

Yes, Argentina Has Bolted From the Trans-Atlantic System

by Cynthia R. Rush

Sept. 29—*EIR*'s June 23 coverage of Argentina was headlined, "Will Argentina Be the First Nation To Bolt from the Bankrupt System?" (issue of June 27). The short answer is, "Yes."

A week earlier, on June 16, the U.S. Supreme Court had let stand a lower court ruling by New York Federal Judge Thomas Griesa, stating that Argentina could not make scheduled payments to bondholders who had participated in the 2005 and 2010 sovereign debt restructuring, unless it also paid, at the same time, the predatory vulture funds—Elliott Associates' NML Capital, Aurelius Capital Management, and Oliphant, among others. These funds had bought up defaulted Argentine bonds for a song, and then sued the government for payment of the full face value of those bonds.

The Supreme Court ruling, and the discovery process it allowed, was supposed to back Argentina into a corner, open the doors to mass seizure of its assets, natural resources included, and bring it to its knees in total economic chaos and another default.

At the time, Lyndon LaRouche commented presciently that Argentina "cannot submit" to the vulture assault, because "it would become extinct. Most of South America realizes that. They must support Argentina, not for the sake of Argentina, but for the sake of the entire continent... Russia is not going to capitulate. Eurasia is not going to capitulate!" The only solution, LaRouche said, is to throw Obama out of office, and then "we can proceed, immediately, in the United States, to set forth a new program, a new set of relations, and the whole mess will be under control."

Now, three months later, except for the fact that Obama remains in office, preventing the United States from participation in that new set of global relations to which LaRouche referred, the situation has evolved much as he said it had to, with an extraordinary mobilization in Argentina's defense by Ibero-American governments and regional organizations, as well as other multilateral entities, combined with the emergence of a

new global financial and strategic architecture, led by Russia and Eurasia, that came out of the July 15-16 BRICS summit in Fortaleza, Brazil.

Argentina has bolted from the bankrupt trans-Atlantic system with breathtaking speed, reflecting the rapidity with which the new global development paradigm has taken shape. Refusing to sacrifice her nation's sovereignty and economic development to the British Empire's genocidal dictates, President Cristina Fernández de Kirchner has consolidated her government's economic, scientific, and strategic alliances with the BRICS group of nations, particularly Russia and China.

Why Stick with a Corpse?

The clearest example of the break with the rotting imperial system is Fernández's Sept. 24 "in your face" speech at the United Nations Security Council (UNSC), in which she destabilized presiding chair Barack Obama with her condemnation of U.S. violation of international law and anti-terrorism policy which, she said, were producing "permanent bloodshed" with large numbers of innocent civilian victims. Obama could barely mumble an almost inaudible "thank you" at the conclusion of her speech, before announcing the next speaker.

The Argentine President has always been feisty. But in her Sept. 24 speeches at the UN General Assembly and the UNSC, she exuded a level of confidence and optimism that clearly stems from her understanding that Argentina is now part of a self-defining global system, embraced by over half of humanity, whose advance will only be stopped if the British Empire and its toady Obama succeed in thrusting the world into thermonuclear war.

In her UNSC speech, Fernández echoed concerns raised by Schiller Institute founder Helga Zepp-LaRouche, who has called for creating a new, inclusive global security architecture. The President warned that "we have to decide, once and for all, that we can't con-



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President Cristina Fernández de Kirchner at the launch of the Atucha II nuclear power plant in 2011. The country has the most advanced nuclear energy program in Ibero-America, and is working with China to build another nuclear plant, the Atucha III.

warm personal relationship with the Argentine President. At the Pontiff's request, President Fernández met with him on Sept. 20 in Rome, prior to travelling to New York. In her UNSC speech, she warned, "We are living a Third World War, as the Pope says—not a conventional war of the 20th Century, but now more targeted wars."

It has dawned on the financial predators that as their own system disintegrates before their eyes, Fernández's embrace of the new world order, and the powerful alliances this involves, has severely hampered their ability to control and blackmail the country. Hence, their increasing displays of chest thumping and hysteria.

tinue to use international policies or geopolitical considerations to determine positions of power."

As a result of the July 12 state visit to Argentina by Russian President Vladimir Putin and the July 19-21 state visit by Chinese President Xi Jinping, President Fernández has signed multiple agreements with those nations in the fields of infrastructure development, trade, finance, and energy—notably nuclear energy. Argentina and Russia are finalizing details on greatly expanding Argentine food exports to Russia, replacing those of the European Union that are now cut off.

