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ARGENTINA: A HUMAN RIGHTS ALTERNATIVE

by

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And Methods Involved

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ARGENTINA: A HUMAN RIGHTS ALTERNATIVE

Summary: In Argentina, economic and political repression, with its concomitant Human Rights dimension, threaten to exacerbate social polarization, the salient historical feature of the country. This could not only reinforce the cycle of political and economic instability but also result in revitalized guerrilla organizations. An alternate approach to counter-insurgency which centers on respect for Human Rights is discussed. Some concrete ideas on how to reduce social polarization are suggested. Finally, a manner for dissemination of this to Argentine authorities is considered.

The Situation: Since the March 1976 coup d'etat, the Argentine Government (GOA) has pursued a policy of state terrorism aimed primarily at annihilation of the Marxist guerrillas. Organized labor has been intimidated into acceptance of the major burden in Minister of Economy Martinez de Hoz's stabilization program--which produced a 30 to 40 percent decline in real wages during 1976. Peronist labor leaders have been reluctant to seriously confront Videla over the issue of declining real wages because they fear such actions might: 1) undermine the military "moderates" bringing to power "hardline" elements; 2) lead to their identification as "subversives" with all its unpleasant consequences. The sine qua non of state terrorism is a consistent pattern of gross violation of Human Rights, which in conjunction with economic austerity creates intense polarization.

The Problem: From the perspective of counter-insurgency, state terrorism is becoming a maladaptive strategy for the GOA because it sows the seeds of further opposition. Although the guerrillas have suffered extensive damage to their organizations at the hands of Argentine security forces (the effectiveness of the Ejercito Revolucionario del Pueblo (ERP) and the Monteneros has been reduced an estimated 90 and 75 percent, respectively), continuation of intense economic and political repression will produce increasing alienation and social polarization. This will provide fertile ground for the guerillas' planned recruitment drive [redacted], intended to replenish lost manpower resources and develop valuable penetrations of public and private organizations (such penetrations have played key roles in many spectacular bombings and assasinations over the past year).

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Recruitment possibilities are greatly enhanced in an atmosphere where there are only two options: either do nothing or register one's protest through violence. The highly unionized labor force, imbued with an unswerving belief in the right to organize and strike, has no legitimate channels through which to attempt to remedy its poor economic circumstances. The discrediting and fragmenting of Peronism after the death of Juan Domingo Peron, particularly during the last throes of Isabela Martinez de Peron's administration, and the subsequent disappearance of many major Peronist leaders from the national scene, have produced ideological fissures in the Peronist movement--which binds together

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a disparate mass of workers and left-leaning Argentines--and created a political vacuum. Consequently, workers and totally alienated middle-class elements sympathetic to the common man's plight may become increasingly susceptible to the Montenero's, and other inchoate revolutionary groups', recruitment efforts, espescially if their committment is gradual and safe.

Quiet reconstitution of guerrilla organizations combined with challenges to the Videla regime by disaffected social and political groups could very well culminate in catastophy. The Catholic Church, weilding great influence in a country where that denomination accounts for 93 percent of the population, has finally broached the question of Human Rights with the GOA but has not to date pressed the issue to the point of serious confrontation. Nevertheless, the Church can be expected to become ever more critical and confrontational, particulary if security forces commit further atrocities against the clergy in an effort to "clean up the Church" (see BA4487, July 1976).

Reacting to an apparent diminuation in the guerrilla threat, the following groups will become increasingly alienated from the regime as the zeal of out-of-control security forces is perceived as an anachronism and attention moves to economic hardship, especially the regressive pattern of income distribution: the Radical Party, the Peronist Party, large segments of the middle-classes, students, and the working classes. In addition, small- to medium-sized domestic industrialists, who are in the main spoken for by the intervened Conferencia General Economica (CGE) and the suspended Radical Party, will increasingly harass the regime, pressing for expansion of their markets in the lower income strata to recoup losses incurred during the past two years of economic depression.

When Videla consolidates his power by retiring key "hardline" officers later this year, the possibility of a Pinochet-type regime will be virtually nil. This will encourage many groups, which have heretofor been reticent, to speak out against the dictatorship. The emergence of a broad-based popular opposition movement, akin to the one which contributed to the downfall of Ongania (1966-70) could compell the Armed Forces to beat a hasty retreat from politics. Quiescent but regrouping guerrillas could then wreak havoc in the ensuing situation, possibly gaining control of important parts of the Peronist movement. Such a senario would entail serious consequences for not only Argentine interests but also US objectives in the country.

Up to now, the GOA has attempted to simplify the complexity of the politico-economic realities of Argentine society by imposing a mechanistic approach, especially in the economic area, to the Gordian Knot, namely cutting it off. Such a simplistic approach--albeit more sophisticated than Ongania's--does not effectively take into account the secondary, tertiary, etc., ramifications of GOA actions. More specifically, the ancillary effects of the GOA's

apparent military victory against the Marxist guerrillas may indeed result in political defeat for the Armed Forces, frustrating their avowed plans to construct a stable political (democractic) and economic system in Argentina.

