

developing Argentina's natural gas and oil reserves. *EIR's* evaluation is that this is an effort to line up Argentina as part of the "Western Hemisphere strategic reserve," and provide Kissinger and Haig with a pretext for trying to reduce Argentina's substantial trade with the Soviet Union.

### Will it work?

Whether the City of London can successfully subject Argentina to a full "Chileanization," and extend the model next to Brazil, Peru, and ultimately the United States, depends on whether the model's credibility can be maintained. Despite the expensive press hype given the Chilean model, there are signs to the contrary. Inside Chile, certain factions of the military have become increasingly and publicly critical of Pinochet's handling of the economy, as evidenced by the recent statements by former junta member General Gustavo Leigh attacking the government's economic and social policies. In his December cabinet reshuffling, Pinochet surprised some observers by naming General Luis Danus, a member of the military faction that is displeased with the destruction of Chilean sovereignty, as head of the planning agency Odeplan. Gen. Danus, who often snidely refers to Sergio de Castro's team as the "Chicago kids," is a cousin and cothinker of Gen. Gastón Frez, the director of the state copper corporation Codelco. Given the state of the Chilean economy, Pinochet will probably be forced to pay greater attention to this group of military hardliners who now control key government advisory positions.

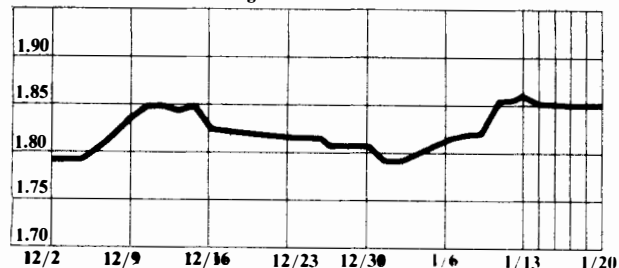
In Argentina, even Alemann's most avid supporters admit that he will have a politically rough time imposing shock treatment. One obstacle facing him is the fact that the military itself has a financial stake in many of the state-owned enterprises he wants to axe, and won't accede to his policies readily. Similarly, the still-powerful Peronist movement and other political parties, are warning of the "social consequences," i.e. social upheaval, that could be unleashed if Alemann pursues his announced program.

This reality creates problems for those who, like the editors of *Fortune* magazine, support the imposition of the Chilean model in Latin America and the United States, dictatorship and all. That *Fortune* desires the Chileanization of the United States is seen in its bald assertion that "if a small undeveloped country can live by the theory of competitive advantage, then surely our infinitely more resourceful economy can. . . . The U.S. economy should neither require the severity seen in Chile . . . but the response time may be just as agonizingly long as it was in Chile. Whether a democracy has enough staying power is a question only Ronald Reagan's Washington—and the passage of time—can answer."

## Currency Rates

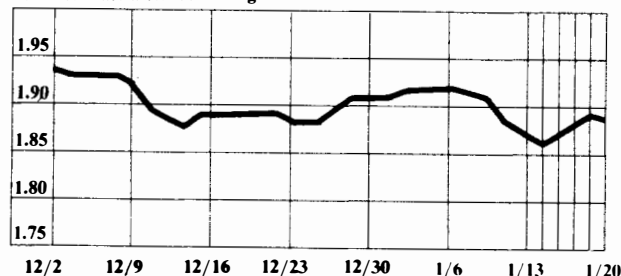
### The dollar in Swiss francs

New York late afternoon fixing



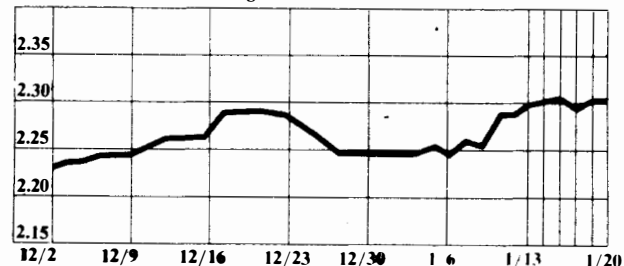
### The British pound in dollars

New York late afternoon fixing



### The dollar in deutschemarks

New York late afternoon fixing



### The dollar in yen

New York late afternoon fixing

