

Argentines battle over economic policy

by Cynthia Rush

Numerous bankers have confessed to *EIR* that Argentina is giving them more headaches than they ever expected. It is not just the fact that Argentina is in arrears on its debt payment by a figure that could be as high as \$5 billion, that upsets the banking community. They also understand that it is impossible to impose on Argentina the “discipline”—i.e. harsh conditionalities—required by an International Monetary Fund stabilization program.

Argentina's President Reynaldo Bignone and Finance Minister Jorge Wehbe have tried to be a source of comfort to the country's creditors. At the IMF meeting in Toronto, Wehbe promised U.S. and British representatives that Argentina would agree to unfreeze British financial assets in Buenos Aires as a precondition for the renegotiation of its foreign debt. And President Bignone did the necessary arm-twisting in Buenos Aires to get the reluctant commanders-in-chief of the three branches of the armed forces to agree with the measures. Wehbe announced that Argentina would consider seeking an IMF standby loan for \$1.2 billion, although no formal request has been made to the IMF. The first two members of an IMF “exploratory” mission reportedly arrived in Buenos Aires during the last week of September.

But the policies that Bignone and Wehbe have been forced to authorize domestically belie their promises of cooperation with the IMF. In the face of an increasingly vocal trade union protest over the 400 percent inflation rate, and price increases that have led to rationing of meat and fuel, Bignone approved an emergency package on Sept. 15 which set ceilings on the prices of basic food staples such as bread and milk, and also established a price-control mechanism for the 500 leading companies. On Sept. 23, the government also announced the granting of a 600,000-peso wage increase, on top of the 1 million granted at the beginning of the month.

Such measures may provide the government some breathing room to attempt to negotiate an arrangement with the IMF. But the pressures it faces from within the armed forces suggest otherwise.

The officer corps of all three branches of the armed forces has been rife with discontent since the end of the Malvinas War. Middle-level and some higher-level officers are enraged at the way the war was handled, and demand that those

responsible for Argentina's defeat be punished or removed. They are also disturbed over the depth of the economic crisis and aren't willing to compromise national sovereignty to please foreign creditors or the IMF.

The strategy of the high command to date has been to try to keep the lid on such discontent. When Army General Ricardo Flouret publicly denounced the policies of the high command in August, specifically singling out the haste of certain factions to restore relations with the United States and Britain, he was unceremoniously dumped and punished. Similar treatment was accorded Navy Admiral Horacio Zaratogui who issued a 17-point statement on Sept. 20 indicting the Navy command for “grave errors” during the war, and demanding full investigation and punishment of those responsible.

Efforts to portray these as isolated incidents have only exacerbated the crisis, and rumors that President Bignone may soon be removed from office are now circulating in Buenos Aires. The depth of chaos is characterized by the evaluation of many analysts who say simply that “there is no government” in Buenos Aires.

What lies ahead?

The question that remains is whether any political force, military or civilian, can emerge to provide leadership to the country and to link up with those forces in the rest of Ibero-America that are organizing for a New World Economic Order.

Henry Kissinger's associates in Argentina, chief among them the British agent and former Finance Minister (1976-81) José Martínez de Hoz, are confident that they can use the crisis to their own advantage. They are attempting to bludgeon and weaken nationalists within the armed forces with the fact that certain of their members such as former Navy commander Emilio Massera belong to the fascist Masonic Lodge, Propaganda-2, and have committed serious crimes. They also want to blackmail nationalist military with the fact that many who now make up the top command of all three branches of the armed forces participated in the “dirty war” against subversion, which in the mid-1970s was responsible for the torture and “disappearance” of some 30,000 Argentines.

The weapon nationalist forces have at their disposal, however, is the fact that both Henry Kissinger and Martínez de Hoz ran the “dirty war” from the top in order to enforce the Friedmanite economic policy that dismantled Argentina's industry and agriculture during that period. Both are also part of the international oligarchy whose P-2 Lodge coordinates drug- and gun-smuggling internationally and directs terrorists of both the left and the right. Reliable sources in Mexico City have revealed that one of Martínez de Hoz's chief responsibilities as Finance Minister included choosing the military commander of Buenos Aires province who would be sufficiently brutal in repressing the population in the “fight against subversion.”