

THE CASE OF YPF

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“Only fools believe in coincidence”.

Jorge Luis Borges.

BY MEANS OF INTRODUCTION:

It is necessary to make some specific remarks for the purposes of properly measuring the importance of the problem dealt with just as the implications of their consequences. Namely:

YPF was built without the investment of foreign capital. ^(I) It is an emblematic national corporation of high symbolic and strategic value, which during the twenties and the thirties was in conflict with the oil company “*Standard Oil*”, property of the very powerful American family Rockefeller. ^(II)

Considering its precursor character, YPF quickly set itself up as a model for the rest of the state-owned companies in Latin America, including “*Pedevesa*”, “*Pemex*”, “*Petrobras*” and others. ^(III) It became the company with the highest income in the country and, at the same time, the biggest taxpayer of the National Treasure, and also standing out within the context of big worldwide corporations.

It is necessary to add that the company’s own area (oil) had and it still has a fundamental strategic importance and not only from a strictly

economic point of view (as a determining factor of growth and development) but also in the military and geopolitical level.

THE PROCESS OF THE EXHORBITANT INDEBTEDNESS OF THE COMPANY:

At the beginning of 1976, before the coup d'état, YPF had an external debt that did not exceed the amount of 372,000.000 USD.

Towards 1980, such debt reflected a striking increase, reaching the sum of 2,930,000.000 USD.

In 1981 the external debt of the company in question climbed up to 4,050,000.000 USD. According to the engineer Mario Luis Piñeiro, former President of Directory of YPF, on 31st December, 1981 ninety percent (90 %) of the company's assets was represented by a debt. (IV)

But its growing did not stop there. On the contrary, the process of indebtedness continued to expand during 1982, covering the value of all the society's assets at the beginning of this year to keep on expanding even more, until it reached the amount of 4,800,000.000 USD at the end of 1982. (V) Thus, the financial and economic importance of the numerous assets of the once powerful company was drastically "*asphyxiated*" and "*dissolved*" in debt.

During 1983, towards the end of the so-called "*Process of National Reorganization*", the debt in question raised reaching almost the amount of 6,000,000.000 USD. (VI)

It is worth saying that during the short period of seven (7) years, YPF went through an intense process of indebtedness and due to this the original amount of the company's external debt multiplied by more than sixteen (16) times.

This same phenomenon was verified in other public corporations, for example: Administración General de Puertos, Aerolíneas Argentinas, Agua y Energía, Empresa Nacional de Correos y Telégrafos, Empresa Nacional de Telecomunicaciones, Ferrocarriles Argentinos, Gas del Estado, Yacimientos Carboníferos Fiscales, etc.

According to some estimates, during 1976-1981 the indebtedness experienced by a group of fifteen state-owned enterprises, among which were the ones before mentioned including YPF, raised to the sum of 21,548,000.000 USD. The oil corporation was the one that acquired the biggest part of this debt. (VII)

THE COMPANY'S INDEBTEDNESS AS A FACTOR OF THE POLICY OF ECONOMIC OPENING:

The money coming from loans, which contributed to the vast progressive indebtedness above detailed, was not assigned for the company's financial needs in foreign currency, as it was supposed to.

Within the framework of the court case entitled “*Olmos, A. s/Denuncia*”, to which the different criminal reports made with regards to the stripping of YPF were added, recording 427 indebtedness operations, the acting experts held the following on their decision:

“The last authority of YPF, prior to the settlement of the institutional government, has recognized and it is also expressed in the company's statement of 1982, that the economic and financial authorities of the country, in force during the investigated period, decided that the company should incur in an external indebtedness without assigning the obtained currency to fulfill the financial needs in foreign currency. That currency was put on the exchange market to favor the economy liberalization policy... Then, that represented diverting the external funds from the supposed reason that led to the agreement of the indebtedness operations”. (VIII)

The previously mentioned diversion of the money lent to YPF was confirmed by almost every authority in the company, among which was the engineer Carlos María Benaglia, who first was vice-president and then president of that corporation. (IX/X)

More precisely, Mr. Benaglia pointed out the following about the matter:

- That the Central Bank of the Argentine Republic was the one that decided if YPF should accept loans.

- That YPF did not receive the funds in foreign currency that was obliged to get as a loan. (XI) These funds were blocked by the BCRA (Central Bank of Argentina) and instead, it gave YPF the equivalent of the funds in Argentine pesos.

- According to him, the National Ministry of Economy could not ignore YPF's necessity of financing.

