

Argentine opposition plans an anti-IMF government

by Dennis Small

"It is Argentina that most worries me among the Latin-American nations. They could well be the first to announce that they cannot meet their foreign debt payments, and trigger a continent-wide chain reaction."

So said a Wall Street banker in a recent conversation with *EIR*; he was reflecting a concern that is fairly common in well-informed financial circles. What Argentina's creditors fear is *not* that the current military government is about to break with the International Monetary Fund, join a debtors' cartel, and help organize an Ibero-American common market. What they are losing sleep over is that it is a near certainty that the *next* government of Argentina—to be elected on Oct. 30, 1983 and take office on Jan. 30, 1984, if all goes as scheduled—will take those three crucial steps.

It is this writer's conclusion after a three-week visit to Argentina last month that the bankers' fears are fully justified.

In the course of extensive off-the-record conversations with members of the leading political forces of Argentina, it became evident to me that every major opposition element in the country—including the three main political parties, the entire labor movement, and significant groupings within the armed forces as well—is totally hostile to the austerity policies currently being dictated by the IMF, and is committed to returning the country to a path of rapid industrial growth. But a public debate is raging over the tactics needed to achieve this—in particular, whether Argentina should support the creation of a "debtors' cartel" and an Ibero-American common market, as first proposed by *EIR* founder Lyndon LaRouche in mid-1982 in his *Operation Juárez*.

Pressure politics

According to an April 1 wire printed in every major Argentine newspaper, that country's foreign creditors delivered a message to President Reynaldo Bignone that "any deviation by Argentina in the area of debt payment or violation of agreements with the International Monetary Fund, could result in the application of what is defined in international forums as 'exemplary punishment,' as a lesson to other large debtors." The creditors not only ordered the govern-

ment to "scrupulously comply with agreements signed with the International Monetary Fund," but demanded that the next elected government do the same. Less than a week later, U.S. Treasury Undersecretary Timothy McNamar arrived in Buenos Aires to deliver the same message. And Henry Kissinger, according to *Tiempo Argentino*, got into the act by warning privately that the country "was in a situation very similar to Iran," and would shortly be "dismembered."

When informed of this international arm-twisting, Lyndon LaRouche, who has enjoyed a close working relationship with numerous groupings inside Argentina, in particular since his outspoken support during last April's Malvinas war, sent a piece of advice to his Argentine friends, which was reported by a leading Buenos Aires daily, *Tiempo Argentino*, in its April 10 issue: "Lyndon LaRouche has recommended to some Argentine leaders that they 'lie' with regard to the public debt, that is, that they not reveal their true governmental intentions on the subject until the very moment that they become the government. . . . [LaRouche's] memoranda are being avidly read by the leadership of Argentina's principal political parties these days."

There are strong indications that many Argentine political leaders were acting on LaRouche's "deception" tactic long before he recommended it to them. Of course, this is not to suggest that everyone who loudly pronounces his opposition to a debtors' cartel, in private believes the opposite. In fact, many of the country's opposition leaders in all honesty maintain the illusion prevalent in most nations in Ibero-America, that they are somehow "special" and can therefore fare better through bilateral negotiations with their creditors than with a debtors' cartel. Countless times this author heard yet another well-meaning Argentine politician mouth the formatted statement, made in London, but repeated earnestly in every Ibero-American capital: "Oh, my country has a very different debt problem than _____, _____, and _____. Why, _____ didn't know how to manage their debt; _____ has a much weaker economy than we do; and everyone knows that the _____ are just a bunch of jerks. Why would we want to join a debtors' cartel with countries like that?"

After seven years of economic devastation, wrecked by the strict application of Chicago School monetarist policies under a military government, Argentines will go to the polls on Oct. 30 to elect a new civilian government. There is little doubt at this point that the victor will be the **Peronist party**—named after General Juan Domingo Perón, the charismatic nationalist leader who governed Argentina from 1946 to 1955 (when he was overthrown by a British-run coup), and then again from 1973 to his death in 1974, when he was succeeded until 1976 by his second wife, Isabel.

