

ourselves. . . . Trade is either with rules, or it is not trade. . . . In the long run, trade will surely make everyone richer, but in the meantime, we must avoid dying.”

Tremonti stressed that under his initiative, “the issue has begun to be discussed in major international forums. I spoke about it at the G-7, achieving the result that the classic formula, ‘free trade,’ be replaced with the formula ‘trade based on rules.’” In polemic with the Left, Tremonti said: “The defense of workers and small entrepreneurs of Italian districts is done . . . by those who start to pose the challenge of protecting European and national industry.” On the Italian/European Action for Growth plan, Tremonti said that it corrects a paralysis, whereby: “The states have transferred their original powers—fiscal, budget, and monetary powers—without there being a new, collective political machine able to exert them as a substitute. We have no budget policy, because there is the Stability Pact. We have no monetary policy because there is the ECB, the European Central Bank. We have no currency-exchange policy because it is being made elsewhere.”

Pointing to the irrationality of currency values under the current regime, Tremonti said: “In the year 2000, European economies and public budgets were good, the euro was weak against the dollar; now, economy and public budgets are not so good, and nevertheless the euro is strong against the dollar. Newton would have some trouble in defining the rationale for the cause-effect relationship, the trajectory of the apple.”

‘Minister Tremonti Is Right’

Tremonti’s interview found immediately an echo in France, where well-known economist Jean-Paul Fitoussi endorsed it. There are currently two schools of thought in Europe, Fitoussi said: “The first one attributes the loss of dynamism to the lack of structural reforms [read: elimination of the welfare state]. . . . The second one points to the decline of European governments’ capacity to elaborate and run an economic development policy.” Were they private companies, “European executives . . . would have already brought their books to court, that is, they would be already certified as bankrupt.”

Fitoussi told *Il Sole 24 Ore* on July 26, “Minister Tremonti is right, when he says that European government structures must be reformed because there is no European economic policy. We must go back to the idea of development, whereas we are still anchored to the idea of stability. This, in aging societies, means paralysis.” As had Tremonti, Fitoussi complained, that in Europe currently, “there is no common economic policy; but at the same time national governments have no maneuvering room, because of the constraints of the Stability Pact. . . . Europe is a ship without a rudder.”

“The only thing national governments can demand from their citizens is sacrifice, i.e., approve structural reforms,” Fitoussi warned: “The Stability Pact is too rigid a choice and must be revisited. The dogmatic interpretation of the Pact does not allow us to prepare for the future.”

Washington Bushwhacked Argentina’s Kirchner

by Cynthia R. Rush

Argentine President Néstor Kirchner’s September meeting with George W. Bush was hastily re-arranged for July 23. Kirchner sought support for a strategy he claims will allow his devastated country to emerge from its financial crisis—if only the International Monetary Fund (IMF) would show a little understanding. Since taking office May 25, Kirchner has been operating under the delusion that Argentina could find the road to economic recovery through a “softer” agreement with the Fund, that would apply austerity a little more slowly, and postpone foreign debt payments, suspended since January 2002, for a few more years.

Since the current short-term agreement with the Fund expires at the end of August, and Argentina faces a looming Sept. 9 deadline for paying \$3 billion to the IMF, Kirchner and his Finance Minister Roberto Lavagna say they need a new agreement that will roll over all debt payments for the next three years, and postpone the application of harsh structural reforms, until the economy begins to recover from the debacle brought on by more than a decade of free-market “reforms” under then-President Carlos Menem, an IMF poster boy.

This carefully laid plan ignores the reality that Argentina is the victim of a crushing systemic global financial crisis, and can only be rescued if the world monetary system is put through the type of bankruptcy reorganization outlined by Democratic Presidential pre-candidate Lyndon LaRouche in his New Bretton Woods proposal. While there are sovereign decisions Argentina could make now to protect the nation and its people—national banking, capital and exchange controls, and continued repudiation of an illegitimate foreign debt—nothing short of a New Bretton Woods, combined with the global development program embodied in the Eurasian Land-Bridge, offers any hope for the future.

Kirchner should be considering LaRouche’s advice that both Argentina and Brazil, with their combined \$720 billion in debt, have the potential to bring down the whole rotten financial system, were they to repudiate IMF policy. IMF and Wall Street bankers are already nervously eyeing South America’s Southern Cone region, fearing what could happen were Argentina not to reach an agreement with the Fund by Sept. 9 when its \$3 billion comes due. They are particularly anxious about Brazil, whose precarious financial situation is worsening daily. The *New York Times* had to admit on July 29, that an Argentine default on the \$6 billion it owes the

Fund by year's end, would "call into question the triple-A status of the Fund, the World Bank and the Inter-American Development Bank in financial markets." The total amount Argentina owes the Fund—\$14.3 billion—is more than 500% of the country's statutory IMF quota, according to the *Times*. The accepted borrowing limit is normally 300%.

