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REPORT

OF A

STUDY MISSION TO COLOMBIA, ECUADOR,
PERU, CHILE, ARGENTINA, AND BRAZIL
AUGUST 9 TO 23, 1977

TO THE

COMMITTEE ON
INTERNATIONAL RELATIONS
U.S. HOUSE OF REPRESENTATIVES



FEBRUARY 21, 1978

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(II)

FOREWORD

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, D.C., February 21, 1978.

This report has been submitted to the Committee on International Relations by Hon. Gus Yatron, Hon. Dante B. Fascell, Hon. E. (Kika) de la Garza, Hon. Paul Findley, Hon. J. Herbert Burke, Hon. Benjamin A. Gilman and Hon. Robert J. Lagomarsino of the Committee on International Relations, and Hon. Robert N. Giaimo of the Committee on the Budget, and Hon. John T. Myers of the Committee on Appropriations, who undertook a study mission to six South American countries between August 9 and 23, 1977.

The findings in this report are those of the study mission and do not necessarily reflect the views of the membership of the Committee on International Relations.

CLEMENT J. ZABLOCKI, *Chairman.*

(III)

LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, D.C., February 21, 1978.

DEAR MR. CHAIRMAN: I enclose a report of a study mission to Colombia, Ecuador, Peru, Chile, Argentina, and Brazil from August 9 to August 23, 1977, which I conducted with Representatives Dante B. Fascell, E (Kika) de la Garza, Paul Findley, J. Herbert Burke, Benjamin A. Gilman, Robert J. Lagomarsino, of the Committee on International Relations, Robert N. Giaimo of the Committee on the Budget, and John T. Myers of the Committee on Appropriations.

The report summarizes discussions held with government and U.S. Embassy officials, religious and business leaders, and private citizens. The issues ranged from the political, economic, and social situation in each country to relations with the United States.

We believe this account of the good will and factfinding mission will be helpful to Members of Congress and others interested in U.S. relations with the countries of Latin America. Every effort has been made to avoid drawing conclusions in the text.

The subcommittee would like to thank Barry Sklar, specialist in Latin American Affairs with the Congressional Research Service, Library of Congress, who accompanied the delegation and assisted in the preparation of this report.

Your comments and those of any of our colleagues will be most welcome.

Respectfully submitted,

GUS YATRON,
Chairman, Subcommittee on Inter-American Affairs.

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INTRODUCTION

The reestablishment of the House International Relations Subcommittee on Inter-American Affairs in the 95th Congress, closely paralleled expressions of renewed concern for the Americas by the new administration. After consultation with administration officials, including Secretary of State Cyrus R. Vance, the subcommittee determined the need to personally meet with leaders of several South American countries in fulfilling its responsibility to actively oversee U.S. policy toward the nations of Latin America.

The purpose of the study mission was twofold: to observe firsthand the political, economic, and social situation in each country and the relationships of these factors to U.S. policy; and to emphasize good will and the desire for partnership, between the United States and the individual countries visited. The members of the delegation were Representatives Gus Yatron (Chairman), Dante B. Fascell, E (Kika) de la Garza, Paul Findley, J. Herbert Burke, Benjamin A. Gilman, Robert J. Lagomarsino, of the Committee on International Relations, Robert N. Giaimo, of the Committee on the Budget, and John T. Myers, of the Committee on Appropriations.

The text of the report consists of discussion summaries based on notes, and therefore should not be considered a verbatim transcript. Every effort has been made to avoid conclusions in the body of the report. Accompanying the subcommittee were members of the Select Committee on Narcotics Control and Abuse, who issued their own report.

(1)



COLOMBIA

During the delegation's stay in Colombia, the members had the opportunity to discuss issues of concern with President Lopez Michelsen, members of the Colombian Congress serving on the House of Representative Committees on Economic Affairs, and Foreign Affairs and National Defense, Cardinal Anihal Muñoz Duque, Archbishop of Bogota, and members of the U.S. Embassy staff.

The Colombians, judging from the delegation's talks, are very proud of their democratic system and of the fact that Colombia is one of the few democracies in Latin America. Some of the officials with whom the delegation met interpreted the visit as an indication of close congressional support for Colombian democracy. "It is a very good thing that we have this Congressional mission from the United States," President Lopez told the delegation. The Colombians consider themselves close friends of the United States, although they follow an independent and open foreign policy.

The nation is in the initial stages of the 1978 election campaign, the first time in 20 years that an election will take place outside of the National Front System.¹ It was mentioned in one discussion that the Colombian military has been and will continue to be very supportive of the democratic system. The nation is no longer threatened by a serious insurgency problem as it was a few years ago, although three major insurgent groups still exist.

The economic situation emerged as the most frequently mentioned domestic issue. In general, the state of the Colombian economy has improved considerably since 1967 when a major policy change shifted emphasis toward export-oriented growth and away from import substitution. The economy today, however, is plagued by high inflation attributed by President Lopez and others to the coffee market. Annual earnings from coffee production are approximately \$1 billion, but contributed to inflation because of related increases in the money supply. To date, the Government has been unable to control the supply. The delegation was told that Colombia probably will end the year with an annual inflation rate of about 30 percent. President Lopez said that Colombia had expected an annual rate of about 20 percent, but severe drought had necessitated the importation of sugar, traditionally a Colombian export. President Lopez spoke of inflation as a worldwide problem, the solution of which would require international cooperation.

Colombian oil imports also were cited as contributing to inflation. President Lopez said that Colombia is seeking alternate energy sources and expects to be a coal exporter in a few years.

¹ The National Front System was established in 1958 by the leaders of the Liberal and Conservative Parties and the military to end the political violence which had plagued the country and had taken an estimated 160,000 to 300,000 lives between the mid-1940's and 1958. Under the system, political power has been equally shared and control of the Presidency has alternated between the Liberal and Conservative Parties.

In the delegation's meeting with the Committee on Economic Affairs, Committee Chairman William Jaramillo explained the new tax reform law which the committee was instrumental in developing. The object of the law is to redistribute the tax burden, relieving lower income groups and placing a greater obligation on the wealthy.

On the bilateral level, narcotics was the most frequently raised subject of conversation. (A detailed report on this aspect of the mission is being issued by the House Select Committee on Narcotics Abuse and Control.) Coca production in Colombia is central to the narcotics problem in the United States. Seventy percent of the cocaine seized in the United States originates in Colombia where the coca plant is grown and processed. Several members of the delegation expressed their gratitude for the cooperation and support of the Lopez government in combating illicit narcotics. President Lopez is establishing a highly trained, well-paid, elite organization to combat the drug traffickers. In Colombia, the narcotics problem is directly linked to corruption and lack of confidence in public officials, and is considered a major cause of inflation.² In addition, most of the 45 Americans serving prison sentences in Colombia are being held on drug-related charges.

