

# What Europe Can Learn from Argentina

by Cynthia Rush

May 28—Repeatedly in recent years, as the European crisis has intensified, Argentine President Cristina Fernández de Kirchner has denounced the murderous austerity policies being imposed particularly on Greece and other Southern European nations by the International Monetary Fund (IMF) and its supranational banking allies, warning that those same policies imposed on Argentina in the 1990s led to national economic disintegration and social catastrophe.

Speaking in July 2011, Fernández referenced the austerity being imposed on Greece at that time, noting that “when I see a patient with the same symptoms and the same pathology” that Argentina suffered in the 1990s, “and see that [economists] want to apply the same medicine that killed the [Argentine] patient, it makes me question the so-called rationality of economists.” All the “remedies they want to apply ... are based on a restriction of consumption, which affects the most vulnerable sectors, and ultimately the entire economy,” Fernández warned.

On April 24 of this year, during a ceremony at the Ministry of Science and Technology, Fernández again denounced the austerity being imposed on Europe, by recalling Albert Einstein’s adage that “insanity is doing the same thing over and over again and expecting different results.” This is the case with the austerity policies that continue to be discussed by some in the G-20, she said, and especially in Europe, “where they intend to keep applying the same policies of adjustment and want to obtain different results than those seen in all parts of the world,” where these same policies have “meant failure and misery, not social inclusion.”

As Fernández pointed out on May 18 from Luanda, Angola, the real problem is a collapsing global economy dominated by the idea that money in itself has value. Echoing American economist Lyndon LaRouche, she asserted that “money by itself only repro-

duces when it goes through the market of production of goods and services; money by itself, sitting inside banks, doesn’t reproduce itself. It has to leave the bank and go to industry, agriculture, cattle-raising and all services in order to reproduce itself.”

On numerous occasions, she has pointed to Franklin Delano Roosevelt’s policies and the New Deal as the way to deal with economic depression.

## ‘Odious’ Argentina

As Europe borders on cataclysmic upheaval, Argentina’s bold assertion of economic and political independence, and defense of national sovereignty through the pursuit of social justice, and technological and scientific advancement are seen as dangerous threats. The fact that the Fernández government hasn’t backed down one bit from its policy commitments, and has also stood up to the Empire’s wild colonialist provocations regarding Argentina’s claim to sovereignty over the Malvinas Islands—Britain has militarized the South Atlantic region, including with a nuclear submarine—makes it even more of a threat.

As the late President Néstor Kirchner said upon concluding the 2005 debt restructuring which delivered a 60% writedown to vulture fund bondholders, “There is life after the IMF and it’s a very good life.” The bankers’ great fear is that nations such as Greece might see Argentina’s model of default, voluntary debt restructuring, and sovereign economic development as an alternative to the IMF and City of London austerity dictates that are killing their citizens—and then take the required additional steps of dumping the euro altogether, reestablishing sovereign national currencies, and separating productive from speculative banking as stepping stones to creating a new credit system.

In fits of apoplexy, the City of London, Wall Street and their allied vulture funds and supranational bank-



UN/Evan Schneider

*Argentine President Cristina Fernández has asserted her nation's independence from the collapsing trans-Atlantic financial system, and endorsed the anti-depression policies of Franklin Roosevelt.*

ing agencies have unleashed waves of attacks and financial warfare against Argentina to punish it for challenging the axioms of a trans-Atlantic financial system that is disintegrating at breathtaking speed. Argentina is a “pariah,” they scream, a failed nation, because it “doesn’t play by the rules.” These attacks reached fever pitch this March after the Argentine government asserted its right to “hydrocarbon sovereignty,” and expropriated the 49% stake that Spanish financial speculator Repsol held in the privatized YPF oil firm.

Bankers try to frighten Europeans into believing that were they to follow Argentina’s model, they would in short order suffer from frozen bank accounts—the infamous *corralito*, or little corral—and exchange controls that were enacted in Argentina in early December 2001, as the country was exploding in political and financial chaos. This ignores the reality that disaster ensued, not because of these measures themselves, which were absolutely necessary to stem the hemorrhaging of the banking system, but by the fact they were too little, too late. The Argentine banking system

had already been bled white, by foreign-controlled “Argentine” banks. When the population began to demand their savings and checking accounts back, then-President Fernando de la Rúa discovered that the money was no longer there. On Dec. 20, 2001, he was forced to resign in the face of massive “pots and pans” demonstrations.

On Sept. 21, 2011 the IMF’s then newly elected Managing Director Christine Lagarde, who today demands that Greece be reduced to African levels of poverty, snarled at a reporter who asked whether Argentina might be an appropriate model for Greece to follow, “I find such comparisons are odious. You can’t compare the situation of one country with another.”