It is worth saying that the foreign money lent to YPF did not come into the company. Instead, it was diverted to the exchange market with the deliberate aim to promote an indiscriminate economic liberalization, which -the fact is- proved to be a true disaster for the national production organization.

This means that YPF was used (as also were other state-owned enterprises) to obtain currencies in the international capital market. This was at the cost of seriously jeopardizing the financial *"health"* and even the feasibility of a state-owned company of supreme strategic importance, and to cap it all, for the purpose of favoring an economic policy that would turn out to be disastrous for the Argentine productive system.

Alejandro Olmos said the following about this matter:

“YPF, like the rest of the public enterprises, was an instrument for the economic conduction to obtain currencies in the international capital market. The enterprises acted as mere “nominal” in the negotiation of external loans since the currencies that came into were always withheld by the Central Bank. The enterprises only received “pesos”. On the subject, it is reasonable to point out that the Central Bank did not act as “money changer” in these operations, paying with Argentina money the currencies that bought from public enterprises. The situation was different because the Central Bank “used” public enterprises to obtain external funds”. (XII)

Immediately after, Olmos, Esq. indicated that, in token of his mentioned remarks, in a note signed by Jorge Eugenio Magistrelli, Foreign Trade and Exchange Assistant Manager of the BCRA, he explicitly expressed that it was necessary to turn to certain state-owned companies with indebtedness margins to obtain foreign credits that, immediately negotiated, *“gave us the liquid assets”* (pages 4.751/2). That is, like Olmos himself rushed to clarify, liquid assets for the BCRA, not for the borrower public enterprises. (XIII)

It is advisable to explain here -following Olmos- that the indebtedness operations must have a *“formal proof”*. This justification came both from YPF executives and from the decisions of the highest bodies of the National Ministry of Economy, from the then head of department, José Alfredo Martínez de Hoz and his *“right-hand man”*, Guillermo Walter Klein, who acted as the secretary of Economic Planning and Programming.

In this regard it is worth adding that, according to what Alejandro Olmos Gaona reported, the decisions of the Attorney for the National Treasury which issuing was necessary to validate the contracts signed by public enterprises, were directly written by the borrower institutions and telexed to *“Klein - Maira”* law firm where the Attorney was notified. (XIV)

During an interview with a Uruguayan media, published in February 2006, Alejandro Olmos Gaona asserted that: *"when Walter Klein was appointed secretary of Economic Programming during the military dictatorship, he was the representative of a Swedish bank in Argentina. When he left the public service, a month and a half later, he was representing 22 foreign banks, which were all creditors of Argentina. He was very well paid for his job. When his law firm was searched and his documentation was confiscated, it could be established that Klein-Mairal law firm was a true operational base of indebtedness"*. (XV)

THE COMPANY'S INDEBTEDNESS AS THE ONLY ALTERNATIVE IN FRONT OF ITS FORCED UNDERCAPITALIZATION:

In the previous section we have put forward one of the causes that determined the process of over indebtedness that YPF was forced to endure.

Now we have to explain the other cause (defined in general terms) that contributed to generating and impelling this phenomenon. That factor was the undercapitalization of YPF.

In this regard, it is important to highlight that in his statements on the Court that presided over the court case already mentioned *"Olmos, A. s/Denuncia"*, the company's authorities explained, on several occasions, that the huge indebtedness was also generated due to the lack of enough resources to cover operational expenses and investments.

According to what Mr. Olmos has highlighted, all YPF's authorities - through the years of investigation (1976/1983) - explained the planning and development of such process of undercapitalization according to the following factors:

- Lack of prices received by the company.
- Unpaid debts from other state-owned enterprises and private bodies towards the oil corporation.

It should be added to these two factors the sale at the loss of crude oil that the economic conduction of the “*Process*” forced YPF to make in favor of certain private multinational oil companies.

With regard to the first factor above mentioned, that is, the lack of prices received by the company: as everybody knows, YPF did not receive the full price of sale from the fuels it commercialized. Usually, economic authorities “cut” the income coming from those sales. These exactions implied the appropriation of a large part of the price of fuels sold by the public enterprise on behalf of the National Treasury where the withheld funds came into.

The share of the “*cut*” was determined by a percentage applicable on the price of fuels, set by the Ministry of Economy through the Secretary of Energy.

From 1976, while the company’s external indebtedness was increasing to “*astronomical*” levels “*ut supra*” detailed, YPF also experienced a considerable decrease of “*withholdings*”, that is, from the part of the sales made that it could withhold. Vide:

When the coup d’état that overthrew President María Estela Martínez de Perón took place, YPF withheld sixty percent (60%) of the sale price of fuels.