The Solution: If the GOA is to avoid a repetition of the Ongania fiasco and find a lasting solution to the insurgency conundrum, which is but a symptom of underlying socio-economic problems, it must pursue an adroit politico-economic program (PEP) designed to eliminate social polarization (the crucial condition for insurgency in Leninist, Maoist, and Guevarist theory on the subject), build consensus, and thereby, politically pre-empt the Monteneros--as well as other Marxist elements. A successful PEP will simultaneously solve the problem of Peronist labor--which has traditionally been used as a vehicle for self-enrichment by its leadership at the expense of workers and has been an important factor, either directly or indirectly, in the political and economic instability of the country since the fall of Peron in 1955.

The key principle which must underlie such a PEP is a fact attested to by, for example, the insurgency experiences of Algeria and Vietnam: Ideas can be successfully fought only with other ideas. Four concepts must guide a PEP based on this principle:

---Over the long term, meaningful economic growth is impossible without political stability and political stability is impossible without meaningful economic growth.

---Over the long term, political stability can only be maintained under conditions of low social polarity;

---Low social polarity only exists when the great bulk of society share common values which are not forcefully imposed.

---Common values can only be arrived at through mutual understanding and general comprehension of society as a whole, the interdependencies and interrelations which bind groups and individuals together as a nation-state.

[In the case of Argentina, the extremely high cultural-educational level and homogeneity, not to mention industriousness of the population and the relatively high level of economic development already attained, make this approach particularly relevant.]

Below are enumerated a series of ideas which flow from the preceding four concepts. The inspiration for many of these ideas comes from the Swedish model and the economic-planning concepts of Alva and Gunnar Myrdal. These thoughts derive from a 100 page study by the writer examining Argentina from the vantage of some novel concepts in the theory of social systems. The order of mention approximates the desirable sequence of implementation in an unfolding PEP.

I Human Rights pertaining to the violation of the body, legal protections, and due process

A The GOA should move quickly to stop torture, rescind most state of siege provisions, remand all trials to civil courts, reply to writs of habeas corpus, publicize complete lists of detainees, and ensure the insularity of the judicial process.

B Law enforcement should be entrusted exclusively to the federal, provincial, and local police. However, intelligence gathering should remain coordinated for effective anti-guerrilla operations until such a point as guerrillas become insignificant.

C This will improve the GOA's Human Rights image both at home and abroad, making it appear the war against leftwing terrorists has been won. Thus, alienation based on Human Rights abuses will be difused. Also, an apparent end to guerrilla threats to executives may boost investor confidence in the country and contribute to a resumption of foreign-direct-investment inflows.

D A major problem here is what to do about victims of torture who would speak out when released and perpetrators of torture who might be punished by a subsequent democratic administration if their identities were discovered. Setting an example of the latter is an unlikely, although quick and effective means of dispensing with the whole problem. Ignoring the issue is a likely solution because it side steps problems of unity in the Armed Forces, necessary for continuing direct military involvement in politics.

II Reduction of Social Polarity: A Campaign for Understanding

A The right to bargain should be limited, at least until the political stage, to the industry level.

B Firm-level unions should have control of their pension funds, representation on the firm's board of directors, joint labor-management committees whose exclusive task is designing ways of humanizing the work situation and increasing productivity. Firms should implement profit sharing and worker stock ownership programs, through a major part of social security programs may be financed.

C Business and labor should be brought together to agree to this: Labor will not impede introduction of new capital intensive processes and business in conjunction with the government will guarantee retraining and new jobs. More capital intensive production contributes to greater international competitiveness, greater foreign-exchange earnings, ergo greater economic growth.

D National and provincial trade-union confederations should be entrusted with the task of developing an econonmic plan for

annual presentation to planning authorities on the provincial and federal levels. This should be their major function.

E Business associations should be as follows: 1) Large Agriculture; 2) Small agriculture; 3) Large domestic industries; 4) Small- to medium-sized industries; 5) Foreign investors; 6) State corporations. All should submit an annual economic plan to provincial and federal authorities.

F All groups submitting plans should maintain permanent liason officers with each other and the respective planning authorities, in order to gain understanding of each other's perspectives and facilitate the job of government planners by submitting plans which have the possibility of being synthesized into an overall provincial or national plan.

G Planning ministries on the provincial and federal levels should be beefed up, supplied with the highest caliber personel and the requisite computer capacity, in order to increase the likihood of developing plans meaningful to the national community.

III Reduction of Social Polarization: Economic Growth and Market Expansion

A A computer model of the economy should be continuously updated with real-time (continuous) inputs of information on industrial output so that swift action can be taken to remedy bootlenecks and productive capacity can be monitored and jibed with real-time collection of income distribution data indicating demand levels at various strata of intermediate and final-demand markets.

B In Argentina, economic growth depends on foreign exchange earnings, investment, and demand: Vigorous programs should be instituted to maximize all in the appropriate proportions.

