
Argentina in the grips of coronavirus and default. Bishop Carrara: "The pandemic has laid us bare"

Caught between two grips. It's the situation in Argentina today, following with bated breath the increase in cases of Covid-19, especially in the large metropolitan area of Buenos Aires, while every deadline in the negotiations to prevent the Country's ninth economic default is being extended. In case of default, the spread of the virus, with its burden of massive social problems, would be followed by economic contagion throughout South America as a result. This is an unsettling scenario, which all stakeholders refuse to accept, since *Government and creditors continue negotiating, although rating agencies have already technically classified Argentina as insolvent*, after last week's deadline, supposedly the last date to reach a deal. Argentina's proposal for a suspension on all debt payments for three years and a renegotiation of interest rates has not yet been accepted by creditors, whereby the International Monetary Fund bears the lion's share. Last weekend came the news that the leading private investors activated insurances totalling \$1.5 billion, as a result of Argentina's insolvency. The government led by Peronist Alberto Fernández, however, extended debt negotiations deadline to 12 June, and a potential agreement cannot weigh on a country suffering a profound economic and social crisis, frozen for over two months under a strict lockdown. Argentina is the country that has taken the strictest measures against Covid-19 compared to other Latin American countries. With good results, in terms of containment. *But while life is slowly returning to normal in rural areas of the country, Buenos Aires saw a new surge in infections* extending to the " villas", the slums of the immense metropolis. **Another economy.** SIR discussed this complex situation firstly with Monsignor **Gustavo Carrara**, auxiliary bishop of Buenos Aires - or "Villero bishop." In fact, he used to serve as *cura villero* - priests who live and work in the villas miseria - until he was appointed bishop. Currently, Msgr. Carrara is vicar for the Pastoral Care of the villas of the archdiocese, the ministry that the then Archbishop Jorge Mario Bergoglio held so much at heart. In his description of the situation in the poorest districts, he equally conveys his view on macro-economic issues, calling on everyone to have the courage to turn over a new leaf.

"The events of the pandemic expose us, they unveil the limitations of our model.

On several occasions the Pope has reminded us of the value of fraternity within the only human family," he says. "We are interconnected, and the pandemic impels us to organize the world in a different way. The issue of default prompts us to reflect on how we should organize the global financial system. *What do we want to put at the centre? Finance, bonds, speculation, or the dignity of the human person?* Everyone has the right to live with dignity. The Pope spoke of the 'three Ts', *tierra, techo y trabajo* (land, home and work). These are sacred rights, and I don't see that much more is being asked for!". Instead, "with its food resources Argentina supplies 400 million people with food, but it cannot prevent millions of its citizens from being left without bread, nor children without drinking water." **The coronavirus in the "villas".** This is what is happening in the *villas*, even more so now, as we are entering the winter season. *While there are 20,000 confirmed cases in Argentina (18,319 as of June 2, with 569 dead), some 15,000 cases were reported in the area of Buenos Aires and about seven thousand in poor districts.* "The virus is now spreading in the suburbs, such as Villa 31 (with over 2,000 confirmed cases and a dozen or so dead. The parish priest of Cristo Obrero, Father Guillermo Torre, has also been infected, albeit in a mild form - *Ed's note*), in Bajo Flores, in Villa 1-11-14, or in Villa Azul". There is great concern regarding the potential impact of the epidemic on over 4,000 *villas* in the country, most of them in the metropolitan area of Buenos Aires. Mons. Carrara continues: *"Many times we have no drinking water, how do you explain to children that they have to wash their hands? What world are we creating for our children, forced to live in such unfortunate places? In addition, we have the problem of precarious workers, small dealers, people*

working on the street. Not to mention the elderly, who are more at risk." In this context, there have been many expressions of sharing and solidarity precisely in popular housing communities and by the *curas vileros*. For example, shelters were set up for the elderly, who could not continue living in crowded and dilapidated houses: "We did some reconnaissance, we went to look for the elderly in their homes, thanks to many young volunteers. But in many cases also the young, or middle-aged individuals, fall ill." The auxiliary bishop described the health care programs in places where the poor have no access to public health care, or the distribution of food baskets. **Cautions optimism regarding a debt deal.** The situation of growing discomfort was confirmed to SIR by Professor **Eduardo Donza**, Economist at the Argentine Catholic University, member of the same University's Social Debt Observatory research team: "Our latest survey focused on Greater Buenos Aires, we found that *Half of all households suffered a significant drop in income, one in four of have no income at all, as they lived on 'changas', daily jobs.* 45% of small businesses and retailers are bearing the brunt of this decline. But difficulties also affect 35% of employed workers and those with regular jobs. The overall drop in production exceeds 50% with repercussions on taxes collected by public bodies. In Buenos Aires alone, they have declined by 40%. After all, we exceeded 70 days of lockdown, and there are no short-term prospects, given increasing numbers of contagions." *This is why the debate on default, when compared to the problems of the "real country", seems paradoxical, yet extremely concrete.* "The Government continues to negotiate a restructure with creditors - Donza continued -, the impression is that an agreement is imminent and I am convinced that the Government strongly wants it. But in fact very little is known, not much news is leaking out and the Executive has kept a very discreet profile. Certainly, the concomitant pandemic makes everything much more complicated". So how can the prophecy of an "economic system based on the human person" and the current regulations coexist? "This is a serious question," concedes the economist, "We want a more humane economy, but on the other hand it takes time. It can be compared with the default of 2001. At that time the international creditors system was much more rigid and based on financial criteria. Instead, this negotiation is marked by greater flexibility, some steps have been taken towards a humanisation of this system."

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