Not only will the Peronists win the upcoming elections, they will win them massively. In 1973 the Peronists were swept back into power with nearly 60 percent of the popular vote. Since then, they have tripled the number of registered party members.

The prospect of such a landslide makes the international bankers shudder. This is because the Peronists—despite the presence in their ranks of forces who have supported and implemented monetarist economic policies, especially towards the end of the Isabel Perón government; and despite the party's current lack of leadership of the stature of Gen. Perón—are fundamentally a nationalist, pro-development movement which has historically despised the British colonial system of economics, politics, and philosophy, and has fought against its significant influence inside Argentina.

Various Peronist economists and politicians have gone on record opposing the formation of a debtors' cartel. And it is in fact a crucial question exactly which faction within Peronism will ultimately name the presidential candidate. But the mammoth labor base of the party (the Peronists control every significant union in the country) is militantly anti-IMF, and has shut down the entire country with general strikes a number of times in the past few months. And the Peronist movement as a whole has a strong tradition of favoring Ibero-American integration of the sort described in LaRouche's common market proposal. In fact, Perón made numerous efforts to *politically* integrate the continent as well, often referring to the need to form a "United States of Latin America."

A substantial portion of the **UCR party** (Radical Civic Union), the second-largest party in the country, is also anti-monetarist and in favor of reindustrializing Argentina. Most striking were the comments recently made on Argentine television by Antonio Tróccoli, one of the leading economists of the UCR, who unabashedly announced that he favored Argentina simply declaring a moratorium on its foreign debt. Although other UCR economists, such as the banker-linked Bernardo Grinspún, are willing to strike a bilateral deal with the IMF and the banks, the leading presidential candidate of that party, Raul Alfonsín, has expressed his sympathy for some kind of Latin American unity on economic issues. Alfonsín explained his ideas on these matters in an exclusive interview with *EIR*, which we reproduce below (future issues will carry interviews with presidential candidates and other figures from the other major political parties).

The **MID** (Movement for Integration and Development), the country's third party, is also in favor of dirigistic development policies, although the grouping maintains a strong stance against the formation of an Ibero-American common market, arguing that this would only benefit the multinational companies.

The military: which way out?

The outcome of the factional struggles inside the armed forces will also influence the next government. There are even rumors of a new, reactionary military coup *before* October, designed to prevent the Peronists from taking power. Those who favor such a coup are making use of the crisis around the tens of thousands of "disappeared persons" who were the often-innocent victims of the military's "dirty war" against terrorism in the late 1970s.

The Air Force is by far the most anti-IMF of the three forces, having gone on record repeatedly in the recent period protesting the monetarist policies of the current military government—of which the Air Force supposedly represents one-third! Although traditionally having far less influence than the Army, the Air Force's impact on national policy was strengthened as a result of their excellent performance during the Malvinas war, as compared to the lackluster roles of the Army and the Navy.

The Navy also has a minority influence in overall armed forces policy, but its views on economics are generally contrary to the Air Force's: they support the government's current implementation of IMF austerity policies. For example, when the Air Force recently criticized the economic management of Finance Minister Wehbe, the next day Navy Commander in Chief Franco took to the press to stridently defend him.

But the overwhelming factor in determining the orientation of the armed forces is the Army, of which a large chunk has historically been tied to the oligarchic landholding, exporting, and financial interests which dictated the past seven years' monetarist policies. But there is also a tradition of nationalism in the army which today maintains the idea of rapid industrialization.

The course Argentina will embark on from 1984 onward is now being determined by two factional struggles: the *interna* within the Peronist party, and the *interna* inside the Army. If Argentina is to achieve stability and return to economic growth, it will have to be on the basis of an alliance or at least an understanding between the pro-development nationalist forces within these two groupings, the Peronists and the Army, as a political fulcrum for others. It is essential that they jointly launch a series of great national projects at the frontier of science and technology, to reconstruct Argentina's nearly shattered industrial economy. As the leading nuclear-energy power on the continent, with two heavy water plants already in operation, Argentina has the necessary base of skilled manpower and experience to lead a united Ibero-America in this direction.

