

# Killing Argentines Won't Save the System

by Cynthia R. Rush

The Aug. 30 ruling by the U.S. Second Circuit Court of Appeals backed the fraudulent claim by vulture fund kingpin Kenneth Dart that Argentina owes him \$740 million in defaulted debt, and signalled a new round of demands and threats against the South American nation by crazed synarchist bankers. Now openly supported by the International Monetary Fund (IMF) and the member governments of the Group of Seven industrialized nations, these financial predators are warning President Néstor Kirchner that unless he forks over more than the 25¢ on the dollar offered in his official proposal to restructure \$100 billion in defaulted debt, his country will face a “financial hurricane” that could oust him from office.

That was how London's *Financial Times* put it on Sept. 13, gloating over the court ruling that favored Dart's EM, Ltd. vulture fund, and telling Kirchner that he cannot possibly resist the combined power of the IMF, G-7, and the vulture fund front group, the Global Committee of Argentina Bondholders (GCAB). The “Kirchner governments of history” may have defied private speculators in the past, the *Times* trumpets—but no more. “Global bureaucratic officialdom has turned on the Argentine government,” and given the vultures “official support.”

Warning that Dart's and others of that ilk are preparing to aggressively seize assets, the City of London mouthpiece proclaimed that Argentina's “loser” debt restructuring proposal is dead, and that the government has no choice but to subordinate the welfare of the Argentine people to the interests of the bondholders and IMF.

## It's the System, Stupid!

They wish it were this simple. The reality is that the global financial crash is accelerating at such a rate, that the whole shebang may blow apart well before the vultures can attempt to bludgeon Argentina into submission.

The IMF itself has made no secret of the fact that Argentina is a factor in the Fund's own financial precariousness, constantly stressing the urgency of reducing its exposure to the country's debt. Alone, Argentina accounts for 16% of the IMF's loan portfolio, and Argentina, Brazil, and Turkey together account for 50%.

In an open letter to the IMF and its member Finance Ministers Sept. 14, Charles Dallara, Managing Director of the Institute of International Finance (IIF) elaborated further. On be-



*The synarchists are trying to oust Argentine President Néstor Kirchner, for defending his country's sovereignty and welfare.*

half of the IIF's 330 member banks, Dallara warned that, in the context of great global "imbalances" and "challenging times, fraught with risks and uncertainty," it is crucial to get emerging markets generally, and Argentina specifically, immediately into some kind of "crisis management" and "prevention" mode.

Such steps, he said, "would demonstrate that Argentina is an *isolated case*, that does not preclude responsible parties from strengthening the fabric of the system for the benefit of all." The IMF failed miserably in the Argentine case because it acted out of concern for the "vulnerability of its balance sheet," thereby placing "its integrity at risk," Dallara said. It didn't force the Kirchner government to impose needed austerity reforms or an agreement with bondholders. Now, the upcoming annual meeting of the IMF/World Bank, must urgently discuss how "to resolve the crisis" between the government and the bondholders, and "avoid such a troublesome situation in the future." So much time has been lost, he worried, that "it remains even less clear how a restructuring agreement can be negotiated with private creditors."

## Coup Threats

Synarchist bankers in the City of London, on Wall Street, and among Dick Cheney's thuggish neo-conservative apparatus in Washington and Buenos Aires, have brazenly threatened to overthrow Kirchner, should he fail to obey them. On Aug. 30, one day before IMF Managing Director Rodrigo Rato's arrival, former Argentine President Raúl Alfonsín set off a political firestorm when he publicly referenced these threats, warning that the "the right wing has decided to remove Kirchner, and has set a deadline of March of next year."

Alfonsín, who was President from 1983-89, pointed to the "neo-liberal right wing" as behind this coup-plotting,

backed by "speculative groups and some foreign investors." Although he did not mention only the right wing, Alfonsín's warning was an undisguised reference to former Presidential candidate Ricardo López Murphy, a proponent of the fascist free-market economics he picked up when he studied at the University of Chicago.

Alfonsín was not Argentina's most outstanding President—although his 1984 meeting with Lyndon LaRouche was an act of considerable political courage. His Aug. 30 warning showed similar courage, by rising above internal party squabbling to defend the nation, much to the dismay of more opportunistic fellow Radical Party members, who shrieked that he was "supporting the government." Amid accusations that his charges were "irresponsible," Alfonsín repeated them again on Sept. 3, adding that those plotting against the current President "are determined to serve the interests of the United States more than our own."

López Murphy blustered in response that there couldn't possibly be an "institutional destabilization in March," and lied that he had no idea what the "neo-liberal right wing" was!

The pressures on the country to "improve" its restructuring offer are brutal and unrelenting. The U.S. Securities and Exchange Commission (SEC) is stalling on approving the document Argentina sent it on July 2, which is required for the plan to move forward.

When the IMF's Rato's visited the country for ten hours Aug. 31, he ordered Kirchner to increase the amount the government sets aside to pay debt—the primary budget surplus—to 4 or 5% of Gross Domestic Product (GDP), from the current level of 3%; to impose "pending" austerity reforms; and, above all, to quickly complete negotiations with the vulture funds. The current offer, with a 75% writedown, is "inconsistent," he said.

Rato could not have been amused by the quip with which Kirchner greeted him, upon his arrival at the government office building, the Casa Rosada. Finance Minister Roberto Lavagna "spoke well of you to me," Kirchner said. "I didn't believe him." But Rato definitely was not amused when Kirchner told him to not "even dream" about forcing Argentina to allocate more funds for debt payment. A few days earlier, on Aug. 25, Finance Minister Lavagna responded to creditor demands that Argentina make a "more credible" debt restructuring offer: Any additional surplus generated by the government, he said, would be allocated to "productive activity, education, science, and technology"—not debt payment.

Speaking in the province of Corrientes the same day, Kirchner warned, "we must prioritize [our response to] that internal neglect which our nation has suffered" over the past decade of unbridled neo-liberalism.