

New Argentine government shows social democratic bent

by Cynthia Rush

Since Argentina's Oct. 30 elections, Radical Party president-elect Raul Alfonsín has taken policy steps that augur poorly for the country's future stability. The approach to the debt crisis and the labor and social policy outlined thus far, if carried out after Alfonsín's Dec. 10 inauguration, will pit the government against the Peronist-run trade-union apparatus—still the biggest obstacle to imposition of the International Monetary Fund's austerity conditionalities—and much of the population.

Most ominous on the economic policy front is Alfonsín's choice of the elderly Raul Prebisch, former director of the Economic Commission on Latin America (CEPAL), as the administration's "roving ambassador" empowered to deal with questions of the foreign debt. Prebisch, a longtime servant of British financial interests (see article, p. 11), will attempt to insure Argentina's submission to the International Monetary Fund through some version of the *Rohatyn Plan*—a "stretchout" of debt payments over a several-year period, at lower interest rates, but located entirely within the framework of a strengthened IMF. The *Rohatyn Plan* has been promoted as an alternative to proposals for the creation of an Ibero-American debtors' cartel.

Prebisch is a veteran in trampling on national sovereignty, as indicated by his recent remark that Argentina's return to democracy "would alleviate the tremendous damage caused by the measures adopted by Dr. Pinto Kramer." The reference was to Federico Pinto Kramer, the Argentine federal judge who challenged refinancing deals signed with foreign banks on the grounds that clauses in the contracts violated national sovereignty (see *EIR*, Oct. 25).

Working with Prebisch will be Finance Minister Bernardo Grinspun, a "neo-Keynesian" economist who has worked variously for agencies like CEPAL, the IMF, the United Nations, and the Organization of American States (OAS). While promising that the Alfonsín government will not accept usurious refinancing terms or the IMF's "recessionary recipes," the banker argues that there is room for "understanding" with the IMF. His economic program will probably

be based on "pump-priming" in public works and housing programs that can only fuel Argentina's already uncontrolled inflation while leaving unsolved the underlying causes of the nation's economic depression. Germán López, secretary general to the presidency under Alfonsín, has stated that the new government will have as its major priority "the establishment of full employment . . . through a vast plan of housing and support for those activities that require large quantities of labor."

European social-democracy?

For some of Alfonsín's advisers, the key to forcing through a pro-IMF economic policy is a social-democratic labor and social policy that will challenge the Peronist grip over the unions. The emphasis here is on "democratizing" the trade unions and introducing European style "co-gestion" and "participation" arrangements in which workers and management "democratically" determine the levels of austerity to be imposed. The architect of this policy is Germán López, former Labor minister under Radical party president Arturo Illia (1963-66). Immediately following the Radical victory, López told reporters that his plan was to "modernize the function of the unions, removing them from their political and agitational functions" and orienting them toward "organisms of cooperation able to intervene in economic planning mechanisms and in those that regulate the relationship between prices and salaries."

Alfonsín's labor minister is Antonio Mucci, a leader of the Federation of Graphics Workers and member of the Argentine Socialist and Social Democratic parties prior to joining the Radical Party in 1958. His experience includes training courses in Yugoslavia, where he studied the system of auto-gestion. Mucci's labor undersecretary will be Gabriel Matzkin, a former adviser to Germán López who studied co-gestion and "worker participation" at the Sorbonne in Paris.

Whether Alfonsín's socialist-oriented advisers have the political clout to force through their program and consolidate an alliance with the Socialist International remains to be seen. There is still a tug-of-war taking place within the Radical leadership between the Prebisch crew and the more nationalist wing represented by Interior Minister Antonio Troccoli and Chamber of Deputies President Juan Carlos Pugliese. The voices of both these leaders carry considerable weight within the party. Troccoli's good relations with the Peronist party leadership will be an important asset in the sensitive post of Interior minister.

The Peronist trade union leadership meanwhile has already issued a warning to the socialist "reformers" in the Alfonsín cabinet. The Peronist "62 Organizations," run by labor strongman Lorenzo Miguel, issued a statement saying that it "would not tolerate any threat . . . that would bring back an institutional government using dictatorial methods to divide and destroy the normal functioning of our organization."