

Menem throws clutch into reverse, drives Argentina hurtling backwards

by Cynthia R. Rush

Argentine President Carlos Menem says he is embarked on a path which will bring his country into the "First World." But if he keeps up his current offensive to accelerate the imposition of the International Monetary Fund's (IMF) policies, he will plunge Argentina instead to the levels of the "Fourth World"—a Peru or a Bolivia—complete with a cholera epidemic. In the name of George Bush's new world order, Menem is ripping apart the very institutions needed to sustain a sovereign nation-state, throwing hundreds of thousands out of work, handing over natural resources and other assets to foreign interests, and jailing or repressing those who have the courage or will to resist this mad destruction of a once-wealthy country.

To flaunt his commitment to Bush's agenda, Menem announced on Sept. 19 that he was withdrawing Argentina's membership from the Non-Aligned Movement of Third World nations. The Peronist movement, of which the Argentine President is nominally a member, has always maintained a non-aligned foreign policy stance which its founder Gen. Juan Perón called "the third position"—neither capitalist nor communist. Now, Menem explains that "there is a new world, a new juridical, economic, social and political order among nations of the planet. . . . The Non-Aligned Movement has no reason to exist because it has not adapted to the world's new circumstances." According to one report, Menem made the decision to pull out of the Non-Aligned now, so that he could present it as a *fait accompli* when he meets with Bush in Washington in November.

Domestically, in the wake of the Sept. 8 elections, Menem is telling the Argentine people that the austerity they have experienced so far under IMF policy is nothing compared to what lies ahead. "This is the moment of decisive sacrifice," he told the nation on television on Sept. 11. "We can't rest on our laurels. Now is the time to step up our pace, not sit with arms crossed, not stop. We can't waste what we have achieved."

Together with his Harvard-trained finance minister Domingo Cavallo, the man international media have lauded for "stabilizing" the country's economy, Menem is focusing his efforts on the plan to "rationalize the state sector." What this translates into is selling off as many companies as quickly as possible, and slashing the budget for those remaining under the control of the state, in order to meet IMF guidelines for

generating the funds to guarantee foreign debt payments. Starting in October, Argentina must *quintuple* monthly payments on its \$60 billion foreign debt, from \$60 million to \$300 million.

Toss workers out

Cavallo's goal is to reduce the state sector work force by 30%, as promised in the letter of intent to the IMF. Initially, the finance minister fixed a three-year timetable in which to reduce the government bureaucracy by 122,000 people, and drop 82,000 jobs from other state sector companies which now employ 254,000 workers. Cavallo is now accelerating that timetable, stating that by the end of 1992, the state expects to have no companies or productive assets in its possession.

This means job loss for hundreds of thousands of workers, who, in a shrinking economy, have no hope of being absorbed by the private sector or other productive employment. Worse, under the guise of making state companies more efficient and better managed, the government's privatization program is really a giveaway to *foreign* interests of strategic raw materials and basic industry sectors such as oil, gas, steel, petrochemicals, and defense. Argentina's sovereignty is being compromised. On Sept. 16, workers from the Association of State Workers (ATE) charged that the government is selling off "for the price of scrap metal, both inputs and machinery in perfect condition" at the state-run military company, Fabricaciones Militares.

Immediately, the rationalization plan means firing 10,000 workers from the state banking sector and 20,000 from the state railroads. Bankrupt provincial governments have been ordered to cut their employment rolls by another 30%. The government recently announced that it intends to privatize the giant steel complex Somisa, founded in 1947 at the initiative of nationalist army Gen. Manuel Savio as the cornerstone of Argentina's industrialization and steel development program. The company employs 11,000 workers at its headquarters in San Nicolás in Buenos Aires.

Government intervenor Jorge Triaca announced Sept. 17 that privatizing Somisa would allow the company to fire 2,000 workers, in addition to the 2,700 who have opted for early retirement. As an alternative, Triaca announced, the government intends to create Chinese-style "micro compa-

nies”—a favorite World Bank plan—which might be able to hire back 350 workers. Since the entirety of San Nicolás depends on Somisa for employment and related economic activity, as many as 6,000 families may end up without means of support.

Perfecting the police state

Not only does this not bother the Menem government; the President has announced that he will not tolerate any opposition to the rationalization of the state. On Sept. 17, Finance Minister Cavallo and Labor Minister Rodolfo Díaz issued statements explaining that any strike directed against government policy will be considered an assault on “democracy” and declared illegal. “When a strike is used as an instrument of pressure to change the decisions of a democratic government, then a constitutional right is being used in a mistaken fashion,” Díaz said.

