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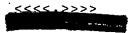
Document Number: 1977STATE234424

9/29/77

Page: 1

Channel: n/a

Case Number: 200000044



PAGE 01 STATE 234424 POSS DUPE ORIGIN ARA-14

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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

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ARGENTINA PROJECT (\$200000044)

U.S. DEPT. OF STATE, A/RPS/IPS

Margaret P. Grafeld, Director

(**X**Release** (**) Excise** (**) Deny

Exemption(s):

Exemption(s):

Declassify: (**) In Part** (**X**In Full

Declassify: (**) Downgrade to

(**) Classify as __ (**) Extend as __ (**) Downgrade to

Page: 1



Current Class:

Current Handling: n/a

Document Number: 1977STATE234424

Page: 2

Channel: n/a

Case Number: 20000044

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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Page: 2

