

Argentine voters trounce IMF government, elect Peronist Menem

by Peter Rush

Defying a months-long campaign of vicious political vilification, 8 million Argentine voters cast their ballots for Peronist candidate Carlos Saúl Menem May 14, giving him a strong victory in the country's presidential election. Menem's triumph, with 49% of the 16 million votes cast, to 37% for Eduardo Angeloz, candidate of the Radical Civic Union of President Raúl Alfonsín, his nearest opponent, confounded predictions in the polls of a race so close it would have to be decided in the electoral college. The results sent shock waves throughout the rest of Ibero-America.

The election was a resounding defeat for the International Monetary Fund (IMF), with which the Alfonsín government had made repeated agreements during its five and a half years in office. The result continued the pattern established last year in Mexico and Brazil, where the population, given an alternative, voted overwhelmingly against IMF austerity and candidates enforcing it. But vote fraud stole the election for the IMF's candidate in Mexico, Carlos Salinas de Gortari, and Brazil's election only involved municipal positions. So, Argentina will now be the first of the continent's "big three" to have a nationalist, anti-IMF government since 1982.

Should the Menem government demonstrate that nationalist policies can restore economic growth, Argentina would fast become the model against which the populations of every other country of Ibero-America would judge the failed IMF policies being followed by their own governments. As guest columnist Daniel Poneman put it in a May 16 feature in the *New York Times*, "the ability of Mr. Menem and other leaders to find economic order within democratic chaos will shape events in Brazil, Chile and the seven other Latin nations that will hold presidential elections within the next year."

For, despite all the palaver from Washington about offering debt reduction to Latin America, the reality is that no significant reduction of these nations' debt burdens is being offered. Continued sacrifice, in the name of IMF "letters of intent," will continue to be economic policy under the present governments. Explicit hatred of the IMF is very strong in Venezuela and Brazil, and is just beneath the surface in Mexico, and the populations of all three countries are on the brink of mass explosions against their collapse of living standards that will make last March's riots in Caracas, Venezue-

la, pale by comparison.

Moreover, Menem's anticipated aggressively nationalist foreign policy will rally other nations against U.S. attempts to erode the notion of national sovereignty, whether in Panama, the Amazon rain forest, or in the war on international drug traffickers.

Menem buries Radicals

Final results gave Menem 48.5% of the popular vote to 37% for the Radicals' Angeloz, a greater margin than the most favorable poll had previously indicated, and much more than the 2-7 point spread indicated in most polls. This gave Menem a comfortable 310 vote majority in the 600-member electoral college which will formally ratify Menem's victory when it meets in August.

The Radicals were also resoundingly defeated in legislative races. The only contested Senate seat was won by the Peronists, and the Radicals lost 17 House seats, and their majority, to the Peronists, who now control both houses of Congress. The Radicals even lost 3 seats in Angeloz's home state of Cordoba. Dante Caputo, present foreign minister with presidential ambitions of his own, just barely squeaked to victory in Buenos Aires.

The reason for the defeat, and for its magnitude, is summed up in one word: the economy. For five years, economic technocrats led by Finance Minister Juan Sourrouille and his U.S.-trained deputy Mario Brodersohn, simultaneously applied IMF austerity measures to the economy while creating a highly favorable climate for speculation that stimulated flight capital, kept interest rates in the stratosphere, and piled an additional \$20 billion in public debt onto Argentina's already outsized \$40 billion in debt. Until recently, foreign debt payments continued to be made, at the expense of wage levels and production.

This looting finally culminated this winter in a financial blowout and the first stages of hyperinflation. With inflation running at over 50% a month, interest rates more than 150% a month, the currency worth less than 20% of its value in February, and real wages down by as much as 30% since December, the voters "kicked the bums out." The response of the Alfonsín administration was paralysis alternating with

sudden reversals of policy that in all instances made matters worse. While trying to distance himself from Alfonsín's policies, Angeloz was explicit that greater austerity was unavoidable.

Call for integration, infrastructure

By contrast, Menem ran on a platform of raising wages, which have fallen precipitously in recent months, investing in desperately needed infrastructural development projects in the provinces, negotiating a five-year suspension in foreign debt payments, and restarting the nation's nuclear program, the technological "science driver" for the past 20 years which has been all but destroyed by Alfonsín's budget cutters. Menem called for a "productive revolution" to put people to work and to emphasize the physical economy at the expense of the paper, financial one.

