

Growing hostility to Argentine government's austerity program

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Backed personally by US President Clinton, Argentina's President Fernando De la Rúa is seeking to impose IMF-ordered spending cuts despite a general strike on June 9. About 60 percent of the Argentine work force—that is 7.2 million workers—participated in the 24-hour stoppage to oppose De la Rúa's decree of cuts totalling \$938 million, announced on May 29.

The general strike was the biggest industrial action in over a decade. There were no rallies held by the unions, however, and only sporadic demonstrations by workers. Buenos Aires bank workers scattered debris, beat drums and set off firecrackers. A group of unemployed workers set tyres on fire and created traffic jams on two entry routes into the city.

In the provinces, customs workers left their posts at the border with Paraguay. Windows of 40 buses were smashed in Mar del Plata, and in the southwest province of Neuquén, protesters broke into the Spanish-owned Repsol-YPF oil company, smashed computers and set fire to the interior.

Opportunistically seeking to exploit the strike for its own purposes, the Peronist opposition in the Senate then led a 38 to 19 vote to reject De la Rúa's decree. As a consequence, on June 22 a court ruled the decree illegal, granting the trade unions an injunction against its enforcement.

De la Rúa has declared that he will appeal against the ruling and proceed with the cuts regardless. Federal public sector workers, earning just \$1,000 a month, will have their wages cut by 12 to 15 percent from July 1, saving \$590 million. Pensions will be cut by \$240 million.

His decree came on top of \$1.4 billion in cuts announced earlier this year—all in order to obtain a \$7.4 billion IMF standby loan. The austerity plan, known as the “ajuste” or adjustment, is likely to prolong the

Argentine economy's 22-month recession. Official unemployment figures due next month are expected to show an increase from the previous level of 13.8 percent.

The June 9 strike was led by a breakaway section of the CGT (General Confederation of Labour), known as the MTA (or Movement of Argentine Workers), which was formed after a split in 1990. The official section of the Peronist trade unions, the CGT, led by Rodolfo Daer, joined in the strike when De la Rúa also decreed the deregulation of the health insurance plans, a move directed against union financial control of 50 of these organisations.

In the lead up to the strike, MTA leader Hugo Moyano stumped the provinces, speaking at demonstrations and factory closures. On June 1 before a crowd of 45,000 in the Plaza de Mayo in Buenos Aires he said: “If the administration refuses to listen to the ‘people's demands’, we are going to hit where it hurts. We will not just do strikes. We are going to give blows, produce blackouts. We will unite the small and medium business, farmers and all Argentine people who want to fight. We are going to organise fiscal disobedience.”

Despite this demagoguery, the tone of his official strike statement was more conciliatory. “We are not euphoric, we are concerned about the situation of the country. No one wants this stoppage... We want to talk, we are willing to humbly contribute.” Asked whether further strikes were planned, he replied: “That doesn't depend on us. We don't want more strikes and we hope there are no more strikes.”

His “people's demands” consist of a five-point plan, which seeks to channel the social discontent in a nationalist direction, featuring a call for protective tariffs. It also proposes a subsidy for a million

unemployed heads of households, increases in retiree pensions and the minimum wage, and the elimination of VAT on basic goods.

The Peronist vote in the Senate to reject De la Rúa's decree caused Argentine bonds to slip on world markets because one of De la Rúa's selling points to US markets had been his harmonious relationship with Peronist governor of Buenos Aires, Carlos Ruckauf.

The Senate vote provoked an outraged response from the government. Vice President Carlos Alvarez called on the Peronists to act patriotically, and told reporters: "While the president was on his trip abroad, accompanied by (Peronist) senators Eduardo Menem and Ricardo Branda, giving an image of national unity, of a country united in its quest for growth and social justice, the Senate does this and makes things difficult for Argentina. It sends a contradictory message and generates uncertainty."

At the time of the June 9 strike De la Rúa had travelled to the US for a "working visit" with Clinton, following a trip to Berlin along with leaders of other "threshold economies" who were invited to the Progressive Governance meeting in Berlin. Over a working lunch in Washington the two presidents reportedly discussed strengthening democracy, recent presidential elections in Peru, drug trafficking in Colombia, telecommunications deregulation and the Argentine economy.

In a carefully-placed interview two days after the general strike, Argentine daily *La Nacion* published Clinton's response to a series of questions submitted in writing. Asked "Do you expect any change in Argentina or in foreign policy since De la Rúa assumed power?" Clinton replied:

"De la Rúa has a clear view of what he wants to achieve in Argentina and a profound understanding of the positive role that Argentina may play in the hemisphere and in the world. He demonstrated strong leadership by passing his recent economic measures, and I hope that the people of Argentina support him so that he can implement those measures."

De la Rúa immediately welcomed these remarks as an endorsement of his government's agenda. "He praised the courage with which we acted. I thanked him for the strong backing he expressed in the interview in *La Nacion*; he makes me look good and solidifies international confidence in Argentina."

Likewise, Economy Minister Jose Luis Machinea lashed out at the unions, accusing them of irresponsibly damaging the country's standing in international debt markets.

The Alliance government's commitment to satisfy the IMF and the financial markets cannot, however, be squared with the pledges of social justice made to the electorate a mere six months ago. This contradiction is mounting. Opinion polls show that De la Rúa's approval rating has plummeted to one third, down from over half in March. In the poorest provinces such as Salta, Chaco and Neuquen, riots were recently quelled with massive police repression and in the case of Salta, an injection of central emergency funds to the local administration.



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