The subject of the Panama Canal negotiations was among the issues raised in discussions with President Lopez, and in talks with the Committee on Foreign Affairs and National Defense, chaired by Representative Miguel Duran. President Lopez expressed support for the negotiation of a new treaty as did several members of the Colombian Foreign Affairs Committee. The President, in answer to a question from a member of the delegation, said that rejection of a new treaty by the U.S. Senate would provoke negative reaction in some Latin American countries. President Lopez acknowledged that most of the countries would have to pay higher tolls after control reverted to Panama. Members of the delegation, during the meeting with the Foreign Affairs Committee, expressed differing views on the canal issue, giving the Colombian Congressmen firsthand exposure to the divergence of opinion on this question within the U.S. Congress.

On Latin American international relations, President Lopez, in response to a question, cited several potentially unstable situations including increasing tensions between Peru and Chile and the problem of an outlet to the sea for Bolivia.³

The issue of the Carter administration's human rights policy was raised briefly in the discussion with President Lopez as he linked to the initiatives, the recent announcement of a plan to return Uruguay to civilian government. During the delegation's meeting with Cardinal Muñoz, His Eminence expressed gratitude to the United States for its championing of human rights in Latin America. Discussion of the narcotics problem dominated the brief meeting with the Cardinal.

² Narcotics is responsible for approximately \$1 billion entering Colombia and contributes to the foreign exchange bonanza which has created tremendous inflationary pressures. The Colombian Government's attempts to control inflation are severely hampered by this increase in money supply which is not officially integrated into the fiscal system.

³ The settlement of the War of the Pacific between Chile and Bolivia in April 1884, resulted in Bolivia becoming a land-locked country. Chile remained in de facto control of the Bolivian portion of the Atacama Desert. Under terms of the final peace treaty of 1904, Chile agreed to build a railroad from Arica to La Paz in return for Bolivia's final cession of the Atacama Desert and littoral.

The U.S. Agency for International Development (AID) has been active in Colombia. Its projects, however, are now being phased out over the next 2 years, at the request of the Colombian Government. Two years ago, Colombia notified the United States that it was no longer in need of bilateral economic assistance. Colombia is obtaining more favorable terms from international lending institutions such as the World Bank and the Inter-American Development Bank. The delegation's itinerary included inspection of two small AID-funded projects on the outskirts of Bogota. The first was a small-scale ceramics plant (Ceramicas Cavaso Ltda.) and the second (Las Delicias), a small candy factory. Each employs 12 workers and produces goods for domestic consumption. AID loaned funds to the Government's Popular Finance Corporation which in turn funded these two activities.

The U.S. Information Agency is promoting Colombian-United States friendship through programs such as Binational Centers (of which there are 10 throughout the country) where 6,000 Colombians take part in English language courses and cultural activities, and the Voice of America.

ECUADOR

The delegation's talks in Ecuador were marked by an exceptional frankness. Vice Adm. Alfredo Poveda Burbano, head of the ruling Supreme Council, Cabinet Ministers, high-ranking military officers, and others freely expressed their major concerns regarding U.S. policy toward Ecuador. These officials openly discussed their views concerning Ecuadorean national defense, the 1974 Trade Act exclusion of Ecuador from the U.S. Generalized System of Preferences (GSP), differences over the fishing rights issue, bilateral and multilateral economic assistance and the overall economic relationship with the United States.

On the domestic side, members of the delegation were impressed with the emphasis that the Ecuadorean leaders placed on their objective to return the country to civilian rule in 1978. The Poveda-led junta has been in power since January 1976 when it removed the government of Gen. Rodriguez Lara. The Rodriguez Lara government overthrew the elected regime of President Velasco Ibarra in February 1972. Popular political participation in Ecuador has remained limited since 1970, when Velasco suspended the National Assembly.

Although many Ecuadoreans find fault with the policies of the military government, it is widely acknowledged that the military has ruled with a relatively soft hand; thus, there is virtually no human rights problem. The policy to return the Government to civilian rule, pledged when the junta took over in 1976, appeared to the delegation to be proceeding according to schedule. A referendum will be held in the near future on the question of adopting a new constitution or retaining the Constitution of 1945. After the constitutional question is decided, general elections will be held for the Presidency and the national legislature. The delegation met with officers of the Electoral Tribunal established by the Government to help guide the country back to civilian rule. Comprised of distinguished Ecuadoreans, the Tribunal is chaired by Galo Plaza, a former President of the country and former Secretary General of the OAS (Organization of American States). The members of the Tribunal appeared to interpret the delegation's visit as an acknowledgement of Ecuador's progress in returning to democratic rule.

The officials with whom the members of the study mission met placed great emphasis on the major differences between Ecuador and the United States and upon their perceptions of domestic and international realities. Considerable discussion, therefore, was devoted to Ecuador's defense needs, the country's exclusion from trade preferences, fishing rights issues and Ecuador's desire for economic assistance from the United States.

Ecuador's perceived defense needs and its desire to improve its defensive weapons capability conflict with U.S. arms policy in Latin America. That policy seeks to prevent escalation of competition in

sophisticated weapons. Ecuador's defense concerns, as explained to the delegation by the Ecuadoreans, are generated by the influx of advanced weaponry from the Soviet Union to Ecuador's chief rival, Peru, since 1974. These purchases have upset the balance of power on the west coast of South America and have caused considerable anxiety. Throughout the delegation's discussion, the very real Ecuadorean fear of Peru was evident. The Ecuadorean apprehension has its historical basis in the war of 1941, when Ecuador lost a significant portion of its territory to Peru.¹ The belief that a repetition of the 1941 events is imminent, was clearly strong.

The Ecuadoreans were still upset over the Carter administration's veto of the purchase of 24 Kfir jets from Israel. The agreement had to be approved by the United States because the engines were of U.S. manufacture.² The rejection also was based on the longstanding U.S. policy against contributing to an escalation in the sophistication of weapons in Latin America. The Ecuadoreans feel that policy is weakening the weak. They argue that they only want an adequate air defense system which they now lack. Many of the members of the delegation were impressed by the Ecuadorean arguments and voiced concern for the legitimate defense interests of the country. Some members expressed the view that U.S. policy could be forcing them to go elsewhere for arms. At a meeting at which no Ecuadoreans were present, it was suggested that perhaps the United States could sell less sophisticated defensive weapons to Ecuador.

The Minister of Defense told the delegation that Ecuador had no choice but to look to other suppliers, but added that they would never go "beyond the realm of the democratic system". He said, however, that Ecuador cannot leave itself undefended. The Ecuadoreans look to the United States because of the traditional friendship between the two countries.

The Ecuadoreans saw grave consequences resulting from the arms race and from the distortions of the Latin American reality which were attributed to Peruvian importation of sophisticated Soviet weaponry. The Foreign Minister felt that an arms race does not solve Latin American problems and added that those nations that need guarantees and security should have them. He bluntly said that the U.S. policy regarding Ecuador's defense needs has had a negative impact on the security of the nation and on bilateral relations.

