

7/13/81

CD 003A

U.S. VOTE IN MDBS  
(ARGENTINA, CHILE, PARAGUAY, URUGUAY)

Q. Why did the Administration change to a positive vote (rather than "no" or abstention) on recent multilateral development bank (MDB) loans for Argentina, Chile, Paraguay and Uruguay.

A. The International Financial Institutions Act of 1977 requires the U.S. Executive Directors of the World Bank, the Inter-American Development Bank and of other MDBs to vote "no" or abstain on loans, not serving basic human needs, to any country whose government engages in "a consistent pattern of gross violation of internationally recognized human rights."

The previous Administration never formally designated any countries as falling within the definition of "consistent pattern of gross violation" of human rights. Its votes in the MDBs were guided by a number of policy considerations, among which human rights figures prominently. In recent years the United States voted "no" or abstained on 122 loans to some 16 countries.

There have been significant improvements in the human rights situations in Argentina, Chile, Paraguay and Uruguay. The Department has reviewed the current human rights situation in those countries and has

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 \_\_\_\_\_

520/273  
5004000

determined that they do not now fall within the standard that would require a "no" vote or abstention on loans not serving basic human needs. Therefore, the Treasury Department has informed the Congress of our intention to instruct the U.S. Executive Directors to vote in favor of loans now pending before the MDBs.

Human rights problems remain. But, if we are able to have a human rights policy that encourages further progress, we have to be willing to recognize the improvements that have occurred. We hope for continued human rights progress. We will continue to make our concerns known through appropriate channels, and our Ambassadors in these countries have been instructed to explain to the four governments how our votes are related to the human rights improvements that have taken place. We will cast our future votes in the MDBs for these and other ~~conditions~~ *countries in light of human rights practice* at the time, as well as the other considerations that normally guide diplomatic activity.

U.S. VOTE IN MDBS  
(ARGENTINA, CHILE, PARAGUAY AND URUGUAY)

Q. You say that the Carter Administration voted against or abstained on loans to these countries, and that there have been significant improvements in human rights performance since that policy has been in effect. Why then are you changing that policy?

A. The positions we and other nations take can play a useful role in encouraging improvements in human rights treatment. But we must recognize that it is usually one among several important factors, and it is a delicate task to assure that we do not express our concern in a way that negates our goal. In situations where there has been significant improvements in human rights conditions, we believe that more will be gained for human rights by recognizing improvements than by the continued public condemnation implicit in negative votes or abstentions on MDB loans. Our concern is to have a human rights policy that will have practical impact in encouraging continued improvement of human rights conditions.

Argentina  
(U.S. VOTE IN MDB)

Q. How can the Administration justify voting in favor of a loan for Argentina which, according to many accounts, has had the worst human rights record in the hemisphere in recent years?

A. The level of violence in Argentina, to which terrorist activity was a major contributing factor, peaked in the years 1976-78. Many thousands of person disappeared. Thousands of others were held for indefinite periods without charges. In 1979 there were 44 credibly documented disappearances; last year there were 12. There have been no confirmed disappearances since last August. The number of prisoners being held under executive powers has dropped from around 8,000 to something over 900 at the present. Releases continue. There have been relatively few reports this year of violations of basic human rights. In terms of the human suffering involved,) there has been a vast improvement. Although we are not content with the human rights situation in Argentina at this point, we believe that a constructive policy aimed at encouraging further improvements must recognize the substantial progress that has taken place.

AIF

HUMAN RIGHTS - ARGENTINA

Q: How is it possible to reach the conclusion that Argentina is not a gross and consistent violator of internationally recognized human rights as long as that government does not provide an accounting for the thousands of disappeared persons?

A: As I noted in my statement, trends are important. We are interested in present performance. The widespread violations of human rights, especially in the years 1976-78, produced enormous suffering, and left deep wounds in Argentine society. It seems to me that the primary human rights objective in Argentina should be to find ways of helping to heal some of the wounds of the past and preventing the reemergence of serious abuses. An official U. S. judgment that Argentina is now grossly and consistently violating human rights would not further those objectives and would not be consistent with actual conditions. There has been clear and unmistakable improvement. The practice of disappearance appears to have ended. The number of persons held for political reasons has steadily declined and there have been few recent cases of individuals being imprisoned under special executive powers. The problem of accounting for past disappearances is the most difficult human rights problem facing Argentina and the manner in which it is handled will have serious implications for the expansion of political freedom in the future.

*HS*  
DRAFTED:HA/HR:RJorgenson:fdg  
7-13-81  
Ext. 21180

CONCURRENCES:ARA/SC:RService *HS*  
L:ASurena  
H:CWilliams  
HA:SPalmer *HS*  
HA:PPSarros *HS*  
P:MClodfelter *HS*  
S/P:CFairbanks  
ARA:MNudell *HS*