4-11-1989

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LADB Article Id: 073091
ISSN: 1060-4189

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Category/Department: General
Published: Tuesday, April 11, 1989

When Argentina's new Economy Minister Juan Carlos Pugliese took office on April 4, he warned that he would not be able "to do great things." The real job, he said, will fall on those "elected by the popular will" in the coming elections. In late March, the Radical Party presidential candidate, Eduardo Angeloz, called for the resignation of Economy Minister Juan Sourrouille. Angeloz, who is behind Justicialista (Peronist) candidate Carlos Saul Menem in the polls, did not specify demands about what should be done in the area of economic policy. Banks and foreign exchange houses were closed April 3 and 4 on government orders, apparently to try to avoid a new wave of financial speculation. Leaks from the government's new economic authorities indicated that the official exchange rate would probably be devalued by at least 25%. Until the exchange houses were reopened, it was not clear whether the devaluation would help reduce the gap between the official and free market rates. The gap went up to 150% in the last week in March. Because of the exchange rate differential, exporters had been withholding their foreign exchange earnings from the central bank, resulting in reduced reserves. Argentina's foreign debt is currently approaching $60 billion. Almost no interest has been paid for the last year, and arrears surpass $2.2 billion. Meanwhile, monthly inflation continues in the double-digit range this year, after reaching nearly 400% in 1988. Short-term real interest rates have exceeded 20% per months during some days of the last two months and have been above 10% a month most of the time. Despite the government's attempts to make domestic savings and investment more profitable, the so-called dollarization of the economy has grown. In late March, officials said that Argentines currently held about $5.5 billion in cash, mostly in the country or in Uruguay. This amount does not include long-term investments Argentines may have abroad, which are believed to surpass $30 billion. In contrast, australs in circulation were recently calculated to total the equivalent of $1.5 billion. Private economists say that one reason the Sourrouille team held off paying foreign debt interest and spent more than $1 billion selling dollars on the free market in late 1988 and early this year was an attempt to bring inflation and the exchange rate under control before the elections in an effort to help Angeloz. On the evening of April 3, the Central Bank's new president, Enrique Garcia Vazquez, said that the "special" and "commercial" exchange rates will be revoked, replaced by a single official exchange market rate. A bank spokesperson told DYN that the "unification" will proceed gradually at first, and accelerated later. Late on April 4, Economy Ministry sources told DYN that Pugliese had ordered a 25% currency devaluation in an attempt to "unify" exchange rates pertaining to foreign trade. The sources said that the new economic team had discarded any changes in wage and price policies for the immediate future. On Tuesday night, a communique from the Central Bank said that beginning April 5, the official exchange rate would be devalued by 27.3%: 20 australs for purchasing one US dollar, and 20.15 australs for sale of a dollar. On April 6, Pugliese expressed bitterness regarding the behavior of exchange house managers. Despite the government's new policy on exchange rates, he said, the value of the dollar in the so-called parallel market remained high, against all expectations. The minister added that the "laments this new stampede for the dollar, all the result of speculative maneuvers." When the exchange houses were reopened, the rates for dollar transactions were between 49.2 and 49.4 australs. The rate at closing time was 48.8 australs. On the

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same day, interest rates surged, up to 5 points over the rates of the last working day. (Basic data from New York Times, 04/01/89, 04/05/89; Diarios y Noticias, 04/03/89, 04/04/89, 04/06/89)

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