C The paramount goal of economic policy must at all times be full employment and increasing the standard of living. Thus, real wages should be allowed to rise to the level sustainable by industrial capacity and foreign exchange earnings.

D Investment is best encouraged by no, or a marginal, capital-gains tax and a high progressive graduated income tax, whose proceeds cover federal deficits, finance development projects, and fund social-welfare programs.

E Excess profits, which businesses do not or cannot reinvest at the time but do wish to reinvest later and not pay taxes on, may be deposited with a Federal Trust Fund at a zero real rate of interest. This capital can in turn be lent by the government on an interest yeilding basis for promising industrial and developmental projects or to private investors during times of economic slow-down or in emergency situations.

F For tax purposes, reinvestment abroad should be treated like investment at home if some benefit to the country through eventual profit repatriation and/or export creation can be demonstrated.

G An exceptionally high land tax should be implemented according to the potential productivity of the land while all other taxes are removed from agricultural production--apart from income tax on profits. The proceeds from the land tax should be funnelled into eradication of hoof and mouth disease (thereby opening new export markets for beef), into development and dissemination of technology relevant to agriculture, and into subsidization of improved rural transporation infrastructure as well as port and storage facilities.

H All financial operations of the federal and provincial governments, especially those related to tax collection should be founded on cybernetic systems which automatically place checks on all operations, making corruption and tax evasion extremely difficult. Stiff penalties should be implemented for tax evasion --such as nationalizations or fines based on a percentage of the firm's assets or sales. The specter of draconian sanctions for individual or corporate tax evaders will produce compliance with legal requirements through its intimidatory affects.

I Tax credits should be granted to exporting firms such that they enhance their competitiveness in the domestic market, and all imports destined to be processesed and finally exported should be duty free (The Brazilians have had success with similar schemes).

J On a world standard, university professors should be payed an extremely attractive salary in order to draw and retain highly qualified and talented people, thereby avoiding the "brain drain" problem which has plagued the country in certain fields.

K A computerized national technological information system should be instituted which contains all material available nationally and internationally [see for example: Russel Ackoff, The SCATT Report: Designing A National Scientific And Technological Commuications System, (Philadelphia: University of Pennsylvania Press, 1976)].

J Moving the Federal Capital to a location southwest of Bahia Blanca, assuming the availability of proper financing, would create a new "growth pole" in that region which could enhance the preformance of the national economy. It would also provide a "frontier-spirit" effect--something historically lacking in Argentina--that could generate a feeling of national emergence and channel the Argentines' high motivation for achievement into productive activities away from dysfunctional fratricide, which has often emerged in the form of violence and/ or intersectoral competition for income distribution.

IV The Political System

A The advantage of a unicameral parliamentary system on both the provincial and federal levels is that it quickly responds to changed legitimacy. If a party in power produces a fiasco (such as Isebelita) or engages in any improper or unethical activity, it is out. This would save the military the trouble of having to remove inept governments through coups d'etat.

B If a political party must demonstrate the ability to capture 35 to 40 percent of the vote in order to participate in elections, then all elections will be two-party contests. The advantage of a two-party political system is that the parties quickly find the center of the political spectrum and both exhibit moderate platforms, at least in terms of national sentiment. This result has been proved by game theory.

D All campaign expenses must be declared and fall below a certain limit, and this limit may be provided directly by the government. This prevents unfair manipulation of elections by monied interests domestic or foreign, places both parties on equal financial footing, and guarantees substantial autonomy to the political system which is conducive to more effective government. This latter result derives from the theory of social and organizational learning.

E Any organization which regularly submits a plan to the planning ministries must been considered to powerful to be directly connected with a political party because of the likelihood of their skewing the political processes in directions unfavorable to other groups, ergo the national interest. This simply means they should not be allowed to form their own political party, but no way implies that they should be denied full participation in general political processes.

F Freedom of speech and the civil rights of individuals are the lubricants which will guarantee political stability within certain broad economic parameters. They should be stauchly protected to avoid the possibility of another dictator like Peron, not to mention other lesser dictators which have dotted the political landscape of Argentina in recent times.

The aim of the preceding thoughts is to reduce social polarization, symptoms of which are the country's historical intersectoral and inter-class conflict. Instead of treating the symptomatology--a purely reactive and ineffectual mode of adaptation--as all post-1955 governments in Argentina have done, this approach addresses the problem by suggesting a heuristic for an "interactive" and meaningful mode of adaptation [see: Russell L. Ackoff, Redesigning The Future: A Systems Approach To Societal Problems, (Wiley, 1976)].

The reinforcing cycle of social polarization can only be attenuated by initiation of a reinforcing cycle of social integration. And this is only possible through a PEP which leads to democracy founded on social justice. The economic dimension of such a PEP must emphasize choosing a sustainable course of long-term development, through meaningful and effective planning, which maximizes foreign-exchange earnings, investment, and above all, demand--or the standard of living of the average Argentine. Herein lies the only possibility of superceding the ever-deepening politico-economic morass into which the country has been sinking since the early 1950s.

