

Foreign Debt Doesn't Promote Development

June 26—Argentine Finance Minister Axel Kicillof, addressing ambassadors from the 134-nation G77+China grouping at the UN on June 25, gave a hard-hitting, detailed presentation on how the foreign debt historically has been used to loot Argentina, starting with the usurious £1 million loan from the British Empire's Baring Bank in 1824, which, he said, could well serve as a "parable of the foreign debt of emerging countries such as ours."

The Baring Bank loan was a fraud, he said. It was supposed to go for port development. Instead, Argentina received only £570,000, no ports were built, the government defaulted on the loan, and eventually ended up paying a total of £4 million—for nothing. "Never has the foreign debt in Argentina been used for development," Kicillof said—a statement which earned his speech the label of "defiant" from the Associated Press. In fact, his remarks cry out for the solutions Lyndon LaRouche has elaborated, in the form of reinstating the Glass-Steagall law in the United States and Hamiltonian credit systems worldwide.

Using charts and graphs, Kicillof demonstrated in detail, with the example of the "bloody military dictatorship" imposed in Argentina in 1976, the mechanism by which foreign bankers and multilateral lending organizations plunged the country into the "perverse dynamic" that forced it to take on more and more debt—not to finance development, but to keep "paying an unpayable debt ... leaving our people with nothing except more debt on their backs." This looting process, he said, is what finally led to the explosion and default of 2001.

'They Won't Let Us Pay'

The Finance Minister demonstrated the insanity of the rulings by U.S. Federal Judge Thomas Griesa and the U.S. Supreme Court. Argentina has reordered and restructured its finances with great sacrifice since 2003, he explained, all while guaranteeing economic growth



OAS/Juan Manuel Herrera

Axel Kicillof, Argentina's Minister of Finance and Economy, told the conference attendees, respecting the history of bankers' and hedge funds' looting of Argentina, "Today they come for me, but tomorrow they'll come for you."

and restoring the social benefits which the military junta and subsequent free-market governments had wiped out. That's what makes this current case so "scandalous," he said.

Argentina wants to pay its debt, he said, "but they won't let us.... They've imposed specific conditions which have consequences that jeopardize our economy as a whole ... our country, our people ... which put at risk our right to protect all Argentines from the international financial system."

Kicillof warned that what is happening to Argentina today "is a mirror of what could happen with other countries.... What Argentina faced in 2001 is what many countries face today." Noting the enormous support his government has received internationally, he concluded by quoting Uruguayan President José Mujica's June 21 warnings that predators would be coming after Argentina's oil and other assets, a fact which, Kicillof said, "is a cause for reflection." The foreign debt in the past "ended up looting our natural resources.... We can't allow this to continue." Remember Mujica's admonition, he said: "Today they are coming for me, but tomorrow they'll come for you. These funds buy debt bonds for two pesos and later expect to take everything,"