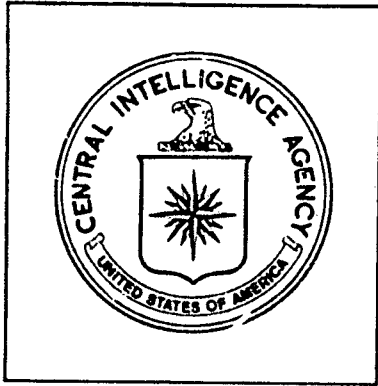


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# Latin American Trends

## STAFF NOTES

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3.5(c)

144

No. 0694-76  
April 7, 1976

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### LATIN AMERICAN TRENDS

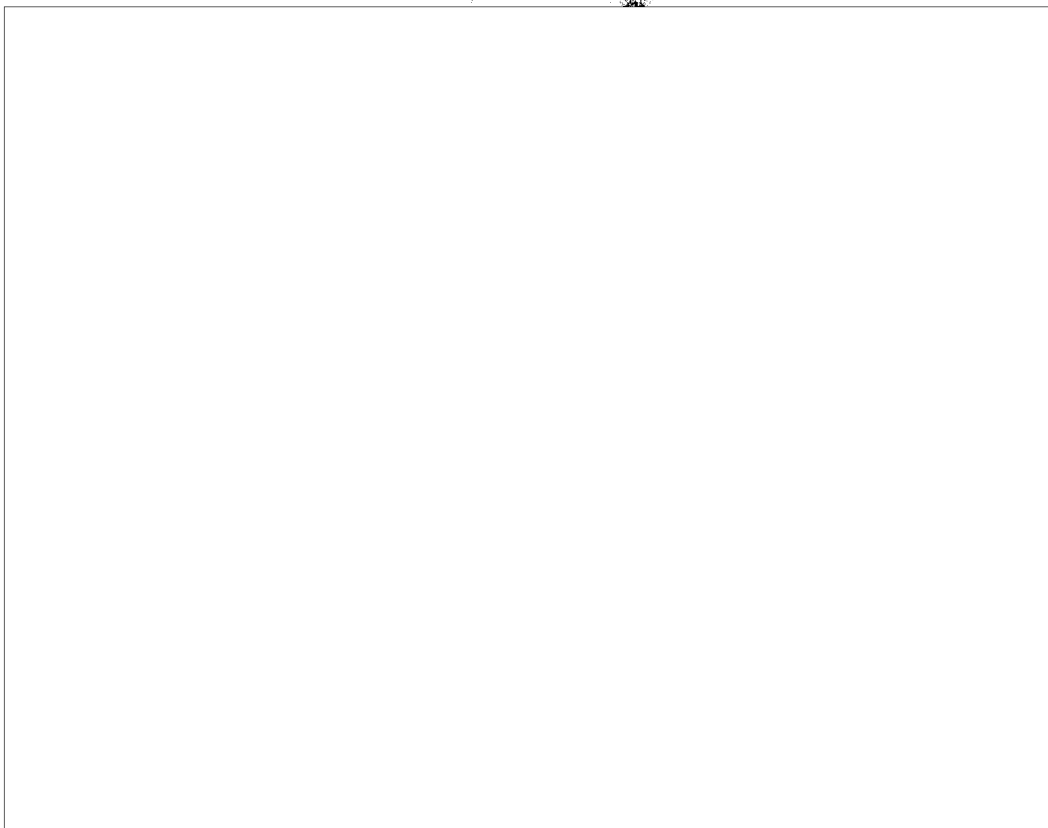
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### CONTENTS

April 7, 1976

Argentina: The Junta's Economic Plan . . . . 1

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-ii-  
~~S E C R E T~~

~~SECRET~~

3.5(c)

Argentina: The Junta's Economic Plan

Argentina's new economic plan is an invitation to domestic business and agriculture as well as foreign capital to line up behind the military junta. It is, however, a direct challenge to labor, which stands to lose its privileged position as the junta moves to restore economic order.

Economy Minister Martinez de Hoz described the program, the product of months of work, in a lengthy public address late last week. It calls for expansion of the private sector and a decrease of the state's role in economic activity. Some specific proposals provide for cuts in federal spending, tax breaks and other incentives for industry and agriculture, and measures to attract foreign capital.

The minister's sober presentation was designed to educate Argentines to specific ills resulting from poor planning and unbridled greed, and all susceptible to solution. The new plan is a bold attack on virtually all the problems at once. Some measures, notably freeing the foreign exchange rate, are already in effect.

The junta seeks to demonstrate that it will act quickly and comprehensively on the all-important economic front. The generals are clearly betting that they can produce an early, demonstrable success, for the benefit of both potential critics at home and prospective creditors and investors abroad.

Though not so presented, the new program constitutes a categorical negation of all aspects of Peronist economics. Wage limits and permission to raise prices as needed will check the ascendancy of organized labor, long the mainstay of Peronism. Cuts in federal spending are

April 7, 1976

-1-  
~~SECRET~~

~~SECRET~~

to trim the bureaucracy--long a source of Peronist patronage. Downgrading the role of the state in economic production is exemplified by the invitation to private firms to become more active in the energy exploration and development. The repeal of laws inhibiting foreign investment also runs counter to the Peronists' tendency to hew to a nationalistic line in this area.

3.5(c) While organized labor has the potential to disrupt the military's plans, the officers have taken steps to ensure compliance with their policies. Top labor leaders are under arrest or in exile; the major labor confederation and important labor unions are under government control. All strikes are illegal and stiff penalties face those who disrupt essential services or productive activities. The armed forces, alert to the possibility of leftist-inspired or other concerted opposition within labor, appear fully prepared to respond with force to provocations by workers.

April 7, 1976

-2-  
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