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TELEGRAM NO 1294 OF 15 APRIL  
INFO BIS NEW YORK, UKMIS NEW YORK



M.I.P.T.  
FALKLANDS: US PRESS: ARGENTINIAN ECONOMY

TODAY'S U S PRESS CONTAINS 2 ARTICLES ORIGINATING IN BUENOS AIRES, ON RECENT DEVELOPMENTS IN THE ARGENTINIAN ECONOMY. THE FOLLOWING ARE EXCERPTS.

(A) JOURNAL OF COMMERCE (JEREMY MORGAN)

BEGINS

AMID GROWING FEARS OF A FINANCIAL CRISIS IN ARGENTINA, IN LARGE PART RESULTING FROM THE CONFRONTATION WITH THE UNITED KINGDOM OVER THE FALKLAND ISLANDS, ECONOMY MINISTER ROBERTO ALEMANN IS UNDERSTOOD TO BE STUDYING SEVERAL MEASURES TO STEADY THE BANKING SYSTEM.

BUENOS AIRES WEDNESDAY WAS RIFE WITH RUMOURS, BUT ONE OF THE MORE SERIOUS SUGGESTIONS HEARD IN FINANCIAL CIRCLES WAS THAT THE MINISTER PROBABLY WOULD HAVE TO ACT WITHIN THE NEXT 48 HOURS. ONE POSSIBILITY, SOURCES ADDED, WAS THAT BANKS MIGHT BE CLOSED FRIDAY.

SOME 10 PERCENT OF THE TIME DEPOSITS IN PESOS ARE BEING WITHDRAWN FROM THE BANKS AS THEY MATURE, ACCORDING TO PRIVATE ARGENTINE BANKERS IN NEW YORK. DEPOSITS IN DOLLARS ARE BEING WITHDRAWN IN THEIR ENTIRETY AS THEY MATURE, ACCORDING TO THE SAME SOURCES.

IN THE MIDDLE OF A LIQUIDITY CRISIS, IT IS SAID THAT AT LEAST DOLLARS 400 MILLION WORTH OF DEPOSITS HAVE BEEN WITHDRAWN FROM THE BANKS IN ARGENTINA SINCE THE FALKLANDS CRISIS BEGAN LESS THAN TWO WEEKS AGO.

HOWEVER, AMID RUMORS THAT SEVERAL FINANCE HOUSES MIGHT BE ON THE VERGE OF COLLAPSE, THE CENTRAL BANK WAS REPORTED TO HAVE PUMPED BILLIONS OF PESOS INTO THE FINANCIAL SYSTEM. THE AUTHORITIES HAVE BEEN RAISING PESOS TO SUPPORT THESE OPERATIONS BY SELLING ARGENTINE TREASURY BONDS, BUT THERE ARE DOUBTS ABOUT THE CONTINUED SALVABILITY OF THESE. THERE IS NOW CONCERN THAT THE GOVERNMENT WILL HAVE LITTLE OPTION BUT TO RESORT TO THE PRINTING PRESSES IN ORDER TO PAY ITS BILLS.

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B) NEW YORK TIMES (EDWARD SCHUMACHER)

/ BEGINS

BEGINS

... SKITTISHNESS AMONG INVESTORS HERE IS GROWING EVERY DAY. TELEVISION ADVERTISEMENTS THROUGHOUT THE DAY EXHORT PEOPLE NOT TO SPECULATE IN THE BLACK MARKET FOR DOLLARS, OR TO MOVE THEIR FUNDS OVERSEAS. SO FAR, THE BLACK MARKET FOR DOLLARS HAS BEEN SMALL, AND BANKERS SAY THAT EXPORTS OF CAPITAL HAVE NOT BEEN GREAT.

THE SPATE OF RUNS ON BANKS HERE HAS CAUSED A LACK OF LIQUIDITY, FORCING MANY BANKS TO DIP INTO THEIR FOREIGN RESERVE HOLDINGS TO PAY OFF DEPOSITORS.

MANY NON-BRITISH BANKS HAVE BEEN RESPONDING TO THE PLEAS OF ARGENTINE OFFICIALS TO MOVE THE LOANS FROM THEIR BRITISH BRANCHES TO ELSEWHERE, BANKERS HERE SAID, ALLOWING THE LOANS TO BE REPAYED.

AT THE SAME TIME, ARGENTINA'S CENTRAL BANK IS BEING FLEXIBLE IN THE REPAYMENT OF SOME BRITISH LOANS. ONE BUSINESSMAN SAID THAT HE WAS ALLOWED TO MAKE A PAYMENT TO A SWISS COMPANY THAT WAS HALF-OWNED BY HIS BRITISH CREDITOR.

ONE CLEAR AFFECT OF THE CRISIS IS THAT IT HAS UNDERMINED MR. ALEMANN'S PROGRAM TO BRING DOWN INFLATION AND RESTRUCTURE ARGENTINA'S ECONOMY UNDER FREE-MARKET PRINCIPLES. HE HAS ALREADY INSTITUTED EXCHANGE CONTROLS.

THE BILLIONS OF DOLLARS BEING SPENT ON THE MILITARY ACTION TO SEIZE THE FALKLANDS HAVE ALSO UNDERCUT ATTEMPTS TO BALANCE THE BUDGET AND CUT THE STATE DEFICIT.

THE FOREIGN MINISTER HAS INSISTED THAT HE WOULD SEEK TO MAINTAIN HIS BUDGET PROJECTIONS. BUT ECONOMIC OFFICIALS ARE REVIEWING ALL MAJOR PUBLIC WORK PROJECTS, MANY OF WHICH ARE BEING CONSTRUCTED BY FOREIGN COMPANIES.

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