As anticipated, Ecuador's exclusion from Generalized System of Preferences benefits by the Trade Reform Act of 1973 was regarded by Ecuadorean officials as a priority topic for discussion with the delegation. Ecuador views the exclusion as unfair because the country did not participate in the 1973 Arab oil boycott and because within OPEC, Ecuador is an advocate of moderate pricing policies.³ The GSP exclusion issue is more a political, than an economic problem because none of Ecuador's major products would qualify under the GSP. Foreign

¹ A dispute over Amazonian territory erupted into open warfare in 1941 as Peru attacked Ecuador. The peace treaty signed in Rio de Janeiro in 1942 with Argentina, Brazil, Chile, and the United States as guarantors gave Peru control of the Upper Amazon Basin. Ecuador is seeking better access to the Amazon River and is apprehensive that Peru has designs on oil-rich Ecuadorean frontier areas which were involved in the war of 1941.

² Section 505(e) Foreign Assistance Act of 1961 as amended; Section 3(d), Arms Export Control Act.

³ The OPEC exclusion clause of the Trade Act of 1974 was promulgated in the context of the oil crisis of 1973-74. Ecuador (as well as Venezuela, Iran, Indonesia and Nigeria) did not participate in the oil embargo of the United States. Many of these countries, in fact, increased exports to the U.S. during this period. On the other hand, the severe increase in the price of oil in 1973, was a result of concerted action by all OPEC members.

Ministry officials with whom the delegation met felt deeply, however, that the United States should revoke the exclusion, a sentiment also expressed to Mrs. Carter during her visit last summer. Several members of the delegation took the position that those OPEC nations which did not participate in the Arab boycott should not be denied GSP benefits. The Minister of Commerce and Industry linked understanding of the GSP problem to improved Ecuadorean-United States trade relations in general. Trade with the United States is a major concern in light of the U.S. position as Ecuador's principal trading partner; in 1976, 40 percent of Ecuador's exports went to the United States. Also on the economic side, the Ecuadorean's appealed for the elimination of import taxes on raw sugar, and expressed the hope that the United States would sign the international sugar agreement.

While a fishing rights dispute still exists between the United States and Ecuador, the seizure of U.S. fishing vessels which occurred in past years has ceased. In fact, there have been no seizures in the last 2 years, attributable to the fact that the fish have not been in Ecuadorean waters this year, and that the year before, U.S. vessels purchased the required licenses. The United States and Ecuador have been attempting to conclude a fishing agreement within the context of the Law of the Seas negotiations. This effort has failed, in part because the United States opposes the inclusion of tuna among the restricted species.

The question of U.S. assistance to Ecuador was raised during the delegation's talks with both U.S. country team, and Ecuadorean officials. Ecuador was the site of a major AID program in the fields of education and agriculture. Now, however, AID is in the process of phasing out its mission. Embassy officials indicated that, in part because Ecuador has a healthy balance of payments largely attributable to its position as a major exporter of oil, it was decided that Ecuador no longer qualified for assistance. However, both American and Ecuadorean officials said this policy overlooks the degree of poverty in Ecuador. They indicated assistance would be particularly useful in the training of technicians. The Ecuadorean officials very frankly said that Ecuador is in need of both bilateral and multilateral foreign assistance. They criticized the international lending institutions which have decided that Ecuador no longer needs soft loans. The officials argued that, while GNP has risen, the problem of the majority of the population reaching a satisfactory standard of living remains. They pointed to a large income distribution gap as supporting their argument. The Ecuadoreans said oil exports have not provided the country adequate resources for development.

It was emphasized that Ecuador is completely open to foreign capital and provides incentives for foreign investment, such as tax exemptions in certain areas. Officials spoke of modifications in Decision 24 of the Andean Pact which has enabled Ecuador to attract more foreign investment.⁴

⁴ Decision 24, the Andean Foreign Investment Codes promulgated in 1971, placed restrictions on foreign investment. In 1976, at Chile's prodding, the restrictions were modified to attract more foreign capital. Some of the changes made included: the profit remittance limit officially was raised to 20 percent and members were granted the option to raise the limit even further; the ceiling on reinvested profits was raised from five to seven percent; increases in capitalization may now be used to "fade out" foreign companies or acquire substantial control over local enterprises; medium term credit may be granted to foreign companies; investment from other member countries may be treated as local investments when approved by the source and host nations. The modifications did not prevent Chile from withdrawing from the Andean Pact in November 1976.

The Panama Canal issue was raised in several of the delegation's meetings. The Ecuadoreans expressed the hope that the question would be resolved by the return of the canal to Panama and said that they hoped its future operation would be based on nondiscriminatory use. Ecuador is a principal user of the canal.

On the subject of narcotics, it was stated that 50 percent of the cocaine which enters the United States passes through Ecuador. Members of the delegation told the Ecuadoreans very frankly that the United States needs the help of their Government in combating this traffic.

The mission spent one morning visiting projects to which the Peace Corps and AID have significantly contributed. The Peace Corps contingent of 188 volunteers, the largest in Latin America and fifth largest in the world, is involved in extensive activities among the poor. Many of the volunteers work in small rural communities in cooperation with Ecuadorean authorities on crop production, installation of water systems and technician training programs. In the town of Uyumbicho, outside Quito, AID and the Peace Corps were participating in a rural electrification project in the barrio of "El Tejar." The mission was greeted by banners and speeches expressing the gratitude of the people for the work of the Peace Corps and AID. The local officials praised AID and expressed the hope that its work in Ecuador would continue.

The delegation then proceeded to the Santa Catarina research station of INIAP, the National Institute of Agricultural Research. Institute staff explained INIAP's work in the development of improved soil, seeds, cereals and farm mechanization. The research station at Santa Catarina is a truly international effort, as the delegation learned in speaking with British, American and Ecuadorean technicians. The Dutch and the French also have been involved in the program. AID now is mainly engaged in bringing in technicians from major agricultural universities in the United States.

In Quito, several delegation members visited the Working Boys Center which AID was instrumental in funding several years ago. The center is actually a practical workshop in private enterprise as the boys learn responsibility and financial management by working during the day, mainly as shoe-shine boys, and then participating in technical courses in the evening. The center involves the entire family by offering programs in homemaking for the mothers and sisters. Recreational and cultural activities are offered, as well as nutritious meals and a variety of health services.

It was clear from the discussion with the Ecuadoreans that they have a very warm and sincere regard for the United States and want to continue and expand friendly relations between the two countries. The fact that almost every member of the Government leadership met with the delegation is testimony to the importance they attributed to the visit and to relations with the United States. They emphasized the convergence of American and Ecuadorean principles and spoke of Ecuador's cooperation with the United States in times of crisis such as World War II, when Ecuador was a principal source of raw materials for the war effort.



