

sion, it was announced that the Fund was “not satisfied with Mexico,” that the agreements with Argentina were “in jeopardy.” Then came the resignations of the country’s central bank governor and economics minister.

New York bankers greeted the Feb. 18 resignation of Finance Minister Bernardo Grinspun and Central Bank president García Vásquez with some enthusiasm. The nomination of Planning Minister Juan Sourrouille as Grinspun’s replacement was interpreted as a sign of Alfonsín’s willingness to impose tougher austerity.

Grinspun, described by one banker as a “Radical Party hack,” hadn’t gotten along very well with the New York crowd. The *Wall Street Journal* happily predicted on Feb. 19 that Sourrouille and new Central Bank president Alfredo Concepción “are likely to work more easily than their predecessors with the IMF. They are also thought to be more willing to impose further economic austerity measures.” The banking community liked the fact that Sourrouille is a “foreign-trained economist, reads English, and talks sense.”

So far, Sourrouille isn’t living up to bankers’ expectations. A few days after taking office, his staff announced that the IMF austerity guidelines agreed to by Grinspun for the rest of 1985 were very problematic, and might have to be made more “flexible.” Reports that the new minister would seek a total renegotiation of IMF guidelines have circulated widely both in New York and Buenos Aires.

The IMF delegation that had been visiting in Buenos Aires, led by Spaniard Joaquín Ferrán, reportedly left in frustration on Feb. 22 to give an unfavorable report back to director Jacques de Larosière. On Feb. 25, the steering committee of Argentina’s creditors met in New York to nervously discuss the fact that the Fund is not expected to grant the \$236.5 million tranche of its standby agreement scheduled for payment during the second half of March. If this is the case, then the entire negotiation process and further granting of commercial bank loans will be indefinitely delayed.

It’s true that Sourrouille is no rebel against IMF policy. His five-year national austerity program introduced in mid-January is based on bolstering Argentina’s traditional role as an agro-exporter rather than an industrial leader. But the new minister is staring at a national economy that is unraveling at an astonishing pace.

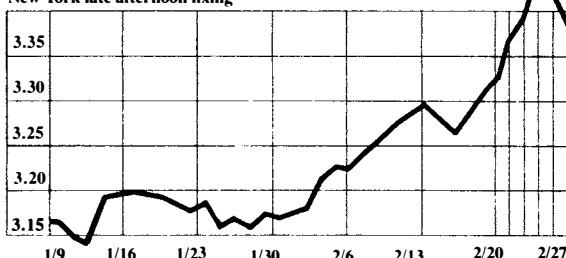
The government has not complied with IMF guidelines on inflation, money supply, fiscal management, or growth, and any effort now to enforce them for the rest of 1985 would result in a politically unacceptable recession and social chaos. Alfonsín is already beset with labor demands for salary increases, major protest from the nation’s agricultural producers, and a dramatic increase in social conflict, especially drug-related crime, stemming from growing unemployment and economic dislocation.

Aware that the population is reaching the limits of its tolerance, leaders of the governing Radical Party insist that Sourrouille will serve the “forces of production,” and not the detested *patria financiera*, the financial fatherland.

## Currency Rates

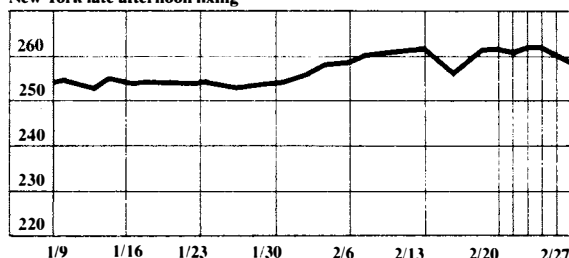
### The dollar in deutschemarks

New York late afternoon fixing



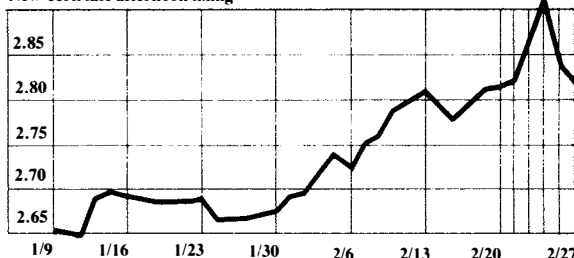
### The dollar in yen

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing

