

Is Argentina Moving Toward New, ‘War Economy’ Measures?

by Gretchen Small

Aug. 19—Argentina is playing hardball.

After having raided the Buenos Aires headquarters of HSBC last week—London’s notorious Hongkong and Shanghai Banking Corporation, which for decades has been the central bank of Dope, Inc.’s international drug trade, and is charged with being a “criminal enterprise”—and this week filing criminal charges against the vulture fund-owned Donnelly printing company in Argentina, for fraudulently filing for bankruptcy and shutting down its operations, and warning local subsidiaries of the foreign banks (e.g., Citibank) that their bank licenses are contingent on their operating under Argentine law, the Fernández government let loose a powerful broadside against Royal Dutch Shell in the country.

Planning Minister Julio De Vido took to the radio airwaves on Aug. 15 to charge Shell with “speculating rather than producing,” saying that it “doesn’t invest anything to produce natural gas and oil in our country,” but prefers to find “areas for speculation, as if they were a real estate investment, rather than a productive investment. Shell should invest in the production of hydrocarbons in the areas assigned to it,” he threatened, “rather than keeping them idle.” De Vido made it clear that the oil multinational should invest at least \$1 billion in expanded production, or face the consequences.

What Consequences?

Some informed observers believe that Argentina may well be planning stepped-up “war economy” measures to deal with the financial warfare being launched against the country, led by the vulture fund assault, with backing from the U.S. Supreme Court. President Cristina Fernández de Kirchner has reminded her fellow citizens in recent days that the driving motivation of the vulture funds is not merely greed, but rather, a strategic policy of the world’s financial centers to forcibly re-indebt Argentina, as the means by which to then seize control over its sizeable natural resources, crush its scientific, technological, and industrial capabilities, and drive its people back into the Stone Age.

“They want to see us on our knees. Well, with me as the President, they are not going to see us on our knees,” she assured her fellow citizens on Aug. 14.

Better Understand Your Enemy’s Mind

Those, like the City of London’s *Financial Times*, who console themselves that President Fernández is a “pragmatist” who will, sooner or later, agree to negotiate with the nation’s enemies, are fools. But Fernández has made it abundantly clear that she recognizes, that if they are not crushed, the British imperial interests behind the vulture assault (Wall Street included) are fully prepared to carry out *genocide* against nations which assert their sovereign right to industrial development.

Visiting neighboring Paraguay on Aug. 13, Fernández compared the assault by the speculators’ vulture funds on Argentina today, to the British Empire’s genocidal war against Paraguay in the 19th Century. “The colonial countries fought the development and patriotism [of Paraguay’s President Francisco Solano López] with arms, with ships.... Today, in the contemporary world, it is not necessary to resort to invasions, attacks, or war; emerging countries ... such as that Argentina which knew how to indebt itself up to its eyeballs, and now when we are unequivocally getting out of debt, when we are growing... they come back at us” (see box).

The Argentine government is also cognizant, as it often states, that Argentina has no reason to bow in fear before the bankrupt British financial empire and its U.S. appendages. After the mid-July BRICS Summit (see *EIR*, July 25, 2014), and the discussions around it, the British system is no longer the only game in town, and Argentina is not the only government which is acting accordingly. Argentina has allies internationally which are prepared to defend it—prominent among them being U.S. statesman Lyndon LaRouche, and the leaders of Russia and China, among others.

Backed by that changed correlation of forces, and understanding that it is fight or die, Argentina’s government is making it clear that it is prepared to assert, with



Argentine President Cristina Fernández and Paraguayan President Horacio Cartes, confer in Asunción, Aug. 13, beneath a portrait of Paraguay's heroic President Francisco Soloano López (1862-70).

actions, the principle that the government has the right and the obligation to defend the general welfare of its people and their posterity, taking such measures as required to crush the power of the attacking foreign enemies. That is a principle which Americans can recognize as embodied in the U.S. Constitution.

New laws have been introduced to better regulate business pricing and control cartel formations. If Argentine history is any guide, if the financial warfare is not called off, the other measures could well include:

1. Nationalizing all or part of the private banks, especially foreign-controlled banks, that participate in financial warfare against Argentina;
2. Fully re-nationalizing YPF oil company, which was partially privatized by earlier neoliberal Argentine governments. A step back toward national control was taken earlier this year when the Spanish Repsol company was forced to sell its shares back to YPF;
3. Nationalizing or drastically regulating foreign trade, especially in vital food exports, both to guarantee supplies to new customers such as Russia, as well as to take further control over dollar flows in and out of the country; and
4. Strengthening existing exchange controls to prevent capital flight and other forms of financial warfare.