Above all, as he reiterated in his victory speech May 14, Argentina must take the lead in pushing for genuine integration of Ibero-America on the lines of the European Common Market, a policy first pushed hard by Menem's mentor, Gen. Juan Perón. He also made clear his uncompromising stance on Argentine sovereignty over the Malvinas Islands, illegally occupied by Britain (which calls them the Falklands) for over a century.

He also stressed job creation, saying in his victory speech, "Perón used to say that to create jobs is to govern, and we will make that premise a reality, the jobs that will make the biblical phrase come true—you will earn your bread with the sweat of your brow. We will put an end to this Argentina where those who do nothing live well and those who work every day of the year live badly."

Menem's message was clearly heard by nearly half the electorate, many more people than the hard-core Peronist base. Menem himself has repeatedly defined Peronism as not a political party, but a multi-class movement embracing workers, businessmen, intellectuals, students, and nationalist military personnel. It is this variegated support which has so terrified Peronism's detractors. Not only did the trade unions, the traditional political base of the party, vote strongly for Menem, but the Catholic Church also came out a few weeks before the election in thinly veiled support of his candidacy. And the military, which saw its budget halved and its prestige devastated by Alfonsín's Radicals, voted overwhelmingly for Menem, especially the nationalist majority in the Army.

Bankers apoplectic

The *Washington Post* summed up the bankers' view of the situation in a May 16 article with the words, "For years, the prospect that the Peronist party would regain power in Argentina has instilled dread among bankers, economists, and government officials in industrial nations." A victory "seemed likely to radicalize Argentina and set it on a confrontational course with its commercial bank creditors and

with the international financial community. Now that this much-feared event has occurred," the article continued, the only hope is that the Argentine economy will prove to be in such terrible shape that Menem is unable to follow his instincts and break with the international banks.

Article after article since May 15 has attacked Peronism for alleged economic mismanagement. Menem may try to save the country "by way of the proven failing route of Gen. Perón's blend of fascism and fervent nationalism," opined the *Washington Post* May 16. "Argentines have chosen a charismatic populist . . . to lead them out of hyperinflation and bankruptcy under the banner of a political movement with a track record of disaster," wrote Reuters news service the day before. A *Baltimore Sun* editorial called him "a rabble-rouser, a crowd-pleaser, a great promiser," and said, "Peronism is a tradition of high promise and non-fulfillment leading to military dictatorship."

A *Washington Post* article May 16 also attacked Menem's notion of fostering cooperation, a "social pact," between business, labor, and government, to get the economy moving and growing, saying, "To some Argentines, this smacks of Peronism's authoritarian origins. Juan Domingo Perón was an admirer of Benito Mussolini, and had similar ideas about 'corporatist' pacts."

When not slandering him, the U.S. press has been alternately threatening him, and proposing to coopt Menem back into the IMF fold in order to discredit him. Various articles have painted the dire straits into which the country will fall if Menem doesn't abandon everything he campaigned for and adopt the policy of his defeated Radical opponent. The *Wall Street Journal* May 16 said that Menem "will have to initiate tough austerity measures if he is to arrest the country's impoverishment"—just the policies followed by his predecessor that caused impoverishment. The *Journal* mused that Menem "will be forced to be more pragmatic and could use his strong mandate and Peronist credentials to weaken labor unions and push through a badly needed reform of the state." Failing this, said a May 16 *Washington Post* article, bankers will ensure that Argentina "remains among a group of debtor nations, including Ecuador and Peru, that are regarded as international financial pariahs."

A May 16 *Washington Post* article agreed, saying, "It could happen . . . that Mr. Menem . . . will tilt away from the inward-looking Peronist tendency" that favors wages, "and instead will emphasize a somewhat more outward looking tendency that accepts terms of cooperation with international lenders." If this can be achieved, the *Post* goes on, Alfonsín could then implement a full IMF austerity program in the seven months remaining in his lame duck term, with the backing of the incoming Menem administration.

So far, however, the Peronists have ruled out falling into such a self-destructive trap. Sen. Eduardo Menem, Carlos Menem's brother, on May 15 rejected any idea of "co-government" with the discredited Radicals.