

## Book Review

# Peronist leader charts path for Argentina's economic development

by Cynthia Rush

### **Propuesta para 30 Millones**

(A Proposal for 30 Million)

by Juan Gabriel Labaké

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*A Proposal for 30 Million*, the second book written by Peronist leader Juan Gabriel Labaké, is a timely intervention into the heated debate on the Ibero-American debt crisis. Presented on Aug. 28 in Buenos Aires to an overflow crowd gathered at the Casa San Luis, the book indicts the government of President Raul Alfonsín for submitting to the austerity demands of the International Monetary Fund (IMF), and offers an alternative program for the development of Argentina's enormous industrial and agricultural potential.

Labaké, an executive committee member of the Peronist Supreme Command, named in 1984 by former President Mrs. María Estela Martínez de Perón, will shortly embark on a tour of five Ibero-American nations in order to discuss the ideas outlined in his book with government, political, and trade union leaders in those nations.

Like Peruvian President Alan García Pérez, Labaké calls for limiting payment of Argentina's debt service, set at \$6 billion for 1985, so that capital can be redirected into productive investment. He bases this proposal, and the plan for Argentina's integral development, on the necessity of forging the integration of the Ibero-American continent, including creating a common market and debtors' cartel, and the rapid construction of the large infrastructure projects urgently needed. It is this continental perspective which distinguishes Labaké from other Argentine leaders who have called for putting a cap on interest payments.

### **The failure of Alfonsín**

Labaké charges that Raul Alfonsín turned his back on the 52% of the electorate which voted him into power on Oct. 30, 1983. The newly elected President could have used this popular support to implement a program to rebuild the na-

tion's devastated economy; the Peronists were willing to back up such a growth perspective, despite their electoral defeat. Alfonsín even signed the June 6, 1984 "Act of Agreement" with representatives of 15 other political parties, in which he agreed that the renegotiation of the foreign debt "must be carried out on the basis of an economic program that permits a deployment of Argentina's potentialities, without damage to national interests and dignity. The gravity and depth of the inherited crisis," the Act continued, "impose the establishment of guidelines for [economic] reconstruction."

But Alfonsín's words proved meaningless, Labaké asserts. While promising not to pay the debt with the "hunger of the people," he brought veteran anglophile Dr. Raul Prebisch into his cabinet to negotiate an "orthodox adjustment program" with the IMF. Just two days after Alfonsín signed the "Act of Agreement," Prebisch was off in Washington discussing the details of this program with IMF Director Jacques de Larosière.

It was Prebisch, Labaké recalls, whose 1955 economic plan eventually brought Argentina to its knees after the ouster of Gen. Juan Perón, and forced it to join the IMF/World Bank and accept membership in GATT. And, he points out, the "Rohatyn Plan" that Prebisch advocates for the Third World, would loot the debtor nations' services, infrastructure, and productive capabilities, just as Lazard Frères investment banker Felix Rohatyn did to New York City in the mid-1970s, under the guise of returning that city to "solvency."

### **A development program**

Labaké describes his alternative to Alfonsín's IMF program as "a national plan for greatness with justice." Its goal is to make Argentina one of the 10 or 12 leading world powers within a decade. The plan has six basic recommendations:

1) Forge national unity, extending dialogue to all major sectors of the economy on the basis of a proposal for economic growth.

2) Completely reformulate debt policy, limiting debt-service payments to no more than \$2 billion annually over the next five years; define a new relationship to the United States, to reach a reasonable agreement in which the nation's

fundamental goals are respected, for the project of continental integration; and refinance foreign debt on conditions coherent with a program of national industrial development.

3) Reaffirm the Peronist doctrine of the "third position," seeking new international alliances with nations "whose national interests coincide with ours, that is, which have the same problems of dependence."

