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## **Argentina: Cabinet Resigns; Looting Reported Throughout Country; More Austerity Measures, State Of Siege Announced**

*by John Neagle*

*Category/Department: General*

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May 23: President Raul Alfonsin announced that talks with the Justicialista (Peronist) party had broken down, result of disagreements on economic policy. The intent of the talks was to engineer policy strategies and the early inauguration of President-elect Carlos Menem in July, rather than Dec. 10 as specified in the nation's constitution. On Tuesday evening, members of Alfonsin's cabinet resigned in order to give him a free hand toward the constitution of a "crisis cabinet" for the transition period. Saul Ubaldini, secretary general of the General Workers Confederation (CGT), refused to discard the possibility of a nationwide general strike. He said CGT leaders would convene May 30 to decide on whether to call a nationwide strike to protest the government's economic policies. May 25: Presidential spokesperson Jose Ignacio Lopez announced that new cabinet ministers would be sworn in May 26. A partial list of cabinet members follows: Horacio Jaunarena, defense minister; Ideler Tonelli, labor; former economy minister Juan Carlos Pugliese, interior; Susana Ruiz Cerutti, foreign relations; Radical party Deputy Jesus Rodriguez, economy; Roberto Echarte, public works and services; Deputy Jose Dumon, education and justice. Police reported outbreaks of looting in three provincial cities, including Cordoba. May 27: Menem announced that within the next few days he would make public an economic program in the event ongoing crisis conditions "require" its implementation. He reiterated his plans to announce the names of his future cabinet ministers before June 15, but that the timing of the announcement depends on the "economic situation." Menem said the Peronists are willing to collaborate with the Radical party government to "stabilize the situation and avoid the total collapse of the economy." The president-elect told reporters that he had instructed his representative Deputy Eduardo Bauza to accept the request for dialogue extended May 26 by new Interior Minister Juan Pugliese. Unidentified sources close to Menem cited by Notimex said it was likely the president-elect would meet with Alfonsin next week. Alfonsin, they said, is once again interested in discussions to move up the installation of Menem's government to a date no later than the end of August. In response to reports on looting in several cities, Menem said that such actions are understandable to the extent that many people are frustrated and in dire need. Nonetheless, he added, Argentines must be patient. Unidentified government sources told Notimex that the Alfonsin administration will resume talks with the Peronist party with the aim of securing Peronist support in the Congress for economic stabilization measures. Talks between the two parties are expected to resume May 29 when Interior Minister Pugliese is scheduled to meet with Peronist party head and governor of Buenos Aires province, Antonio Cafiero. Police arrested 25 residents of a poor neighborhood located in western greater Buenos Aires. The detainees had attempted to break into and steal foodstuffs from a local supermarket. Governor of Cordoba province, Eduardo Angeloz, announced the creation of a food distribution program designed to deliver 10,000 portions per day of milk, bread and other basic food items. The governor's announcement occurred after several days of looting incidents at supermarkets and other retail establishments in the provincial capital. Similar emergency food distribution programs were announced by the governments of Santa Fe and Entre Rios provinces.