PERU

In Peru, the delegation's discussions with American and Peruvian officials, including President Francisco Morales Bermudez, focused on the country's economic problems, its progress toward democratic rule and defense posture, all in the context of United States-Peruvian relations. The government of Morales Bermudez, referred to as the "second phase" of military rule, has been in power since August 1975 when Gen. Juan Velasco Alvarado was deposed. Velasco was President under the "first phase" which took power from the elected civilian government of Belaunde Terry in October 1968. The Morales government represents a much more moderate and centrist orientation than its predecessor, which was more nationalistic and supportive of Third World perspectives. The "second phase" has emphasized Latin America and closer ties with the United States.

The Morales government has pledged a return to civilian rule, a point made by Foreign Minister Jose de la Puente Radhill during the delegation's working luncheon at the Foreign Ministry. The regime is beginning to lay the groundwork for a return to constitutional government and is promoting political party activity and full participation by all sectors of Peruvian society.

The Morales Bermudez government, however, faces serious economic problems, which have important political implications. Peruvian and U.S. Embassy officials attributed the nation's economic problems and current financial crisis to a heavy foreign debt service burden, severe balance-of-payments disequilibrium and the 3-year foreign credit freeze imposed by international financial institutions, all within the framework of the worldwide inflation problem. The General Manager of the National Bank estimated that some \$700 million in short-term obligations would be coming due shortly, and that the total foreign debt was about \$5 billion.

The Peruvians have sought assistance from the IMF (International Monetary Fund), but, as yet, have not been able to meet IMF conditions. The Peruvians feel that implementing IMF requirements would involve severe austerity measures unacceptable to the people. The officials told the delegation that severe economic restrictions would have destabilizing political and social consequences. They foresaw the austerity measures resulting in violent reaction from various sectors of the population which, in turn, could lead to a level of repression which the Government thus far has foresworn. In June, the Government was forced to take strong measures against strikers and the regime wants to avoid a recurrence of that situation. The delegation was advised that negotiations were being conducted with the IMF and that the Government was assembling another series of proposals for further

talks with the IMS, scheduled for September. One official at the luncheon expressed the hope that the United States could help with the IMF problem.

The present government and its predecessor have not been characterized by the severe human rights problems experienced by some other countries in the region. It is believed that President Morales would go to great lengths to avoid a bad human rights situation. Foreign Minister de la Puente, in his statement at the luncheon, spoke of human rights as not being limited to the defense of political and social rights that have been denied. He said the concept of human rights includes “* * * the most elementary rights and aspirations: the right to nourishment, to a proper home, education, and health, for our overwhelming majorities, and to achieve this within a noncoercive society, deeply respectful of freedom.”

From the perspective of U.S. policy, one of the most important topics of discussion was the arms competition on South America's west coast. In a campaign to modernize its armed forces, Peru in the past few years has purchased vast amounts of sophisticated weaponry from the Soviet Union. These purchases are continuing. Peru's investments have disturbed the balance of power on the west coast and have caused great concern both in Ecuador and Chile, as well as in the United States. There is considerable apprehension that Peru, on the 100th anniversary of the War of the Pacific in 1979, will attempt to reclaim by force, territory it lost to Chile.¹ During the working luncheon, the Foreign Minister said that a “false climate of warlike alarm which can overshadow reality * * *” has been created by “sometimes irresponsible journalism”. He assured the delegation that Peru has only peaceful intentions.

In answer to a question from a member of the delegation regarding Soviet military sales and assistance, the Peruvians explained that security concerns motivated them to request arms from the United States. After the Peruvians were rebuffed, the only nation to respond positively was the Soviet Union. They realize that the Soviet tie has strained Peruvian relations with the United States, but they emphasized that the deal is no more than a financial transaction. They sought to assure the delegation that Peru's international orientation has not been affected by the purchase of Soviet weapons and that Peru wants to maintain friendly relations with the United States, the Soviet Union, China “and any other nation that respects our desire for national sovereignty”. Peru, it was emphasized, has never committed an act of aggression and the weapons are only for defensive purposes.

The officials did acknowledge that the level of sophistication of some of the equipment purchased from the Soviets exceeds Peru's needs. However, they defended these purchases as being on highly favorable economic terms.

¹ Peru was drawn into the conflict between Chile and Bolivia over the Atacama Desert, contested because of rich nitrate deposits. The Chileans dealt Peru severe losses in land and sea battles and actually occupied Peruvian territory, including Lima, in 1881. Under the Treaty of Ancon of October 1883, Peru ceded the Province of Tarapaca to Chile in perpetuity, and the cities of Tacna and Arica, for a period of 10 years. Chile's retention of both cities beyond the period was a source of tension for nearly one-half century. In 1929, under a compromise solution, Chile retained Arica and Tacna reverted to Peru.

The issue of narcotics was discussed with American and Peruvian officials during the delegation's visit. Narcotics abuse in Peru was described as a social problem because of the cultivation and use of coca by the Indian population. Peru is one of the largest producers of coca, the raw material used in the production of cocaine. It is estimated that the illegal production of cocaine annually exceeds legitimate domestic requirements and legal export by 18,000 tons. Peruvian officials are aware of the undermining of Government authority by illegal narcotics activity, but combating the problem is a complex and expensive endeavor. Crop substitution has been suggested as a possible answer. However, the farmer receives so much more for coca, that it is difficult to convince him to cultivate a substitute crop.

The Government is cooperating with the U.S. Drug Enforcement Agency (DEA) and AID in the fight against illegal narcotics and is conducting a campaign against traffickers. Peruvian officials displayed a genuine awareness of the situation and assured the delegation that they have an interest in combating the problem because the economy does not benefit from the illegal narcotics traffic. Members of the Select Committee on Narcotics Abuse and Control among the delegation conducted further talks with Peruvian police officials and visited Tingo Maria, the center of Peru's coca cultivation.

The delegation was briefed on Peru's long-range development plans by the director of the National Planning Institute, Gen. Jorge Chavez. In response to a question regarding the means by which the United States could best assist Peru in the implementation of its plan as the country moves toward civilian government, General Chavez replied that continued economic and financial cooperation would be helpful. He explained that implementation of the plan was contingent upon approval by the Cabinet and that each ministry's planning offices must follow the approved national plan. General Chavez reflected Peruvian concern about the IMF problem and said that the United States should understand that rigorous economic austerity could result in a high cost in human rights.

The U.S. economic assistance program appeared well-integrated with the basic reform programs of the Government. The focus of AID programs is on agriculture, housing and education. The delegation inspected AID's project in the northern coastal city of Chimbote. Peru's fifth largest city with a population of 250,000 people, Chimbote was devastated by an earthquake in 1970 and AID participated in the international recovery assistance effort. Chimbote's problems are accentuated by the migration of people from the mountains into a city that does not have the capacity to house them and provide services. The city is the center of the now-depressed fishmeal industry and is the site of Peru's only steel plant.

