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Argentine Economic Adjustment Program Under Attack

by LADB Staff

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In recent weeks the Argentine government's economic adjustment program, known as Plan Austral, has been systematically and loudly attacked by organized labor, farmers, politicians and certain representatives of private sector interests. Three particularly vehement critiques are summarized below. According to a document released Jan. 14 by the Argentine Chamber of Large Merchants in Buenos Aires, and signed by organization president Jorge Sabate, present economic policy, based on "hybrid authoritarian...economic schemes," is bankrupt. The Chamber, consisting of large-scale merchant houses from throughout the country, then renounced what it described as a "growing speculative tendency in which the [federal government] is an active protagonist."

The statement then mentioned Chamber members' "alarm and growing concern" at the direction of economic policy and "astonishment" regarding the renewal of price controls announced by Domestic Commerce Secretary Ricardo Mazzorin. With respect to a recent statement by Mazzorin that a certain proportion of Argentine inflation was seemingly impossible to eradicate, the Chamber document said such admission was incredible, 19 months after the Plan Austral was implemented. After all, said the Chamber, the major objective of the Plan was to control inflation toward ensuring economic stability. The Chamber statement indicated the Plan Austral, a "technocratic scheme" based on reductions in public spending and orthodox and recessive monetary policies, has failed.

Finally, the document claimed that recent statements by the Ministry of Economy and Mazzorin clearly demonstrate Argentines must resign themselves to another year of "hybrid" policy with controls of all types on private enterprise, and with inflation and public deficit targets as "illusory" as they were in 1984, 1985 and 1986. On Jan. 16, several organizations representing Argentine agricultural producers delivered formal demands to Secretary of Agriculture, Livestock and Fisheries, Ernesto Jigueras for the refinancing of bank loan contracts.

The request was justified by low world market prices, coupled with the government's economic bungling which has resulted in high interest rates, domestic price stagnation or reduction, and ever-growing tax burdens. Governor of Santa Fe province Jose Vernet told reporters Jan. 19 that the Plan Austral's usefulness in reorienting the domestic economy has been exhausted. He said if the government persists with its present policies, "we are going to experience serious problems from workers, farmers and small and medium-size businesses." Vernet claimed economic policies pursued by Economy Minister Juan Sourrouille are "like a land mine waiting to go off." Argentines are only becoming more impoverished, he said. He pointed out that while the Plan Austral has been useful in negotiations with foreign creditors, domestically it is bankrupt. Moreover, continuance of the Plan will eventually threaten the stability of the nation's political system. (Argentine news agency DYN, 01/14/87; NOTICIAS ARGENTINAS, 01/16/87, 01/19/87)

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