



House of Lords

Prime Minister

CDP
25/4-

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ARGENTINA

I have had a fairly gloomy impression of the present political situation in Buenos Aires. One of my banking friends reports that the situation is deteriorating rapidly economically, politically and socially.

After Alfonsin's visit to the United States the Americans are convinced that there is no economic plan simply because the only sensible solutions are dashed by Alfonsin's radical ideology. Alfonsin appears to be surrounded by people who insist that by joining with the new Peruvians, and perhaps with the new Brazilians, pr-ssure can be brought on the International Monetary Fund. Inflation in April alone will be at least 80% and the Peso has devalued sharply again.

It appears that Alfonsin is trying to get mob support for the political trials against the military while political or terrorist kidnappings are beginning again.

I suppose this can have serious repercussions on the international financial scene if not controlled.

Hugh Thomas

April 24th, 1985