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Japanese Economist Warns of Continued Inflationary Pressures in Argentina

by LADB Staff

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On Oct. 28 Japanese economist Saburo Okita personally delivered to Argentine President Raul Alfonsin an evaluation of Argentine economic prospects and policy prescriptions toward economic recovery. Okita is known as a chief theoretician of the Japanese economic "miracle." According to Okita's study, the national economy continues to suffer incipient "inflationary pressures," although it was recognized that the "foreign debt and fiscal restrictions make it very difficult for the government to formulate effective development policies." An official summary of the analysis indicated that the Japanese economist declared the Austral Plan to be effective in reducing inflation to a manageable level, and thus, must be evaluated in a positive fashion, at least in the short term.

Next, the current price freeze policy can be "relaxed to a certain extent" while maintaining the basic characteristics of the adjustment program. The analysis of the Argentine economy forms part of cooperative agreements between the two governments concluded in August 1985. These agreements are concentrated in several areas, including agriculture, industrial development, transportation and exports. Economy Minister Juan Sourrouille told reporters that the study focused on the recovery of national industrial production and export activities. These two areas, he said, are considered the principal policy themes of a new strategy of economic growth for the 1985-1989 period initiated in January 1985.

As reported by Argentine news agency ADYN (Deportes y Noticias), the Japanese study emphasizes the necessity of "restructuring and reactivating" the industrial sector in a selective fashion on the basis of stimulating investment and technological development. However, economic officials are reminded that some of the policies suggested in the study will not produce results before the end of the century. Argentine exports will continue to be highly dependent on the economic surplus generated by the agricultural sector, although long-term prospects in world grain markets make recovery of the national industrial sector imperative. The Japanese evaluation continues by stating that in terms of economic efficiency, restructuring of the industrial sector must be realized by increasing competitiveness, both in the domestic and external markets. Industrial policies must selectively promote "strategic industries," such as agro-industry, petrochemicals, computers, machine tools and "bioindustries," such as genetic engineering.

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