Siding with Argentina against the Empire's financial warfare, China has stated that its relations with Argentina have entered a positive "new era," and that nothing the vulture funds do or say will affect its investment plans and signed agreements, contrary to lying propaganda from vulture-allied media. The Chinese have emphasized that the \$11 billion currency swap agreement signed between the two nations' central banks, intended to bolster Argentina's foreign reserves, is going forward.

Pope Francis, an Argentine, has also weighed in against the vulture funds, consistent with his incisive attacks on indebtedness and financial speculation as the root causes of suffering, poverty, and misery in developing nations. Argentina's imperial enemies in the City of London and on Wall Street are also alarmed at his

The Issue Is Sovereignty

The Argentine President, like her husband and predecessor Néstor Kirchner, has always been a fighter, and her government hasn't flinched in the face of the financial warfare against it. After Judge Griesa embargoed a \$539 million payment to bondholders deposited in the account of restructuring trustee Bank of New York-Mellon (BoNY) for a June 30 payment, resulting in Argentina being declared in "selective default," the government shot back that only a nation that *doesn't* pay its debts can be declared in default.

Argentina has paid, and has the funds to continue to pay, Fernández said, charging that the U.S. judiciary and the "irrational" actions of a New York judge, are responsible for bondholders not being paid. She, Finance Minister Axel Kicillof, and Chief of Staff Jorge Capitanich then laid the blame for the situation squarely on the shoulders of President Obama, dispensing with the White House's argument that it could not intervene in the situation because of the independence of the U.S. judiciary.

"The United States is responsible for not acting appropriately," Capitanich said on July 31. "Don't come to us with the excuse that the judiciary is independent." What the U.S. is independent of "is rationality," he said. "It is independent of decisions that are compatible with the functioning of the international finan-

cial system, but it is not independent of the vulture funds.”

On Aug. 6, Kicillof pointed to the broader issues: that the battle with the vultures has implications for the global financial system. “There is nothing special about Argentina,” he said, “but it has become the protagonist in an event of world significance.” What’s happening with the vulture funds “is an X-ray of how the international financial system operates.”

On Aug. 7, Argentina upped the ante, filing suit against the Obama Administration at the International Court at The Hague for violating its “international obligation to respect the sovereignty of the Argentine Republic, particularly its sovereign immunity,” and its “international obligation of not applying . . . measures of an economic or political character to force the sovereign will of another State.” The suit states categorically that the U.S. government is responsible for the actions of its judiciary.

War Economy

While waging an international offensive seeking support for its stand against the vulture funds, obtaining support from regional Ibero-American organizations as well as the UNGA and the UN Human Rights Council, Argentina also shored up the domestic front, putting the economy on a war footing to defend the population from the vultures and their local allies.

The government has acted decisively against foreign banks and companies in the country which have participated in London-steered financial warfare against the country, in violation of national laws. On Aug. 13, authorities from the AFIP tax agency raided the Buenos Aires offices of HSBC (formerly the Hongkong and Shanghai Banking Corporation, long known as the bank of the London-run international drug trade), and subsequently indicted HSBC executives on charges of massive tax evasion and money-laundering.

The government also revoked BoNY’s operating license, for violating the terms of its contract as trustee for the debt restructuring, and refusing to pay bondholders by the June 30 deadline, despite the fact that Argentina had deposited the funds in BoNY’s account in the Central Bank on June 27.

Most offensive to the Empire, however, was the introduction of the Sovereign Payment of the Foreign Debt bill, passed by Argentina’s Congress on Sept. 11, authorizing the government to remove BoNY as the official trustee bank of the debt restructuring, replace it

with a unit of the state-owned Banco de la Nación, Nación Fideicomisos, and offer a new voluntary debt swap to restructured bondholders, under the exact same terms as the earlier bond swap. A crucial component of the bill is that it establishes Buenos Aires and Paris, *not* New York, as the venues for the new bond swap.

Such defiance of imperial dictates has driven Judge Griesa, the vultures, and their lobby group, the American Task Force Argentina (ATFA, financed by billionaire vulture kingpin Paul Singer), into fits of rage. In his latest desperate action, Griesa declared on Sept. 29 that Argentina was in contempt of court, for failing to obey his rulings, an action which President Fernández stated was a violation of international law and national sovereignty, which would, however, have “no practical effect” on the situation.

