

Kirchner Assumes Leadership As Global Crisis Worsens

by Cynthia R. Rush

Argentine President Néstor Kirchner is demonstrating a new quality of leadership and combativeness in response to the accelerating disintegration of the global financial system. The Argentine leader has consistently attacked the International Monetary Fund (IMF) and the speculative vulture funds for

which it speaks, for looting and plunging Argentina into economic devastation and indebtedness in the 1990s. And he has refused their demands to reopen the bond swap to restructure \$82 billion in defaulted debt, even though legal action taken by two vulture funds, NML Capital and EM, Ltd., now threatens to disrupt the restructuring process altogether.

But in the speech he gave on April 14 in Berlin (see *Documentation*), before the Social Democratic Party-linked Friedrich Ebert Foundation, Kirchner displayed a qualitatively different way of fighting—and one which is unnerving international centers of usury.

He forcefully announced that the fight for a new world economic order, and the incorporation of international scientific and technological cooperation, would be the cornerstone of Argentine foreign policy. In effect, he said, the world needs a new financial architecture.

Argentina has lived through a terrible crisis, he said. But there are other countries which are in far worse situations, and are being practically wiped out by the IMF's "adjustment policies," he said. That is why, he added, "I think the generation that we represent, those of us . . . who got involved in politics because we believed that the world could change . . . must really have the courage and decisiveness to help create



Argentine President Néstor Kirchner (left) greets German Chancellor Gerhard Schröder during a visit to Germany in April. "Argentina has reaffirmed its determination not to renounce its autonomy in decision-making, and to participate in an active and constructive way on behalf of the new world economic order," Kirchner declared.

that new world economic order, which offers us the possibility of living in a much more stable and just world.”

It is time for the entire world to react to the global crisis and the world dictatorship run by the “technocracy” of the IMF and other multilateral lending agencies, Kirchner said. There must therefore be a “strong and rational debate” on the need for modernizing these multilateral agencies, “starting with the IMF.”

The responsibility which Kirchner has assumed is not unrelated to the role that statesman and U.S. Democratic Party figure Lyndon LaRouche has historically played in Argentina, particularly since the December 2001 debt default. There is almost no speech in which LaRouche hasn’t pointed to Argentina as an example of IMF and vulture fund destructive lunacy, which wiped out the nation’s impressive levels of industrial development, high living standards, and scientific and technological achievements.

Now, in an international environment shaped by LaRouche’s fight for a New Bretton Woods and the primacy of the general welfare in all policymaking, Kirchner and his allies have taken their fight to a qualitatively higher level.

This was reflected in the article by former Argentine President Eduardo Duhalde, published in the Buenos Aires daily *Clarín* April 25. Duhalde charged that the Organization of American States (OAS) and other regional bodies were failing to deal with the current crisis in Ecuador, whose government fell on April 20, because they refused to look at the “unviability” of the dollarization model imposed on that nation by the same financial interests which had imposed it on Argentina, destroying industry and unleashing “the tragedy.”

“It was foreseeable that this economic model threatened to bring about an implosion, and that it would bring Ecuadorians to the brink of civil war,” Duhalde said. “The fragility of democracy, the weakening of the institutions, and the discrediting of politics, were similar to the panorama in the collapsed Argentina.”

Investigate the Vulture Funds!

Argentine legislator Leopoldo Moreau of the Radical Civic Union (UCR) made a similar combative intervention on April 25, when he introduced a bill demanding a Congressional investigation of the vulture funds. Argentines have a right to investigate these entities Moreau stated, including: their behavior since the 2001 default, where they reside, what laws they have broken, and whether they work in collusion with the IMF and other multilateral lending agencies.

Argentines must unite to stand up to the “blatant pressure of the International Monetary Fund which acts as a lobbyist for the so-called vulture funds,” the feisty deputy warned. Describing how the speculators are trying to “twist the arm” of the Kirchner government to force it to reopen the bond swap, Moreau attacked the “evident hypocrisy of IMF officials.” The Fund, he charged, demands that Argentina’s “orderly [restructuring] payment plan be changed . . . to attend

to the needs of a handful of unscrupulous agents who operate under cover of mysterious names with typically mafioso behavior.” Now, he concluded, it is time to determine whether there are “acts of corruption” which link these speculators “to officials of international agencies.”

Documentation

Kirchner: ‘Create a New World Economic Order’

Here are excerpts of the speech given by Argentine President Néstor Kirchner on April 14, at the Friedrich Ebert Foundation in Berlin, Germany. Subheads have been added.

I would like to reflect with you on the relationship between Argentina and Germany, evaluate its potential, and analyze in what way our two countries and their respective regions may intensify their cooperation. . . .

From its inception, Argentina, like the rest of Latin America, was the product of a cultural encounter among native peoples and European immigrants. The cultural, physical, and social *mestizaje* gave birth to a new world, with its own identity. . . .

