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U.S.-Argentine Relations

U.S. bilateral interests in Argentina are relatively modest. We are owed about \$3 billion, largely to our private banks; we have a \$200 million trade surplus; and private investment stands at \$1.4 billion. More importantly, our interests relate to Argentina's potential as a middle power: Argentina has substantial uranium deposits, well-trained physicists and ambitious plans for nuclear power development; and it is presently a large and potentially a much larger exporter of cereals and meat, commodities that will ensure Argentina's place in the sun of a food-poor world.

Regionally, Argentina is South America's second largest country in area and population, and probably has the best-trained manpower.

Argentina has long been Spanish South America's cultural leader, but its political and economic influence have been sapped by recurring instability. At the time of the March takeover of power by the present military government, violence was rampant and inflation (at 1,000 percent in March) out of control.

We were hopeful that the new government might be able to provide needed stability, and we welcomed



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ARGENTINA PROJECT (S200000044)
 U.S. DEPT. OF STATE, A/RPS/IPS
 Margaret P. Grafield, Director

Release Excise Deny

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 Date Declassify on Reason

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the lending of \$500 million by our private banks to Argentina. We also sought to normalize military ties which suffered as a result of Argentine trade with Cuba. There were also several pending investment disputes.

The new government's economic successes are undeniable, but the fight against terrorism has proved costly in human terms. Civil rights have suffered badly, with massive arrests, torture and unexplained killings and disappearances.

The United States is, therefore, caught between its desire to support Argentina's struggle for economic recovery, while disassociating ourselves from human rights abuses. Some observers want to see the United States sever military assistance, while others argue that this would stiffen right-wing repression in Argentina. Conscious of the extreme terrorism inherited by the government and aware of Videla's problems in establishing control over the various security forces, we have up to now acted cautiously, trying to avoid provoking the kind of nationalistic backlash we have produced in the past. Part of this approach has involved avoiding public condemnation and heavy overt pressure on a reputedly moderate President Videla, in the belief that such action would weaken his position vis-a-vis his hard-line subordinates.

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We have repeatedly pressed for human rights improvements behind the scenes, raising this matter at all levels of the Argentine government. On September 21, our Ambassador warned Videla that U.S. support in the Inter-American Bank was seriously endangered. The Argentines understood clearly that our economic actions in the IDB would probably be followed by termination of military assistance. Under such circumstances, human rights have become a key factor in our relations, a factor that is almost entirely dependent on Argentine practices toward its citizens.

ARA/ECA:FERondon:jc (December 9, 1976)

Concurrence:ARA/ECA:RWZimmermann

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