AID's major objective in Chimbote, through the housing guarantee program, is to help the Government improve the living conditions in the "Pueblos Jovenes" or "Young Towns" which began as squatter settlements around the city. AID is helping the Government provide

electricity, water, and sewage facilities for the houses in the "Pueblos Jovenes." Under a unique program, residents deemed creditworthy can borrow money from the housing bank and pay a fee for the services. The loans are repaid over a 5- to 7-year period. The mission visited the Pueblo Joven of San Pedro, where water wells are being drilled and reservoirs are being built, and the settlement of Junio, where plumbing had been installed and electrical work was being performed in a self-help construction project. Members of the delegation were impressed with the dedication of the leaders in Chimbote. During one of the stops, the group witnessed an impromptu "gripe session," when civic leaders of one of the settlements complained bitterly to the federal officials accompanying the delegation, that construction materials were not being expedited from Lima. AID is also involved in the rebuilding of Chimbote's sewage system which was destroyed by the earthquake. Mayor Marco Perez Gonzalez expressed Chimbote's appreciation for the assistance of the U.S. Government and personally thanked the delegation for its concern as evidenced by the visit to the city.

CHILE

During the mission's meetings in Chile, the delegation gained insights into the nation's political, economic and social institutions, as well as Chilean perspectives regarding the country's international relations. The following is based on meetings with United States and Chilean officials, including President Augusto Pinochet Ugarte, and discussions with Cardinal Raul Silva, Archbishop of Santiago, labor leaders and other Chilean leaders.

As the subject of human rights in Chile has generated considerable interest in the U.S. Congress, an interest marked by termination of U.S. military assistance and Chile's rejection of economic assistance, the delegation sought to raise the issue with various individuals. The delegation also discussed Chilean perspectives on the process of returning the country to civilian rule.

U.S. Embassy officials in Santiago were optimistic regarding the Chilean Government's efforts on the human rights and political fronts. It was their assessment that the human rights situation had improved in the last 18 months. They cited the release of 4,000 of 4,300 political prisoners and President Pinochet's announcement of a program for the gradual return to a form of elected government. Since January 1976, charges of arbitrary arrest have dwindled in number from 100 to 3 cases. Embassy officials estimated that the number of disappeared persons in Chile is about 700, as compared to the figure of 1,500 to 2,000 quoted by opponents of the junta. Also cited was the Government's abolition of DINA (the National Directorate of Intelligence), the secret police organization, which was announced during the visit of Assistant Secretary of State Terence Todman, just prior to the delegation's arrival in Santiago. DINA's successor, the National Center for Information (CNI), will be an intelligence gathering organization without the arrest powers possessed by its predecessor, according to Chilean officials.

The Embassy staff felt these positive developments are generally overlooked in the United States. They pointed to Assistant Secretary Todman's statements that the situation in Chile was far better than that projected by the world press and that Chile was moving in the right direction in the human rights field. Embassy officials told the delegation that the majority of the Chilean people was behind the present government, and that there is greater freedom, especially in the universities, and less censorship of the press than at any time since the 1973 coup. They said the Cardinal, who had been critical of the Government, has acknowledged improvement in the human rights situation and was particularly encouraged by the abolition of DINA. In the mission's official meetings with Chilean Government officials, the subject of human rights was not directly addressed.

In their briefing, the country team emphasized that one of the major priorities of the Pinochet government is to establish a better relationship with the United States. In this regard, the Chilean military has difficulty understanding the U.S. reaction to their efforts against communism which they feel are in the interests of the United States. The Embassy staff felt that Chile was trying to cooperate with the United States in this area.

The delegation's meeting with the leadership of the principal trade unions of Chile provided another perspective on the political and human rights situation. The meeting with "The Group of Ten"¹ was held at the headquarters of the Association of Public Employees. The group supported the military government in June 1974, in the face of a threatened boycott of Chilean products. At that time, the Government promised a rapid restoration of traditional trade union freedoms which were denied by Decree Law Number 198 of December 1973.

The trade union leaders said that none of them are from the extreme left. During the Allende years, they said, the union leaders defended the rights of workers against Allende's policies which sought to pit workers and unions against each other. They also emphasized, however, that the labor movement was free under Allende. The leaders said they were critical of Allende's economic policies, but at least could fight against them because they had rights. They told the delegation of the problems with the military government experienced by labor, basically because Decree Law 198 restricts union activity. Under the law, collective bargaining rights, union elections and publicizing of union events are prohibited. The requirement to inform the government 48 hours in advance regarding the subject matter of a union meeting is interpreted as a requirement to seek permission to hold the meetings. In their view, the labor movement exists only in name.

The union leaders were very critical of the Government's economic policies. They said that earlier, they withheld criticism to enable the Government to repair the damage done by Allende. But after 4 years, they said, the condition of the Chilean worker remains very poor. The leaders estimated the combined figure for unemployment and underemployment to be about 40 percent.

The union officials spoke about the problems of censorship and the inability to communicate with their workers. They cited human rights violations allegedly committed by DINA, such as detention of people, without charges, for interrogation for 24 to 48 hours. One of the leaders told of an incident in which DINA allegedly broke into the headquarters of the group on January 6, 1977. They said there has yet to be a report on, or an investigation of the incident.

General pessimism was expressed regarding the political future of Chile. The union leaders feel that recently announced measures such as the long-range political program and the abolition of DINA are superficial and that the political and trade union situation will not

¹ The Group of Ten is comprised of presidents of the following unions: The Maritime Confederation; the Federation of Railway Workers; the Association of Government Employees; the President of Textile Workers-SUMAR (who is also Vice President of the Federation of Textile Workers); the Petroleum Workers; the Sugar Workers; the Plastic and Rubber Workers; the Confederation of Farm Workers. Triunfo Campesino; the Federation of Public Works Employees; the Federation of Employees of the State Bank; the Federation of Metal Workers; and the Employees Union FEMSA MADEMSA (who is also Vice President of the Federation of Metal Workers).

improve. They feel the only hope for Chile is to accelerate the return to civilian rule and to permit the trade unions to function.

They expressed gratitude for the U.S. human rights policy and said they had the support of the American Embassy and work closely with the AFL-CIO and AIFLD, the American Institute for Free Labor Development.

The delegation's discussion with His Eminence Cardinal Raul Silva and The Right Reverend Monsignor Christian Precht, head of the Vicariate of Solidarity, focused on the human rights question. Their overall assessment was that the human rights situation is rapidly improving. They attributed some of the improvement to the efforts of the church and to other influences within the country, rather than to international pressures. His Eminence was optimistic regarding the plan to return Chile to democratic rule and he expressed the hope that the state of siege soon would end and that political prisoners would be released.

With regard to the number and status of Chileans who are identified as having disappeared, Father Precht said that the Vicariate has 740 persons listed as missing, of which 520 were documented.

