



*Representative Hunter did not back high-technology desalination of seawater, when the Southern California Metropolitan District planned it; the project died. The process, powered by a high-temperature gas-cooled nuclear plant, could produce half San Diego's water supply from one complex.*

nation for Southern California,” through a U.S. Department of Energy contract to General Atomics, Bechtel, Inc., and Gas-Cooled Reactor Associates.

As designed in the 1980s, each de-salting plant would consist of four modular nuclear reactor modules (350 megawatts each), using helium gas as coolant. The low-temperature heat output would fuel eight seawater desalination “trains,” based on the horizontal-tube, multiple-effect distillation process.

One such complex would yield 401,500 cubic meters per day of freshwater, enough to supply 1.5 million people—half of San Diego County—with sufficient potable water for domestic use. Ramp this up, with 10 or more such plants, and the equivalent of a new “man-made river” worth of water could begin to supply all of Southern California’s domestic water needs.

Not backed by Representative Hunter, these plans were tabled. Instead, California is now suffering his “transfers, choices, and options” to share scarce water.

## IMF Needs ‘Structural Reform,’ Not Argentina!

by Cynthia R. Rush

The brutal warfare against the nation of Argentina has reached fever pitch. During the weekend of Oct. 1-2, at the annual meeting of the International Monetary Fund/World Bank, leaders of the IMF, the European Union, the Group of Seven industrialized nations, and the Institute of International Finance (IIF) bankers’ cartel, issued shrill warnings to President Néstor Kirchner: Argentina *must* come to a debt-restructuring agreement right away with the speculative vulture funds that pose as “creditors”; it *must* increase its primary budget surplus in order to pay more debt to these financial predators; and it *must* impose “structural reform” to prove to the world financial community that it deserves their loans and investments.

These imperial dictates also included threats that Argentina would be destroyed financially should President Kirchner continue to resist these demands—as if it weren’t already destroyed. In remarks made Oct. 1 in Washington, Charles Dallara of the IIF, representing 330 U.S. and international banks, reported that all the nations of Ibero-America were experiencing an economic upturn, “except Argentina.”

### Argentina Threatened

Why not Argentina? It’s failure to impose the necessary free-market reforms has resulted in “no investment, an insolvent banking sector, and an energy sector with serious problems.” There can’t be “sustained growth” unless policies are changed, he warned menacingly.

During the two-week period beginning Sept. 21, IMF Managing Director Rodrigo Rato made repeated public threats against Argentina, railing on Sept. 29 that the government’s insistence on partially regulating the electricity sector, would have a “negative” impact on those foreign investors who had bought up privatized utility companies in the 1990s—for a song, he failed to add. Proposed legislation that calls for “just and reasonable” utility rates, and prohibits automatic rate hikes, reflects a mistaken economic model that can’t possibly sustain continued economic growth, Rato raved.

A few days earlier, Rato had ordered Kirchner to increase the primary budget surplus, funds that are set aside to pay the debt, to at least 4% of Gross Domestic Product. Claiming that Argentina’s debt crisis was a “self-inflicted punishment,” he asserted that the current 3% figure set by Kirchner is “inade-

quote” to ensure a “sustainable” debt restructuring plan. How can the country ever expect to have a “normalized” relationship with the global financial community, Rato lectured, if it continues to resist policies that everyone else agrees are necessary?

To these beastmen, you have to be an axe-murderer to be normal. In its final communiqué issued Oct. 1, the Group of Seven mentioned only two countries—Iraq and Argentina—leading some to wonder whether Kirchner should expect an invasion soon to have the debt collected by force of arms. The G-7 demanded that Argentina fulfill “its current obligations [to the IMF] fully,” impose structural reforms, and quickly put together a “sustainable debt restructuring” package.

### **The Plantation Owners’ Cartel**

Driving this warfare is the reality of the bankrupt global financial system, and the synarchist financial interests’ desperate need to force countries like Argentina to fall into line. The fragile IMF, which keeps whining about its excessive “exposure” to Argentine debt—\$16 billion worth—isn’t in any position to withstand challenges like Kirchner’s, no matter how limited they might be. Thus, all the public ranting that Argentina must heel.

