

RELEASE IN FULL

~~CONFIDENTIAL~~

PAGE 01 BUENOS 05092 131612Z
ACTION ARA-16

INFO OCT-01 ADS-00 AID-07 INR-10 SS-15 CIAE-00 ICA-11
DODE-00 H-01 NSC-05 NSAE-00 HA-06 TRSE-00 PM-09
PA-01 SP-02 SPRS-02 /086 W
-----342322 132254Z /60

R 131545Z JUL 81
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC 0218
INFO USSOUTHCOM QUARRY HTS PN

~~CONFIDENTIAL~~ BUENOS AIRES 5092

E.O. 12065: RDS-1 7/13/00 (SHLAUDEMANN, HARRY W.) OR-M
TAGS: PINT, PINS, AR
SUBJECT: CONVERSATION WITH PRESIDENT VIOLA

1. (C-ENTIRE TEXT).

2. ON JULY 7 I MET FOR ABOUT AN HOUR WITH PRESIDENT VIOLA
IN HIS RESIDENCE AT MY REQUEST. VIOLA SEEMED SOMEWHAT
DESPONDENT, LACKING HIS USUAL BOUNCE, PERHAPS IN PART
BECAUSE OF WHAT TO ALL APPEARANCES WAS A SEVERE HEAD COLD.

3. I ASKED ABOUT THE RUMORED INSTABILITY OF HIS GOVERNMENT.
VIOLA SAID THERE ARE THOSE WHO WOULD LIKE TO DESTABILIZE IT,
BUT IN FACT HIS GOVERNMENT IS STABLE. HE SAID THERE ARE
TWO WAYS TO REMOVE HIM FROM POWER. THE JUNTA COULD RELIVE
HIM. BUT THE NAVY AND THE AIR FORCE WERE ALARMED BY
GALTIERI'S UNILATERAL CLOSING OF THE CHILEAN FRONTIER
AND WOULD NOT GO ALONG WITH SUCH A MOVE. THOSE SERVICES
WOULD ALSO NEVER AGREE TO GALTIERI RETAINING HIS
POST AS ARMY CINC WHILE ASSUMING THE PRESIDENCY;
AND THE GENERAL WOULD NOT AT THIS POINT GIVE UP THE
ARMY COMMAND. THE OTHER WAY TO REMOVE HIM WOULD
BE A COUP D'ETAT BY THE ARMY. BUT THE ARMY IS BY
NO MEANS UNITED AGAINST HIM. IN THE CIRCUMSTANCES

~~CONFIDENTIAL~~~~CONFIDENTIAL~~

PAGE 02 BUENOS 05092 131612Z

THE GOLPISTAS WOULD NOT RISK IT.

4. ON THE ECONOMY THE PRESIDENT SAID THAT THE
COUNTRY IS NOW PAYING FOR PAST ERRORS, REFERRING TO
THE POLICIES OF MARTINEZ DE HOZ. HE ASSERTED THAT
BEYOND BRINING THE PESO INTO A REASONABLE RELATIONSHIP
WITH THE DOLLAR THERE WOULD BE NO RETURN TO PROTECTINISM
AS FOREIGN BANKERS AND OTHERS SEEMED TO FEAR. THE KEY
PROBLEM NOW IN HIS VIEW ARE HIGH INTEREST RATES AND
THESE MUST BE BROUGHT DOWN. (COMMENT: FOREIGN

REVIEW AUTHORITY: Marvin Russell, Senior Reviewer
--

MINISTER CAMILION, WHO SEEMS TO HAVE GROWING INFLUENCE WITH VIOLA, IS PRESSING STRONGLY WITHIN THE GOVERNMENT FOR SELECTIVE SUBSIDIZATION OF INTEREST RATES.) VIOLA SAID HIS ADMINISTRATION INHERITED THE CURRENT BUDGET AND THAT THERE IS NOT MUCH HE CAN DO TO REDUCE GOVERNMENT SPENDING BEFORE NEXT YEAR. HE THOUGHT HE STILL HAD SOME BREATHING ROOM ON THE LABOR FRONT BUT ACKNOWLEDGED THAT SOCIAL PRESSURES ARE BUILDING.

5. I REVIEWED THE STATUS OF THE EFFORT TO REPEAL THE HUMPHREY-KENNEDY AMENDMENT. THE PRESIDENT REPEATED THE FOREIGN MINISTRY LINE THAT IT WOULD BE BETTER THAT THE AMENDMENT STAY ON THE BOOKS THAN TO HAVE LEGISLATION CONTAINING LANGUAGE "INJURIOUS" TO ARGENTINA. VIOLA SAID HE VALUES HIGHLY THE FRIENDSHIP OF THE REAGAN ADMINISTRATION, NOTING THAT OUR PRESIDENT IS TAKING POLITICAL RISKS TO IMPROVE RELATIONS. FOR THAT VIOLA WAS MOST GRATEFUL.

6. COMMENT: VIOLA'S DESCRIPTION OF THE CONSTRAINTS OPERATING ON THOSE IN THE MILITARY WHO MIGHT WANT TO BRING HIM DOWN STRIKES ME AS ACCURATE. BUT THE FACT THAT HE SEES HIMSELF AS SURVIVING ON THAT BASIS
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BUENOS 05092 131612Z

IS HARDLY ENCOURAGING. THE COMMON VIEW HERE AT THE MOMENT IS THAT VIOLA STILL HAS SOME ROOM TO PROVE HIMSELF BUT THAT HE MUST SHOW RESULTS ON THE ECONOMIC FRONT WITHIN THE NEXT FEW MONTHS IF HE IS TO STAY IN OFFICE.
SHLAUDEMAM

CONFIDENTIAL

N WZCZ