Cavallo and Menem have made clear that workers who aren’t willing to make “decisive sacrifice,” will be fired. When the oil workers union went on strike against the state oil concern, YPF, on Sept. 13, the Labor Ministry immediately declared the strike illegal and fired 2,300 strikers. Backed by these dictatorial measures, Fabricaciones Militares has proceeded to fire 1,300 workers in Buenos Aires, and several hundred more at its steel plant in Jujuy and other dependencies in Santa Fe.

At the same time, Menem has kept up his tirade against the nationalist “carapintada” wing of the military, whose leader Col. Mohamed Alí Seineldín, has just been sentenced to life in prison for resisting Menem’s destruction of the nation. Fearful that the colonel’s principled stand in defense of national sovereignty is inspiring resistance in other sectors of society, Menem has set off an elaborate propaganda campaign charging that the nationalists in the military are plotting to undermine democracy. As part of this campaign, Federal Police chief Juan Passero announced the creation of a special task force to track of any nationalist civilian or military officer not yet arrested for activities related to the Dec. 3, 1990 uprising.

Since the government’s economic policies will unquestionably lead to an increase in crime and violence, including facilitating drug trafficking and money laundering and expanding the drug-related “informal economy,” Menem is also introducing a judicial reform which will include a U.S.-inspired plea-bargaining system already implemented in Colombia and Bolivia. In an affront to the country’s Catholic majority, Menem has adopted a Bush-style insistence on legalizing the death penalty, which the Argentine Church firmly opposes.

A malthusian policy

Where Menem’s free market lunacy will lead can be seen in the case of Hipasam, the state-owned mining center located in the municipality of Sierra Grande in the southern province

of Río Negro. One hundred days ago, the Defense Ministry shut down Hipasam because it was deemed “unprofitable,” but promised to reopen it once it was “restructured.” On Sept. 18, the Hipasam workers union issued a dramatic plea to the federal government, describing the plight of 12,000 Hipasam employees and their families who have been left destitute by the shut-down. Hipasam was the only source of employment for the residents of Sierra Grande; now they face the breakdown of social services and health care, the bankruptcy of local businesses, the exodus of the population and three months of unpaid wages. Labor leader Raúl Severino reported that there is a health emergency because one of the city’s two clinics has shut down, there is no anesthesia available, and no gasoline for the only working ambulance.

Moreover, the collapse of infrastructure due to IMF austerity and lack of investment portends a national health disaster. A large part of the population of Buenos Aires has had no access to potable water in September, ostensibly due to “pressure problems” in the water distribution network. However, technicians from the National Sanitation Works reported on Sept. 20 that unless filters at the major potable water plant were repaired quickly, there will be no water available for the peak summer months—precisely the period when the danger of a cholera outbreak is at its greatest. Health Secretary Elsa Moreno admits that “the threat of the arrival of cholera is great.” Dr. Jaime Weissman, chief of research at the Muñiz Hospital, told *La Nación* that the country’s 15-16 million slum-dwellers are at immediate risk of contracting cholera and other diseases.

Since Argentina’s demoralized electorate gave Menem’s Peronist party such a sweeping victory in the Sept. 8 elections, the President feels emboldened to impose new indignities. When the price of beef shot up recently, Menem recommended that people simply stop consuming meat—in Argentina, of all places. Citizens have also been told to reduce consumption of potable water to “moderate” levels. Since the government also failed to meet all the guidelines set by the IMF for the third quarter, especially in terms of a budget surplus, Menem will be looking for new ways to squeeze the population, no matter how many suffer as a result.

Greater repression notwithstanding, some Argentines have had enough of Menem’s “democracy.” Wives of the unemployed Hipasam workers hold nightly protests, blocking traffic on the important national highway No. 3 which unites the northern and southern parts of the country. Drivers who wait for hours on the barricaded highway shout out “strength” or “don’t give up” to the protesting wives, who are about to embark on a hunger strike. Similarly, on Sept. 23, some 2,000 relatives of workers at Fabricaciones Militares in Jujuy marched to the capital to protest firings. Another 500 protested in Santa Fe over firings at the Fray Luis Beltrán military plant. The Menem government is said to be “worried” about these conflicts.