Such measures are the “patriotic reflex” that Argen-

tina will tend to have, and all of these measures—and others—are fully consistent with nationalist policies adopted historically by Peronist governments in Argentina; the current government is also Peronist.

Obama, the Empty Suit

As Franklin Roosevelt understood well, it is when nations and peoples give up their fear, that empires crumble. Argentina’s aggressive defense of its sovereign rights has the London-Wall Street crowd nervous. Paul Singer’s vulture lobby, American Task Force Argentina (ATFA), sputtered incredulously in an Aug. 13 ad published in newspapers, that “Argentina’s leaders have completely alienated the U.S. government,” by filing against the United States at the International Court of Justice at The Hague on Aug. 7. The

suit charges that the U.S. has violated its “international obligation to respect the sovereignty of the Argentine Republic, particularly its sovereign immunity.”

Chief of Staff Jorge Capitanich and Foreign Minister Héctor Timerman held a press conference on Aug. 19 to demand that the Obama Administration give an official reply. Timerman emphasized that the suit “is directed against the United States, in the context of a conflict between States, not against the vulture funds,” or the courts. Judge Thomas Griesa’s rulings seek “to provoke economic and political measures to force the will of a member-state of the United Nations,” such that Argentina won’t be able to meet its debt obligations, affecting decisions on its sovereign debt restructuring.

Timerman compared the attack on Argentina today, to the European military assault on Venezuela in 1903, to forcibly collect its debts to European bondholders. That incident gave rise to the Drago Doctrine, he explained, authored by then Argentine Foreign Minister Luis María Drago, whose memorandum to the Teddy Roosevelt government asserted that sovereign foreign debts cannot be collected by force.

Meanwhile, President Barack Obama has become the brunt of Argentine humorists. “Is President Obama afraid of vultures?”, the president who is supposed to be most powerful man in the world, is afraid of vul-

tures?, Argentine public TV's 6,7,8 *Informes* show asked in a recent rollickingly funny clip mocking Obama, local economists who work for the vulture funds, and the vultures themselves.

6,7,8 interviews investigative journalist Greg Palast, author of *Vulture's Picnic: In Pursuit of Petroleum Pigs, Power Pirates, and High-Finance Carnivores*. Palast asks: Why doesn't Obama act to stop the predatory vulture funds, when he says he supports Argentina? He could use the separation of powers clause of

the Constitution, under which the President sets foreign policy, to override the U.S. courts' backing for the vultures. Is Obama, the U.S. President, afraid to take on Paul Singer, the most influential political donor in the U.S.? Even George Bush, Jr. acted to stop the vultures' assault on Africa, Palast pointed out.

For her part, in an Aug. 7 address to the nation, President Fernández recounted with disdain how Obama in 2008 submitted to what his government officials admitted was "extortion" by the same Singer who is now at-

Cristina in Paraguay: Vultures Are the World's Problem

Aug. 15—"The fight against speculative capital, the vulture funds, is not only Argentina's problem. It is the world's problem," Argentine President Cristina Fernández de Kirchner reminded a group of young Paraguayans who greeted her as she arrived for a state visit to that neighboring country on Aug. 13. Fernández gave them a lesson in real patriotism, and a message of hope:

The attempt today by the vulture funds to crush Argentina "has happened to African countries; it happened to Peru. It is happening also to a lot of countries in Europe. We just learned not long ago that France, also, a developed nation, just fined these vulture funds for having speculated on stock sales. France, no less. . . .

"As we see, the world is beginning to wake up, and it will wake up, because there is no other solution. Either we wake up, arouse ourselves, open our eyes and basically exercise our rights—we are not discussing empty flag-waving, but a nation with rights, because we have the right to grow; we have the right for our people to live well; we have to have the right for young people to study. We have to have the right for our workers to earn good salaries, to have health care, housing, so that they do not have to emigrate to another country because their country leaves them no opportunities. . . .

"We want to exercise the rights we have as the sovereign nation which we are, while some are trying still

to return us to the Argentina, or the Latin America, of the colonies back in the 19th Century." She urged the young people "to ensure that the future, your present, and the future of your children, is not the same as the past which we have all had to live through."

