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In foundering Argentina, entrepreneurs shift gears

### How four small-business owners have stayed afloat in Argentina's economic crisis

By Adam Raney | Special to The Christian Science Monitor

**BUENOS AIRES** - Braving icy temperatures on a Saturday morning, Carlos Arévalo strikes out in the predawn darkness across central Argentina's Sierras de Córdoba mountains in hopes of closing a deal.

Mr. Arévalo has sold everything from books to cement and even cold cuts, crisscrossing the Argentina's back roads for over 30 years. Now he sells plumbing supplies. He has survived a fair share of recessions, but he hasn't seen anything like the current one.

"Seven months ago, when there was money, there wasn't any problem," Arévalo says. "I could phone people and they would just have me put the product on the truck. Now you have to practically pull coins out of the people."

Arévalo is one of a breed of small-business survivors. In the midst of the worst economic crisis in a century, Argentine entrepreneurs are finding ways – through sheer grit, ingenuity, and faith – to adapt and even prosper.

To be sure, they're fighting a stiff current. Though the economy grew by 0.9 percent last quarter – the first increase in two years – unemployment is at 25 percent, the peso has fallen 70 percent since devaluation at the beginning of the year, and bankruptcies have soared. And on Monday, the government said it may not be able to meet its current obligations to international lenders, which could trigger another default and push the country into even deeper economic woes.

But as in any tough period, those who succeed are undaunted by the pessimism around them. These days Arévalo is out on the road more, even on weekends. He logs some 2,000 miles each month, about twice as much as before the crisis.

But his returns have shrunk decidedly. On this call to one of his most loyal customers, Alfredo López, who owns a hardware store in Villa Delores, Arévalo's commission for the 12-hour day will be about \$40, one-tenth of what it was less than a year ago. "Every night, I ask God for one more day. Anything else would be greedy," he says with a smile.

Arévalo isn't the only member of his family trying to stay afloat. His sister, Carmen Nou, and her husband, Pablo, own a plumbing-supplies store in Córdoba, Argentina's second-largest city. They've had to adapt to meet the changing needs of Argentines in today's flagging economy.

The biggest difficulty for the Nous is the lack of money in circulation. Since December, the government has limited bank withdrawals. The freeze, or *corralito*, caps withdrawals at just over \$300 a month. With little cash on hand, most people are buying only the necessities.

"Nobody is interested in buying a nice matching set to replace their old bidet, toilet, and sink," says Mr. Nou. "Instead they are repairing the problems in their bathrooms and kitchens and spending as little as possible."

As a result, the Nous have changed their stock, focusing on spare parts for repairs. The Nous, who typically work six days a week, have been able to keep their doors open as countless other family businesses close. Despite the difficulty, Carmen Nou remains optimistic. She and her husband even hope to open a new store at the end of the year.

While the Nous try to get by under the *corralito*, Belisario Rodriguez prospers from it. Mr. Rodriguez, a Buenos Aires attorney with over 20 years' experience, has found a new specialty: forcing banks to give customers their money back. Although the *corralito* restricts large withdrawals, the Supreme Court accepts appeals from customers who challenge the law's constitutionality.

These appeals, known as *amparos*, are primarily reserved for the elderly and infirm, who may need more money for special circumstances, such as medical treatment. Since the restrictions began, more than 140,000 *amparos* have been awarded, ranging from a few thousand dollars to the millions. Rodriguez, who has filed three *amparos*, relies on his old clients and word of mouth. Having successfully argued each case, he is confident that more people will come knocking on his door.

The process has become quite confrontational. On one occasion, Rodriguez threatened to call the fire department to break open the vault before the bank finally caved in and gave his client \$40,000. "They didn't think I was serious until I pulled out my cellphone and dialed," he says. Rodriguez's cut is typically 10 to 15 percent of the award, depending on his relationship with the client.

Although he still has other work, Rodriguez is happy to have found a new niche. " *Amparos* arrived like a gift," he says.

But, it is unclear how much longer Rodriguez and other lawyers will be presenting these cases. Two weeks ago, a lower court ruled unanimously that some of the government's efforts to stabilize the economy, including the *corralito*, are unconstitutional. President Eduard Duhalde is appealing the decision to the country's Supreme Court.

Even the smallest of small-business owners are changing to survive. Roberto Montes runs a kiosk in Floresta, one of Buenos Aires' many neighborhoods. For years he has sold packs of gum, soft drinks, and beer. When the crisis came last December, Mr. Montes saw a golden opportunity for his little shop.

"Since I sell [drinks] and snacks at a lower price than bars and discos, people can still afford to stop by," says Montes. When he noticed that more customers were hanging around the shop, he decided to place a few tables on the sidewalk. Then he added a foosball table and his corner store was transformed into a local hot-spot.

Across the city, ubiquitous kiosks are challenging bars and cafes for the ever-shrinking share of the entertainment market. While the discos are having a hard time attracting customers, kiosks are full every weekend.

Some in Buenos Aires don't like the way their sidewalks have been transformed into the local watering hole. Mariana Alfaro who owns a bed and breakfast complains that "the customers at the kiosks don't respect the neighborhood and leave trash everywhere." She also adds that the kiosks don't have a license to sell alcohol for on-site consumption. While she doesn't file formal complaints, she hopes that the police start to crack down.

Montes doesn't think that he is causing any problems, he looks at his business as a service to the neighborhood. "What are they going to do, close the only affordable bars in Buenos Aires down?" he asks.

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