This reality hasn't caused the Fund to ease up on its demands, however. Two days after Kirchner's meeting with Bush, internal IMF documents leaked to the media in Washington trumpeted that Argentina had "deceived" the Fund, by postponing or delaying structural reforms agreed to by the previous Duhalde government. The documents bluntly warned that the Kirchner government must "distance itself from any idea that the economy is normalizing smoothly, *without the need for structural reforms.*" On July 29, IMF Managing Director Horst Köhler publicly warned Argentina it must accelerate its structural reforms over the coming period, in order to make the country safe for "creditors' rights."

Rather than using the leverage LaRouche indicates, both Kirchner and Brazilian President Luiz Inácio Lula da Silva are so far content to maneuver *within the rotting global system*. Although Kirchner has recently complained that Lula's orthodox economic policies too closely resembled the disastrous free-market "Menem model," Kirchner also thinks he needs the Fund. Thus, he went into his July 23 meeting with Bush, to beg for backing for his illusory "go slow" strategy. But all that he got from his 30-minute session at the White House, was gibberish, with Bush slapping his back and telling him to negotiate "hard—just as hard as you can, down to the last penny." After all, Bush said, "it is Argentina that has to negotiate with the Fund, and no one else." Then, he promised, "if you help yourselves" (if you do what the Anglo-American financial sharks tell you to do), "we will also help you." That is, Argentina must prove itself creditworthy by responsibly carrying out IMF austerity.

Having pinned all his hopes on the meeting—London's *Financial Times* had described it as "the most important of [Kirchner's] life"—the Argentine President wasn't about to come out of it saying he had failed. So, he walked out of the White House to euphorically tell waiting reporters that Bush had offered him "unconditional" support for Argentina's negotiations with the International Monetary Fund!

Kirchner did have one fortunate confrontation with reality in Washington. On July 23, two organizers from the LaRouche Youth Movement (LYM), both Argentine, approached him following a gathering at the Argentine Embassy. One enthusiastically urged him "to invite LaRouche to Argentina. We appreciate and agree with your mentioning Franklin Delano Roosevelt's New Deal"—Kirchner has mentioned FDR as a model on more than one occasion—"Mr. LaRouche is the only Presidential candidate and world leader talking about this in the United States." Showing Kirchner a copy of LaRouche in 2004 campaign special report *How to*



Argentine President Néstor Kirchner examines the "How to Reconstruct a Bankrupt World" special report given him by LaRouche Youth Movement organizer Emiliano Andino (to his right), outside the Argentine Embassy in Washington. Kirchner's illusions about help from the Bush Administration with Argentina's unpayable debt, met reality during his visit.

Reconstruct a Bankrupt World, the organizer continued "I have in my hands a program for world development, and I want you to have it." After "Okay, give it to me," replied Kirchner, who had, already that day, passed by a literature table also manned by LYM members.

Absent this bold and optimistic approach, Kirchner's foolish desire to curry favor with Anglo-American powers leaves the country extraordinarily vulnerable, and not only on the economic front. He has gone on a rampage against such vital institutions of Argentine sovereignty as the Armed Forces, the justice system, and other security agencies. The central figure in this assault is Justice Minister Gustavo Béliz, a member of Opus Dei, who is closely linked to the Transparency International non-governmental organization founded in 1993 at the behest of Britain's Prince Philip, to wage war against the institutions of the sovereign nation-state, under the guise of "combatting corruption." It is the "corrupt" and "criminal" elements within Argentina's institutions, Béliz says, who are responsible for the country's crisis—not the IMF. Béliz has provoked military unrest with the July 25 overturning of Decree 1581, which banned the automatic extradition to other countries that had charged Argentine military personnel with human rights abuses.

Béliz's served as adviser, speechwriter, and Interior Minister to Carlos Menem in 1992, and brought in pseudo-Catholic Michael Novak to promote his fascist "capitalism from below" theories. Béliz and other of Kirchner's advisers reportedly told him that overturning decree 1581 "is the only way to attain the levels of juridical security" to make Argentina "trustworthy" in the eyes of foreign creditors and investors. But the goal of the "war on impunity" is to insure that all vestiges of sovereignty are eradicated, so that Argentina's final submission to globalization is guaranteed.