

Riots and looting heighten crisis in Argentina; many turn to Seineldín

by Cynthia R. Rush

Argentina's economic and social crisis has taken a turn for the worse, with the outbreak of new looting incidents in the city of Rosario, and fierce repression by police of a 2,000-person demonstration in the northwestern city of Salta. As reported in Mexico City's *Excelsior*, Interior Minister Julio Mera Figueroa announced that the government of President Carlos Menem is prepared to deploy the armed forces to repress any possible social conflicts. Adding to the confusion, Central Bank president Enrique Folcini, who had only occupied his post for 14 days, resigned after it was learned that he had granted multimillion-dollar rediscounted loans to two large private banks at favorable interest rates.

The economy's accelerating collapse, to which the Menem government offers no rational solution, has set off alarm bells in various quarters of both the U.S. and Ibero-American political establishments about the likelihood of a nationalist alternative coming to the fore in Argentina. Several articles have appeared in print since March 6, warning that many citizens who voted for Carlos Menem are now turning to the popular Col. Mohamed Alí Seineldín, a hero of the 1982 Malvinas War, in search of a way out of Argentina's chaos.

Social conflict increased dramatically, following the government's announcement of a new package of austerity measures designed—once again—to halt hyperinflation. As an analyst for Brazil's *O Estado do São Paulo* wrote in the March 4 edition, the package "reminds us of those smokers who, hundreds of times decided to give up cigarettes 'for life' at the end of the evening, only to go back to them the next morning." The measures include a plan to reduce state sector spending by \$2 billion, by closing a total of 136 offices of the federal bureaucracy; forcing the immediate retirement of all civil servants currently at, or above, pension age; closing the state-run Banco Hipotecario Nacional, the BHN or National Mortgage Bank.

Finance Minister Antonio Ermán González also raised export duties on agricultural products by 5%, and has authorized price rises for several state sector companies. Gasoline prices have risen by 124.5%, an increase of 5,850% since July 1989; water rates are about to be raised by 58%, the increase to be imposed retroactively to November 1989. On

Feb. 8 telephone rates were raised by 87% and are scheduled to go up by another 300%. On March 7, transportation rates rose 67%.

The Peronist-run trade union movement responded immediately to the announced measures. On March 5, workers occupied branches of the BHN in the cities of Buenos Aires, La Plata, Tucumán, and Córdoba to protest the announced closings. Saúl Ubaldini, secretary general of a faction of the divided General Confederation of Labor (CGT) warned that if workers' rights are not respected, "workers have the weapon of the strike, and we're heading toward that." In the city of Salta, 2,000 state sector employees clashed with riot police after the workers broke windows and attacked the provincial legislature with rocks and oranges to protest Menem's plans to cut state sector spending.

The state sector workers' union has announced a state of alert, and judicial employees began a 72-hour strike to demand a wage increase. Teachers are also demanding higher wages and have refused to begin the school year which starts now; professors at 27 national universities are also on strike.

No currency, no sovereignty

For many, higher food prices are the last straw. Between March 6 and 7, Argentines saw the price of beef increase by 36%. Since January, the average price of milk has increased by 254%, meat by 403%, rice by 848%, and gasoline by 645%. Poor slum-dwellers have resorted to looting or theft in order to eat. In Rosario, in the early morning hours of March 7, some 100 people intercepted a truck carrying food into the city and took possession of a large part of the cargo. Six people were wounded and 20 arrested, after police intervened. A few hours later, a large group of women, children, and teenagers entered a local supermarket in the same city, filled their bags with merchandise, and left without paying. Similar incidents occurred in two other supermarkets.

The growing protest, and potential for violence, hasn't deterred Finance Minister Ermán González from insisting on what Brazil's *Istoe E Senhor* magazine characterized in its March 7 issue as the kind of "extravagant foolishness" generally identified with Brazil's pagan extravaganzas, the three-

day *Carnaval. Istoe E Senhor* reported on Ermán's explanation that policies of economic liberalization now under way in Argentina are intended to give Argentines the "choice" of using either the dollar or the Argentine austral to calculate prices or carry out other financial transactions—that is, destroying the national currency, and the concept of sovereignty that goes with it. "The minister confesses," *Istoe E Senhor* adds that "Argentine economic policy is a capitulation to the forces which have been destroying the national currency, and, consequently, placing severe limitations on the state's sovereignty."