Police reported that at least 50 supermarkets were invaded by looters on May 26 and May 27 in Buenos Aires and several other major cities, and over 100 persons were arrested. They said the incidents "appeared to be organized" by "leftist elements." Most looting incidents appeared to be concentrated in the capital cities of Cordoba, Santa Fe and Mendoza provinces. Vice president-elect Eduardo Duhalde called for a national food emergency bill. Archbishop of Buenos Aires, Msgr. Juan Aramburu, called on public and private agencies to organize "prompt relief for the poor." In the southern province of Rio Negro, the Church called on public and private institutions to organize kitchens to provide free meals for the needy. May 28: A private research institute, called the Centro de Estudios "Union para la Nueva Mayoria," released a study predicting that dwindling purchasing power, hyperinflation and generalized food shortages will lead to outbursts of social tension in June. The study pointed out that the average real wage has dropped by two-thirds since the Alfonsin administration was inaugurated in December 1983. One-third of the decline occurred in the past four months. The study stated that Argentina's minimum wage is equivalent to \$20 per month, while the average monthly wage is now at \$40. According to government statistics, an average household needs an estimated \$150 per month to purchase minimum consumer goods and services. The study pointed out that strikes and other labor mobilizations during the month of May totaled 90, compared to 69 in April. Inflation this month is expected to top 69%, while the lowest rate anticipated for June is 100%. An early date for the inauguration of President-elect Menem, said the study, "seems inevitable, since the political transition is an unavoidable prerequisite toward turning the crisis around." During a 36-minute speech broadcast nationwide on radio and television, President Alfonsin announced new austerity measures, including public spending cuts, the implementation of a single official exchange rate, and higher taxes. Next, the president said the government would submit to the Congress legislation to support the application of severe sanctions against speculation in financial and product markets, and against tax evasion and "violations of financial norms." "This program must be converted into everyone's program or it is condemned to failure," said Alfonsin. He added, "We will be as pragmatic as the problems to be resolved demand, and as hard-line as those who do not understand the magnitude of present difficulties obligate us to be." The president called on the Peronist party and President-elect Carlos Menem to support the emergency economic program. Exchange rates for the austral vis-a-vis all foreign currencies, said Alfonsin, will be set by the Central Bank, and are to be observed by all exchange agencies. Taxes on agricultural export revenues, said the president, will be raised to 30% (up from the previous 20%), while the current 20% tax for industrial exports is to remain in effect. Prices on goods and services, said Alfonsin, will be set via agreements among production and retail enterprise owners. The government, he warned, will apply severe sanctions against enterprises failing to comply with the price list. The public spending cutback will include the cancellation of all public works projects, privatization of state-run radio and television stations, and eliminating government payments for trips by public employees outside Argentina. Spending priorities for the government, said Alfonsin, are employee salaries and social welfare benefit payments. Effective in June, said Alfonsin, retirement and pension payments would be increased by 54%. May 29: Governor of Buenos Aires province, Antonio Cafiero, announced the creation of an emergency committee charged with organizing medical and food assistance. In response to reporters' questions, Justicialista party chieftain Cafiero said that the Peronists will not govern alongside the Radicals during the transition period, but that the party would also not seek to obstruct Radical initiatives toward achieving a "tranquil transition." President-elect Menem discouraged the CGT from seeking to organize a general strike. "A strike will only add a bit more conflict to a situation that is already one of intense conflict," he said. Menem said the Peronist party will not obstruct measures proposed by the government in the Congress

with the proviso that the Radical party must be opposed to "anti-popular measures." He insisted on the necessity of dealing with the plummeting purchasing power of workers' wages; the critical financial situation faced by provincial governments; and, the severe lack of credit for small- and medium-scale businesses. Governor of Santa Fe province, Victor Reviglio, announced that a state of emergency was in force for Rosario, the country's third largest city, located 250 km. northwest of Buenos Aires. Reviglio requested that President Alfonsin call an emergency cabinet meeting, and requested federal troop reinforcements to assist city authorities in preventing looting and "further disorder." On Monday afternoon, Reviglio said, "The disturbances are continuing, isolated but they continue, with store lootings. There is no doubt of the presence of trouble-makers." Police in Rosario said that 29 stores of all types were reported looted between late Sunday and early Monday. According to a report by Radio Rosario, looters entered several supermarkets at 10 p.m. May 28 in the southern area of the city. About 2,500 persons, said the radio, made off with 6,000 kg. of chicken, among other foodstuffs. Looting spread on Monday morning to the northern and western areas of the city. Officials estimated a total of 48 stores had been robbed. Unidentified observers cited by Radio Rosario said the lootings appeared to be encouraged by leftist groups, including the Movement toward Socialism (MAS). Police used tear gas and rubber bullets to turn back crowds which had gathered in front of food stores. At least two people were shot, but no deaths have been reported, hospital sources said. In a radio address, provincial interior minister Alberto Didier said that some 200 people had been arrested. On Monday evening, Rosario police reported that 350 persons had been detained. Raul Crignano, a Peronist politician, cited by AFP, said some 10,000 people were involved in the looting and that the situation could get completely out of hand. All schools in the city were closed "indefinitely" by the provincial government. Most office and bank employees stayed home Monday. Several stores in Rosario closed on Monday, while others emptied their shelves of foodstuffs. Many supermarkets announced they can no longer guarantee normal services since they have not received new supplies. Many were not expected to open Tuesday. According to daily newspaper La Nacion, Argentine inflation is expected to reach 7,000% this year. Exchange rates were locked in at an official 170 australs per US dollar. On Monday evening, the Argentine government declared a 30-day nationwide state of siege in response to dozens of food riots throughout the country. (Basic data from Xinhua, 05/26/89; Notimex, 05/27-29/89; AFP, DPA, 05/29/89; New York Times, 05/30/89)

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