

# Argentina: The Vultures Can Be Defeated

by Cynthia R. Rush

In a bold assertion of national sovereignty, Argentine President Cristina Fernández de Kirchner has delivered yet another blow to the British Empire's vulture funds with whom she, and her late husband and former President Néstor Kirchner, have been locked in battle since 2005.

In a nationally televised address Aug. 19, Fernández announced that she had submitted a bill to Congress offering foreign bondholders the option to accept a voluntary debt swap that would be governed by Argentine, rather than U.S. law, and would also designate the state-owned Banco de la Nación as the new trustee bank, replacing Bank of New York-Mellon (BoNY). Senate debate on the "Local Sovereign Payment of the Argentine Republic's Foreign Debt" bill is scheduled to begin on Aug. 27.

The Argentine President pointedly reminded the vultures that "a new global order" has emerged, which prioritizes economic and human development; and that the participating nations are a key source of the widespread support her government has received in defending its sovereignty.



*President Cristina Fernández de Kirchner*

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If passed, the legislation will place control over the entire debt restructuring process back in the hands of the Argentine government, where it belongs, out of the grip of New York Federal Judge Thomas Griesa, who has disrupted the restructuring with his vulture-friendly ruling that Argentina may only pay restructured bondholders, if it also pays speculative vulture funds at the same time. The judge has prevented restructured bondholders from collecting \$539 million that Argentina deposited on June 27 in the account of BoNY, threatening the bank with legal sanctions were

it to proceed with the payment.

On Aug. 20, Fernández followed up with another affront to the Empire, calling for the creation of a domestic capital market capable of meeting the country's credit needs.

Speaking at the 160th anniversary celebration of the Buenos Aires *Bolsa de Comercio* stock market, Fernández argued that, as a nation, and with its businessmen, Argentina has a "historic opportunity" to generate domestic savings that it can rely on.

Were Argentina to rely on its own capital, Fernán-

dez said, “we won’t be waiting for capital to come from abroad, and we’ll be outside the fluctuations of international policy ... [that are] always subject to policies in which we have no say or decision.” She cited the 2008 Lehman Brothers blowout as exemplary of what foreign dependence means.

## Leverage Against the Empire

Aware of the complexity of the debt, combined with a worsening global financial crisis that is negatively affecting Argentina’s economy, President Fernández isn’t suggesting that the proposed debt swap bill is a quick fix. But she and her top staff are operating from the standpoint of Argentina’s participation in the new emerging global paradigm, defined by the BRICS development initiatives, and strengthening alliances with Russia and China.

While Fernández addressed the *Bolsa de Comercio*, her Industry and Agriculture Ministers were in Moscow, telling Russian media, that Argentina has the ability “to feed 400 million people.” The ministers were accompanied by a delegation of government officials and agro-industrial producers to discuss immediately increasing Argentine food exports to the Russian market.

The state-run Telam news agency reported Aug. 20, that Giorgi has also invited Russian businessmen and industrialists to invest in Argentina, to increase industrial production, particularly to add value to natural resources. The daily *Cronica* reported the same day that a Russian delegation will visit Argentina in November to discuss investments in the hydrocarbons sector, which Argentina expects to facilitate. Giorgi emphasized Argentina’s enormous potential in this area.

## Science an Instrument of Independence

A key component of the alliance with both Russia and China, as well as with other developing nations that are aligning themselves with the BRICS paradigm, is cooperation in science and technology, for which Argentina, with its advanced nuclear energy and aerospace capabilities, is especially qualified. Leonardo Sobehart, head of the New Business for the Nuclear Projects Division of Argentina’s premier, state-owned high-technology company, INVAP, reflected this beautifully in an interview with Bolivia’s *Reporte Energia* magazine, prior to participating in the Aug. 20-21 VII International Oil and Gas Congress in Santa Cruz, Bolivia, where Vice President Alvaro García Linera described nuclear energy as the “fire” of the 20th and 21st centuries, which Bolivia had to master (see *National* lead).

Bolivian President Evo Morales announced over a

year ago that he is committed to developing nuclear energy, and Sobehart offered valuable insights on the approach required to succeed in this endeavor, citing the spirit which guided Argentina and the United States under President John F. Kennedy.

“Bringing people closer to science is the biggest challenge. How to accomplish this, is the job of political leadership,” Sobehart said, pointing to JFK’s setting the goal of putting a man on the Moon as an example of how such a mission can mobilize the whole of society. “Developing technology is a long and difficult road which requires determination and perseverance, since new challenges must constantly be faced. But the benefits over the medium and long term, in improvement of the quality of life of the population and the independence of a nation, are undeniable,” he underscored. He added that people should not “mistake science and technology as an instrument of colonization, but exactly the opposite, an instrument of independence.”

## What’s a Vulture To Do?

This optimistic outlook, combined with Argentina’s bold defiance of the Empire, is driving the Queen’s vulture funds, and the media sewers that spew out their propaganda, to ever greater extremes of rage and hysteria. Denied their pound of flesh, yet again, the predators are skulking back to the drawing board, to try to figure out what options they have against the nation that steadfastly refuses to capitulate to them.

Reflecting the reality that Argentina has outflanked the vultures, the London *Economist* opened its Aug. 21 story on what it called “Argentina’s debt saga,” with the explanation that, “If you can’t beat them, change the battlefield.”

Nor could the octogenarian Judge Griesa offer any help. On Aug. 20, lawyers for Paul Singer’s NML Capital and Aurelius Capital Management hysterically demanded that Griesa call an emergency hearing, to declare the entire Argentine nation in contempt of court and slap on heavy fines for its “grave affront” to the court. Aurelius charged that Argentina’s leaders had decided to “become outlaws.”

In the hearing, while Griesa also blustered about Argentina’s “lawless” behavior, he did not declare the country in contempt, arguing it would be “premature” to do so. As *Business Insider* summed up the situation in its Aug. 21 coverage, “The Judge in the Argentina vs. Hedge Funds Case Just Exposed a Big Weakness.” Griesa didn’t find Argentina in contempt, because he can’t enforce it. “He’s really got no power whatsoever.”