Throughout the so-called “*Process*”, YPF’s “*withholdings*” dropped to forty percent (40%). The only exception that this progressive drop reported was towards the end of “*de facto*” regime when there was a rise of forty nine and sixty percent (49,60 %), thanks to the negotiations

made by the economist Alieto Aldo Guadagni, secretary of Energy and by Juan Mario Bustos Fernández Esq., president of YPF. ^(xvi)

Later, during the government of Raúl Ricardo Alfonsín Esq., the state-owned company only received thirty percent (30%) of the price of sold fuels.

To realize the seriousness of such withholding upon the income coming from sales -that is, from the company's main source of resources-, it is necessary to point out that YPF should use that income to cover the totality of the operational cost -that is: to pay the personnel, to maintain the huge infrastructure composed by buildings, equipment, etc.- and besides, to pay the royalties to the provinces where the oil extractions occurred.

Needless to say, that such situation caused the serious undercapitalization that YPF had endured. This undercapitalization contributed a lot to the over indebtedness of the company.

Not in vain and as it was previously said, the company's authorities who testified about this matter on court did not hesitate to expressly indicate that with the "*withholdings*" set by the Ministry of Economy, YPF was not in a position to neither cover the operational cost nor the investments.

Juan Carlos Reyes, who had been president of the corporation, issued his opinion asserting verbatim: "*the situation which most affected the company was the lack of value of the withholdings*". ^(xvii) For his part, Oscar L. A. Mussini, who was president of the state-owned company, openly indicated that: "*the withholdings were not enough for the company... and YPF's representatives appealed to the Secretary of Energy and through it, to the Ministry of Economy*". ^(xviii) And Alieto A. Guadagni, former secretary of Energy, did not hesitate to categorically assert that: "*the system of prices undercapitalized YPF*". ^(xix) Furthermore, CPA Alberto A. Camaño -former manager of Commercial

Planning- denounced that: “*the total withholding of YPF would not even allow her to cover the costs of raw material*”. (XX) These are only a few examples, extremely eloquent by the way. There are more that could be mentioned. (XXI)

Such as it was above mentioned, the undercapitalization phenomenon was worsening by other two more factors that contributed to aggravate it severely. Namely:

- Unpaid debts from other state-owned enterprises to which YPF had sold her fuels.

The volume of these debts –unpaid- also went through a huge increase since the coup d’état in 1976.

According to what General Juan Carlos Reyes -former president of YPF- formally reported within the framework of the court case “*Olmos*”, the State bodies that “*consume YPF’s finished products*” (*Segba, F.F.A.A., Aerolíneas, etc.*), which represented “*20% of the sale*”, did not pay for them. This debt, which in March 1976 did not exceed \$8.100.000.000, went up at a dramatic rhythm until in April 1977 it reached the total amount of \$52.000.000.000.

- The fact that the economic authorities made YPF sell at a loss crude oil to the private refineries of “*Esso*” and “*Shell*”. (XXII)

It is important to remark that the National Minister of Economy, José Alfredo Martínez de Hoz, was consultant of “*Esso*” and director of *Chase Manhattan Bank*. And it is common knowledge that both multinational corporations are part of Rockefeller’s economic group.

Likewise, it is appropriate to annotate that the British company “*Shell*” is obviously interested in the exploitation of oil reserves in the South Atlantic, precisely where the United Kingdom has a territorial base of big strategic value, which is our *Islas Malvinas [Falkland*

Islands]. At the beginning of 1970, reports about the potential existence of those reserves had already been prepared.

The concurrent disastrous factors aforementioned were part of a policy of true plundering towards YPF. We can say, without fearing to fall into an exaggeration that the state-owned company above mentioned was deliberately exposed to a sort of sacking on the part of certain public authorities. This sacking also forced the corporation to a big external indebtedness to cover and hide the huge deficit it had caused.

Alejandro Olmos did not hesitate to describe these facts as fraud against YPF. ^(XXIII)

The people responsible for the disastrous measures previously described tried to justify why they took those measures claiming false reasons of “*economic policy*”. Thus, for example, on 13th September 1989, José Alfredo Martínez de Hoz as the accused in the “*debt trial*” testified before the judge that those measures had been deliberately focused on the elimination of the dependence of state-owned companies on the National Treasury.

