

finally resulting in total national disintegration. This is not an irrational matter, but it is totally unjust, if we fail to take advantage of this crisis to find the [correct] policies. If you want to see them, they are there; the problem is, that many times, we do not want to see them.”

Carrió is a former Radical Party leader, who today leads the Alternative for a Republic of Equals party (ARI). She is well known as an expert in Argentine financial matters, because of the ground-breaking investigation into money-laundering and other illegalities of the banks in Argentina, which she and a fellow Congressman began in the early 1990s, an investigation in which they had the later collaboration of the U.S. Senate Permanent Subcommittee on Investigations. In 2001, she and another ARI Congressman, Mario Cafiero, joined a lawsuit against the outrageous \$30 billion “megaswap” of Argentine bonds worked out by then-Economics Minister Domingo Cavallo, from which his foreign banking buddies collected \$200 million in “fees.”

In the Congressional debate, Carrió put the blame for the current banking deposit freeze squarely on the De la Rúa-Cavallo-private banks combination, which, she charged “stripped” the country of its resources. She described how the game worked: The top 10-15 debtors of the bankrupt banks are companies linked to the bank itself. These front companies then transferred the money out of the country to shell companies held in Uruguay, and from there, the money was transferred to the United States. Our billions can be found outside the country, in the foreign parent banks which own the “Argentine” banks, she charged. The money thus looted from Argentina, comprised of the deposits of decent people, who believed in the banking system and in the country, were then seized to save the banks from collapse. “Impoverished banks, rich bankers,” she noted.

The Politics Of The Common Good

There may be powerful international pressures being brought to bear upon the Duhalde government, but broad social forces in Argentina are determined to defend the nation, and understand that for the country to survive, it must break with the usurious system. Indicative are the comments on the foreign debt issued Dec. 20 by the Archbishop of La Plata, Mons. Héctor Aguer, which follow this article.

Nor is Aguer a lone voice. Argentina played an active role in Pope John Paul II’s global Jubilee 2000 initiative to reduce or forgive the Third World’s debts, and Deputy Mario Cafiero headed the Argentine Jubilee 2000 committee. Dramatic 12-hour-long hearings on the debt were held by Argentina’s Bicameral Jubilee 2000 Commission in August 2000, at which numerous people (including then-Senator Duhalde) testified before an audience of 500. Monsignor Aguer’s testimony there, which he references at the opening of his Dec. 20 statement, was met with a standing ovation and the singing of the national anthem, one of several instances during the day when

the audience spontaneously sang the anthem, with its opening line, “Hear, O Mortals, the sacred cry: freedom, freedom, freedom.”

President Duhalde is acutely aware of the dangers his country faces. “If we take even one step backward, Argentina risks a bloodbath,” he told a group of business and trade union leaders on Jan. 4. The productive community must run the country, he told them. “We must put an end to the alliance that ruined the country, the alliance between the political power and the financial sector, and replace it with an alliance with the productive community. . . . Just because the world is globalized, there cannot exist only one economic model, but many, according to the necessities of the countries. Argentina, at this moment, needs the absolute defense of its national interests.”

Monsignor Héctor Aguer

The Debt Explosion

This Open Letter on the Argentine foreign debt was released on Dec. 20, 2001 by Msgr. Héctor Aguer of La Plata, Argentina.

There is little gratification in being proven right in forecasting calamities which end up turning into sad and harsh reality. Such is the case with those of us who warned in timely fashion of the dangers of a foreign debt which was permanently expanding, and which, worse still, was viewed as harmless and even healthy by influential layers among our economic and political leadership. A year and a half ago, we declared in the Senate: “A heavy gravestone threatens to fall on us and bury our purpose and our duty to effectively forge a free, just and sovereign Nation. One can guess the epitaph: ‘Here lies the Argentine Republic: It lived paying and died owing.’ ”

That the funereal metaphor is appropriate, is proven by the death throes in which we still find ourselves. To use another metaphor, we could say that we are now witnessing the explosion of the debt, since there is no other valid explanation for the great upheaval which has left us Argentines unable to access our money, and perhaps stripped of our full rights to our wages and property.

It proved impossible, from any standpoint, to coexist with a debt unjustly inflated to a size that astronomically exceeded our country’s ability to pay. The question should have been brought before the international courts. We should have negotiated with the creditors, firmly basing ourselves on legitimate arguments of national interest; the people should have been

told the truth about the spurious and usurious nature of the debt, with an eye to garnering sufficient political support so that our rulers could have effectively defended the Nation's cause under such critical circumstances. We accuse our leadership of failing to carry out these and other actions, certainly posing a responsibility weighing on the personal consciences of its members, before their fellow citizens and before God. . . .

In the first place, a cowardly attitude toward the creditors must be abandoned. In reality, they have not given us the hundreds of billions of dollars that they now demand of us, but much smaller loans, which have engendered fabulous amounts, through arbitrary and unilateral changes in interest rates and morally unacceptable fees. In fact, they have already collected their original loans, which were multiplied through financial alchemy and not through disbursement of real funds. There was no counterpart from the debtors' side, in the form of public works or any positive equivalent, but only murky accounting entries.

Thus, our current state of insolvency constitutes a negotiating strategy that will favor us, if we make use of it with intelligence and good faith. No one can be forced to pay what one cannot—less so when the attempt to do so compromises the survival of an entire nation; and even less so when, in strict justice, the debt has probably already been paid off.

Insisting on compliance with an agreement which exceeds a nation's ability to pay, would justify the latter's refusal to pay. No one can do the impossible. . . . Those who insist on [complying with] impossible clauses are ultimately encouraging a total repudiation of the debt! U.S. Treasury Secretary Andrew Mellon posed the question in 1929 in these same terms. . . .

As for the European debtors, the War Debts Commission [after WWII—ed.] offered something similar: "While the principle of the integrity of international obligations should be preserved, it is undeniable that nations can't be forced to pay other governments, amounts which exceed their ability to pay. . . . Neither can the principle be adopted [stating] that the foreign debtor should pay up to the limit of its current, and future, ability. It must be allowed to maintain and improve its economic situation, balance its budget, and provide a solid foundation to its finances and its currency, as well as to maintain and, as best as possible, to improve the living standards of its citizens. No agreement whose stipulations are too oppressive or which retard the recovery and development of a foreign debtor will be in the best interest of the United States or of Europe."¹

. . . These statements not only express political farsightedness, but also historical experience. The United States is currently the world's largest debtor, although that situation is

1. Back-translation from the Monsignor's Spanish, not the original document—ed.

sweetened somewhat because its debts are contracted in its own currency (whose emission and value, the United States naturally controls), and because its political and military dominance puts it beyond any pressures from its creditors. . . .

In conclusion, it is necessary to invert the principle of "zero deficit," according to which the allocation of national budget resources for the general welfare is reduced, in order to maintain a flow of payments to our financial creditors (or usurers). The increasingly scarce revenues that can be extracted from suffering taxpayers should, first and foremost, be allocated to the nation's domestic needs, and whatever remains—if there be any—should be the subject of negotiation. While this might appear too stringent a demand on any government, the responsibilities of those who aspire to lead nations are grave, especially when the primacy of the moral imperative over the economic world must be imposed, to guarantee a just order.

Because, in the end, the key to the critical situation facing Argentines today is of a moral nature. Fundamental virtues, such as prudence, have been exiled from our soil during long years of insane indebtedness. We trust that the magnitude of the current crisis will facilitate its return, along with its sister virtue, fortitude, which, in our creole language, we call courage.

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