In my estimation, the incremental implementation of a PEP along the lines of the above will at first provide "spiritual" consumption for the mass of Argentines that will leave the GOA an interlude in which to complete an economic renovation, to construct the bases of sustainable democracy. The synergistic effects of the PEP as a whole will then attenuate sectoral demands, and implicitly expectations, and thereby, make sustainable democracy with Human Rights, civil liberties, and full participation a reality within two years. Moreover, I see this as enhancing Argentine interests while simultaneously furthering both Human Rights and other US objectives discussed in preliminary PARM memoranda.

Dissemination: It is imperative that the existence of this memorandum not become public knowledge in the US or abroad because its interventionist flavor will undermine the position of the military "moderates" in Argentina, possibly producing nationalist backlash which could not only further sour US-Argentine relations but also bring "hardline" elements to power. This would, of course, defeat the whole point of the exercise, the advancement of Human Rights and other US objectives in Argentina. Indeed, disclosure and attribution to the USG could have global consequences. For these reasons any discussion with GOA officials of topics related to ideas contained herein should be undertaken with extreme caution.

Bearing this caveat in mind, there are two approaches for disseminating the relevant contents of this memo to Argentine authorities: 1) Covert implantation in the middle, and perhaps the lower, eschalons of the the Presidential Staff, the Army General Staff's planning elements, the Ministry of Planning, and the Ministry of Economy; 2) Conveyance through diplomatic discussions with "populist" elements within the GOA.

Option 1: The underlying idea here is that suggestions by US diplomats will be rejected out of hand on the grounds they do not truly comprehend the Argentine situation and they are intervening in the internal affairs of Argentina. Therefore, if the concepts surface through the normal functioning of GOA bureaucracy, they will have far greater credibility since policy-makers will perceive them to be of domestic origin. However, without acquisition of

more detailed information than is currently available in the DOS, no effective strategy along this line can be mapped out. [Dissemination through US military training programs is a possibility.]

Option 2: For maximum effectiveness, PEP concepts should be brought up only if, during the course of a conversation, the GOA official initiates a line of discussion in which they would be relevant and appropriate. The ones brought forth should be gauged to the official's symphathies, as evinced during the conversation. Furthermore, they should be mentioned in a "have you considered...?" fashion. Only in this way can credibility be maximized and adverse reactions minimized. The ideal impression to leave is that the GOA official thought of the concept himself.

Another tack might be along these lines: "Argentina really is a civilized, developed country (particularly in terms of its cultural level) and not a third world country. It should, therefore, exhibit features (such as Human Rights) closer to the pattern of western democracies than the third world. Barbarous practices typical of many third world and communist countries (e.g., Chile, Bolivia, Paraguay, Brazil, Uganda, Cambodia, the Soviet Union) are certainly not befitting of such an advanced nation as Argentina, especially when they do not even enhance counter-insurgency objectives in the long run." Pointing to the advanced nature of Argentina will appeal to Argentines--who are a very proud people--while locking them into a logical dilemma because torture contradicts the initial premise. Whereupon, some PEP concepts may be brought forth in the above-described questioning fashion.

There are four GOA officials to whom this Human Rights alternative might sound attractive. Minister of Planning Diaz Bessone (a "hardline" corporativist) and Minister of Economy Martinez de Hoz (a free marketeer in the 19th century sense of an economic liberal) are also possibilities but their philosophies are opposed in many respects to the concepts in the PEP and are likely to suffer cognative dissonance when confronted with it. Those who have been selected, however, are known to have philosophies more or less congruent with the PEP and be in positions to influence the direction of GOA policies. They are listed in order of approach priority.

1) Ricardo Yofre, Undersecretary General of the Office of the Presidency, is a civilian and the primary political adviser to Brig. Gen. Jose Villareal. As a key adviser to the Ministry of Interior under the Lanusse regime (1971-73), he was probably close to the redemocratization process which culminated in the 1973 elections. He supported the developmentalist program of the Frondizi administration (1958-62) and is friendly towards the US. Furthermore, he could act as a conduit between the Presidency and the US embassy on issues requiring circumvention of conservative Navy officers who control the Foreign Ministry. His ability to discuss delicate issues calmly, logically, and objectively make him an ideal channel through which to "feel out" the subject [redacted] BA03460, May 1976).

FOIA(b)(3) - 50 USC 3024(1)(1) - Intelligence Sources and Methods

2) Brig. Gen. Jose Villareal, Secretary General of the Office of the Presidency, is a close friend and protege of President Videla. He is a known "moderate" and member of the "populist" faction within the Army which favors an eventual opening to political and other groups, including labor, in the reorganization process. His proximity to Videla and his apparent lack of involvement in Viola's conflict with Suarez Mason (Commander of the I Army Corps) on the one hand and Massera (Commander in Chief of the Navy and member of the ruling junta) on the other seems to make him an individual worthy of approach (BA 7904, November 1976).