‘Economic Terrorists’

In her speech to the UNGA, the Argentine President was merciless in addressing the crucial economic issues facing the world, of which the vulture fund assault on Argentina is emblematic. Thanking the General Assembly for its overwhelming Sept. 9 vote passing an Argentine resolution calling for establishing an international convention to regulate sovereign debt restructuring, to immunize nations from vulture fund assaults such as Argentina has suffered, Fernández warned that “there aren’t just terrorists who throw bombs. There are also economic terrorists, who destabilize a country’s economy and provoke hunger, poverty, and misery, stemming from the sin of speculation.”

The sooner the UNGA can establish a multilateral mechanism on sovereign debt restructurings, the better, she said, to ensure that “no country will ever have to go through what Argentina has.” There must be economic and financial balance in the world, “which attacks economic and social inequalities among nations, and within each society, which will also be a great antidote against those [terrorists] who recruit youth, who have no hope and no future. . . . We cannot only see the surface of these phenomena; we also have to profoundly study the causes behind them.”

In another blow to the Empire, on Sept. 27, the Geneva-based United Nations’ Human Rights Council (UNHRC) passed a resolution, by a vote of 33-5, “condemning the activities of vulture funds, because of the direct negative effect they have on the ability of governments to meet their human rights obligations, above all, economic, social and cultural rights, and *the right to*



IAEA

The Embalse nuclear power plant in Argentina.

development.” Introduced by Argentine Foreign Minister Héctor Timerman, the resolution affirms that the vulture funds’ activities “highlight some of the problems of the world financial system.”

Scientific and Cultural Optimism

One of the things that has made Argentina a target for destruction historically by the British Empire, is its commitment to the development of its scientific and technological capabilities. It has the most advanced nuclear energy program in Ibero-America, the largest number of scientists per capita in the region, and has signed agreements with many developing nations to provide them with that technology.

As a policy of state, both Kirchner governments rebuilt the nuclear and related scientific sectors that had been ripped apart by the neoliberal governments and military junta that preceded them. The country now produces its own satellites, and in 2015 will have its Tronador II rocket ready to launch its own satellites. Reflecting its citizens’ enormous pride in the country’s accomplishments, on Aug. 31, thousands of Argentines lined the streets and gathered at the Bariloche international airport to see off the ARSAT-1 satellite, as it began the journey to French Guiana in preparation for an October launch.

This scientific and cultural optimism meshes beauti-

fully with the outlook expressed by leaders of the BRICS nations. This was very much on display at the 58th conference of the International Atomic Energy Agency (IAEA) in Vienna, Austria, Sept. 22-26, where Argentine Planning Minister Julio De Vido joined with China’s government and nuclear sector officials to inaugurate the “Atucha III National Mission” exhibit, celebrating nuclear cooperation between the two nations. China is providing the financing for Atucha III, Argentina’s fourth nuclear reactor.

In the company of the head of China’s National Nuclear Corporation (CNNC), the Vice President of China’s National Development and Reform Commission, and officials from Argentina’s nuclear

energy sector, the Planning Minister highlighted the importance of the Russian and Chinese economies, which, he said, “have a pivotal weight in the world today.” President Fernández and Néstor Kirchner before her “built a framework of relations [with these countries] that allows us to have self-determination and sovereignty.” Argentina thus has the ability to withstand “threats to our self-determination and sovereignty by the vultures and holdouts.”

The vulture funds may think they are powerful, but they are not, he emphasized. The only thing they, and their ally New York Judge Griesa, have succeeded in doing, is creating an adverse U.S.-Argentine relationship, which also harms U.S. companies that want to do business with Argentina, particularly in its nuclear energy sector. This was De Vido’s message to U.S. Energy Secretary Ernest Moniz when they met, he reported.

De Vido had an impressive array of bilateral meetings in Vienna, and signed agreements with Algeria, Australia’s Nuclear Science and Technology Organization, Canada, and Saudi Arabia, for which Argentina will be building a research reactor; as well as with the head of Russia’s Rosatom agency, Sergei Kiriyenko; and China’s Deputy Minister of Industry and Information, the head of the China Atomic Energy Agency, and the Vice President of CNNC, Lu Huaxiang.