

UNCLASSIFIED

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Page: 1

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PAGE 01 STATE 234424 POSS DUPE
ORIGIN ARA-14

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R 291220Z SEP 77
FM SECSTATE WASHDC
TO AMEMBASSY BUENOS AIRES

[REDACTED] STATE 234424

E.O. 11652: GDS

TAGS: SHUM, ECON, AR

SUBJECT: ECONOMY MINISTER MARTINEZ DE HOZ' MEETING WITH
UNDER SECRETARY COOPER

1. ECONOMY MINISTER MARTINEZ DE HOZ CALLED ON UNDER SECRETARY FOR ECONOMIC AFFAIRS COOPER SEPTEMBER 27. DURING AN HOUR CONVERSATION, MARTINEZ DE HOZ (MDH) REVIEWED THE ECONOMIC GAINS OF THE ARGENTINE GOVERNMENT SINCE MARCH 1976 AND PROJECTED INCREASED PRODUCTIVITY AND STABILITY FOR INCOMING YEAR. THE MINISTER'S PRESENTATION, WHICH WAS QUITE ARTICULATE, FOLLOWED USUAL LINES. MDH EXPLAINED THE NEED TO RATIONALIZE GOVERNMENT OPERATIONS, INCREASE EXPORTS, CONTROL INFLATION AND DECREASE THE BUDGET DEFICIT.

2. MINISTER SUGGESTED THAT REAL WAGES HAD BEEN REDUCED BUT CLAIMED THAT UNIONS AND INDIVIDUAL WORKERS ACCEPTED THIS TEMPORARY MEASURE WITH THE UNDERSTANDING THAT

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PAGE 02 STATE 234424 POSS DUPE

Current Class: [REDACTED]

Page: 1

ARGENTINA PROJECT (S200000044)
U.S. DEPT. OF STATE, A/RPS/IPS
Margaret P. Grafeld, Director
 Release Excise Deny
Exemption(s):
Declassify: In Part In Full
 Classify as Extend as Downgrade to
Date Declassify on Reason

UNCLASSIFIED

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Page: 2

Channel: n/a

Case Number: 200000044

INCREASED PRODUCTION WOULD SOON LEAD TO INCREASED WAGES.

3. RESPONDING TO A QUESTION, MDH ACKNOWLEDGED THAT ARGENTINA WAS STILL TROUBLED BY COUNTERTERRORIST EXCESSES BUT THAT THE SITUATION WAS VASTLY IMPROVED

AND THAT WITHIN SIX MONTHS THE SITUATION WOULD BE ALMOST NORMAL. IN A CONVERSATION WITH DEPTOFF AFTER COOPER MEETING, MDH SAID HE FULLY UNDERSTOOD U.S. CONCERN OVER HUMAN RIGHTS AND WOULD DO WHAT HE COULD TO MAKE APPLICATION OF RIGHT OF OPTION AND PAROLE AS LIBERAL AS POSSIBLE.

4. THE MINISTER INFORMED COOPER THAT ARGENTINA WOULD SOON HAVE TO MOVE AHEAD ON LOAN REQUESTS THAT IT HAS PENDING IN THE IDB. HE SAID THAT HE HAD NOT PRESENTED THE LOAN REQUESTS TO THE IDB BOARD EARLIER BECAUSE OF U.S. HUMAN RIGHTS CONSIDERATIONS. SECRETARY COOPER SUGGESTED THAT ARGENTINA MIGHT WANT TO PRESENT LOANS WHICH WERE MOST CLEARLY DIRECTED TOWARD THE NEEDY, IN THIS CASE A POTABLE WATER LOAN. MDH AGREED THAT THIS WAS A GOOD APPROACH. THE MINISTER STATED THAT EARLY NEXT YEAR ARGENTINA WOULD ALSO PRESENT PENDING REQUESTS TO THE WORLD BANK FOR BOARD APPROVAL. CHRISTOPHER

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Current Class: [REDACTED]

Page: 2

UNCLASSIFIED