3) Maj. Gen. Roberto Eduardo Viola, Army Chief of Staff, is a key adviser to President Videla and one of his most trusted confidants. He is sophisticated and seems to be able to discuss delicate topics calmly and intelligently. He has evinced a favorable attitude on the question of Human Rights and is known as a "thinker", concerned with social and political issues. His previous post as Secretary General of the Army General Staff (policy, research, and development) suggests he is likely to understand and accept the PEP. But, until the conflict with Saurez Mason is settled later this year, he should only be approached with the utmost caution [redacted]

4) Lt. Gen. Jorge Videla, President, Member of the Ruling Junta, Commander in Chief of the Army, is a deeply religious man who is often referred to as a "moralist." He may be attracted by the PEP, but at this juncture, the exigencies of his position may reinforce his cautious nature and lead him to assume a posture which runs counter to his sentiment in order to protect himself from charges of complicity with "foreign intervention" [redacted].

FOIA(b)(3) - 50 USC 3024(i)(1) - Intelligence Sources and Methods

Concluding Remarks: It should be noted that the PEP begins with low-cost measures of high political yield and then moves into higher cost measures of still higher political yield, thereby providing a path of lesser resistance to the GOA and increasing its feasibility. The PEP calls upon Argentine and foreign businesses as well as labor to look further ahead and sacrifice short-term gain for far greater long-term gain. Rapid economic growth can be attained through measures, predicated on foreign-exchange availibility and high rates of investment, aimed at expansion of the final-demand market for goods. This means greater long-term profitability for both foreign and domestic firms.

In synthesis, the point is to induce Argentine labor, government, and business elites to adopt an enlightened, forward-looking weltanschauung which is in synchrony with the ethos of society at large. The Brazilian model, with its requisite economic and political repression, is indeed tarnishing; perhaps the Argentine model suggested herein will emerge the "economic miracle" of the 1980's, setting a precedent for other countries.

The USG has already exercised some negative-reinforcement

policy tools in an unsuccessful attempt to bring about an improved Human Rights situation in Argentina. The presentation of this Human Rights alternative should be the second phase in the Human Rights policy towards the country. The third phase should entail some positive reinforcement for improved behavior, including moral and financial support--especially if a foreign-exchange gap and economic down-turn should in the future forebode Human Rights reversals.

Once a vaible alternative, which virtually ensures an end to the insurgency problem, is known to GOA officials, positive and negative reinforcement tools will have greater affect. In fact, effective alternative presentation may dramatically reduce the need to resort to "carrots" and "sticks."

The alternative presentation approach will, if applied to all countries violating Human Rights, increase the rationality of our global Human Rights policy, and thereby produce higher success rates. Thus, credibility for the Human Rights policy will be enhanced both within the USG and among the American public.

It should be noted in passing that market expansion is integral to this approach. The business community, which has heretofor been reluctant to support our Human Rights policy, will become a staunch advocate of it when they perceive the policy as protecting their investments and expanding their markets in the less developed regions of the world.

The success of this policy in Argentina will frustrate whatever incipient attempts to form a Southern Cone bloc that might be underway. A strong democratic system might check military desires for a nuclear weapons capability. By 2000, Argentina could become an important economic power and US trading partner. This could have substantial "spread effects" in the region, inter alia offsetting Brazilian influence, and thereby increasing US leverage. The high growth rates necessary to maintain democratic processes could educe more rapid exploitation of possible off-shore petroleum reserves of up to 200 billion barrels which could benefit the US in the event of future oil embargos and might crack OPEC due to excess supply.

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Summary: In Argentina, economic and political repression, with its concomitant Human Rights dimension, threaten to exacerbate social polarization, the salient historical feature of the country. This could not only reinforce the cycle of political and economic instability but also result in revitalized guerrilla organizations. An alternate approach to counter-insurgency which centers on respect for Human Rights is discussed. Some concrete ideas on how to reduce social polarization are suggested. Finally, a manner for dissemination of this to Argentine authorities is considered.

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The emergence of a broad-based popular opposition movement, akin to the one which contributed to the downfall of Ongania (1966-70) could compell the Armed Forces to beat a hasty retreat from politics. Quiescent but regrouping guerrillas could then wreak havoc in the ensuing situation, possibly gaining control of important parts of the Peronist movement. Such a senario would entail serious consequences for not only Argentine interests but also US objectives in the country.

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the problem of Peronist labor--which has traditionally been used as a vehicle for self-enrichment by its leadership at the expense of workers and has been an important factor, either directly or indirectly, in the political and economic instability of the country since the fall of Peron in 1955.

The key principal which must underlie such a PEP is a fact attested to by, for example, the insurgency experiences of Algeria and Vietnam: Ideas can be successfully fought only with other ideas. Four concepts must guide a PEP based on this principal:

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3) Low social polarization only exists when the great bulk of society share common values which are not forcefully imposed.

4) Common values can only be arrived at through mutual understanding and general comprehension of society as a whole, the interdependencies and interrelations which bind groups and individuals together as a nation-state.