In response to the submission of the 52 names the regime has indicated that those listed were either freed or never arrested. The church leaders told the delegation of their efforts to help political refugees leave Chile after the coup. In the first years of the military government, humanitarian church activities were mistaken for political acts. Relations between the church and the military have improved since that time. At the conclusion of the meeting, His Eminence expressed the view attributed to Assistant Secretary Todman, that the human rights situation is not as bad as it appears from the outside.

Several delegation staff members met privately with relatives of people who have disappeared in Chile. The relatives presented documentation addressed to the House International Relations Subcommittee on Inter-American Affairs, regarding individual cases, and appealed for help in obtaining information on their cases from the Chilean Government.

The Chilean economy appears to be improving, although serious problems persist. After the failure of the Allende state ownership philosophy, the Government returned to a free market system, more pure even than that of the pre-Allende period. The balance of payments is improving as is Chile's international credit standing. The Chileans are retiring a sizable foreign debt at an accelerated rate. Their most serious problems are inflation and unemployment. The delegation heard various inflation figures. However, the most reasonable projection was that the rate could decrease to 38 percent by the end of the year if the economy continues to improve. Conflicting unemployment figures also were offered with labor leaders disputing the Government figure of about 13 percent in the greater Santiago area.

Minister of Finance Sergio de Castro Spikula provided a comprehensive overview of the Chilean economy, pointing out the problems of the economic philosophies of Chilean Governments since 1929, and the positive aspects of the present approach. The Finance Minister was critical of import substitution policies, which he felt contributed to Chile's economic problems of the past 40 years. De Castro said that the aban-

donment of import substitution was one of the reasons for Chile's withdrawal from the Andean Pact. Tariffs have been drastically reduced and many import restrictions have been rescinded. Foreign investment now is being encouraged through various incentives and guarantees.

In an effort to counter a severe balance-of-payments problem resulting from plummeting copper prices, the Government instituted drastic measures in May 1975. Known as the "shock treatment," the initiative included a 15 percent reduction of expenditures and a severe devaluation of the peso. De Castro acknowledged that one of the negative effects of the shock treatment was to increase unemployment. Before the May 1975 measures were instituted, unemployment was about 13 percent. Despite the Government's efforts, the rate rose to about 20 percent. De Castro said that recent figures (July) show unemployment at 12 percent. The Finance Minister cited as evidence of the Government's concern for social needs increased financing of milk production and day-care centers and increasing pensions. Since the 1973 adoption of a free market philosophy, De Castro said that Chile has increased the level of economic growth from an average of 3.5 percent over the past 40 years to over 7 percent.

The delegation was briefed on Chilean foreign policy by Director of the Foreign Ministry's Foreign Relations Division Pablo Valdez, after being greeted by Minister of Foreign Affairs Vice Adm. Patricio Carvajal Prado. Chilean foreign policy was explained in terms of pragmatism rather than ideology, for example, close relations with the People's Republic of China within the context of a foreign policy overview critical of the Soviet Union. The Chileans seem suspicious of détente because they feel the United States acts in good faith while the Soviets do not. The delegation was told that the Soviets offered the Allende government sophisticated weapons but the armed forces rejected their overtures. Now the Chileans feel that the Soviets are trying to isolate Chile and are creating the military imbalance on South America's west coast for that purpose.

On an official level, Chile's relations with its neighbors generally are good. Although apprehension about Peru is common, the two countries conduct cultural exchanges and are working on technical cooperation agreements and a program whereby nationals could travel to the neighboring country without passports. The issue of Bolivian access to the sea also has strained relations between Chile and Peru because Chile wants to provide Bolivia a corridor to the Pacific Ocean. Peru as yet has refused to give its consent.

The arms competition on the west coast was discussed at length with Minister of Defense Herman Brady as well. The U.S. military relationship with Chile is viewed as part of the problem. The Chileans see the Peruvian build-up with Soviet arms within the context of Peruvian objectives of regaining the territory lost to Chile during the War of the Pacific in 1879. The overwhelming supply of sophisticated Soviet weaponry and the contention that 80 percent of the Peruvian Army is positioned along the Chilean border area have caused great anxiety. There is fear in Chile that if war comes, it will not be limited to the two nations but will involve a surrogate East-West ideological struggle. The Chileans fear that their defeat in such a conflict would lead to a reversion to a Marxist state.

The United States, from the Chilean perspective, becomes a factor in this scenario for several reasons. Chilean officials credit the United States with establishing and maintaining the balance of power in South America for several generations. This has been destroyed, they contend, by the influx of Soviet weapons into Peru. Chile can get weapons from other sources, it was explained, but does not want to spend the money which should be directed toward development. Chile has not received any military assistance from the United States since 1974 because of the human rights related ban. The Chileans pointed out that they cannot obtain replacement parts to keep old equipment operable. They also expressed concern that they are placed at a further disadvantage by U.S. training of Peruvian, Argentine and Ecuadorean military personnel.

On the positive side of this situation, although tensions continue to rise, efforts are being made to defuse the situation. An exchange of high-ranking Chilean and Peruvian military officers is conducted and some Peruvian officers are enrolled in Chilean technical schools.

Relations with Argentina were described as better than ever before. The Presidents have exchanged visits, and the countries are working on common development of the border area through the building of bridges, tunnels and telecommunications systems. Some differences remain over the Beagle Channel issue on which the two countries still are conferring, although the decision of the International Court of Justice favored Chile.²

The subject of the Panama Canal was raised in the discussion with Minister of Defense Gen. Herman Brady. No real problems were seen with the basic provisions of the treaties made public, although concern was voiced regarding higher tolls and the issue of free passage.

²In May 1977, a Court of Arbitration, appointed by Great Britain in 1971 and consisting of members of the International Court of Justice, decided in favor of Chile in the long-standing dispute with Argentina. The Court ruled that the three islands in dispute in the Beagle Channel, Picton, Nueva and Lennox, belong to Chile. The judgment will take effect in 9 months. Chile announced its acceptance of the decision, but Argentina stated that it would make known its position within the 9-month period. The treaty signed in 1881, and amended several times since, has not settled the dispute. Argentina rejected this document and the situation is tense.



ARGENTINA

The issue of human rights dominated the delegation's 3 days of discussions with Argentine and U.S. officials in Buenos Aires. The subject most often was raised within the context of the Government's campaign against terrorism, as the mission investigated the various facets of the problem and its effects on United States-Argentine relations.

The present military government came to power in March 1976 in response to the manifestations of social, political and economic disorder. During the last months of the regime of Isabel Peron, the country was in a state of chaos, characterized by soaring inflation and virtual anarchy. Terrorist groups of both the right and left were engaged in open warfare. The military filled a power vacuum created by Isabel Peron's inability to govern with support of the Argentine people. The state of siege under which the present government rules, was declared on November 6, 1974, by the Peron administration in the face of the rising tide of terrorism.