Accompanying Fernández to Paraguay were her foreign, economic, and planning ministers, the head of Argentina's National Atomic Energy Commission, and six provincial governors. Bilateral economic and other matters were on the agenda, but Fernández singled out an "act of historical recognition" as central to her visit: the repatriation of belongings of Paraguay's great national leader, Francisco Solano López, which had been seized as war booty during the 19th-Century British-directed, genocidal war known as the "Triple Alliance."

Argentina, under the control of authorities "manipulated from abroad," participated with Brazil and Uruguay in that war, in which three-quarters of Paraguay's male population were killed, and the nation reduced to ruins from which it is still recovering today.

Fernández made the point in her speeches that the deindustrialization and destruction wreaked upon Paraguay by the colonial powers who orchestrated brother countries to crush it was *intentional*, just as it is the *intention* of speculative capital's assault today. "No one made a mistake when they came here to destroy Paraguay," she said. "They wanted that industrial Paraguay—which produced locomotives, rail lines, and had iron foundries—to become merely a producer of raw materials, with a slave- and cheap-labor force. This is what they always wanted for our countries," she stated during the accord signing ceremony with Paraguay's President Horacio Cartes.

"There were no mistakes here, but clear and deliberate policies that we do not share and we come here to amend."

tempting to extort Argentina. But while Argentina refuses to give in, she said, Obama handed \$12.9 billion over to Singer, to get his auto industry bailout through.

Popular support for the President's decision to fight is soaring. Posters depicting Griesa's head on the body of a vulture with the caption, "Griesa wants your house, your job and your food! It's Argentina or the Vultures!", are going up. No politician can afford to be heard arguing the vultures' case, and former IMF chief economist Claudio Loser, who admitted that he collaborates with Singer's ATFA, found himself declared *persona non grata* in his native Mendoza.

The New Game in Town

Russian-Argentine collaboration on mutual defense measures against the insane attacks being thrown at both countries by the same imperial interests, exemplify the potential for the global alliance of nations to crush the British empire which LaRouche has called for.

The spirit of that collaboration is evidenced in a lively seven-minute video report on the prospects for Russia-Argentina cooperation on food supplies, farming advances, and science, which Russian state television, Rossiya-1, broadcast on Sunday, Aug. 10 (available with English subtitles at www.youtube.com/watch?v=6Er6rRY_GrQ#t=15). These governments are not concerned about their stock markets, but physical economy!

Rossiya-1's report begins by asserting that while the Argentine stock exchange may be falling under the imposed default process, Argentina has nothing to fear; it has a huge grain potential and technological advances in farming—very long plastic grain bags which can store crops for up to two years directly on the field; no-till farming, in which the seed is drilled down directly through the prior crop's residue in the unploughed field.

In discussing the plans to increase exports of Argentine beef to Russia, the reporter asked the head of the meat exporters: "So, you will not allow Russia to die of hunger, as many people now seem to be afraid of?" He replied, "No, no, no!" But he did caution that Argentina will send chefs to Russia, to teach Russians how to cook that fine Argentine beef.

More than food exports are on the table between them. Argentine Minister of Science, Technology and Productive Innovation, Lino Barañao, told Rossiya-1: "The developed world wants Argentina only as a food and natural resources pantry. We believe that this does not guarantee an improvement in quality of life of our



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On Aug. 15, Argentina successfully tested the second of a series of experimental rockets, which are prototypes of the Tronador II satellite launcher under development (shown here), produced entirely in Argentina with 100% domestic technology.

population... We seriously aim at adopting technologies that would add value to the exported products. Therefore, the union with Russia is strategic."

Argentina is moving forward, as it fights. On Aug. 15, it successfully tested the second of a series of experimental rockets, which are prototypes of the Tronador II satellite launcher under development, produced entirely in Argentina with 100% domestic technology.

Planning Minister Julio De Vido summarized the significance of the achievement: "All of these 100% national developments will allow us to carry out a complete satellite launch on our own, that is, the construction of the satellites and placing them in orbit; and that will also allow us to launch satellites of third parties, converting Argentina into the only country in the Southern Hemisphere, and one of only 11 in the world, with that capability. With this initiative we are deepening the process of the industrialization of Argentina in high value-added and advanced technology sectors."