[In the case of Argentina, the extremely high cultural-educational level and homogeneity, not to mention industriousness of the population, make this approach particularly relevant.]

Below are enumerated a series of ideas which flow from the preceding four concepts. The inspiration for many of these ideas comes from the Swedish model and the economic-planning concepts of Alva and Gunnar Myrdal. These thoughts derive from a 100 page study by the writer examining Argentina from the vantage of some novel concepts in the theory of social systems. The order of mention approximates the desirable sequence of implementation in an unfolding PEP.

I Human Rights pertaining to the violation of the body, legal protections, and due process

A GOA should move quickly to stop torture, rescind most state of siege provisions, remand all trials to civil courts, reply to writs of habeas corpus, publicize complete lists of detainees, and ensure the insularity of the judicial process.

B Law enforcement should be entrusted exclusively to the federal, provincial, and local police. However, intelligence gathering should remain coordinated for effective anti-guerrilla operations until such a point as guerrillas become insignificant.

C This will improve the GOA's Human Rights image both at home and abroad, making it appear the war against leftwing terrorists has been won. Thus, alienation based on Human Rights abuses will be difused. An apparent end to guerrilla threats to executives may boost investor confidence in the country and contribute to a resumption of foreign direct investment.

D A major problem here is what to do about victims of torture who would speak out when released and perpetrators of torture who might be punished by a subsequent democratic administration if their identities were discovered. Setting an example of the latter is an unlikely, although quick and effective means of dispensing with the whole problem. Burrying of the issue is a likely solution because it side steps problems of unity in the Armed Forces.

II Reduction of Social Polarization: A Campaign for Understanding

A The right to bargain should be limited, at least until the political stage, to the industry level.

B Firm-level unions should have control of their pension funds, representation on the firm's board of directors, joint labor-management committees whose exclusive task is designing ways of humanizing the work situation and increasing productivity. Firms should implement profit sharing and worker stock ownership programs.

C Business and labor should be brought together to agree to this: Labor will not impede introduction of new capital intensive processes and business in conjunction with the government will guarantee retraining and new jobs.

D National and provincial trade union confederations should be entrusted with the task of developing a plan for the economy for annual presentation to planning authorities on the provincial and federal levels. This should be their major function.

E Business associations should be as follows: 1) Large Agriculture;

2) Small agriculture; 3) Large domestic industries; 4) Small- to medium-sized industries; 5) Foreign investors; 6) State corporations. All should submit an annual economic plan to provincial and federal authorities.

F All groups submitting plans should maintain permanent liason officers with each other and the respective planning authorities, in order to gain understanding of each other's perspectives and facilitate the job of government planners by submitting plans which have the possibility of being synthesized into an overall provincial or naitonal plan.

G Planning ministries on the provincial and federal levels should be beefed up, supplied with the highest caliber personel and the requisite computer capacity, in order to increase the likihood of developing plans meaningful to the national community.

III Reduction of Social Polarization: Economic Growth and Market Expansion

A A computer model of the economy should be continuously updated with real-time (continuous) inputs of information on industrial output so that capacity and bottlenecks can be monitored and jibed with real-time collection of income distribution data which delineates demand levels at various strata of intermediate and final-demand markets.

B In Argentina, economic growth depends on foreign exchange earnings, investment, and demand: Vigarous programs should be instituted to maximize all in the appropriate proportions.

C The paramount goal of economic policy must at all times be full employment and increasing the standard of living. Thus, real wages should be allowed to rise to the level sustainable by industrial capacity and foreign exchange earnings.

D Investment is best encouraged by no, or a marginal, capital-gains tax and a high progressive graduated income tax, whose proceeds cover federal deficits, finance development projects, and fund social-welfare programs.

E Excess profits, which businesses do not or cannot reinvest at the time but do wish to reinvest later and not pay taxes on, may be deposited with a Federal Trust Fund at a zero real rate of interest. This capital can in turn be lent by the government on an interest yeilding basis for promising industrial and developmental projects or to private investors during times of economic slow-down or in emergency situations.

F For tax purposes, reinvestment abroad should be treated like investment at home if some benefit to the country through eventual profit repatriation and/or export creation can be demonstrated.

G An exceptionally high land tax should be implemented according to the potential productivity of the land while all other taxes are removed from agricultural production--apart from income tax on profits. The proceeds of the land tax should be funnelled into eradication of hoof and mouth disease (thereby opening new export markets for beef), into development and dissemination of technology relevant to agriculture, and into subsidization of improved rural transporation infrastructure, port and storage facilities.

H All financial operations of the federal and provincial governments, especially those related to tax collection should be founded on cybernetic systems which automatically place checks on all operations, making corruption and tax evasion extremely difficult. Stiff penalties for tax evaision--such as nationalizations or fines based on a percentage of the firm's assets or sales--should implemented. The specter of draconian sanctions for individual or corporate tax evaders will produce compliance with legal requirements through its intimidatory affects.