The campaign against terrorism, or "war against subversion as the Argentine military terms it, was organized and intensified under the junta led by Gen. Jorge Rafael Videla and concentrated on terrorism of the left. The violence has been brought under control and today the government claims victory over the more radical ERP (People's Revolutionary Army). Its leadership dispersed in Europe, the Montonero guerrilla movement has been severely weakened. The Argentine Government told the delegation that the terrorists (referring only to left-wing groups) were 15,000 strong at the end of 1975. The financial and logistical support they received from sympathizers at home and abroad made them a force far stronger than their numbers would suggest.

Critics charged that the Government's war against subversion has amounted to a repressive campaign against the left, and that the rights even of those who are not politically active are violated. Some people with whom the delegation spoke, as well as some of the members of the group itself, asked, "If the terrorists have been eliminated as the Government claims, why is the campaign still being waged and why do human rights violations still occur?" Argentine officials replied that, while the campaign against subversion has been largely successful, scattered incidents still occur, requiring strong countermeasures.

One of the major human rights problems in Argentina has been that of the significant numbers of Argentine citizens who have disappeared. Estimates of the number of disappeared persons offered by the many people with whom delegation members spoke ranged from a Government figure of 2,000, to 30,000 cited by human rights leaders outside the Government. The subject of missing persons was raised with Foreign Minister Vice Adm. Oscar Antonio Montes and again during the meeting with President Videla. Argentine officials said the numbers

were greatly exaggerated by the opposition and said they believed that not more than 500 had disappeared, and those attributable to circumstances other than political repression. President Videla enumerated five reasons for the long list of disappearances: a person could be undercover because of involvement in clandestine activity; the individual could have been eliminated by subversives; he or she could have been involved in armed confrontation with the security forces; the person could have fled the country to avoid responsibilities; and finally, a significant admission by the President (and one which he had made public earlier), a person might have been the victim of the "dirty war."

The Permanent Assembly on Human Rights in Argentina, a group of prominent Argentine citizens of various political persuasions, has communicated with the Government, including the President and the Minister of the Interior, asking for information on thousands of missing persons. They have appealed to the Government to free the innocent and bring the accused to trial.

According to one Argentine citizen considered close to the situation, at least 10,000 Argentines have been killed, 5,000 are in jail without charges, 500 are in jail with charges and 20,000 have disappeared. The Argentine Bishops Conference has submitted a list of 1,000 names and has received little information or response from the Government.

Family and associates of those missing, with whom delegation members met, wanted to relate their personal experiences with the Argentine human rights situation for transmittal to and for the consideration of the Congress. They told of their inability to obtain information on their relatives and friends from the authorities. They related instances in which people were picked up on the street, or were taken from their homes in the middle of the night by plain clothes police or military personnel. Some spoke of torture and rape of political prisoners, a charge which members of the delegation heard from other Argentine citizens. Some alleged that concentration camps for political prisoners existed and that some people were being held on naval ships.

Although a number of those who allegedly are being held may be considered political prisoners in the sense that they were members of student organizations, or past members of the Communist or Socialist Parties, or indeed have been involved in subversive activities, many of those missing had little or nothing to do with politics. One mother told the delegation that her son's only political activity was 8 years ago when he was expelled from the university's Socialist Party organization. Another mother told of the disappearance of her son, who she describes as apolitical and very prominent in his field working for the Argentine Government. What these people told the delegation seemed to reinforce what others had said earlier—that security forces define "subversion" so loosely that practically anyone suspected of not being totally loyal can be jailed. Some of those with whom the group met submitted documentation regarding individual cases, requesting the delegation's assistance.

The judiciary in Argentina today is operating under difficult circumstances. The courts act independently, to a point, but will not chal-

lenge the Government on security matters. The executive power does not respond to the court's habeas corpus presentations. The delegation was told that lawyers are afraid to handle habeas corpus cases and that at least 20 had been killed and 20 beaten for doing so.

The Argentine Government presented an overview of the judicial system in a document given to the delegation during the meeting with officials headed by Foreign Minister Vice Admiral Montes:

Under the Argentine judicial system, the power to arrest or remove persons during a period of state of siege is the exclusive prerogative of the President of the Republic. . . . The judicial authority cannot subject such arrests to its own interpretations.

The document reflects the emphasis on military tribunals in this period:

In assuming leadership of the State, the present government tried to eradicate terrorism and the causes which favor its existence with the investigation of any crime of a subversive nature, including judgement over it with the assumption that this procedure will reduce their potential for harm whether human or physical.

According to the document, the military tribunals take jurisdiction in certain cases such as crimes of terrorism, but the federal courts still function. The federal judiciary is conducting 667 trials against terrorists and has imposed 327 sentences. The Special Courts Martial are hearing 321 cases and have handed down 122 convictions. In the months following the military takeover in March 1976, 1,732 persons have been released and 523 persons have been permitted to leave the country.

It was the consensus among the people with whom the delegation spoke, that General Videla is a moderate who is attempting to establish a just system in Argentina. The President, before the study mission's arrival, made various statements about correcting past practices which infringed upon the human rights of Argentine citizens. Officials at the Foreign Ministry meeting pointed to an editorial in a newspaper of the same day which argued for punishment of police officers for abuse of power in connection with a case involving terrorism. The present state of siege law is under review and is about to be modified, according to the document distributed at the same session. The objective of the Government, as stated, is "to gradually reestablish the complete operation of those constitutional rules which have been temporarily suspended." One of the provisions under consideration would establish an Institutional Act "creating at the highest level, an Advisory Commission of the National Government to review the status of every person detained by the National Executive Authority for more than 6 months, with a view to proposing either: (a) that he be released; (b) that he be brought to trial; (c) that he be given the option to leave the country; (d) that his present status continue if there are sound reasons why this is advisable." The document also notes that, for the duration of the state of siege, the judiciary has acted independently and has even handed down some decisions, overruling the Executive.

Argentine officials, including President Videla, went to great lengths to emphasize that Argentina is in favor of human rights. Videla said the Government maintains contact with various religious groups, the Bishops Conference, the Permanent Assembly on Human Rights and

the Association of Argentina Jewish Organizations—the DAIA. He termed unfortunate the impression that there is considerable disagreement between the United States and Argentina on human rights. He said that his government wants to insure that the human rights of the majority of the Argentine people are guaranteed and that the government is faced with a terrorist minority which threatens these human rights. President Videla indicated that this minority was being resisted by elements within the Government which support human rights.

In addition to the consensus that Videla is a moderate, sincerely interested in moving Argentina into a more peaceful era, many of the people with whom the delegation met supported the theory that Videla's efforts are complicated by the fact that the President is not in complete control of the Government. The regime's antisubversion campaign is being zealously waged by people over whom the President has limited control. One person close to the situation said that, in Argentina, security organs have operated beyond the control of the leadership before, but that they usually had tacit approval. Under the present conditions, the security activities continue, despite efforts by Videla and his junta to control them.