The search for independence had occurred because -according to what the accused said- his subsidies had inflationary effects. ^(XXIV)

Within the framework of this declaration, the deponent held that during the period 1976-1981 YPF had surplus, which allowed her to cover operational costs and 50 % of her investments. Explaining that -regarding the last ones- the remaining 50 % had been financed with credits in order not to resort to the National Treasury resources. Considering that -as the deponent explains- the alternative for increasing the sale prices of YPF's products had been dismissed because of its foreseeable inflationary effects. ^(XXV)

With regard to this last alternative, José Alfredo Martínez de Hoz specifically expressed that: *“managers and executives of all state-owned companies continuously asked for a higher level of prices and rates, but the Ministry of Economy thought these should be set at a level”* that covers the costs makes the managers reduce the operational cost. In connection with the YPF case, he accurately stated that *“the productivity increased an 80% per employed agent”* and that the personnel was reduced from 47.000 to 34.000 agents. The deponent remarked on the matter that *“this improvement or reduction on operational costs would have not occurred if the company would have received the full level of prices requested”*. (XXVI)

The false and mendacious nature of the explanations provided by José Alfredo Martínez de Hoz arises with pristine clarity in the light of the following observations:

- In the first place, through different mechanisms aforementioned, YPF was systematically deprived of a big part of her own true resources.

- In the second place and for different reasons, the company in question was obliged to incur in an external debt and at the same time, was denied benefits, facilities, coverage and/or guarantees that were allowed to or provided to individuals. (XXVII)

- In the third place, the strict and unreasonable restrictions imposed by the Ministry of Economy to YPF, far from restructuring the costs as José Alfredo Martínez de Hoz will put forward later on, seriously disturbed the development of the regular line of business suffocating it financially and strangling it economically.

BY MEANS OF CONCLUSION:

According to the legal declaration of Mr. José A. Cosentino ^(xxviii), “before 1976, YPF’s debt did not reach the amount of 300 million dollars”. However, the corporation was forced to renegotiate that debt and “then it was determined or obliged to acquire new loans in foreign currency... and YPF received them in pesos. The order to get into debt was given over the phone by officials of the Ministry of Finance, who usually was Juan Alemann”. ^(xxix) Mr. Cosentino ended his exposition pointing out that “he was convinced that in some way the policy introduced for YPF was, in short, intended for jeopardizing her capital resources to divert her activity to the private activity...”. ^(xxx)

There is every indication that this was so. The disastrous policies applied were kept over time and even studied in depth, despite the terrible results that, by any reckoning, derived from them. In this way, the company was directly led to a superlatively critical state that contributed to its last privatization. This was a bad “*recipe*”, promoted since the early 80's by David Rockefeller, Henry Kissinger and Alan Greenspan, as a generic solution for the over indebtedness problems that –systematically– were recorded in most countries of Latin America. ^(xxxi)

And to cap it all, the privatization of YPF was finally fulfilled at a vile price and paid -most of it- with “*bad currency*”, because the Argentine State received as payment the repayment of securities of its own external debt, “*rescued*” at a nominal value when -paradoxically- they were quoted on the market at considerably lower prices. At the same time and despite all this, Argentina's public debt kept on increasing...

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^I According to: Olmos Gaona, Alejandro, “*Seminario sobre aspectos históricos de la deuda externa argentina*”, May, 2001, updated version to January, 2002, available at: <http://www.scribd.com/doc/201977/Olmos-Alejandro-Deuda-Externa-Argentina-Aspectos-historicos>, page 11.

^{II} Alejandro Olmos Gaona tells in his aforementioned book that General Enrique Mosconi (1877-1940, first director of YPF) wrote a book about this conflict titled “*Y.P.F. contra la Standard Oil*” [in English, “*YPF against Standard Oil*”]. Olmos says that, nowadays, this work is almost impossible to find.

^{III} According to: Ricciardelli, Horacio and Schmid, Luis E., “*Los Protocolos de la Corona Británica. Estrategia Anglo-americana*”, Editorial Struhart & Cía., Buenos Aires, 2004, page. 547.

^{IV} According to: statement of the aforementioned engineer Piñeiro, within the framework of the court case entitled “*Olmos, a/ Report*”, filed before the Federal Court presided by the Honorable Ballesteros, to which other criminal actions were included such as the ones generated from the reports for the stripping of YPF, promoted by Carlos Saúl Menem (1983), Guillermo Patricio Kelly and Adolfo Silenci de Stagni, among others (page 2577).