I Tax credits should be granted to exporting firms such that they enhance their competitiveness in the domestic market, and all imports destined to be processesed and finally exported should be duty free (The Brazilians have had success with similar schemes).

J On a world standard, university professors should be payed an extremely attractive salary in order to draw and retain highly qualified and talented people, thereby avoiding the "brain drain" problem which has plagued the country in certain fields.

K A computerized national technological information system should be instituted which contains all material available nationally and internationally [see for example: Russel Ackoff, The SCATT Report: Designing A National Scientific And Technological Commuications System, (Philadelphia: University of Pennsylvania Press, 1976)].

J Moving the Federal Capital to a location southwest of Bahia Blanca, assuming the availability of proper financing, would create a new growth pole in that region which could enhance the preformance of the national economy. It would also provide a frontier-spirit effect--something that has been historically lacking in Argentina--that could generate a feeling of national emergence and channel the Argentine's high motivation for acheivement into productive activities away from dysfunctional fratricide.

IV The Political System

A The advantage of a unicameral parlementary system on both the provincial and federal levels is that it quickly responds to changed legitimacy. If a party in power produces a fiasco (such as

Isebelita) or engages in any improper or unethical activity, it is out. This would save the military the trouble of having to remove inept governments through coup d'etats.

B If a political party must demonstrate the ability to capture 35 to 40 percent of the vote in order to participate in elections, then all elections will be two-party contests. The advantage of a two-party political system is that they quickly find the center of the political spectrum and they will both exhibit moderate platforms, at least in terms of the national sentiment. This result has been proved by game theory.

D All campaign expenses must be declared and fall below a certain limit, and this limit may be provided directly by the government. This prevents unfair manipulation of elections by monied interests domestic or foreign, and guarantees substantial autonomy to the political system which is conducive to more effective government.

E Any organization which regularly submits a plan to the planning ministries must been considered to powerful to be directly connected with a political party because of the likelihood of their skewing the political processes in directions unfavorable to other groups, ergo the national interest. This simply means they should not be allowed to form their own political party, but no way implies that they should be denied participation in the political processes in general.

F Freedom of speech and the civil rights of individuals are the lubricants which will guarantee political stability within certain broad economic parameters. They should stauchly protected to avoid the possibility of another dictator like Peron, not to mention other lesser dictators which have dotted the political landscape of Argentina.

The aim of the preceding thoughts is to reduce social polarization, of which the country's historical intersectoral and interclass bouts of fratricide are symptoms. Instead of treating the symptomatology as all post-1955 governments in Argentina have done, this approach addresses the problem.

The reinforcing cycle of social polarization can only be attenuated by initiation of a reinforcing cycle of social integration. And this is only possible through a PEP which leads to democracy

founded on social justice. The economic dimension of such a PEP must emphasize choosing a sustainable course of long-term development, through meaningful and effective planning, which maximizes foreign-exchange earnings, investment, and above all, demand--or the standard of living of the average Argentine. Herein lies the only possibility of superceding the ever-deepening politico-economic morass into which the country has been sinking since the early 1950s.

In my estimation, the incremental implementation of a PEP along the lines of the above will at first provide "spiritual" consumption for the mass of Argentines that will leave the GOA an interlude in which to complete an economic renovation to form the basis of sustainable democracy. The synergistic effects of the PEP as a whole will then attenuate sectoral demands, and implicitly expectations, and thereby, make sustainable democracy with Human Rights, civil liberties, and full participation a reality within two years. Moreover, I see this as enhancing Argentine interests while simultaneously furthering both Human Rights and other US objectives discussed in preliminary PARM memoranda.

Dissemination: It is imperative that the existence of this memorandum not become public knowledge in the US or abroad because its interventionist flavor will undermine the position of the military "moderates" in Argentina, possibly producing nationalist backlash which could not only sour US-Argentine relations but also bring "hardline" elements to power. This would, of course, defeat the whole point of the exercise, the promotion of Human Rights and

other US objectives in Argentina. Indeed, disclosure and attribution to the USG could have global consequences. For these reasons any discussion with GOA officials of topics related to ideas contained herein should be undertaken with extreme caution.

Bearing this caveat in mind, there are two approaches for disseminating the relevant contents of this memo to Argentine authorities: 1) Covert implantation in the middle eschalons of the the Presidential Staff, the Army General Staff's Planning elements, the Ministry of Planning, and the Ministry of Economy; 2) Conveyance through diplomatic discussions with "populist" elements within the GOA.

Option 1: The underlying idea here is that suggestions by US diplomats will be rejected out of hand on the grounds they do not truly comprehend the Argentine situation and they are intervening in the internal affairs of Argentina. Therefore, if the concepts surface through the normal functioning of GOA bureaucracy, they will have far greater credibility since policy-makers will perceive them to be of domestic origin. However, without more detailed information than is currently available in the DOS, no effective strategy along this line can be mapped out.

