

CONFIDENTIAL

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PAGE 01 BUENOS 05943 01 OF 02 121900Z
ACTION ARA-14

INFO OCT-01 ISO-00 DHA-02 CIAE-00 DODE-00 PM-05 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
SS-15 USIA-06 AID-05 TRSE-00 MCT-01 /069 W
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P R 121720Z AUG 77
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC PRIORITY 1741
INFO AMEMBASSY ASUNCION
AMEMBASSY BRASILIA
AMEMBASSY LA PAZ
AMEMBASSY MONTEVIDEO
AMEMBASSY SANTIAGO

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~~CONFIDENTIAL~~ SECTION 1 OF 2 BUENOS AIRES 5943

E.O. 11652: GDS
TAGS: SHUM, PFOR, EFIN, AR
SUBJECT: DERIAN VISIT WITH ECONOMY MINISTER MARTINEZ DE HOZ

1. SUMMARY: COORDINATOR FOR HUMAN RIGHTS MET WITH ECONOMY MINISTER AT SUGGESTION OF ARGENTINE AMBASSADOR TO U.S. MINISTER STARTED WITH A DESCRIPTION OF THE ECONOMIC AND POLITICAL PROBLEMS FACING THE MILITARY GOVERNMENT AND FROM THERE LED THE DISCUSSION TO THE TOPIC OF THE CURRENT HUMAN RIGHTS SITUATION IN ARGENTINA. HE STRESSED THAT PROGRESS WAS BEING MADE, AND THAT WHILE IRREGULAR METHODS WERE STILL OCCASIONALLY EMPLOYED AGAINST A CONTINUING THREAT, THE TREND WAS FOR RE-INSTITUTION OF DUE PROCESS. MRS. DERIAN URGED THE GOVERNMENT TO SHOW ITS STRENGTH BY INSTITUTING LEGAL METHODS AND APPEALING TO THE PEOPLE FOR SUPPORT. SHE WARNED THAT TIME MAY BE RUNNING OUT BOTH INTERNALLY AND INTERNATIONALLY.

= Martinez de Hoz

2. POLITICAL FACTORS - THE MINISTER DESCRIBED THE POLITICAL HISTORY OF ARGENTINA, MARKED BY SUCCESSIVE TAKEOVERS OF MILITARY AND CIVILIAN GOVERNMENTS WHICH HAS MADE LONG RANGE

~~CONFIDENTIAL~~

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PAGE 02 BUENOS 05943 01 OF 02 121900Z

ECONOMIC PLANNING IMPOSSIBLE. HE WAS HOPEFUL THAT IF CURRENT GOVERNMENT, WHICH HE FEELS HAS LEARNED FROM THE MISTAKES OF PRIOR GOVERNMENTS, COULD REMAIN IN POWER AT LEAST THREE YEARS MORE THE NEEDED STABILITY TO KEEP THE ECONOMY MOVING ON AN EVEN KEEL WOULD BE ACHIEVED. HE SAID THAT THE ARGENTINE MILITARY HAS TRADITIONALLY NOT SOUGHT PERMANENT POWER AND THEIR CONSCIENCES DICTATE EVENTUAL RETURN TO CIVILIAN DEMOCRATIC RULE. HE STRESSED THAT THIS PROCESS HAS ALREADY BEGUN WITH PRESIDENT VIDELA'S CALL FOR A DIALOGUE WITH VARIOUS INTEREST GROUPS IN THE COUNTRY, WHICH WOULD HOPEFULLY LEAD TO THE REALIZATION OF THE NEED FOR POLITICAL REALISM, PERHAPS LEADING TO THE FORMATION OF TWO STRONG PARTIES, THE ONE MIDDLE OF THE ROAD AND ONE MORE TO THE LEFT, WHICH WOULD REFLECT THE TWO MAIN STREAMS OF ARGENTINE POLITICAL THOUGHT. HE LAMENTED THE TRADITIONALLY FRACTURED NATURE OF POLITICAL PARTIES IN ARGENTINA CAUSED BY FREQUENCY OF ELECTIONS, PERSONALIZED NATURE OF POLITICS AND LACK OF DIRECT PROPORTIONAL REPRESENTATION, WHICH MIGHT ENCOURAGE GREATER RESPONSIBILITY. ON LATTER POINT, HOWEVER, HE DESCRIBED ARGENTINA'S PREVIOUS ATTEMPT AT PROPORTIONAL REPRESENTATION AS A FAILURE BECAUSE OF THE LARGE NUMBER OF PARTIES PARTICIPATING IN THE PROCESS. HE DESCRIBED CURRENT POLITICAL LEADERS AS HAVING A PRE-WORLD WAR II MENTALITY AND CRITICIZED THE TRADITIONAL PARTIES FOR NOW ALLOWING YOUNG PEOPLE TO RISE TO THE TOP.

