

Argentina's Menem faces growing strife

by Cynthia Rush

The relative calm of Argentine President Carlos Menem's first four months in office came to an abrupt end on Nov. 6, when transport workers paralyzed metropolitan Buenos Aires in a strike over wage demands. Workers from the merchant marine, airlines, petrochemical, and subway companies joined in sympathy, and only on Nov. 13 did the transport strike end. Workers from the powerful Union of Metallurgical Workers (UOM) threatened to carry out sporadic strike actions over the following two weeks, in pursuit of an 80% wage increase, and numerous other unions are planning strikes over wage demands.

After six years of the social democratic regime of Raúl Alfonsín, in which real wages declined by 30%, workers aren't willing to accept Menem's decision to restrict wage increases to no more than 15%. Thanks to Alfonsín's application of the International Monetary Fund's (IMF) policies, one-third of the Argentine population, or 9 million people, now lives in extreme poverty. Of 32 million people, 14 million have no potable water, and 17 million have no access to sanitation services. Despite Menem's initial success in reducing inflation and granting a one-time wage increase, social and political stability in the country remain fragile.

Buenos Aires' financial community suffered a bad case of the jitters in response to the transport strike, reflected in the 14% decline of the austral against the dollar by Nov. 10. On the same day, the government deployed police into the city's financial district to clamp down on currency speculation.

Nor is the situation inside the Armed Forces likely to remain calm, following the Army high command's decision to "retire" nationalist Col. Mohamed Alí Seineldín. Announced on Nov. 1, this action completely ignored Menem's pardon granted Oct. 6 to Seineldín and 180 other officers. The President's action eased tensions which had been long festering within the Army; but the retirement of Seineldín, and subsequent imposition of administrative sanctions on several officers—*despite the pardon*—is a provocation which has heightened military discontent.

Creditors call the shots

Menem's conflict with the Peronist-run labor movement stems from his decision to pursue an economic program de-

finied by the IMF and foreign creditors. A major goal of the Menem government is to restore Argentina's image with the international financial community, to convince the bankers that Argentina is a responsible debtor. The country owes \$64 billion in foreign debt, and is \$5 billion in arrears in interest payments.

In response to the early November strikes, the Argentine President took a hard line. On national television he called the strikes "the work of sectors that resist reform," and vowed to shut down transport and railroad companies whose workers went on strike. He threatened to commandeer buses, if necessary, to keep transportation going.

The letter of intent signed with the IMF promises to reduce the country's fiscal deficit, and overhaul the state sector through an extensive privatization program, while opening the country up to private foreign investment and lowering tariff barriers to imports. Restriction of wages is a key element in the program. Menem insists that "the objectives of this government will not be negotiated, regardless of who likes it, who cries, or who protests . . . whatever it costs."

This is not what a large part of the Peronist labor base envisioned when, during Menem's election campaign in late 1988 and early 1989, he described his plans for a "productive revolution." Many workers hoped this program would mean a reversal of Alfonsín's policies of submission to IMF austerity dictates, and a return to the dirigism which had characterized the policies of Gen. Juan Perón. Instead, they have seen the multinational grain cartel company Bunge and Born dominate government economic policies, with input from a large number of liberal free-market economists. Adalberto Krieger Vasena, an ultra-monetarist adviser to several military juntas, and more recently to Alfonsín's government, has just been formally incorporated into the government economics team.

Following the resolution of the transport strike, in which workers won a raise from 36,000 australs (about \$55) to 80,000 (around \$106), Menem has adopted a more conciliatory line toward labor, for the time being. He called on Interior Minister Eduardo Bauzá and Sen. Eduardo Menem, his brother, to quickly organize a summit meeting of all labor leaders to try to bring about the unity of the labor movement, and advance toward the creation of a "social pact" of wage and price controls to be agreed upon by labor, business, and the government.

In mid-October, the General Confederation of Labor (CGT) split over the issue of whether trade unions should criticize the government economic program. CGT Secretary General Saúl Ubaldini, who has been publicly critical of the Bunge and Born program, and defended labor's right to strike against these policies, was ousted from his position by Menemista leaders close to Labor Minister Jorge Triaca. Ubaldini quickly threw his support behind the transport workers in their recent action.

