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South American Department Foreign & Commonwealth Office IONDON SW 1

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ARGENTINA, INTERNAL

As today's bag closes there is no event yet to carry further the story in my teleletter to you of 3 December. I was right to keep my nerve and go off to the Provinces, on the principle that everything here always happens later than one would expect. However, it looks as though the news may break over the weekend, so this letter is to give a little background to such ad hoc reporting as seems necessary.

- First, though it is clear that Viola is out, he has put up a remarkable fight about going and, in particular, has successfully resisted all attempts to make his departure dependent on the state of his health rather than on the Junta's action in dismissing him on political grounds. People who want to be publicly dismissed are looking to a future career and curriculum vitae. I think we must reckon that there is already the beginning of a "Violista" faction, likely to emerge as the incompetence and unpopularity of the next man builds up nostalgia for a time when things were not quite so bad. In this context it is interesting that Joe Martinez de Hoz has at last broken silence with the publication yesterday of his long-promised book, (I have read only the first few pages so far) which is also a swingeing attack on his successors. Perhaps there should be taken with this the fact that Videla emerged from self-imposed obscurity to visit Viola and then Army Headquarters earlier this week: but I do not know clearly enough what he was doing this for.
- 3. Secondly, it is very widely alleged that one of the reasons that the whole affair has been so protracted is that, like a good Caudillo, Viola has been sticking

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out for an adequate pay-off for all those members of his equipe who had been counting on the fruits of three years of office and may now only get eight months' worth. This shows an eye to the future also, but equally may well mean that the incomers will pay off as few and keep on as many as possible.

- 4. Thirdly, it is clear that, with the Air Force changing bosses and the Army covering itself rather conspicuously with scrambled egg, Anaya has emerged as a highly effective man who knows what he wants and can insist on it. The Navy's influence is well up to if not above the statutory one-third. Since it is the hardest of the services on Falklands and Beagle, this may not be good news for us politically. But since Anaya is distinctly of the Hayek school in economics, it may help in holding off interventionism and protection.
- 5. Finally, Enrique Ros, in a cocktail conversation last night, spoke confidently of the lunches we are to have in Geneva. He is, in fact, setting off on Monday. So, whether or not Camilion carries on (and all indications are that he will not) it seems that Enrique expects to keep his job, which is probably a good thing for us. However he may be a man without a boss and consequently without a brief when we meet next week.
- 6. I fear that, yet again, the Argentine military are showing their capacity to present the worst possible image to the world at once indecisive and arbitrary. As you will recall, I had great doubts about Viola being all he was cracked up to be, when I first met him before his public designation. I have even less confidence in Galtieri's little grey cells. I suspect that he is really a bogus hero (estilo Haig?) all gas and gaiters and, as such a little dangerously unpredictable.

Anthony Williams