4) Oppose Finance Minister Juan Sourouille's oil and agro-export "Austral Plan," with a program for the integral development of industry and agriculture, including the construction of seven infrastructural "development poles" in strategic locations around the country, especially in border areas. This proposal calls for expanding land under cultivation from the current 30 million hectares to at least 60 million, to double wheat and grain production, and increase overall food production by 200-300%. An aggressive immigration policy, with emphasis on the nations of Africa and Asia, and especially the rest of Ibero-America, could increase Argentina's population from the current 30 million up to 50 million by the year 2000.

5) Foster cultural nationalism, which rejects such foreign ideologies as Marxism, social democracy or classic liberalism. Reassert national and traditional values. Labaké asserts that Juan Perón's simultaneous defense of the nation's interests above all classes or parties, and the interests of the working population, defied all efforts by foreign power centers to classify him as "left" or "right."

6) Defend the population's right to social justice and political participation. Labaké asserts that the conditions under which large percentages of the Argentine population are forced increasingly to exist, are a violation of human dignity. The IMF's austerity policies have taken their toll in terms of rising rates of infant mortality, poverty, joblessness, and a drop in real wages. Especially in Argentina's northern provinces and border areas, living conditions approach subhuman levels.

## Debtor unity

The author underscores that the ability to implement a national industrial development program depends on forging the programmatic unity of the continent's debtors. No nation by itself is strong enough to negotiate favorable conditions for internal development with creditor nations. As the cases of Brazil and Mexico prove, there is no such thing as a "privileged relationship" with the United States, or other creditor governments.

Among the Ibero-American debtors whose debt is most unpayable today because of the IMF "adjustment" policy, Argentina has a special responsibility, Labaké asserts. It must "lead a concrete movement for the unity and integration of Latin America, which permits the joint development of the region, and the refinancing of the debt through a debtors' club, even when some of the region's larger nations may be reluctant to join forces."

On the basis of such unity, debtors can proceed to negotiate conditions and periods of repayment, and interest rates: Argentina and Ibero-America would be able to define an independent path of economic development, with 4 to 5-year grace periods, 20 to 25-year periods for repayment of capital, and interest rates one point above the dollar inflation rate. Under this program, Argentina would make annual interest payments of no more than \$2 billion over the next five years, at which point, it will have generated sufficient surplus to pay considerably more than that.

The Ibero-American debt crisis, Labaké asserts, is not a product of debtor "irresponsibility." It can only be explained in the context of the collapsing world monetary system, which, he notes, is "sitting on a time bomb." Third World debt may be close to \$1 trillion, but the entire world debt is almost \$10 trillion. "That is, the foreign debt of the underdeveloped nations, which serves as a pretext for imposing the IMF's recipes, represents only 8% of the total world debt."

"The cracks in the system are appearing on the inside walls, within the advanced countries, or rather in *the central country*, which invented and promoted the Bretton Woods system," Labaké states. The bankruptcies of thousands of U.S. farmers and small- and medium-sized industries, as well as the failures of such important institutions as Continental Illinois, the Financial Corporation of America, the Manila (Philippines) branch of Citibank, and savings and loan banks in Ohio and Maryland, make the appropriate point, he underscores.

## Worst-case scenario

The author emphasizes that even the suggestion of a "debtors' club" causes panic among the creditors. Perhaps, Labaké suggests, they understand that if such a cartel were to be formed, "we could survive, but the banks could not."

However, Labaké continues, if creditors were to respond with a blockade or military reprisals to the formation of an Ibero-American debtors' cartel—action which the author feels is unlikely—the continent is uniquely positioned to defend itself. It is virtually self-sufficient in production of food, energy, and strategic metals. Even problems in the production of chemical-industrial inputs, and electrical equipment, are not insurmountable.

Labaké recalls that World War II blockade conditions forced Ibero-American countries to develop their national industries. Idle industrial capacity in Argentina, Brazil and Mexico, created by IMF policies, could easily be reactivated under these conditions to expand the volume of manufactured goods produced by the region, and change the export structure of the entire area, now based almost entirely on export of primary products. The monetary resources accruing from industrial reactivation could then be used to finance construction of large infrastructure projects throughout Ibero-America, such as the interconnection of the Orinoco, Amazon, and Rio de la Plata river basins in the Southern Cone.