

PERMANENT PEOPLES TRIBUNAL
Hearing on
**Neo-liberal Politics and European Transnational Corporations in
Latin America and the Caribbean**
10-12 May 2006 - Vienna, Austria

Case: European Banks in Argentina (particularly BBVA Banco Francés, Banco Río de la Plata (del grupo Santander), HSBC and Banca Nazionale del Lavoro)

Sector(s) in which it works: Finance sector

Name(s) of the Association(s) presenting the case: ATTAC Argentina- Transnational Institute Netherlands

Synthesis

We attempt to analyse the evolution of the banking system, focusing specially on the origin of European banking, and more concretely British banking, which is linked to the early origin of Argentina's foreign debt. As is usual in a dependent capitalist state, the financial sector has been instrumental in conditioning Argentina's development and creating a system of domination which affects the impoverished majority, specially workers and the small and medium sectors of the economy.

We have shown that since the genocidal dictatorship which governed Argentina between 1976 and 1983 financial policies and legislation have been the designated strategic instruments to favour banking and credit consolidation and the liberalisation of the economy, and specially of the international movement of capitals. In this way instruments were created that promoted the expansion of financial business opportunities for foreign capital. European and specially Spanish banks took good advantage of these opportunities, confirming a similar trend in the whole Latin American region.

The constitutional governments between 1983 and 2006 have basically supported economic policies and legislation which favour the expansion of foreign banks in a business cycle which is increasingly favourable to transnational capital. The successive banking crises in these thirty years have led to the ever stronger influence of foreign banks. This result suggests a first conclusion on the convergence of transnational capital's need for open economies and the tendency of local governments to amply satisfy this need. Both dictatorial and constitutional governments have validated the increased importance of foreign banks to support a capitalist accumulation model which deepens dependency and inequality between poverty and the concentration of income and wealth.

The evolution of the Argentinian financial sector has linked the presence of foreign banks to the incurring of foreign debt, thus making the local cycle subordinate to the needs and demands of the world financial system. This led to a marked influence of multilateral credit organisations in this period. Despite the early cancellation at the start of the year of the public debt (with a value of almost 10,000 million dollars) with the IMF, the agenda of the international financial institutions determines still today all the economic policy options.

Everything points to basic continuity in financial policy and legislation. One of the cases that we tried to detail is related to social security and the continuation of the system of retirement and pension capitalisation, which was instrumentalised to bolster a weak capital market and which today supports a lucrative business for the organisations which own the insurance companies. These organisations are mostly controlled by transnational banks, and they use the social security savings of workers for public financing and for the financing needs of big capital, both foreign and local.

The epicenter of the crisis of 2001 was the banking sector. The crisis was triggered by the restrictions imposed on the use of savings entrusted to banks. There was a deep breakdown of

the relationship between the savers and the banks, which induced a cultural change in the banked population. After the crisis the recovery of banking activity seems to have benefitted public and cooperative banking more than private banking. This may turn out to be transitory behaviour, linked to the growth of available funds in the public sector channelled through its banks, but it is also conceivable that it is a reaction to foreign banks' inadequate response, in which they did not use their assets to contain the local crisis. It is true that foreign banks acted within the limits of what was legally binding, but the image created through their publicity suggested a readiness for financial backing above and beyond local juncture.

The banking system, with its strong foreign and particularly European presence, has contributed to economic concentration and has served as a platform of operations for the economic interests of the most consolidated companies from these countries, which operate in Argentina. The commonality of interests between capital represented by the dominant classes in Argentina and the official policies which have been carried out all these years becomes evident, whether the governments were military or constitutional, and irrespective of changes in the parties or the balance of power in the different parliaments of these last 22 years of elected governments. We can see a potential for change in the behaviour which suggests a preference for public and cooperative banking and in the expectations generated in the region by government changes brought about through social pressure. These changes could be implemented from the government through greater political articulation, but they will mainly take place if there is progress in the popular will to make different politics possible, realising the aspirations expressed by the Social Fora when they say "another world is possible".