^V According to: statement of the aforementioned Mr. Piñeiro, within the framework of the referred court case (page 2577)

^{VI} According to: statement of Alberto Andrés Camaño, CPA [Certified Public Accountant], Marketing Manager of YPF, within the framework of the court case previously mentioned (page 3356 reverse and ff.).

^{VII} According to: Arias, César, “*Deuda Externa y Banco Central. Instrumentos estratégicos del poder*”, Editorial de los Cuatro Vientos, Buenos Aires, 2004, page. 117.

^{VIII} Case entitled, page 1836.

^{IX} Carlos María Benaglia was the vice-president of YPF from July 1977 to 10th December, 1979 when he began acting as the president of this company. He held that position until April, 1981.

His witness statement, included within the court case entitled “*Olmos, Alejandro s/Denuncia*” is found in pages 2.256/61 and deals specifically with the question of the external indebtedness of YPF.

^X According to: case entitled, page 3.276.

^{XI} In general, the loans that YPF was obliged to get were loans in American dollars. But there were also loans in other foreign currencies.

^{XII} Olmos, Alejandro, “*Todo lo que Usted quiso saber sobre la Deuda Externa y siempre se lo ocultaron. Quiénes y cómo la contrajeron*”, Peña Lillo y Ediciones Continente, 4th Edition, Buenos Aires, 2004, page 216.

^{XIII} According to: Olmos, Alejandro, Op. Cit., page 216, footnote 4.

^{XIV} According to: Olmos Gaona, Alejandro, Op. Cit., page 11.

^{XV} “*La Lucha Continúa*”, Number 60, 22nd February 2006, available at: <http://www.egrupos.net/grupo/laluchacontinua/archivo/msg/18/>.

^{XVI} Mr. Juan Mario Bustos Fernández was President of YPF from August 1982 to December 1983.

This executive also made a statement in the court case entitled “*Olmos, A. s/Denuncia*”, acting this court case added to pages 2216/17, 2632 and 3169 of the corresponding proceedings.

^{XVII} Case entitled, page 2580.

xviii Case entitled, page 3115.

xix Case entitled, page 3166.

xx Case entitled, page 3358 reverse.

xxi For example: A. F. Núñez -former director- said: *“losses had their origin in the lack of prices with which YPF's production was paid”*. (page 3264).

Real Admiral Oscar Francisco Abriata -former director- pointed out: *“from 1979 the National Treasury withheld a substantial part of the price of fuels”* (page 3235).

General Luis H. Pagliere -former director- indicated: *“withholdings were not enough to cover normal costs and expenditures of the company”* (page 3140 reverse). *“This situation -the unusual indebtedness of the company- derives mainly from the fact that for YPF the cost of cubic meter of crude oil is around 130/140 USD and the withholding admitted by the Ministry of Economy is only of 76,8 USD, which means an annual operational deficit of 1,800,000 USD. The breach between the cost of cubic meter of crude oil and the reimbursement authorized by the Ministry of Economy implies, for the State, a subsidy of 150 USD for each cubic meter imported by private companies and a subsidy of 60 USD, on the part of YPF, for the same quantity of crude oil from the production sold to private companies”*. (Pages 3141 reverse).

Juan Bustos Fernández, Esq. -former president- expressed: *“... lower prices than YPF's cost of production were being established”* (page 3261); *“...the rate does not cover the costs”* (pages 2632 and 3439).

xxii CPA Alberto A. Camaño, aforementioned, reported on court that *“the State took part in the price of fuels in more than 50 %, thus absorbing the funds that lawfully belonged to YPF”*. And that *“the total withholding did not even allow YPF to cover the costs for the raw material located on the refinery”* (pages 3356/61). This raw material - according to what Mr. Alejandro Olmos said- was the crude oil that the company delivered to the private refinery *“Shell”*. YPF extracted that oil for the most part and approximately, a 30 % of the company's full production was extracted by contractors to whom YPF paid the price set by the Ministry of Economy.

With regard to this, CPA Camaño indicated that YPF *“received a total withholding lower in 17 USD than its costs”*, while the private refineries received a *“withholding that exceeded in 48 USD the cost of raw material”*.

This means that, for each cubic meter sold by YPF to private refineries, it lost 17 USD, whereas for the same cubic meter, those refineries earned 48 USD. (According to: Olmos, Alejandro, Op. Cit., page 220).

xxiii According to: Olmos, Alejandro, Op. Cit., page 218.

xxiv In his legal declaration about YPF's debt, Guillermo Walter Klein, former secretary of Economic Coordination and Planning, took -in general terms- the position held by Martínez de Hoz.

