

Argentina: Declaration - Reject the Imminent Agreement with the “Vulture Funds”

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The worrisome Argentine “Public Debt” has its roots in an illegal and illegitimate debt process. It started with the Dictatorship and involves all governments elected from 1983 up to now. The bonds, that the “vulture funds” are claiming payment of, originate in fraud. This is still the case even though the 1992 Brady Plan converted the original debt into government bonds, in an effort to dissociate it from its improper origin.

Later on, these were the very bonds that defaulted in 2002; that the so-called “vulture funds” then bought up at a very low price with the ultimate aim of claiming 100% of their face value before New York courts, following the decision to refuse new settlement offers (2005/2010). These bonds, as well as those that continue to be issued, contain forum selection clauses in favour of foreign courts. This involves an unconstitutional surrender of our sovereignty.

Since 1983 to date, each administration has tried to manage, rather than challenge, the debt issue. By doing so, each administration has left behind a debt greater than the one it inherited. This is because debt is a usurious system, where a debtor just about manages to meet the deadlines for interest payments by the perpetual refinancing of the principal.

This is how we have arrived at the current situation. Now that the Intra-State borrowing resources used in recent years are exhausted, Macri treads once again the path to foreign markets, seeking new resources, to continue paying the current debt. Whatever the political badge of the government may be, the issue till now was “to honour” the debt and to bypass court rulings and inquiries that clearly proved its illegality and illegitimacy.

As for the intrinsic nature of the agreement with the funds, its financial cost is enormous. As the expert, Héctor Giuliano, declares,
“...on top of the insupportable mass of public debt (exceeding 300 billion dollars) inherited from the Kirchner administration -we add the issue of new bonds to pay for the judgements and claims of holdouts, thus taking out more debt (15-20 billion dollars)”. [\[1\]](#)

But on top of the financial cost, the dispute with the “vulture funds” illustrates the close relationship between debt and free trade. The National Government’s declared intention to conclude several free trade agreements has earned it the favour of the big powers and international financial institutions, which have rapidly come out to express their preference in support of an agreement with the “vulture funds”. While the debtor accepts transnational capital’s liberalizing agenda, global power “facilitates” debt management through access to external financing.

We, ATTAC - Argentina - CADTM AYNA, propose that the payment of public debt be suspended until a Full Audit, with citizens’ participation, determines which parts of this debt are legal and legitimate and which constitute a fraud that must be condemned. For this, we refer to Alejandro Olmos’s invaluable contribution in the so-called “Causa Olmos”, which found that during the period 1976-1982, more than 470 fraudulent loans were made. This is the first step to neutralize a tool that extracts our financial resources and becomes, in the hands of transnational capital, a disciplining

instrument to impose a complete package of anti-democratic neoliberal measures, which include: layoffs, austerity, free trade treaties, preferential treatment of foreign investment and lesser rights for our people.

Buenos Aires, 29 February 2016

P.S.

* <http://www.cadtm.org/Reject-the-Imminent-Agreement-with>

Footnotes

[1] Héctor Giuliano «Acuerdos secretos con los Holdouts (Secret agreements with the 'Holdouts')» (28- 02- 2016)