### **IMF’s Embrace Is ‘Not Exactly Heaven’**

When Néstor Kirchner was sworn in as President on May 25, 2003, having won just 22% of the vote, Argentina was suffering from the worst economic crisis in its history, with 25% unemployment and an unprecedented 57% of the population living in poverty. At that moment, he vowed to put an end to the model of “permanent adjustment,” warning two days before his inauguration, “We can live without the IMF.” At his swearing-in, he emphasized that creditors would only be paid if “Argentina is doing well,” and policies would be judged by whether they “approximate the goal of concretizing the common good.”

Remember, Kirchner said later in 2005, during a visit to Germany, “Being in the IMF’s embrace is not exactly like Heaven.” By putting people’s interests ahead of the banks, he said, Argentina had begun its gradual climb “out of Hell to Purgatory.”

As then-First Lady Cristina Fernández recalled, her husband realized that “dead people can’t pay their debts.” So, internal consumption, he said during his inaugural speech, “will be at the center of our strategy of expansion, and the state will be an active agent in national development.”

From the standpoint of the City of London and its allies, it was all downhill from there. Kirchner was the biggest thorn in their sides, not only acting to defend his own nation’s sovereignty against financial predators, but also by taking a regional and international leader-

ship role in the battle to create a “new international financial architecture” to prioritize sovereign economic development of nations.

### **Against ‘Genocidalists and Thieves’**

In March 2005, Argentina successfully concluded the restructuring of most of the \$88 billion on which it had defaulted in December 2001. As Kirchner explained during a trip to Germany two months later, the crisis that exploded in December 2001 and led to the default, was 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.”

Although the bond swap’s 60% “haircut” enraged bondholders, particularly the predatory vulture funds that had speculated on Argentine debt prior to default in hopes of making a killing, bondholder participation was 76.07%. In early May of this year, President Fernández recalled that the debt restructuring “allowed us to get that [vulture fund] scum off our backs.” We will continue to reject them, she said, “and will never allow them to dig their talons into the Argentine Republic or into our companies ever again.”

On Dec. 15, 2005, Kirchner used Argentina’s Central Bank reserves to pay off the \$9.8 billion owed to the IMF, explaining that the debt owed to the Fund “has been a constant vehicle for interference.”

Young Europeans who are now emigrating to Argentina in large numbers, are attracted by what the nation has achieved as a result of the Kirchners’ insistence on economic sovereignty: uninterrupted economic growth, averaging 8% annually over the past eight years, making Argentina the second fastest-growing economy in the world after China; the creation of millions of productive jobs; the increase of wages, and the state retaking control of the privatized pension system; the internal market strengthened and protected. The optimism and pride that Argentines feel about their country’s achievements and their own futures are palpable, in stark contrast to the despair felt in Europe.

### **Yes to Science, No to Green**

If there is anything that the British Empire finds “odious” about Argentina, it is the President’s commitment to science and technology as the means to ensure her nation’s advancement and to inspire current and future generations. The establishment of the wonderful,

and now permanent, Tecnópolis science and technology exhibition, which has attracted millions of Argentines—especially children—to observe the history of the country’s scientific achievements, is one reflection of that commitment. The development of nuclear energy, and satellite and rocketry technology, are also top priorities.

President Fernández wants none of the Club of Rome’s Malthusian agenda of genocide and depopulation, as made explicit on May 18 by Silvia Révora, Undersecretary of Planning for Environmental Affairs of Argentina’s Environment Ministry, who announced that at the upcoming June 20-22 “Rio +20” summit in Rio de Janeiro, Argentina “will say ‘No’ to the Green Economy.” The fundamental issue is defense of national sovereignty, Révora said, and the right of every nation to choose its model of economic development without “the industrialized nations imposing conditions” on nations that are deemed to be insufficiently “green.”

Cristina Fernández has stated that the development of science and technology “is a policy of state, never to be abandoned.” Speaking April 23 at the Ministry of Science and Technology, in the presence of 30 directors of Germany’s Max Planck Institute—this prestigious institution has chosen Argentina as the location for its Ibero-American headquarters for biotechnology operations—Fernández announced that, since 2003, the government has increased the investment in science and technology by 937%, and repatriated over 900 scientists who had been forced into exile in the 1990s, after madman Finance Minister Domingo Cavallo stated that Argentina had no need for them, and that they would be better off seeking jobs as dishwashers.

Fernández is emphatic that science and technology are crucial to the development of the nation and its young people. When Argentina’s SAC-D Aquarius satellite was launched in June 2011 from Vandenberg Air Force Base in California, Fernández told the schoolchildren watching the event that “this is the Argentina we must put on display every day for these kids ... to teach them about space activities and to train new scientists.” It is so important, she stressed, “that our children see the infinite possibilities which these new [technologies] offer.”

Toward that end, she told the students that rather than studying law or accounting, “what I want now is for many more engineers, many biologists, and many physicists, because that’s where the future lies.”