

- **Strong winds are blowing and wrecking the AF Administration.** It does not matter what officials say, even including President Fernandez. Social and economic behaviors are eroding political assumptions, political platforms, and politician's credibility. And for a long time, Argentina keeps going only one way: downwards. Or walking backwards like a crab. Facts are facts, they are what they are, not what some illusionists who come to power want to believe or intend to implant within the population. **Forget the " cultural change " that Argentina would have experienced** , that catching phrase that made the former President Macri Cambiemos government. If AF Administration intends to continue fighting against the windmills, avoiding the truth, ignoring the facts, the result will be similar: and a peso devaluation will be inevitable, but this time, it will be even worse than the one it suffered since it took office back in Dec/2019. **Given the circumstances and the extensive experience in the matter, any Argentine citizen knows that the Central Bank ran out of dollars and that is why it imposes extreme restrictions in a way that is both sloppy and desperate.** Arg dollarized logic has a double consequence: capital flight and every commercial transaction, portfolios or contract are based on US dollar. **The presidential word loses value faster than the battered peso when for e.g. he stated with peculiar combination of (or cynic) voluntarism that "dollars are to only produce and not to save".** Politicians keep thinking that everybody is really stupid or *"maybe that we were all born on a Wednesday, but not last Wednesday, Sir"*. Even an apprentice knows that without saving there is no investment; the Chief of Staff understands the subject and that is why he had that timely "unconscious failure" during a TV interview. **It is even worse to pretend that properties are priced in a currency that society rejects, runs away, and detests;** at least since Economic Minister Rodrigazo explosion (back in 1975) the middle class has considered USD their value haven, or use bricks as a safe refuge. Investments in the financial system, including the rapidly despised sovereign bonds that have just been restructured are losing their value.
- **It is difficult to pin down which is worse: either ignorance or cynicism.** If an Argentine public official does not know the main cause of inflation (the financing of the fiscal deficit with monetary emission) and of the consequent liquefaction in the value of the peso, he lacks the minimum threshold of common sense to perform his function, beyond his formation or professional experience in his post. The responsibility to govern implies managing scarce resources of the taxpayer, it is public money (not to be confused with that dangerous, depersonalized, and hyper politicized abstraction called "State"). If, on the contrary, it is a display of cynicism, it constitutes not only a degrading act, but above all, immoral. Furthermore, some unsuspecting wretch might ignore them and naively squander their meager income. In Al Capone era or, the Dillinger Gang back in 1930's, or Caribbean Pirates, couple of centuries back in history, sometimes used sinful techniques. Are we to believe the same is happening in Arg 2020.
- **Argentines have accumulated more dollars than they needed to finance production, import goods and services, travel abroad and even pay debts** (public and private). But, with great judgment, they have decided to protect themselves from the expected and recurring blows of the current government authority's mismanagement. The fear is understandable: a profuse history of legal insecurity, permanent and whimsical changes in the rules of the game, institutional fragility and a personalistic, dilettante and inept political class are traits as characteristic as they are traumatic.
- **The credibility crisis is not temporary, but permanent. Country risk is increasing again:** there is no credit for a country that has just restructured its debt, much less for its companies, which the Government prevents from paying their pre-agreed and contracted financial and commercial maturities. Why would they want the foreign exchange that the Central Bank supposedly insures to import intermediate inputs if they will not have the necessary financing to not only function, but to ignore debt obligations? That is why the value of stock exchange shares collapsed: the pathetic Government (destructive) errors condemn the country to bankruptcy auction prices. Sovereign debt, wages, assets. no one is saved from this unbroken chain of malpractice. No heads are saved from the executioner ax.
- **Bad public policy produces poverty, evaporates genuine employment, destroys opportunities, and extinguishes the desire to continue living in the country.** Until now, many Argentines fled their savings for fear of depositing them, even, in safe deposit boxes. Traditionally, part of this money came from the informal economy or was of legal origin but, through different mechanisms, it escaped from the infinite fiscal voracity of the State. These strategies of tax evasion - or at least tax avoidance - were gradually made difficult since the beginning of the century, starting with the attacks on the Twin Towers and the new controls on financial flows imposed by the central countries to identify sources of financing for the terrorism, often linked to organized crime. In fact, the so-called FinCEN Files,



**With the crisis of 2001, many transnational companies lifted their operations in the country, some suddenly.** The novelty is the exodus of companies (if confirmation was lacking, it is denied by the Government) and Argentine businessmen, who not only invest abroad but also move. Before, our capitalists ran their money, but they preserved their companies and continued in the country with their families. Now they prefer to contemplate from the outside this new phase of the endless Argentine decadence, after the disappointment of Macrismo and before the resounding fall in the profitability of their businesses, the absurd and Kafkaesque regulations of all kinds, the ridiculous increase in taxes, the tremendous wave of insecurity and land seizures programmed and protected by satellites or terminals of the ruling party.

**There is some background. The conflict with farmers triggered a diaspora of producers who staged a true agrarian revolution in Uruguay, Paraguay, Bolivia and even Brazil.** Some sold fields in the Pampas core area to buy marginal lands in Alabama or Arkansas. The ideological ravings and absurd policies had already generated a significant outflow of successful entrepreneurs. The phenomenon, however, is now taking on unusual *momentum* and scale.

**There is no cheap price to enter now. Even if they give me companies, do not call me until this changes seriously. With the opportunities that exist in other markets, I do not need Argentina in my life"**, said a few days ago a veteran and hardened investor, who in previous crises did not shake his hand to get visibly depreciated assets that he later sold with fabulous profits. It is not for less. Until recently, the government was able to show relatively good numbers in health. But even in this field there are now reasons for satisfaction. It would have been a surprising anomaly: Could a state that consistently fails to

provide all essential public goods be efficient in managing the pandemic? When we write the history of this stage, we may discover that the real reason behind the early and excessive confinement was to delay even a little the acceleration in the speed of money circulation. In other words, the quarantine could have been, at least in part, another heterodox way of containing the inflationary escalation and the exchange rate run. **To cover the sun with one finger. Or we should ask the ostrich why he hides its head.**

