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Forced Marriage Between Argentina and the IMF Turns into a Fiasco

While the discontent of the Argentine people grows day by day, President Mauricio Macri flees to the United States. In New York, he continues negotiations with the IMF to revise the already outdated agreement signed in June, intervenes in the UN Assembly, and receives an award for his leadership. Meanwhile, the fourth big general strike of his mandate, after that of the 25th of June against the agreement of the IMF, paralyses the country. This is the summary of a historic week for Argentina at the heart of the turmoil.

Macri the liar and “zero poverty”

On the 20th of September, during his speech at the 71st UN General Assembly, Macri reiterated the goal of moving towards “zero poverty”, an objective that is in total contradiction with his own policy and the IMF’s injunctions in a food-exporting country marked again by famine, a country where 11 million people are considered poor according to the INDEC National Institute of Statistics. Significant political choices were made in this regard, such as the purchase last August, in the midst of the financial crisis in Argentina, of five Super-Étandard fighter planes at Dassault Aviation for 12 million euros. Completely unafraid of contradictions, later in his speech, Macri says that “Argentina makes the empowerment of women a state policy.” This almost distracts us from the Senate’s vote in early August against the legalisation of abortion that results in women incurring between one and four years of imprisonment if their abortion is considered illegal; that is to say for any abortion apart from cases of rape or risks to the life or health of women. As a reminder, in Latin America only two countries, Cuba and Uruguay, allow

the voluntary termination of pregnancy without conditions, to which must be added the Federal District state of Mexico.

The price of shame

After the current Prime Minister of Canada Justin Trudeau last year, Matteo Renzi in 2016, Ukrainian billionaire President Petro Poroshenko, or Colombian President Juan Manuel Santos, it was the turn of Argentine President Mauricio Macri to receive the “Global Citizen Award”. A few months earlier, awarded by the same American think tank, The Atlantic Council, George W. Bush was honoured to receive the Distinguished International Leadership Award along with Starbucks CEO Howard Schultz.

A New York Times article, published in September 2014, tells us that the Atlantic Council organisation received donations from over twenty-five governments, in addition to the United States, since 2008. According to its latest annual report, this think tank receives multiple donations, the most significant of which are those from the United States Department of State, the Lithuanian and Norwegian Defence Ministries, various companies including HSBC, Lockheed Martin and Thales, Chevron, BP, Abu Dhabi National Oil Company, Tüpras and ExxonMobil, the well-known international business law firm Baker McKenzie, the investment fund Blackstone, Airbus, Ford and Google.

On the 24th of September 2018, at the famous Cipriani Restaurant on 55 Wall Street, in front of an audience of over 400 world leaders handpicked to attend the ninth very selective edition of the Atlantic Council in New York, Macri received the Global Citizen Award.

The ex-banker, philanthropist and vice-president of the Atlantic Council, Adrienne Arsht heated up the tone: “Let’s start with a confession: I have a crush on President Macri. Tonight, we honour President Macri for his leadership... The Argentinian president, transformed into the star of the moment, goes up to the platform and proclaims, all smiles: “I must confess that with Christine, we have been building a great relationship over the last few months, which, I hope, will work very well, and will lead the whole country to fall in love with her.” The laughter of the upper middle class merges in the room, a few glances turn to the table where Christine Lagarde, also nominated in 2011, shares the dinner with the Argentine President, his wife Juliana Awada, and the President of the Inter-American Development Bank (IDB) Luis Alberto Moreno, among other personalities. Euphoric, Macri would even conduct a few dance steps at the time of the family photo with Adrienne Arsht, under the amused gaze of Klaus Schwab, the founder of the Davos Economic Forum.

This declaration of love within the global aristocracy would be enough to make many people hopeful if it were not surreal, unable to erase a high-conflict relationship between the Washington institution and Argentina. As if to illustrate this incompatibility, at the same time, Argentina is again paralysed by a general strike, the fourth under the mandate of Mauricio Macri. Virtually no metro, bus or taxi runs in the capital and major cities of the country; all flights departing and arriving from Argentina are cancelled; administrations, banks and many shops are closed in sign of protest against the IMF. It is a historic mobilisation in this country of 41 million inhabitants, many demonstrations take place, and a heavily supported general strike over two days, 24 and 25 September, is decreed. “No to the IMF”, “No to adjustment”, can be read on the banners at the head of procession.

The Central Bank at the service of the IMF

On 25 September, after only three months in office, the former JP.Morgan and Deutsche Bank tradesman, Luis Caputo, resigned from his position as governor of the Central Bank to be replaced by the deputy finance minister, Guido Sandleris. Caputo would have had differences with the Washington institution. “Macri sacrificed him in New York on the altar of the IMF because he had committed the sin of operating on the foreign exchange market without authorisation. Since then, officials have been obedient to an IMF, which has total control of economic policy,” said Alejandro Vanoli, governor of the Argentine Central Bank during the term of President Cristina Kirchner. Following this announcement, the peso lost 3.4% during the day of 25 September, in just two days the dollar rose 6.2% pushing the peso to a new record of 41.88 pesos to the dollar.

The IMF loan is on the rise

Two days after exchanging laughter and palaver at the Atlantic Council gala, and the day after the change of Central bank governor, the IMF was making the largest loan in its history to Argentina. On September 26th, shaken by a serious economic crisis, the country obtained from the IMF an additional 7 billion dollars and an acceleration of the payment schedule. The loan granted in June thus increased from 50 to 57.1 billion dollars over three years. “The payments scheduled for the remainder of 2018 and 2019 increased by 19 billion dollars,” said the Argentine Minister of Economy Nicolas Dujovne from New York. By the end of 2018, Argentina will receive 13.4 billion dollars instead of the 6 billion dollars initially provided for in the first agreement reached in June (in addition to the 15 billion dollars already disbursed); by 2019, Buenos Aires will be able to count on the provision of 22.8 billion dollars, instead of 11; and 5.9 billion dollars planned for 2020

– 2021. The Argentinian debt in dollars is getting dangerously high and the depreciation of the peso is continuing despite this agreement, but President Macri reassures us: “There is no risk that Argentina will be in default” of payment of its debt, as was the case during the 2001 economic crisis. In the meantime, poverty is spreading like wildfire to serve creditors’ debt and the government is asking the Church to intensify its distribution of food in poor neighbourhoods...

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