We cannot fail to mention the contribution of so many Germans to Argentina’s evolution and progress: navigators, merchants, scientists, and educators, and those who helped to organize the universities, technical schools, and research institutes, the businessmen who helped developed the banking sector, communications and industry, and the thousands and thousands of Germans from Saxony, Rhineland, Brandenburg, and Bavaria who crossed the ocean to work on our plains, lands, forests, and in our cities. . . .

In terms of its foreign policy, Argentina has reaffirmed its determination not to renounce its autonomy in decision-making, and to participate in an active and constructive way on behalf of the new world economic order—a new world order that will allow the developing nations to increase job creation, increase the income levels of the poor, and give them greater access to education, health, housing and vital services. . . .

The absence of multilateralism in international relations places the world on the verge of becoming a jungle, without laws or rules, equating one’s physical ability to intervene almost with the *right* to intervene. . . .

Latin America and Europe, Argentina, and Germany, are called upon to coordinate their action to responsibly affirm their common values and interests within the international

and regional agencies and concretize new advances in these different fields of action. . . .

The adoption of universal models, generally promoted by international credit agencies, has long since been overcome by the development of our own positions and approaches appropriate for our own countries. But since these imported and imposed models are ones which only seek to reinforce the belief that indebtedness is more important than the productive development [of the debtor], they commit mistakes which are enormously costly and lead to the gigantic discrediting of those policies which, sooner or later, will force the restructuring of those agencies.

The Necessity of Restructuring the IMF

The necessity of restructuring these multilateral credit agencies, beginning with the IMF, is demonstrated when we hear its technocracy making new demands, just when we are advancing towards a solution to our problems. We have seen different governments in different countries fail by the dozens because they applied those prescriptions and trapped themselves in an unfortunate vicious cycle. . . .

And just when that portion of our national income that might be allocated to debt service begins to grow, [the IMF] dedicates ever more time to trying to attract speculative capital from the financial markets so as to increase our indebtedness, paying less attention to the growth and needs of our people. So the government ruling at that time, and the state itself, lose credibility in the eyes of the majority of their citizens, and sustainability is denied to any plan or program. Under these conditions, we can't grow or pay the debt.

Next came the theoretical self-criticism of the Fund's technocrats, while the number of poor multiplied. Having applied those prescriptions, my country has just emerged from one of the worst socio-economic catastrophes of its existence, which exploded at the end of 2001, the product of a political-economic model at the service of interests alien to the common good, which favored the proliferation of the corrupt, genocidalists and thieves. . . .

These multiple failures prove that no macroeconomic stability is sustainable if it is based on other instabilities, such as macro-social upheaval or gigantic indebtedness. Sustainable growth with social inclusion, production, and employment requires investments designed to create new opportunities. Argentina requires support for its development strategy, aimed at obtaining genuine sources of funding for our citizens. . . .

The primacy of private interests over the general interest was the expression of a specific model of society which led to poverty in its general sense, uncertainty, isolation, fear, and impoverishment of life at all levels. . . .

Upon coming out of default, Argentina formulated a serious and consistent strategy for reducing our debt, as per our ability to pay, and without compromising the potential for structural growth. . . .

Our government has decided to prioritize public investments, and technological and scientific research, reversing the process of recent decades when mistaken policies ignored research and led to a significant brain drain.

Scientific and Technological Cooperation Is Primary

That is why we've incorporated international scientific and technological cooperation as a primary instrument of our foreign policy. In terms of the country's existing human resources, the presence of a network of Argentine scientists and technicians working abroad, especially in Europe, and the negotiations begun with the Federal Ministry of Research and Education, and the Max Planck Foundation, and the German academic exchange service are creating promising frameworks to increase German-Argentine cooperation. . . .

For us to share with you today this presentation, this mutual bilateral and broad dialogue is really very important. It is very important to take into account what is happening in the world today, and the lack of understanding of multilateral credit agencies and other international agencies regarding the situation that the world in general, and our region in particular, is forced to live in today. Every time we try to question, and every time we say that these agencies are ignoring the reality in which society and the world must live today, immediately we get the line, "Oh, these are populist rulers." Every time we try to apply popular—not populist—policies, and actually resolve people's fundamental problems, we get this labelling coming from the technocratic centers that have only served to consolidate exploitation, speculation, marginalization, and exclusion in the world.

That is why it's now time to raise our voices forcefully, with the potentiality that the world needs.

I was handed an Argentina devastated by an economic program supported by the International Monetary Fund, which at that time, put Argentina's rulers on display as an example, saying "this is the path that the nations of the world should follow." And see how well Argentina was governed with a program as incomprehensible as convertibility [that pegged the peso to the dollar in a one-to-one relationship—ed.], an indebtedness to sustain that convertibility which reached 170% of Gross Domestic Product, and with a corruption that was scandalous and unprecedented in Argentina.

