

# Peronist victory scares creditors

by Cynthia Rush

Ibero-America's creditors were still reeling from the outcome of Mexico's July 6 presidential elections, when nationalists in Argentina clobbered them with another dose of reality just three days later.

On July 9, members of Argentina's Peronist movement or Partido Justicialista, went to the polls to repudiate five years of International Monetary Fund "adjustment" policies imposed by President Raúl Alfonsín's "democracy." Voters resoundingly defeated Buenos Aires Gov. Antonio Cafiero, an asset of the international social democracy, charged by the United States's sordid "Project Democracy" apparatus with "reforming" Peronism to make it more palatable to foreign creditors. Elected instead was La Rioja Gov. Carlos Saul Menem, who will be the presidential candidate in the mid-1989 elections.

A maverick provincial leader, Menem had shaped his campaign around the call to unleash a "revolution of production," based on the dirigist economic policies associated with the late Gen. Juan Perón. He insisted that Argentina must negotiate a five-year moratorium on its \$54 billion foreign debt, and vowed to carry out an anti-drug campaign, including instituting the death penalty for drug traffickers. British presence on the Malvinas Islands and in the South Atlantic constitutes a form of "economic aggression" against Argentine resources, Menem charged. If elected, he promised that one of his first acts would be to confiscate British assets in the Patagonia region of the country.

Argentina's obedience to IMF policy under Alfonsín and the Radical Civic Union (UCR) has thrown the country into social and economic chaos. Inflation is running at 20% monthly; social protest over government economic policy has paralyzed entire sectors of the economy. Industrialists demand a return to policies of growth. Argentine government officials admit that their upcoming negotiations with the IMF for a new standby agreement are likely to be "difficult" due to their inability to guarantee compliance with new austerity guidelines. On June 26, the government narrowly avoided having its debt declared non-performing by making a \$100 million interest payment to creditors.

Although the popular Menem is not a leader of the stature of Juan Perón, his campaign has served as the rallying point for those patriots who understand that Cafiero's social democratic "reform" movement is tantamount to treason. Under

conditions of economic chaos, the Peronists' July 9 electoral outcome could realize bankers' worst fears. Together with developments in Mexico, it can revitalize a political movement capable not only of addressing the internal crisis, but linking up with similar movements on the rest of the continent which are prepared to do battle with the IMF.

Cognizant of this potential, the *Wall Street Journal* nervously commented on July 11, "Mr. Menem's success illustrated how a deep economic crisis has ensured the enduring appeal of populist methods in Latin America. . . . With large segments of the population suffering severe economic hardship, calls for debt moratoriums, immediate wage increases, and major government spending programs have a powerful appeal."

## Upset victory

Local observers had admitted that the election would be close, but Cafiero was expected to win. As governor of Argentina's most populous and politically important province, he controlled the party machinery, had the support of 15 out of 17 Peronist governors, and enjoyed significant financial backing to pay for lavish publicity nationwide. Local press coverage and political debate were organized around the assumption that Cafiero would be the Peronist candidate to face Alfonsín's hand-picked successor from the UCR, Córdoba Gov. Eduardo Angeloz, in next year's elections.

Instead, Menem took the election with 54% of the over 1.5 million votes cast, against Cafiero's 45%. Aside from the city of Buenos Aires, where he won with 3,000 votes, Cafiero only took three other provinces, Córdoba, Salta, and Formosa. Not even his own province of Buenos Aires backed him.

On the other hand, the La Rioja governor had virtually no institutional backing and limited resources. International press and local Cafiero supporters attribute his win to "nostalgia for Juan and Eva Perón," and to "irrationalism." The reality is that Menem drew the support of trade unionists and the poor, whose living and working conditions have been devastated by the ruling UCR's austerity policies.

Nor were workers enticed by the brand of "modern" Peronism that snake-oil salesman Cafiero was peddling at the behest of the Socialist International. For months, international and national press have portrayed the Buenos Aires governor as the leader of a vigorous reform movement which would bring Peronism into the modern era, free of those "authoritarian"—i.e., nationalist—concepts which the international oligarchy has found so offensive since Juan Perón founded his Justicialista movement in 1948.

In place of an outspoken defense of national sovereignty, the right to industrial and scientific development and social well-being which were the founding principles of Peronism, Cafiero intended to incorporate the movement into the international social democracy, with the likes of Spain's Felipe González and Venezuela's Carlos Andrés Pérez. Such an

affiliation was intended to guarantee that Peronism would play no decisive role in a continental battle for integration or against the IMF's debt-collection policies.

