

Argentina: Has IMF policy been elected?

by Cynthia Rush

Leaders of Argentina's ruling Unión Cívica Radical (UCR or Radicals) are boasting that the party's 43% plurality in the Nov. 3 congressional elections represents the "final consolidation of democracy" under President Raul Alfonsín, as well as a popular endorsement for the International Monetary Fund's austerity program, known as the "austral plan."

The electoral outcome gave the UCR one additional seat in the House of Deputies, in which it already enjoys a majority, and control over 7 additional provincial legislatures. Since national senators are elected by provincial legislatures, the UCR is now poised to take control of the Senate away from the opposition Peronist party, following the 1986 provincial elections. The Peronists, whose movement is deeply factionalized, won 34% of the vote and lost 7 deputy seats.

Peronist leaders expressed satisfaction that the party maintained its strength in the country, garnering 5 million votes. In fact, it failed completely to take leadership in providing a programmatic alternative to the austral plan, especially one that would link up with an anti-IMF ferment on the rest of the continent which has bankers tearing their hair out. Instead of a debate over policy, the battle was often reduced to one over control of factions and fiefdoms such as occurred in the province of Buenos Aires, where the Peronists had to present two separate slates, one led by ultra-rightist labor boss Herminio Iglesias, and the other by "moderate" Antonio Cafiero.

The Peronists' lack of programmatic leadership not only gave the advantage to the UCR, but also to those factions inside the movement that want to "renew" and reorganize it along the lines of the anti-industry European social democracy. Leaders of this tendency, such as Cafiero and Carlos Grosso, won handily in the province of Buenos Aires and capital city, respectively. The *New York Times*, in its Nov. 6 editorial, rubbed this fact in the Peronists' faces, crowing that "the Radicals have outpolled the once-invincible Peronists. And this time, Peronism's least-democratic faction, built around ultranationalists and labor bosses, was thoroughly repudiated."

Electoral test

Radicals viewed the elections as a major test for the Alfonsín regime, of whether the population would endorse the dramatic austerity program adopted last June and approve

of its handling of military officers accused of human rights violations during the 1976-83 military government. Imposed at the behest of the IMF, the austral plan froze wages and prices, and established a new currency, the *austral*, tied to dollar reserves. In the plan, export promotion to generate foreign exchange replaces industrial development. The plan's main purpose is to guarantee repayment of foreign debt.

Practically every UCR candidate campaigned on the basis of the austral plan's "success" in halting inflation and saving the nation from disaster. Just two weeks prior to the elections, the government arrested 12 individuals whom it charged with involvement in right-wing terrorism, and subsequently imposed a state of siege, allegedly to defend the country and the elections from right-wing destabilization.

Some opposition leaders charged that the fascist destabilization was not as real as the government claimed, and that the state of siege was a maneuver to silence opposition to the IMF's policy and frighten the population into backing Alfonsín's "democracy," under the false threat of a military coup.

Radical Party leaders like Juan Carlos Pugliese, president of the House of Deputies, asserted on Nov. 4 that the election results proved that "the people have understood the language of the government. They didn't get any promises. They voted to accept the toughest economic austerity plan in Argentine history, the austral plan."

The election results have opened the door to those forces who want to use Argentina and the austral plan as a weapon against the anti-IMF ferment shaking the rest of the continent. Monetarist Franco Modigliani, Nobel laureate in economics from the Massachusetts Institute of Technology, is currently in Buenos Aires, lavishing praise on the austral plan as "Argentina's miracle." U.S. Federal Reserve chairman Paul Volcker is also said to be heading for Argentina, reportedly to confer with the Alfonsín government on the first "soft-loan" to be granted to a debtor nation under the much-touted "Baker Plan."

Despite Alfonsín's electoral gains, however, the Washington policy-making community and banking circles recognize the potential for Argentina to slip from their control, especially if a political leadership emerges to organize the labor movement and population around the perspective elaborated in Democrat Lyndon LaRouche's proposal, *Operation Juárez*.

U.S. Eastern Establishment press were cautious in their evaluation of the Argentine elections, noting that the UCR failed to make the full sweep it had hoped for, and quoting local analysts saying that the government had not won an overwhelming mandate to take further austerity measures. Said the Nov. 6 *New York Times*, "Alfonsín remains in a tight spot. He has pushed back the ultranationalists, but still faces the crushing foreign debt." The *Times* recommends that Alfonsín get "a lot more help from his friends, starting with significant financial relief from Washington."