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DIA:
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(b)(3):10 USC 424

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SUBJ: THIS IS (b)(3):10 USC 424 (U)

1. (U) COUNTRY: ARGENTINA (AR)
2. (U) REPORT NUMBER: (b)(3):10 USC 424
3. (U) TITLE: MILITARY POLITICAL - GOA CONCERNS OVER INFLATION AND BEAGLE CHANNEL DISPUTE
4. (U) PROJECT NUMBER: N/A
5. (U) DATE OF INFORMATION: 781205
6. (U) DATENDF REPORT: 781207
7. (U) DATE AND PLACE OF ACQUISITION: 781205, BUENOS AIRES, AR
8. (U) REFERENCE: (b)(3):10 USC 424 CONTINUES, (b)(3):10 USC 424 CONTINUES
9. (U) ASSESSMENT: (b)(3):10 USC 424

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10. (U) ORIGINATOR: (b)(3):10 USC 424

11. (U) REQUEST EVALUATION: OMIT

12. (U) PREPARING OFFICER: (b)(3):10 USC 424

AIRA

13. (U) APPROVING AUTHORITY:

(b)(3):10 USC 424

14. (U) SOURCE: (b)(3):10 USC 424

15. (U) SPECIAL INSTRUCTIONS: DIRC-NO; NSFORM TO (b)(3):10 USC 424

16. (C/NSFORM) SUMMARY: THIS REPORT (b)(1);1.4 (c)
GOA CONCERNS AND APPROACHES TO SOLVING WHAT SEEM TO BE THE TWO
MAIN TOPICS IN THE COUNTRY TODAY: INFLATION AND THE BEAGLE
CHANNEL DISPUTE WITH CHILE. ALTHOUGH INFLATION, FOR NOW,
SEEMS TO RELEGATE PRIORITY TO CHANNEL DISPUTE, FUTURE CONCERNS
FOR ARGENTINA SEEM TO BE THOSE OF PRESSURE FOR CHANGE IF QUICK
WORKABLE SOLUTIONS ARE NOT FOUND TO ALLEVIATE "MAN ON THE
STREET" PLIGHT OVER EVER INCREASING COSTS.

22. (C/NSFORM) DETAILS:

A. (C) (b)(1);1.4 (c)

(b)(1);1.4 (c)

(b)(1);1.4 (c)

(b)(1);1.4 (c) DID NOT WAIT LONG TO ELABORATE THE ARGENTINE POSITION
VIS-A-VIS THAT OF CHILE CONCERNING THE ON-GOING BEAGLE CHANNEL
DISPUTE BETWEEN THE TWO COUNTRIES. (b)(1);1.4 (c) WHO CLAIMED TO HAVE
HAD DINNER WITH OLD CLASSMATE (b)(1);1.4 (c)
(ARMY) THE PRECEDING EVENING, IDENTIFIED HIGH RATE OF INFLATION
CONFRONTING THE COUNTRY AND BEAGLE CHANNEL DISPUTE WITH CHILE.
AS THE TWO MAIN TOPICS OF GOA CONCERN, PERTAINING TO THE
GALLOPING INFLATION, (b)(1);1.4 (c) HAD
VERY RECENTLY CONFERRED WITH PRESIDENT VIDELA ON THAT KEY
ISSUE AND VIDELA'S REPOSENSE WAS THAT BIG STRIDES HAD BEEN MADE
RECENTLY IN PAYMENT OF NATIONAL DEBT. THAT 10-BILLION (US)
DOLLAR DEBT HAD BEEN GREATLY REDUCED BY ONE-THIRD UPON
ARGENTINA'S PAYMENT OF APPROXIMATELY 3-BILLION (US) DOLLARS TO
CREDITORS LAST YEAR. (b)(1);1.4 (c) THE
BROUGHT TO THE PRESIDENT'S ATTENTION THE FACT THAT THE GENERAL
PUBLIC IS NOT SO MUCH CONCERNED ABOUT -AND IS PERHAPS EVEN
UNAWARE OF -THE GOA BALANCE OF PAYMENT OR FOREIGN DEBTS.
THE PUBLIC CONCERN - A GROWING ONE - IS HOW ARGENTINE LOW-
INCOME FAMILIES ARE TO COPE AND EVEN SURVIVE IF INFLATION
IS NOT CURBED. PRESSURE ON VIDELA, (b)(1);1.4 (c) IS FOR GETTING
RID OF FINANCE MINISTER MARTINEZ DE HOZ IF SOME QUICK RESULTS
ARE NOT BROUGHT ABOUT.

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B. (TC/NOFORN) AS FAR AS THE BEAGLE CHANNEL DISPUTE WITH CHILE GOES, (b)(1);(b)(3):10 USC 424;Sec. 1.4(c) THAT 781212 AND SHORTLY THEREAFTER WILL BE CRITICAL TO BOTH GOVERNMENTS. GOA CANNOT ACCEPT ANYMORE GOC DELAYS TO CHANNEL QUESTION WITH FORECAST BEING (HIS VIEWS) THAT A CONFLICT IS, FOR NOW, UNAVOIDABLE. IF GOA-GOC MEETING PROVES A FAILURE, UNSURMOUNTABLE PRESSURE TO GOA WILL BE FOR MILITARY ACTION AGAINST GOC. SPECIFICALLY, (b)(1);1.4 (c) ELABORATED, GOA WILL LAUNCH ACTION TO TAKE FOUR (UNSPECIFIED) BEAGLE CHANNEL VICINITY ISLANDS. GOA, (b)(1);1.4 (c) HAS NOW SOUTHERN AREA OF COUNTRY MILITARIZED WITH MEN "IN TENTS" (TIENOS DE CAMPANA) AND SUCH SITUATION WAS NOW CREATING DIFFICULTY TO GOA. (b)(1);1.4 (c) THAT MORE PERSONNEL ARE NOW BEING CALLED TO ACTIVE SERVICE WITH SOME AUSTRAL (ARGENTINA CIVIL AIRLINE) TECHNICIANS AND PILOTS BEING RECALLED TO ACTIVE MILITARY SERVICE WITH AEROLINEAS (STATE LINE) PERSONNEL ON STANDBY. UPON (b)(1);1.4 (c) ABOUT WHAT ARE THE SO-CALLED PRESSURES FOR VICELA TO OPT FOR A MILITARY SOLUTION TO THE BEAGLE CHANNEL QUESTION, (b)(3):10 USC 424;1.4 (c) THE ORDER, IN INCREASING INTENSITY, WOULD BE SUAREZ/MASON, VAGUERO AND MENENDEZ (ARGENTINE ARMY I, V, AND III CORPS COMMANDERS, RESPECTIVELY).

(TC/NOFORN) COMMENT: (b)(1);1.4 (c)

(b)(1);1.4 (c) IN PAST,

(b)(1);1.4 (c)

PREVAILING ARGENTINE MILITARY "COMMON" VIEWS CONCERNING BEAGLE CHANNEL DISPUTE, (b)(1);1.4 (c) OF WHO THE NEXT ARGENTINE AIR FORCE COMMANDER IN CHIEF WOULD BE (ANNOUNCED TODAY AS GENERAL OSSES, (b)(3):10 USC 424

(b)(1);1.4 (c) GENERAL GRAFFIGNA. NEVERTHELESS, (b)(1);1.4 (c) CONSIDERS

(b)(1);1.4 (c) VIEWS AS REFLECTING GOOD INSIGHT TO ARGENTINA'S POSITION AND FUTURE ACTIONS AS REGARDS THE BEAGLE CHANNEL DISPUTE. THIS MSG COORD W/AMEMBASSY.

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