

# Argentine labor rebels against IMF genocide

by Valerie Rush

In the face of a rising tide of opposition to his Nazi-style austerity policies, Argentine President Carlos Menem defiantly issued two Presidential decrees on Oct. 7, privatizing the majority of the nation's health care programs run by industry-wide trade unions. In one stroke, Menem has taken guaranteed health care away from the nation's unionized labor movement, and has given \$2.5 billion of annual union health program funds over to private investors. The national CGT labor federation, which held a 36-hour national strike against cuts in family subsidies and higher taxes last month, has already announced plans for a new strike. "If necessary, we'll hold strikes for 24 hours, 48 hours, or 48 years," said one union leader. Warned another, if Menem touches our health care, "all hell will break loose."

The Oct. 7 decrees are an important part of a plan to shatter Argentina's powerful labor movement, which remains a key obstacle to the intensified looting scheme demanded by the country's international creditors. As the ravaged economy collapses under the weight of 20% unemployment, multiplying bankruptcies, a soaring fiscal deficit, and an unpayable foreign debt, Menem is desperate to find new sources of wealth to turn over to those creditors—even at the risk of social explosion.

However, the creditors have begun to voice their doubts over whether Menem can hold their "model" together. In separate Oct. 4 interviews with the Buenos Aires newspaper *Clarín*, former U.S. Federal Reserve Chairman Paul Volcker and former U.S. Treasury Secretary Nicholas Brady confirmed what the international banking community already knows: that Argentina will not be meeting its \$14 billion in foreign debt payments next year. They proposed a new variant of the old Brady Plan—an exchange of new debt paper for old—but insisted that any such rescue would require "confirmation of the country's path in terms of economic policy." Volcker insisted, "The question is whether support for [existing economic policies] has eroded, and whether there will be continuity in support for this economic strategy."

As proof of Menem's commitment to the current "economic model," said both Volcker and Brady, what the international financial community wants to see is more privatizations, strict adherence to the "convertibility" (currency

board model) plan, and "labor flexibility." Specifically, said Brady, foreign investor interest in Argentina "will disappear if there is no flexibility in the labor market."

## Fascism, by any other name

"Flexibility" is the key-and-code word used by the international banks and their local enforcers to describe the plundering of Argentine labor, and they are not afraid to admit it. At the recent annual assembly of the IMF in Washington, the Fund's Assistant Director Stanley Fischer told the Buenos Aires daily *Clarín*: "In some countries, you see an adjustment in salaries. And this helps. In others, salaries are maintained, and this delays a drop in unemployment. Everything depends on how trade unions operate, and what they accept. . . . Experience shows that the more flexible the labor market, the more flexibility there will be in wages, and the more rapid the reduction in unemployment."

Menem is now in the process of trying to ram through the Argentine Congress precisely such a "flexibility" package which, in the words of IMF Managing Director Michel Camdessus, would "reduce the privileges of the employed, to provide jobs for the unemployed." The proposed labor reform would end collective bargaining, end severance pay, deny overtime pay, give employers the discretionary right to declare holidays, and eliminate the guaranteed eight-hour day.

London's *Financial Times* on Oct. 2 was explicit that the purpose of the new legislation is wage gouging, pure and simple. "Since the convertibility program prohibits devaluation," says the *Times*, "one of the routes to greater competitiveness is salary reduction." Guillermo Calvo, a former adviser to Argentine Finance Minister Roque Fernandez, told the Argentine press, "Here, we have a political problem, not an economic one. The problem will be solved by lowering prices and wages. But, as that cannot be done, a certain legitimacy for lowering wages must be created."

## Stage set for confrontation

As the *New York Times* put it Oct. 7, "the stage is set for a confrontation the likes of which Argentina has not seen since the 1980s." CGT Secretary General Rodolfo Daer called the "flexibility" proposal outright "treason," and added, "The government wants to tear up labor contracts, they want to beggar wages, and we are not going to allow it. . . . We call on [the government] to rule in the name of the people, not for the IMF. . . . We must stop the surrender of the country, which has bankrupted the productive apparatus."

A fierce critic of Menem's policies, Buenos Aires governor and Presidential hopeful Eduardo Duhalde, blasted the draft legislation as "punishing workers," and declared that no plan which proposes a 12-hour day "can be approved by Congress." He is said to have a bloc of 60 deputies ready to fight the proposed legislation, although many now fear that Menem may attempt to put the package through by decree, if he cannot bulldoze Congress into approving it.