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3. ECONOMIC FACTORS - AFTER DESCRIBING THE ECONOMIC CHAOS INHERITED BY THE CURRENT GOVERNMENT, THE MINISTER WENT ON TO DESCRIBE HIS PROGRAM WHICH INCLUDES A RESTRUCTURING AND ENFORCEMENT OF TAX PROGRAMS, BREAKING THE RUNAWAY INFLATION, MOVING TO BALANCE THE BUDGET BY ELIMINATING INEFFICIENT STATE ENTERPRISES, ELIMINATING PRICE CONTROLS TO STIMULATE PRODUCTION AND PURSUING A RELATIVE CONTAINMENT OF SALARIES. THE LATTER POLICY IS ALSO GEARED AT PREVENTING UNEMPLOYMENT WHICH, THE

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

PAGE 03 BUENOS 05943 01 OF 02 121900Z

MINISTER DESCRIBED, WOULD HAVE BEEN A SERIOUS THREAT IN TIMES OF SUBVERSION. HE SAID THE ARGENTINE PEOPLE HAVE SHOWN A UNIFIED EFFORT IN THE FACE OF THE BLOODSHED BROUGHT ABOUT BY TERRORISM BUT ARE GETTING IMPATIENT NOW THAT THE WORST IS OVER. THIS MEANS THAT THE GOVERNMENT WILL HAVE TO CHANGE MENTAL ATTITUDES, AND MARTINEZ DE HOZ FEELS THIS CAN BE DONE IF THE GOVERNMENT SPEAKS TRUTHFULLY TO THE PEOPLE AND SHOWS IT IS SERIOUS AND RESPONSIBLE.

4. HUMAN RIGHTS - AFTER THIS SOMEWHAT LENGTHY INTRODUCTION THE MINISTER ADDRESSED THE QUESTION OF HUMAN RIGHTS. HE EXPLAINED THE PERON GOVERNMENT HAD GIVEN AMNESTY TO JAILED SUBVERSIVES WHO HE DESCRIBED AS REAL CRIMINALS AND HOW THESE PEOPLE THREATENED THE JUDGES WHICH, IN TURN, LED TO A BREAKDOWN IN THE JUDICIAL SYSTEM AND THE FORMATION OF VIGILANTE GROUPS BY CITIZENS SEEKING SELF PROTECTION. THE GOVERNMENT HAS SUPPRESSED TERRORISM AND BROUGHT ECONOMIC RECOVERY. HE RECOGNIZED THAT FORCE SHOULD NOW BE EXERCISED ONLY THROUGH LEGAL MEANS BUT EXPLAINED THAT THIS WAS DIFFICULT AS REMNANTS OF URBAN TERRORISM STILL EXIST DESPITE GREAT PROGRESS. HE SAID IT IS HARD TO GO FROM A SITUATION OF CHAOS TO ONE IN WHICH THE REINS OF CONTROL, EVEN OVER THE FORCES OF ORDER, ARE BACK TO NORMAL. THE MINISTER ASSURED MRS. DERIAN THAT NO ONE WAS BEING PERSECUTED FOR POLITICAL OR RELIGIOUS BELIEFS (NO ANTI-SEMITISM) ALTHOUGH HE ACKNOWLEDGED THE EXISTANCE OF A SMALL GROUP OF ULTRA NATIONALISTS NOT REPRESENTATIVE OF PUBLIC OPINION. HE SAID THAT JACOBO TIMERMAN WAS IN JAIL NOT BECAUSE HE IS A JEW BUT BECAUSE GRAIVER OWNED 50 PERCENT OF HIS NEWSPAPER. HE ACKNOWLEDGED THAT CHARGES HAVE NOT BEEN BROUGHT AND SAID HE HAS URGED THE PRESIDENT TO RESOLVE THIS CASE ONE WAY OR THE OTHER. THE MINISTER CITED THE FOLLOWING SIGNS OF IMPROVEMENT: (1) THE NUMBER OF PEOPLE SUBJECT TO COURT PROCEDURES IS OVER 1000, (2) JUDGES NOW FEEL SAFE, AND (3) TERRORISTS ARE BEGINNING TO DESERT TO THE GOVERNMENT. IN SUM HE SAW A RETURN TO DUE PROCESS AND A RETURN TO TRADITIONAL ARGENTINE VALUES BUT THAT SOME IRREGULAR PROCEDURES AND ANTI-TERRORIST ACTION OUTSIDE THE GOVERNMENT