Kirchner hasn’t been so easily cowed, as evidenced by his remarks at a Sept. 30 gathering at the Casa Rosada, the Presidential palace. In an undisguised reference to Rato, he said his government is seriously attempting to find solutions to the great problems facing the country. But, he added, “every once in a while, we run into the heads of international [lending] agencies who, as if they were plantation owners . . . tell us what we have to do with our country.”

Nor are Kirchner’s responses limited to these incisive barbs. His Sept. 21 speech before the United Nations General Assembly reflected considerable insight into the fragility of the global system, while noting that Argentina was also a paradigmatic case of what’s wrong with the IMF. In the 1990s, he said, his country was a model for the IMF’s free-market policies, and ended up in a horrific crisis. “We accept responsibility for adopting policies [which were] foreign to us, which brought us into the worst of worlds,” he continued. But it’s not good enough for multilateral lenders to simply say they made mistakes, as the IMF finally did in Argentina’s case.

### **Kirchner: Reform IMF**

“An urgent, tough, and structural redesign of the International Monetary Fund is needed, to prevent crises and help in [providing] solutions,” he stated. Implicitly referencing the fact that the intent of the original Bretton Woods system was to encourage economic development, Kirchner warned that the IMF today must “change that direction which took it from being a lender for development to a creditor demanding privileges.”

Without this change, the Argentine President said, the IMF can only demand “theoretical structural reform, whose results no one can guarantee . . . meanwhile, inequality in our countries will grow because of those reforms; tears will be shed, and poverty caused for those millions of excluded [the very poor], as a result of those reforms. They will say their ‘mea culpas,’ and we will see the number of poor increase, if we again do as they say. That is why we say that it is those international credit organizations which are most in need of structural reform,” not Argentina.

When Finance Minister Roberto Lavagna travelled to the IMF meeting in Washington, he brought with him a document, “Argentina, the IMF, and the Foreign Debt,” which continued Kirchner’s polemic. Originally issued in July of this year, the document is a harsh indictment of the IMF’s dealings with the country, attacking virtually everything the Fund did as wrong, both before and after the December, 2001 default. But, according to press sources, just prior to Lavagna’s departure, orders came from “higher up” to make the document even stronger.

Its final version charged that the IMF “makes unilateral decisions, worrying more about its own position than the impact of its policies.” Moreover, it asserted, the IMF has always sided with foreign bondholders, ignoring completely that Argentina “is also a member of that organization.” The Fund also failed completely to take into account “institutional aspects of Argentina’s crisis,” exemplified by “social problems such as poverty, indigence, and unemployment.”

For these reasons, the document concludes, there must be a “complete restructuring” of the IMF. Turning on its head the Fund’s complaints about its exposure to Argentine debt, it states that it is Argentina’s “exposure to the IMF” that must be reduced “to avoid [policy] recommendations which are counterproductive for the country.”

### **LaRouche Role**

The role of former Democratic Presidential candidate Lyndon LaRouche in this situation is of no little importance. His years-long defense of Argentina against the IMF’s Nazi-style policy is well known in the country among government, political, and patriotic circles. And, the just-released documentary by journalist Jorge Lanata, entitled “Debt: Who Owes Whom?,” which includes hard-hitting commentary on IMF policy by LaRouche, is a crucial intervention at the very moment that the country is battling for its survival.

During a special pre-release showing on Oct. 5, attended by cabinet members, legislators, and other prominent political figures in Buenos Aires, a buzz of agreement and then applause went through the audience at LaRouche’s characterization of IMF policy as “deliberate genocide” intended to break the country’s will and depopulate it. Among other things, LaRouche said, the IMF’s purpose is to “preserve the large natural resources of South America, in particular, for future populations of Anglo-American entrepreneurs.”