^{xxv} According to what Mr. Brunella explained within the framework of the “*debt trial*”, “*the price of fuels was set on meetings with the participation of the company’s delegate, the National Fuels Administration delegate and delegates and officials from the Ministry of Economy, but it was this Ministry that set the prices (beyond all mere formalities)*”. And the deponent added: “*obviously, in those meetings the costs of YPF were analyzed; nonetheless, the Ministry of Economy set YPF’s withholding at a loss*”. (Case entitled, page 3156).

It is appropriate to add that YPF had a suitable system of costs, structured according to her books and accounts on budget implementation, which -as it was of public interest- was submitted to the control of the General Accounting Office of Public Enterprises. This system made it possible to know perfectly well which were the companies’ costs and therefore, to determine exactly whether the sale prices and “*withholdings*” permitted or not to cover these costs.

Otherwise, it is appropriate to remember that, by virtue of what is established by laws 17.329 and 17.597, the Government should not have set sale prices of crude oil neither withholdings for YPF that were under her costs with a more “*reasonable use*”. In light of the aforementioned, it is clear that such regulation was rudely violated both by the “*Process*” authorities and the members of Alfonsín’s government.

^{xxvi} According to: Olmos, Alejandro, Op. Cit., page 218.

^{xxvii} According to what CPA Camaño said in his aforementioned legal declaration, in 1981-1982 YPF requested to the Secretary of Energy and the Ministry of Economy the capitalization of the external indebtedness through an indirect exchange of the debt in foreign currency into local currency. The request did not have an answer.

Also, the company’s executives asked for an authorization to contract exchange insurance. But this possibility was refused by the economic authorities. In this regard, it is very important to remember that, during the administration of Domingo Felipe Cavallo in the Central Bank of the Argentine Republic, it proceeded to the “*nationalization*” of the external debt contracted by individuals through the previously mentioned exchange insurance. So through them, private enterprises transferred their obligations to the State, whereas YPF could not do this.

According to the legal declarations of Mr. Alieto A. Guadagni, despite having received a credit of 100,000,000 USD from the World Bank to assign to the energy sector, the National Bank of Development (BANADE), institution reporting to the Ministry of Economy, and the BCRA refused to lend money to YPF adducing in writing that “*oil companies did not present an exploitation situation so that they could get a credit*”. This report openly contradicts itself with the deliberate promotion of YPF’s indebtedness with private foreign banks that, in those days, applied -with pressure and enforcement- the authorities of the Ministry of Economy and the Central Bank.

^{xxviii} Mr. Cosentino had a long and prestigious career inside YPF.

He began working at the company in 1957 and he held very important positions, including acting as president of the company until he finally retired in 1988.

^{xxix} In that declaration, the reporting judge remembered specifically that on certain occasion YPF had been obliged to get a loan of 250,000,000 USD “*that the company neither needed nor had requested*”. He added that such loan was converted into pesos and “*put on a bank fixed-term deposit*”. (According to: case entitled, pages 5081/3).

^{xxx} Case entitled, page 5.083.

^{xxxi} In 1982, Mexico declared itself in *default*. In view of the above, the next year David Rockefeller entrusted Henry Kissinger -former director of the Department of State of the United States- with the creation of a “*Commission for Latin America’s External Debt*” and Alan Greenspan was in charge of the Technical Management -by that time he was an executive in *Morgan Guarantee Trust Company*; then he would act as Director of the Federal Reserve Bank of the USA.

Greenspan was the one who introduced the idea of *resolving* the aforementioned Latin American financial problem through the exchange of the debt for public companies (“*debt for equity*”). This idea will give rise to privatization policies that were implemented by the participating countries during the eighties and the nineties.

However, by this time, it is more than obvious that both in Argentina and in other countries, privatizations were not useful to solve the public indebtedness problem. They rather contributed to weaken the State, emptying its capital resources and depriving it from its very valuable assets both in the economic and financial side and from the geopolitical and strategic point of view.

That is, in practice, the formula “*less debt in exchange for public companies*” has resulted in “*more and more indebtedness for states even weaker*”.

But there is more: because in every case it should be investigated why and how the debt crisis were generated and that were used to receive the frustrated privatization motion that had such awful results...

In this regard, what happened with YPF -like other multiple similar experiences that took place both in Argentina and in other countries- allow us to suspect, and with high levels of plausibility, that the heinous phenomena of over indebtedness were strategically planned, deliberately induced and -unfortunately- successfully carried out... The latter, at least up to now...