Today, when we defend our national interest, when we try to get the necessary legislation and take steps to put the corrupt where they belong, in prison . . . when we try to deal with the indebtedness left us as a result of astounding speculative policies, in which international banks participated to consolidate the sale of Argentine bonds that were absolutely worthless at the time, but were sold as the very best bonds. And when we're left with the sad task of explaining what that era was like and what Argentina can pay today, those very same sectors and the very same people who still work at those

agencies . . . say that Argentina is applying policies which today's world cannot accept.

This is what happened with our debt [restructuring] bond swap, where we attained a 76% [bondholder acceptance rate], but they still get all heated up about questioning the swap, which obviously did mean a writedown of \$67 billion, but in which we negotiated properly, and stood up to society and the world. We said: Argentina wants to be a serious country and can pay this much. Argentina is a country that was destroyed and looted, and yet, those interests are still alive and well.

And the same happens in other countries. Argentina is a potentially strong country. Even with mediocre governments, it has great potential for moving forward. . . . We're a country with strong human resources, but there are other countries in the world which are in much worse situations, and are being practically wiped out by adjustment policies they don't understand, can't comprehend, and for which nations are subjected to terrible conditions of marginalization. . . .

'The World Must React'

This is why the world must react; why multilateral credit agencies must be modernized, and why there must be a strong and rational debate on this subject. I always say that the experience of what happened in the recent discussion on Iraq, in which multilateralism was absolutely pushed to one side, isn't the only problem that points to the need for many solutions in the world today. That's why I think that the generation that we represent, those of us who believe that the world can change, who got involved in politics because we believed that the world could change, and who suffered persecution, authoritarianism, and the practice of disappearances, as occurred to us in Argentina, and which you [Germans] suffered in a far worse form here—we must really have the courage and decisiveness to help create that new world economic order, which offers us the possibility of living in a much more stable and just world.

We emerged from a framework of a relative truth to preach our truth, to tell you what we feel and what happened to us, willing to back up our debate with facts, with ideas that will lead us to a constructive and positive truth.

But it is important to know that the [IMF] technocracy which today practically runs the world—while countries often almost just let these things happen to them—can really push us to the breaking point. That's why the European Economic Community, the Mercosur (Common Market of the South), and the South American Community of Nations have so many things to do together.

We have come, God willing, to sow the seed together with you of a different [world] order, with the hope that this generation can be the inflection point to build a society that will more closely resemble those of us who think that the world shouldn't be just for a few but for everyone, without any type of segregation. And the possibility of realizing that must exist. . . .

Mexican Right Readies Its Own Funeral

by Rubén Cota Meza

President Vicente Fox's crude, even childish, attempt to eliminate Mexico City Mayor Andrés Manuel López Obrador—the current front-runner in all the polls—as a contender for the 2006 Presidential elections, through an absurd legal technicality, has triggered a political upheaval not seen in Mexico for years. What seemed to be a heady victory for Fox, when a majority of the Mexican Chamber of Deputies (360 to 126) voted on April 7 to strip López Obrador of his immunity from prosecution as an elected official, and to dismiss him from his post, proved to be a political disaster for Fox by April 24, when between 750,000 and 1.2 million Mexicans joined a "silent march" to Mexico City's central plaza, to protest the attack on López Obrador.

The stripping of the Mayor's immunity by Congress, was the first step in the effort to charge the mayor of Mexico's capital city with contempt of court, for the ridiculous reason that a city construction crew had supposedly refused to heed a judge's order suspending construction of an access road to a private hospital.

Ironically, the successful maneuvers of Mexican President Vicente Fox, and of his right-wing National Action Party (PAN), in complicity with a majority of the opposition PRI party, to strip López Obrador of his privileges, reflect not any political strength of these right-wing forces, but rather their desperation at the political collapse of the second George W. Bush Presidency, the rebellion of other Ibero-American governments against the tyrannical dictates of the International Monetary Fund, and so-called "globalization." It also reflects the pathetic illusion of these same forces that Mexico still holds some sort of privileged position as neighbor *Número Uno* of the United States—an illusion which Fox has held out to the rest of Ibero-America as the road to follow, over "the bridge" of NAFTA, the "bridge to prosperity." Today, the leading countries of Ibero-America are fleeing the path that Mexico has pursued toward its own self-destruction, while the Mexican right wing and the opportunists inside the PRI are clinging to it.

In any case, the loser is Vicente Fox. López Obrador has insisted that he will not seek an injunction nor seek release from jail by posting bail, but would instead go to jail and, from there, run his bid for the Presidential candidacy of the PRD (Party of the Democratic Revolution).