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FROM

FM (b)(3):10 USC 424

TO

TO RUEKJCS/DIA WASHDC

CONTROLS

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SERIAL: (U) IIR (b)(3):10 USC 424

/***** THIS IS A COMBINED MESSAGE *****/

BODY

(b)(3):10 USC 424

COUNTRY: (U) **ARGENTINA (AR)**.

SUBJ: IIR [REDACTED] CONTROVERSY CONTINUES TO SURROUND THE MILITARY BUDGET FOR 1995 (U)

WARNING: (U) THIS IS AN INFORMATION REPORT, NOT FINALLY EVALUATED INTELLIGENCE. REPORT CLASSIFIED

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- DEPARTMENT OF DEFENSE

DOI: (U) 940922.

REQS: (U) (b)(3):10 USC 424

(b)(3):10 USC 424

(b)(1);(b)(3):10 USC 424;1.4 (c)

SUMMARY: (C) THE CHIEF OF STAFF OF THE ARGENTINE ARMY IS CONTINUING HIS EFFORTS TO WIN MORE MONEY FROM THE ADMINISTRATION. IMMEDIATE GOALS ARE SALARY INCREASES AND FUNDS TO IMPLEMENT THE ALL-VOLUNTEER FORCE IN 1995. TEXT: 1. (U) THE MILITARY LEADERS, LED BY LIEUTENANT GENERAL **MARTIN ANTONIO ((BALZA))**, THE CHIEF OF STAFF OF THE ARMY, HAVE BEEN IN THE NEWS RECENTLY AS THEY CONTINUE TO ARGUE FOR MORE MONEY IN THE MILITARY BUDGET FOR 1995. THE THREE SERVICE CHIEFS, ALONG WITH THE CHIEF OF THE JOINT STAFF AND THE MINISTER OF DEFENSE, ARE TRYING TO SECURE SUFFICIENT MONEY IN NEXT YEAR'S BUDGET TO PERMIT SALARY INCREASES AND TO PROPERLY IMPLEMENT AN ALL-VOLUNTEER FORCE.

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2. (U) THE BUDGET FOR 1995 HAS ALREADY BEEN SENT TO CONGRESS ON TIME AND WITHOUT A PROVISION FOR A MILITARY SALARY INCREASE SINCE THE MILITARY'S INITIAL BUDGET REQUEST WAS DENIED BY THE MINISTER OF THE ECONOMY AND THE PRESIDENT. HOWEVER, THE PRESIDENT DID LEAVE ROOM FOR FURTHER DISCUSSIONS. SEE IIR [REDACTED] FOR [REDACTED] INFORMATION ON THE INITIAL BUDGET REQUEST.

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3. (U) THE THREE SERVICE CHIEFS, THE CHIEF OF THE JOINT STAFF AND THE MINISTER OF DEFENSE MET WITH THE PRESIDENTS OF THE CONGRESSIONAL DEFENSE COMMISSIONS AND THEIR SENIOR ADVISORS ON 940920 TO DISCUSS THE MILITARY'S FINANCIAL SITUATION. AT THIS MEETING, THE MILITARY LEADERS WERE TOLD THAT THE CONGRESSIONAL COMMITTEES UNDERSTAND THE TERRIBLE FINANCIAL SITUATION OF THE ARMED FORCES AT THE PRESENT TIME AND THEY PLEDGED TO LOOK FOR WAYS TO HELP. THE DAY AFTER THIS MEETING, THE MILITARY LEADERS AGAIN SPOKE WITH THE MINISTER OF THE ECONOMY TO FURTHER EXPLAIN THEIR CONCERNS. THIS SECOND MEETING RESULTED IN A STUDY GROUP BEING FORMED TO LOOK FOR WAYS TO IMPROVE THE MILITARY'S FINANCIAL SITUATION, WITHOUT INCREASING THE 1995 BUDGET. THIS GROUP HELD ITS FIRST MEETING ON 940922.

4. (U) THE ECONOMY MINISTER IS TALKING ABOUT A FIVE-YEAR PLAN TO GRADUALLY BRING MILITARY SALARIES IN LINE WITH OTHER GOVERNMENT AGENCIES. THIS APPROACH HAS NOT BEEN RULED OUT BY THE MILITARY AS LONG AS IT INCLUDES AN IMMEDIATE INCREASE IN SALARIES. [REDACTED]

(b)(3):10 USC 424;(b)(3):50 USC 3024(i)

5. (U) [REDACTED] THAT THE ALL-VOLUNTEER FORCE CANNOT BE PROPERLY IMPLEMENTED WITHOUT INCREASING THE MILITARY BUDGET FOR 1995. THE PROPOSED BUDGET DOES NOT PROVIDE SUFFICIENT MONEY TO PAY RECRUITS A FAIR SALARY WHILE PROVIDING APPROPRIATE INCREASES FOR THE OTHER RANKS. IT IS NOT VIABLE TO PLAN TO PAY NEW RECRUITS THE SAME AMOUNT OF MONEY THAT A CORPORAL IS CURRENTLY EARNING AND EXPECT THE SYSTEM TO WORK. AT THE PRESENT TIME, MANY OFFICERS AND NCO'S HAVE SECOND JOBS TO SUPPLEMENT THEIR MEAGER MILITARY PAY AND TO DO THIS THEY WORK A HALF DAY AT EACH JOB. AN ALL-VOLUNTEER FORCE WILL REQUIRE THE CADRE TO BE PRESENT ALL DAY AND EFFECTIVELY RESULT IN A PAY LOSS FOR THE CHAIN OF COMMAND. TO OFFSET THIS PROBLEM, AN APPROPRIATE SALARY

INCREASE MUST BE IMPLEMENTED TO ELEVATE MILITARY PAY TO A LEVEL COMMENSURATE WITH OTHER GOVERNMENT/CIVILIAN POSITIONS AND TO ELIMINATE THE NEED FOR SECOND JOBS.

6. (U) THERE HAVE BEEN REPORTS AND RUMORS THAT THE ARMED FORCES ARE IN A "STATE OF DELIBERATION" AND THAT THE CHIEFS OF THE SERVICES, ESPECIALLY THE CHIEFS OF THE ARMY AND THE JOINT STAFF, HAVE MADE THREATS TO RESIGN OVER THIS ISSUE. (b)(3):10 USC 424 A "STATE OF DELIBERATION" DESCRIBES A SITUATION IN WHICH THE MILITARY ISOLATES ITSELF AND HOLDS HIGH LEVEL MEETINGS TO DETERMINE A COURSE OF ACTION, NORMALLY AGAINST THE GOVERNMENT). THE CHIEF OF STAFF OF THE ARMY ALSO WAS ACCUSED OF TELLING THE PRESIDENT AND THE MINISTER OF THE ECONOMY THAT IF THERE WAS NO PAY RAISE FOR THE MILITARY NEXT YEAR, THERE WOULD BE "POLITICAL REPERCUSSIONS". THE CHIEF OF STAFF OF THE ARMY CATEGORICALLY DENIES ALL OF THESE RUMORS. HE PROCLAIMS TO BE A MILITARY OFFICER WHO WILL DO WHAT THE CIVILIAN AUTHORITIES TELL HIM TO DO. IF THERE ARE NO ADJUSTMENTS IN THE BUDGET FOR NEXT YEAR, HE WILL IMPLEMENT THE NEW ALL-VOLUNTEER FORCE WITH WHAT HE IS GIVEN.

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PROJ: (U).

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