On Nov. 17, Menem will speak before a large Peronist gathering in Buenos Aires' Plaza de Mayo, in an effort to reassert his leadership of the Peronist movement and appeal for unity behind his government's program. Prior to that event, Menem will meet with labor leaders from both the Ubaldinista and Menemista factions for further discussion. On Nov. 15, he also met privately with Ubaldini, at the latter's request.

Consensus for what?

Some analysts speculate that the Peronist President's appeal to the Peronist party leadership, attempts to unify the labor movement, and even opening channels of dialogue to Alfonsín and his Radical Civic Union (UCR) represent an attempt to broaden the political and social consensus for his government's structural reforms.

It will take more than conciliatory speeches to resolve the conflicts in Argentine society, however. A demonstration by 2,000 workers in Córdoba in early October, over plans to privatize their state-run company, offers a hint of what kind of social protest might be expected on a broader scale if economic conditions fail to improve.

It remains to be seen how Menem will deal with a brewing military crisis, in which the fate of the popular and respected Colonel Seineldín is a key issue. Following his announced retirement, the colonel reportedly addressed a letter to Army Chief of Staff Gen. Isidro Cáceres challenging him not to violate the terms of Menem's pardon by arbitrarily imposing administrative sanctions on those officers who benefited from it.

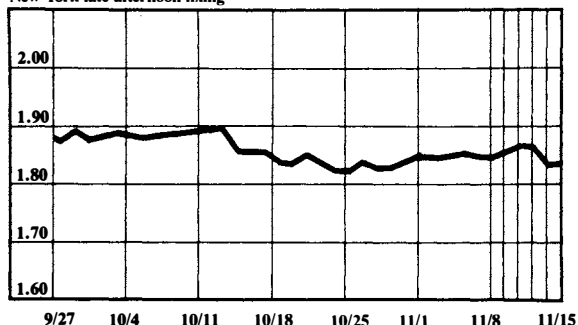
Reports have circulated that, despite the high command's decision, Menem might name Seineldín to head up an elite commando force to combat subversion and drug trafficking. As reported in the Nov. 16 *Cronista Comercial*, Justice Undersecretary César Arias announced that a decision on the group's formation would be announced within the following 10 days, adding that Seineldín's nomination had not been ruled out. The Nov. 8 edition of *Somos* magazine indicated, however, that the U.S. embassy in Buenos Aires is pressuring the government not to name "that colonel" to any such post. The Army high command is similarly opposed, as is Defense Minister Italo Luder and Interior Minister Bauzá, according to this report.

On Nov. 11, speculation heightened when Colonel Seineldín and a group of 500 officers, many of them nationalists recently forced out of the military, participated in a high-profile two-hour jogging and exercise session in Buenos Aires' Palermo Park. Journalists present received no response to their questions on whether this group might form the core of the rumored "special forces" contemplated by Menem. The President has characterized the session as a "provocation" to the Army high command, although reportedly the same officers intend to congregate regularly each Saturday morning.

Currency Rates

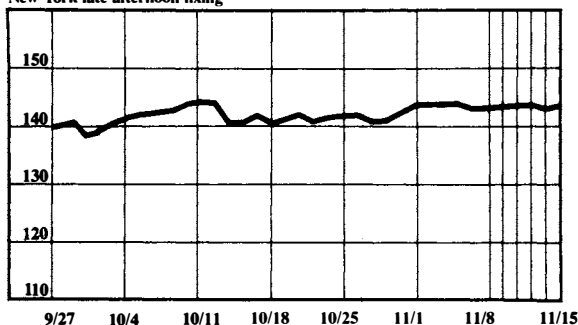
The dollar in deutschmarks

New York late afternoon fixing



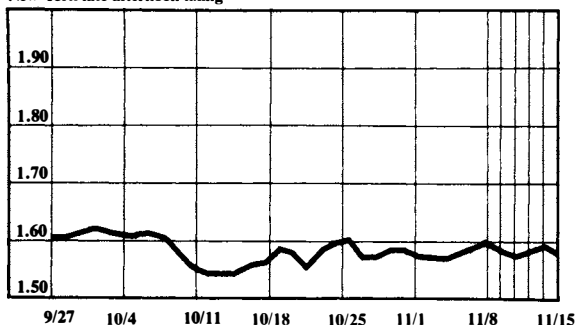
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

