The important thing is that the retired, the people from the so-called *passive class*, are forced, because of a situation of dire necessity, to seek a solution as definite as suicide. We think this is rather embarrassing for a society, or a country, which is claiming that it has now entered nothing less than the First World.

**EIR:** The reports are that there are 3.2 million retirees. Just how many people are affected by this conflict?

**A:** The figure you mention is correct, but in fact it should be multiplied by two. There is a passive class (those protesting in the streets) which is in the order of 4 million people; but then there is a *potential* passive class made up of those contributors to a new pension system, including people over

age 20 and under 45. Over the next several years, these will be the country's new retirees. Within this framework, two solutions to the pensioner problem are required: one is the debt, and a larger pension for current retirees; and the other is the nature of the future retirement system.

**EIR:** Let's talk about the debt. In December 1991, the government decided to pay some of it by issuing bonds. Tell us something about that.

**A:** One problem is that the debt was the result of the looting of the Retirement System Funds. Add to this the fact that the current government has failed to resolve the debt problem: The funds were looted under several administrations; the blame can't just be placed on this government. They were repeatedly looted by whatever government was in power.

The government proposed to solve the problem by issuing a bond called BOCON. But note that this bond, which might have a nominal value of 100 pesos, is today quoted on the stock market at 47-48% of its value. So if a retiree wants to cash in his bond, he will lose over 50¢ for every peso he collects. The bonds mature within 16 years.

**EIR:** What is the average age of the retirees who received these bonds?

**A:** They are for people over 85 years of age. That is, the bonds will pay for the flowers on their graves. To resolve this, the Senate approved a law which allows for payment of debts no higher than \$1,400 per retiree, for all those retirees older than 85. But then the finance minister, Domingo Cavallo, acting on the orders of the President, vetoed this because he said there was no money available to pay this amount.

**EIR:** Will the problem of the retirees' physical survival be resolved with the 82% pension increase the government has promised?

**A:** According to Article 14 of the Constitution, every worker has the right to a minimum adjustable wage, which means that the amount of money he receives must be enough to meet the costs of housing, food, and education. Right now the monthly family market-basket of an average family (a couple with two children) costs about \$1,500. A retiree receives an average of \$140 monthly.

The pension problem is one of indebtedness. As time

passes, it snowballs even further. This problem arose practically from the moment the pension system was created; today, it works such that no one gets anything. By modifying the federal revenue-sharing law, the government will receive approximately \$200 million from the provinces. Also at one point, the government imposed a telephone tax, and later increased the Value Added Tax (IVA) on transportation, all of which revenues were supposedly going to be used to pay pensions. But these revenues, or any others which the government says will go to pensions, are not going to alleviate the problem. This is an administrative problem, not one of creating subsidies to try to whitewash something which really only needs a correct and appropriate administration.

**EIR:** Can solutions to the Argentine pension problem be found in the framework of the IMF's programs?

**A:** Absolutely, categorically not. What the IMF proposes, and not just for the retirees, is nothing more and nothing less than the impoverishment of regional economies. It means filling the coffers of the sacred boss by impoverishing, and constantly stealing from the suppliers. It is a policy of economic subjugation and prostration for all productive sectors, wherever they may be—in Asia, America, Europe, or any other part of the world.

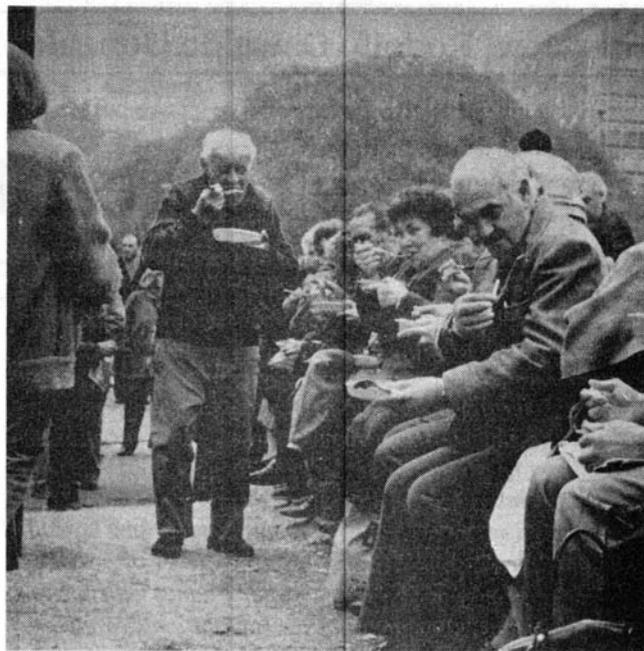
**EIR:** According to the pension reform being promoted by the IMF, private pension funds will now become the administrators of pension revenues. Do you agree with this policy?

**A:** Decidedly not, because these privately administered pension funds are created precisely to continue robbing the worker. Now, the fraud will become institutionalized. Before, the state looted the funds. Now, the people who will control the pension funds are those management groups which didn't contribute to them.

These are groups such as Citicorp's Juncal Group which, as management, did not contribute what they should have to the pension funds previously administered by the state. According to government statistics, beginning in 1993, some \$240 million monthly will enter the pension administration from worker contributions amounting to 10% of each individual's salary. The monthly capitalizable amount will be 7% of the wage because the other 3% goes to commissions for the fund administrators, amounting to no less than \$63 million. The setting up of an Administrative Pension Fund is a business, because the requirements for creating one are minimal. We're talking about \$3 million in capital, a few operational plans, marketing channels, physical space, etc.

**EIR:** What happens if there's a financial collapse or bankruptcy in the fund?

**A:** Nothing will happen, because it's not guaranteed by the state. They pack their bags and say, "So long, good luck." The law authorizing the creation of the Administrative Pension Funds specifies that they have no state guarantee. This



*Retirees protest in Plaza Lavalle in Buenos Aires against miserable pensions. Francisco Gionini (standing), who died of exhaustion and heart failure on Oct. 4, was a leader of the protest.*

is unprecedented. With a monthly income of almost \$240 million, after one year, the funds will have almost \$2.5 billion. In seven years, say from here to the year 2000, they will have a *capitalized* amount of \$40 billion. They will be in a position to buy Argentina's foreign debt. For the worker who has to work 45 years in the new system, after 540 months of work, his salary deductions could yield a monthly income of \$170,561.34 and a total capital of \$11,541,317. A person who works for 45 years retires at 65 and dies at 72. That's why I say that the law is conceived of so that no one gets anything.

The money that goes into the Administrative Pension System will end up in the stock market, go to the purchase of bonds and securities, or be played with in order to maintain payments on the foreign debt.

**EIR:** Is it the case that because of its consistency and sacrifice, the Argentine retiree movement intends not only to defend its rights, but to offer an important example to other social sectors?

**A:** It is our wish that not only the retiree, but our entire people, the *pueblo*, join ranks in this fight—with all its potential, with all the magnificence of its meaning. This extraordinary thing which is the working man, the teacher, the physician, the judge, the forge operator, the train engineer, or on the ship—that is, all those who can join in this fight, to definitely open their eyes to the voraciousness of this unsettled capitalism which not just today, but for some time now, has been upsetting the peoples of the world.