Money flowed freely into Cafiero's coffers from both the Social Democratic Friedrich Ebert Foundation and the Christian Democratic Konrad Adenauer Foundation of West Germany, channeled through several local foundations and trade union groups. His running mate, José Manuel de la Sota, had reportedly cultivated his own contacts with Carlos Andrés Pérez, presidential candidate of Venezuela's ruling Democratic Action party who has worked so closely with the State Department against Panama's Gen. Manuel Noriega. Like Pérez, members of Cafiero's group traveled to the United States to work with Democrat Michael Dukakis's campaign. Cafiero had also planned a grand, post-election tour of the United States as the Peronist presidential candidate.

### Battle ahead

The fight has really only just begun, however. The Menem victory offers the country's anti-IMF forces an opportunity to quickly mobilize around an aggressive program for economic development and continental integration. But Project Democracy's spokesmen in the U.S. State Department and in Argentina won't sit by as idle observers.

One of their flanks will be the UCR's presidential candidate, Eduardo Angeloz. Because of the precarious state of Argentina's economy, Angeloz's chances don't look good for the 1989 elections. However, his campaign will serve to portray the Project Democracy program as the "responsible" alternative to "irrational" Peronism. An advocate of libertarian free enterprise, Angeloz asserts that the country's economic crisis is merely the result of an over-large state, excessive regulation, and mismanagement. His solution is to completely deregulate the national economy, giving way to such "informal" activities as drug money laundering, and to institute such "audacious change" as pulling Argentina out of the Non-Aligned Movement. "Argentina shouldn't really be part of the Third World," Angeloz said recently. Its only true ally is the United States.

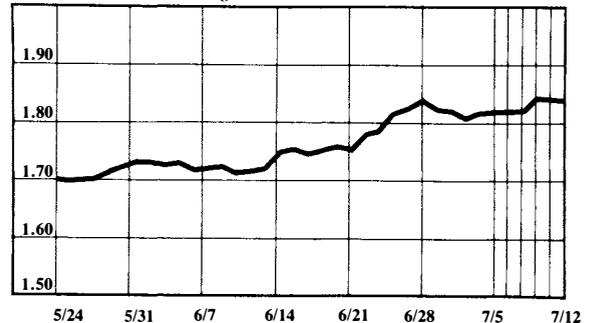
At the June 29 closing of his campaign in Buenos Aires, Angeloz incurred the wrath of the population when he charged that Argentina's 1982 war with Great Britain over the Malvinas Islands was an absurd mistake, carried out by a "general driven by alcoholism," a reference to then-junta president Lt. Gen. Leopoldo Galtieri.

From the U.S. side, when U.S. Ambassador to the United Nations Vernon "military coup" Walters visited Argentina in late March, he bluntly indicated that a victory by traditional Peronists would not be tolerated. He told one diplomatic source privately that a Menem victory would be dangerous, because the La Rioja governor was "uncontrollable." He might be "another Hitler or Mussolini," Walters warned. Recall that the State Department branded Juan Perón a Hitler-lover because he refused to bend to its demands.

## Currency Rates

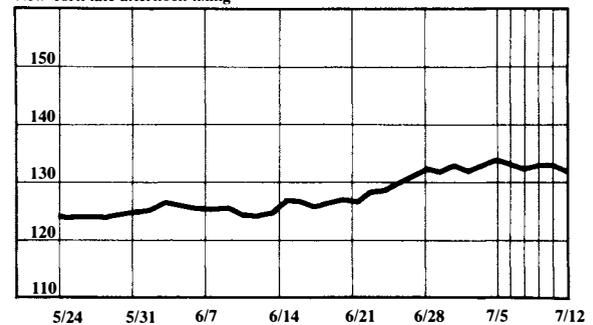
### The dollar in deutschemarks

New York late afternoon fixing



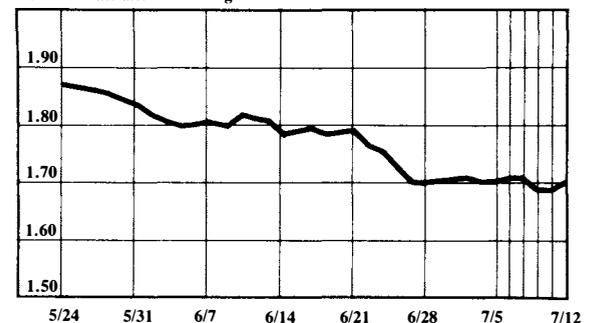
### The dollar in yen

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### The British pound in dollars

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### The dollar in Swiss francs

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