Option 2: For maximum effectiveness, PEP concepts should be brought up only if, during the course of a conversation, the GOA official initiates a line of discussion in which they would be relevant and appropriate. The ones brought forth should be closely related to the symphathies of the official. Furthermore, they should be mentioned in a "have you considered...?" fashion. Only in this

way can credibility be maximized and adverse reactions minimized. The ideal impression to leave is that the GOA official thought of of the idea himself.

Another tact might be along these lines: "Argentina really is a civilized, developed country (particularly in terms of cultural level) and not a third world country. It should, therefore, exhibit features (such as Human Rights) closer to the western democracies than the third world. Barbarous practices typical of many third world countries (e.g., Chile, Bolivia, Paraguay, Brazil) are certainly not befitting of such an advanced nation as Argentina, especially when they do not even enhance counter-insurgency objectives in the long run." Pointing to the advanced nature of Argentina will appeal to Argentines--who are a very proud people--while locking them into a logical dilemma because torture contradicts the initial premise. Whereupon some PEP concepts may be brought forth in the above described-questioning fashion.

There are four GOA officials to whom this Human Rights alternative might sound attractive. Minister of Planning Diaz Bessone (a "hardline" corporativist) and Minister of Economy Martinez de Hoz (a free marketeer) are also possibilities but their philosophies are opposed in many respects to the concepts in the PEP and are likely to suffer cognative dissonance when confronted with it. Those who have been selected, however, are known to have philosophies likely to converge with the PEP; they are:

1) Ricardo Yofre, Undersecretary General of the Office of the Presidency, is a civilian and the primary political adviser to Brig-

Brigadier General Jose Villareal. As a key adviser to the Ministry of Interior under the Lanusse regime (1971-73), he was probably closely involved in the redemocratization process which culminated in the 1973 elections. He supported the developmentalist program of the Frondizi administration (1958-61) and is friendly towards the US. Furthermore, he has been acting as a conduit between the Presidency and the US embassy on certain issues apparently requiring the circumvention of the conservative Navy officers who control the Foreign Ministry. His ability to discuss delicate issues calmly, logically, and objectively make him an ideal channel through which to "feel out" the subject. [redacted]

2) Brigadier General Jose Villareal, Secretary of the Office of the Presidency, is a close friend and protege of President Videla. He is a known "moderate" and member of the "populist" faction within the Army which favors an eventual opening to political and other groups, including labor, in the reorganization process. His proximity to Videla and his apparent lack of involvement in the conflict between Viola and Suarez Mason (Commander of the 1st Army Corps) on the one and Massera (Commander in Chief of the Navy and member of the ruling junta) seems to make him an individual worthy of approach, especially if Yofre can confirm this. (BA 7904, November 1976)

3) Major General Roberto Eduardo Viola, Army Chief of Staff, is a key adviser to President Videla and one of his most trusted confidants. He is sophisticated and seems to be able to discuss delicate topics calmly and intelligently. He has evinced a favorable attitude

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on the question of Human Rights and is known as a "thinker", concerned with social and political issues. His previous post as Secretary General of the Army General Staff (policy, research, and development) suggests he is likely to understand the PEP and may also be amenable to it. But, until the conflict with Saurez Mason is settled later this year, he should be approached with the utmost caution. [redacted]

[redacted] FOIA(b)(3) - 50 USC 3024(i)(1) - Intelligence Sources and Methods

4) Jorge Videla, President, Member of the Ruling Junta, Commander in Chief of the Army, is a deeply religious man who is often referred to as a "moralist." He may have some affinity for the PEP, but the exigencies of his position at this juncture may reinforce his cautious nature and lead him to commit himself to a position he may not wish to assume in order protect himself from charges of complicity with foreign intervention. [redacted]

Concluding Remarks: It should be noted that the PEP begins with low-cost measures with high political yield and the moves into higher cost measures with still higher political yield. This provides a path of lesser resistance for the GOA, and thereby, increases the PEP's feasibility. ~~For~~ Argentine and foreign businesses, the PEP calls upon ~~them~~ to look further ahead and sacrifice short-term gain for far greater long-term gain. It proposed to make the country into a developed one by measures whose aim is to expand the final demand market for goods, which will of course lead to greater projectability for foreign and domestic firms. The Brazilian model, with the repression it entails, is indeed losing

credibility; perhaps the Argentine model suggested herein will become the economic miracle of the 1980's, setting an example for other less developed countries to follow.

The USG has exercise certain negative reinforcement policy tools at its disposal without apparent success in the objective of bringing about an improved Human Rights situation in Argentina. The presentation of this Human Rights alternative should be the second phase in the Human Rights policy towards the country. The third phase should entail some positive reinforcement for improved behavior, include support particularly if the future Argentina should encounter foreign-exchange difficulties which threaten to produce reversals in the Human Rights area.

The success of this policy in Argentina will also serve US interests by frustrating any attempts that might be underway to form a Southern Cone bloc. Furthermore, the overcoming of their Human Rights problem in Argentina will set a precedent for the Latin American countries, and the world at large.

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