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

PAGE 04 BUENOS 05943 01 OF 02 121900Z

WOULD CONTINUE, ON AN EVER LESSENING SCALE, IN THIS "MOP-UP" STAGE. HE BELIEVED THE SECURITY FORCES WERE COMING UNDER STRICTER GOVERNMENT CONTROL.

5. DERIAN RESPONSE - MRS. DERIAN SAID THAT SHE FOUND THE

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PAGE 01 BUENOS 05943 02 OF 02 121850Z

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~~CONFIDENTIAL~~ SECTION 2 OF 2 BUENOS AIRES 5943

MINISTER'S PRESENTATION VERY RATIONAL. SHE AGREED THAT ARGENTINA HAD FACED A VERY SERIOUS THREAT AND ACKNOWLEDGED THE RELUCTANCE OF THE MILITARY TO STEP IN. SHE EXPLAINED THE TIME BETWEEN SUCH A TAKEOVER AND RETURN TO NORMAL PRACTICE WAS LIMITED AND EXPRESSED HER BELIEF THAT IT MAY NOW BE UPON THE GOVERNMENT OF ARGENTINA. SHE STRESSED THAT THE STABILITY NEEDED TO CARRY OUT SUCH GOOD WORK AS THAT ENVISIONED BY THE MINISTER'S ECONOMIC PLAN COULD BE ACHIEVED ONLY BY SATISFYING THE IMPATIENCE OF THE PEOPLE AND REINSTITUTING DUE PROCESS. SHE EXPLAINED THAT WHAT WAS HAPPENING IN ARGENTINA (I.E. THE CONTINUED ENTRY INTO HOMES BY ARMED MEN, THE TORTURE OF DETAINEES, ETC.) WOULD BE TAKEN ADVANTAGE OF BY POLITICANS. SHE FELT THE BIGGEST PART OF THE PROBLEM NOW LAY IN GETTING CONTROL OVER THE SECURITY APPARATUS; THAT TIME WAS RUNNING OUT INTERNATIONALLY AS WELL AS INTERNALLY. SHE CAUTIONED AGAINST THE INSTINCTIVE REACTION OF FIGHTING TERRORISTS WITH THEIR OWN METHODS, SAYING THIS ONLY HELPED THEM ACHIEVE THEIR GOAL OF UNDERMINING THE LEGAL INSTITUTIONS OF THE COUNTRY. SHE URGED THE GOVERNMENT TO SHOW ITS STRENGTH BY INSTITUTING DUE PROCESS AND APPEALING TO THE PEOPLE FOR SUPPORT. SHE SAID THAT

~~CONFIDENTIAL~~~~CONFIDENTIAL~~

PAGE 02 BUENOS 05943 02 OF 02 121850Z

JOURNALISTS SHOULDN'T BE ARRESTED AND WARNED THAT NOTHING IS EVER A SECRET. SHE WARNED AGAINST THE USE OF A PUBLIC RELATIONS APPROACH, WHICH NO ONE BELIEVES, AND STRESSED THE NEED FOR REAL CHANGES SAYING IT WAS LUDICROUS THAT NOW THAT THE GOVERNMENT WAS PROGRESSING THAT INTERNATIONAL OPINION WAS DETERIORATING.

6. THE MINISTER AGREED BUT EXPLAINED THAT THE PREVIOUS GOVERNMENT LET THINGS GO TO FAR, THAT HIS GOVERNMENT COULD NOT HANDLE THE SITUATION IT INHERITED BY NORMAL MEANS, AND THAT THE GOVERNMENT DOES WISH TO RETURN TO THE NORM AND IS STRONG ENOUGH TO DO SO. HE SAID THAT VIDELA IS A HUMANE, MODEST AND WELL BALANCED MAN AND IS A VERY GOOD PRESIDENT.
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