As a result of the repeated monetarist packages introduced over the past months, Argentina's financial system is on the verge of bankruptcy. Central Bank president Folcini's action to authorize rediscounted loans to two private banks, at a low monthly interest rate of 43% (the open market rate is 110%) was an attempt to bail out the banks in question, which were in financial trouble. Despite the disaster created by his policies, Carlos Menem recently advised Brazil's President-elect, Fernando Collor de Mello, to adopt Argentina's economic policies, especially because "this is what is recommended by the President of the United States, George Bush."

At present, deposits in the banking system are close to zero, having fallen from 13.8% of GNP prior to last December's scheme to confiscate savings, to under 5% now. All investments are carried out in dollars, and loans are negotiated outside of the official banking system, at the "inter-company" markets or "money tables." The March 4 edition of Brazil's *O Estado do São Paulo* emphasizes that all transactions are performed outside the system of state guarantees "in which no one now believes." On March 6, the dollar reached its highest rate in the recent period, closing at 6,000 australs.

Ermán González's policies are so discredited, that his own party in the province of Buenos Aires, the Christian Democracy, has called for his expulsion. On March 7, party leaders called on any Christian Democrat now holding a government post to resign in protest over the effect of Ermán's policies on the poor.

'Malvinize' the country

Panic is beginning to set in among higher-ups in the U.S. policymaking establishment and their counterparts in various Ibero-American countries, as it dawns on them that Argentines may look toward the country's nationalists for a way out of the current chaos. This accounts for several articles appearing over the past two weeks, focusing on the growth of the political movement around nationalist Col. Mohamed Alí Seineldín. Several articles accurately depict the colonel's popularity and support, but are part of a coordinated campaign throughout Ibero-America to build an environment of hysteria against him, lying that he is a coup-monger and a fascist.

The opening salvo of the campaign came from former Argentine President Raúl Alfonsín, during a Feb. 19 visit to

Washington. Speaking at Johns Hopkins University, Alfonsín went out of his way to attack Seineldín as a grave threat to democracy in all of Ibero-America. Shortly after this, several other articles appeared in major U.S. newspapers echoing this line.

What really worries the political establishment is the phenomenon described in a March 7 Reuters wire: "Nationalism is gaining ground in Argentina, while the Peronist government of President Carlos Menem struggles for a way out of economic chaos." These circles fear the rallying power of Seineldín's call to "Malvinize" Argentina, to rebuild the nationalist sentiment and pride which swelled during the 1982 war with Great Britain. Remarking on wall paintings on city walls which read "Seineldín is peace and order. . . . Seineldín is sovereignty . . . the fatherland," Reuters references the Colonel's recent comment to war veterans that "to Malvinize is to put an end to the moral decadence, corruption and chain of frustrations which so grieves us."

The British wire service also quotes sociologist Rosendo Fraga of the New Majority Studies Center, who explains that "Seineldín's group is growing at the expense of traditional parties . . . basically, he attracts the people who voted for Menem. They are not turning to radicalism or the left." The wire notes that "militant Catholics, former soldiers, small businessmen and disgruntled Peronists are swarming around the 56-year-old commando," and that his supporters seek to "form a national movement with political, labor and business support to rebuild the state's power."

A more unsavory article appeared in Venezuela's *El Nacional* on March 7, in the form of an interview with Seineldín allegedly done by the Venezuelan state news agency, *Venpress*. Since the colonel has a policy of not granting interviews to anyone, the interview is suspect, as also indicated by its content. It portrays Seineldín as the leader of the army's "anti-democratic" faction, said to be plotting against Carlos Menem and Argentine democracy. The article includes quotes of statements which Seineldín would have never made, such as "Carlos Menem has betrayed us," and in remarks prefacing the alleged interview, *El Nacional* lies that "the *carapintadas* [a reference to the nationalist faction—ed.] still haven't renounced their aspirations to clean out the liberals from the armed forces, and take power in Argentina."

A wire by Spain's EFE wire service, published in the same edition of *El Nacional*, has a tone similar to that of Reuters in describing Seineldín's recent organizing tours in Argentina's northern provinces, and his visits to poor slum areas. The article appears under the headline "A Colonel like Perón," a reference to Gen. Juan Domingo Perón, a leader of Argentina's nationalist movement who became President in 1946. The comparison is intentional, since Perón, who did much to free Argentina's economy from foreign financial interests, has been slandered for decades as a "fascist" by the international oligarchs—especially the Anglo-Americans—who lost out when Perón came to power.