'Latin America is seeking unity'

An interview with Raul Alfonsin, presidential pre-candidate of the Union Civica Radical (Radical Civic Union), given to EIR's Latin America editor, Dennis Small, on April 25 in Buenos Aires.

Small: What do you think of the possibility of forming some type of debtors' association in Ibero-America?

Alfonsin: We think, and we have been working on this for many years, that some kind of integration of Latin America must be brought about.

Within this process of integration, I give fundamental importance to the "internalization" of foreign trade. For example, Venezuela buys \$1.3 billion worth of food, mainly from Europe and from the United States; but we Argentines could have adequately supplied them.

Small: Would this be a kind of Latin American common market?

Alfonsin: Maybe that would be too pretentious; but this is in reality the direction we have to be working toward. That is to say, we must work together to defend our interests. In 1950 Latin America's share in total world trade was no less than 12 percent. Today it has a share on the order of 4 percent. Our terms of trade keep getting worse, and it keeps getting harder to place our products.

Within this bad situation, which we have to resolve, there is also the need to harmonize our financial policies. Just four countries alone [Argentina, Mexico, Brazil, and Venezuela] owe \$220 billion dollars—even though here we have to analyze the fact that the only country in the world which has contracted a fabulous debt to destroy itself, is Argentina. If you take this into account, you will realize that we have to work together, at least to protect ourselves from being forced to pay usury. Because they are trying to collect usury, several points above normal interest rates. They are trying to collect from our countries, and this absolutely cannot be. I would not pay this usury. I am willing to fulfill our country's promises, but not on the basis of destroying our people by paying international usury.

The solution we need is to convert the debt into long-term debt and pay at a lower interest rate. It would be paid in 20 years; in reality no one can demand anything else. We are going to pay and we want to pay—but only the debts that are not fictitious, because there are many debts that are fictitious,

so-called "self-loans."

As distinct countries, we could gain greater weight with a general integration, deepening the Latin American Economic System [SELA], leaning on the U.N. Economic Commission for Latin America [ECLA], in short by a continuing effort for the New International Economic Order.

I observe that voices are getting louder and louder in proposing that NATO should get ready to intervene in the theatre of operations outside Europe, because apparently the supply of raw materials and energy necessary for European growth is perceived to be threatened. Principles, foundations, and elements of international law are being called into question. For this reason, too, we must provoke an activity which we, the different countries of Latin America, can develop jointly.

Small: There are reports here in Argentina that the IMF and the international financial community have pressured those who might govern Argentina in 1984, to make them comply with their debt payments and keep them from forming any type of debtors' association. Can you, as one of the leading candidates in the upcoming election, tell us if this report is true?

Alfonsin: I have received no insinuation whatsoever of this type; and I will act in accordance with whatever is in the interest of the nation, without accepting pressures of any kind.

Small: A Wall Street banker in the United States recently said the following on the subject of Latin American debt: "They can study the option of declaring moratoria on their debts, if they want, but the era of growth and expansion for these countries is over. They are going through a period of sobering adjustment. It hurts; they have to cut back. The expansion of their economies, and debt expansion at these rates, can no longer continue. They are screaming because it hurts; but that's too bad. Screaming is not the same as saying they refuse to pay." What comment do you have on this quotation?

Alfonsin: Of course, right now the world is going through a crisis which originated in attitudes of this type, in the mentality of the Chicago School which put finances ahead of production. It is a crisis which is affecting us in a particularly profound way in Argentina, because the government has been applying these very ideas.

It is evident that what this gentleman is saying about Latin America could be said about the world. It is a world which, pressured by the financial interests, has not grown. Probably it will not grow this year, and who knows if there will be growth next year. But Latin America is—as it behooves us to do—seeking forms of integration to respond to this type of aggression. And I hope, when I hear this, that we Argentines are going to attain the moral authority to demand solidarity from other countries, and above all from the democrats of different parts of the world.