

In the name of capitalism

BY DAN KRISHOCK
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Although the private university CEMA is generally viewed as a bastion of support for former president Carlos Menem, the school's head, Carlos Rodríguez, admits he would have liked to see another candidate champion the capitalist cause in the forthcoming elections. But with Santa Fe governor Carlos Reutemann now out of the race, Menem is the only candidate with a chance of winning who espouses the free market policies essential to putting an end to Argentina's economic nightmare, Rodríguez told the *Herald* yesterday.

"I wish it had been Reutemann instead of Menem. (Ricardo) López Murphy would be great. But that is not going to happen. Thus, the pro-market candidate is Menem. And if the pro-market candidate gets elected, the economy will start to stabilize and improve," Rodríguez stated.

That is hardly a ringing endorsement for Menem, but Rodríguez, who served as Vice Economy Minister during Menem's second term, seems more intent on preaching the virtues of market economics than on backing any particular candidate. And though he believes capitalism is Argentina's "destiny," he acknowledged there could still be a few painful detours along the way.

"If Menem drops out and it comes down to someone from the left and a populist, the crisis will be so big that we won't even make it elections. The leftists and populists have already destroyed everything — the markets have already sized them up. If another of them is elected, the crisis will worsen," he said.

The someone from the left Rodríguez has in mind is Elisa Carrió, the fiery congressional deputy who has vowed to do battle against the "mafias" running Argentina. The populist is Adolfo Rodríguez Saá, the former Peronist governor of San Luis, who served as President for one week, after Fernando de la Rúa was driven from office last December. And the leftists and populists are the ill-fated

Alliance government of De la Rúa and the current government of Eduardo Duhalde, respectively.

So, if leftists and populists have made such a mess of the country, how could another possibly be elected? The reason, according to Rodríguez, is that the Argentine public is "confused."

He stated: "The Argentine public is extremely confused. It blames free markets for its problems. It blames everything that was done in the 1990s, the United States, Spain, Italy, the foreign banks, the IMF and the entire political class. In other words, it blames everybody. The only thing Argentines know for certain is that they are not to blame."

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That confusion, he added, is partly the result of the efforts of centre-left political forces and the media to create the impression that corruption and capitalism are somehow linked. Those efforts got underway in earnest in the latter half of the 1990s, when the Alliance began taking aim at alleged widespread corruption in the Menem government.

"The centre-left joined corruption with capitalism and free markets in a single package. Today, the public has gotten it into its head — through the media and particularly through the biggest media group, Clarín — that Menem was corrupt. I don't necessarily have a problem with that, but in the process of rejecting Menem, they joined Menem and the United States and the banks and capitalism and free markets and anyone who makes money. They created a lasting impression on the public."

Asked why the Clarín Group would do that, Rodríguez said he did not know. But he added: "There are things I know the truth about — not everything, but some things. And the things I know the truth about are all lied about in that newspaper."

By just electing a pro-capitalist president, Argentina can go a long way towards putting itself back on the path to an economic recovery, Rodríguez contended.

"If Menem is elected, half or more of the job is done. That would signify popular support for a pro-capitalist, pro-market, pro-US platform. The international community is going to say the pro-market candidate was elected and start taking an interest in Argentina again," he said.

"Expectations are fundamental," he added.

Nonetheless, he said, it would be unrealistic to expect a boom like the one Argentina experienced in the 1990s. He also expressed skepticism about the value of dollarization, an idea Menem has been aggressively promoting since the final years of his presidency that ended in 1999.

In 1998, when country risk was below 300 points and the economy was strong, dollarization made sense, Rodríguez argued. But now, with the economy in a shambles and the country destined to be shut out of international markets for some years, it doesn't.

"I prefer to float until we reach a situation similar to the one we had in '97 or '98, with good relations with international markets and good relations with the United States," Rodríguez said.

He added that if Menem insisted with his proposal to dollarize, the only way that would work would be to simultaneously liberalize the country's rigid labour laws — a prospect Rodríguez viewed as unlikely, given that the unions have traditionally been a key source of support for Menem and the Peronists.

He added: "There are so many things to do at this time — restructure the banking system, negotiate the debt, fix the fiscal situation, etc. — that I'm not sure this is a convenient time to dollarize."