The document provided the delegation at the Foreign Ministry mentions the paramilitary groups formed to conduct the antisubversion campaign:

* * * The citizens were forced to preserve their security by their own efforts, at least to a minimum extent. Accordingly, there appeared a multiplication of bodyguards, armed guards in public buildings and factories, and finally the creation of antiterrorist private organizations for the purpose of combating the subversive armed gangs with their own methods.

According to one knowledgeable observer, such organizations actually were comprised of out-of-uniform military personnel given free rein to kill persons who they felt failed to reflect arbitrarily established moral standards. Another authoritative observer of the situation believed that these groups now have less autonomy than before. However, the delegation was told that the group that conducts the repression remains beyond the control of President Videla.

Today, a particularly hard-line group exists within the traditionally factionalized Argentine Army. The Air Force generally is considered moderate, although it too has its hard-line faction. The Navy is regarded as the most conservative branch of the armed forces.

Some of those with whom the delegation spoke voiced the view that a definite split exists between Videla and the division commanders, regarding the activities of the antiterrorist groups. Some were cited as taking a particularly hard line and favoring repression.

Concern has been expressed in some quarters that anti-Semitism, which has manifested itself in Argentina over the years, presently is in a resurgent phase. As an element of the overall human rights picture, this development is very much a product of today's tenuous political situation and, therefore, must be considered within that context. Contributing to the fear of a resurgence, is the historical phenomenon of anti-Semitism surfacing when the military seizes power. Members of the delegation met with Argentine Government officials, the principal Jewish organization, the DAIA (Delegation of Argentine Jewish Or-

ganizations), human rights groups and private Jewish and non-Jewish Argentine citizens to discuss the situation.

Today's anti-Semitism allegedly is being fueled and perpetuated by the same element which is responsible for the instability within the Videla government—the hard-line rightwing. Certain officials, many of them in responsible positions in the Central Government, governments of the provinces, and in the federal and provincial security forces, reportedly are the leading characters in the anti-Semitic campaign.

The members of the delegation discerned a very evident sense of fear, anxiety, and insecurity among many of those with whom they spoke privately. During these discussions, it was alleged that Jews are treated more harshly and severely than other Argentines who are arrested on suspicion of subversion.

Discussions with Argentine officials left no doubt that they were considerably concerned by the effects of U.S. human rights policy on relations with the United States. They indicated that restrictions placed on U.S. military assistance were seriously affecting Argentine military capabilities and hence, Argentina's traditional friendship with the United States. They were particularly concerned about the cutback in military training assistance. After fiscal year 1978, no military sales or credits will be permitted for Argentina.¹ In addition, Argentine officials said that 40 percent of their air force is not flying because of the lack of spare parts. Ninety percent of their air force is comprised of U.S. planes. The trend in their buying in the past few years has been toward purchases from European suppliers. The majority of the Argentine military leadership would rather buy from the United States, the delegation was told. Argentina may not be able to participate in the joint Latin American-United States naval exercise, UNITAS, in 1978.² Minister of Defense Gen. Jose Maria Klix saw a hemispheric defense problem resulting from U.S. policies. He argued that Argentina should have the same defense systems as the United States because if there is ever a war, Argentina would be allied with the United States.

The delegation's discussions indicated that the Argentine military finds U.S. signals mixed, much the same as in the Chilean case. They feel Argentina is carrying out a war against Communist subversion and they are perplexed to find themselves at odds with the United States.

Throughout the delegation's discussions, various Argentine officials expressed disapproval of the U.S. policy on human rights. One official, for example, curtly responded to a question on human rights by saying that subversion was not a political problem, but a question of the survival of the Argentine nation. Foreign Ministry officials expressed

¹ In accordance with Section 620B of the International Security Assistance Act of 1977 (Public Law 95-92), after fiscal year 1978, Argentina is prohibited from receiving from the United States, grant military assistance, military education and training, security supporting assistance and foreign military sales financing. Also prohibited are foreign military sales and the issuance of export licenses to Argentina. In accordance with Title I of the Foreign Assistance and Related Programs Appropriations Act of 1978 (Public Law 95-148), Argentina is excluded from receiving funds for military education and training. Under Section 503B, Argentina (along with Brazil, El Salvador and Guatemala) was excluded from receiving foreign military sales credits.

² Joint naval exercises are conducted by U.S. and Latin American navies with emphasis on anti-submarine warfare. The annual activity was initiated in 1960 and usually is held between August and December.

concern that human rights dominated the discussion in that particular meeting, although the Argentines took the initiative to explain the situation. They said U.S. views on the Argentine human rights situation are based on prejudgements of the internal situation and they had not had the opportunity to explain their perception of the problem. Argentine officials argued that the United States does not take terrorism into account when it considers violations of human rights. They noted that Assistant Secretary Todman, who visited Argentina just prior to the delegation's arrival, said the situation in Argentina was improving. They also expressed their concern that the Argentine Committee on Human Rights, an exile group, has judicial status in the United States and alleged that leaders of the ERP (People's Revolutionary Army—Ejercito Revolucionario del Pueblo) are in Washington, and have testified before a subcommittee of the House Committee on International Relations.

Among the private citizens with whom the delegation met, the U.S. human rights policy was well-received and was seen as a sign of moral support. While acknowledging the policy's role in improving the human rights situation in Argentina, representatives of the Bishops Conference said the U.S. Government does not understand the actual human rights problem, and therefore, cannot apply U.S. standards to the Argentine situation.

It was clear from the meetings with Argentine officials that there is a sincere desire to maintain friendly relations with the United States. They said that they understand the human rights policy and see avenues of cooperation in the field of human rights on a worldwide basis.

Some knowledgeable observers feel that today, Argentina is at a crossroads regarding human rights and the country's political future. The key appears to lie in the ability of President Videla to strengthen his position vis-a-vis other factions in the junta, which would enable him to institute modifications which will soften some of the harsher aspects of political life in Argentina.

On the economic side, it appears that the Argentine Government, through the stabilization program initiated under Minister of Economy Jose Alfredo Martinez de Hoz, has been making significant strides in the face of an unsettled political situation. The progress made is particularly significant in light of the fact that the economy was on the verge of collapse in April 1973 when Isabel Peron was ousted. There were no foreign reserves,³ inflation was rampant, and the balance-of-trade deficit was large. The free market policies have resulted in a deceleration in the inflation rate, the reversal of the negative trend in the balance of trade and the ability of Argentina to service its foreign debt, a considerable accomplishment among modern Latin American economies. Agricultural production and exports have turned sharply upward and Argentina has developed into a major competitor of the United States in agricultural products, especially in grains.

The budget deficit, although still substantial, has been reduced. The Economy Ministry has reduced Government expenditures and is attempting to involve the private sector in the economy to take some of the burden off the state. For example, private companies are being encouraged to become involved in exploring the oil fields in the southern seas.

³ According to Argentine Government figures, foreign reserves were down to \$23 million, on March 23, 1976, the date of Isabel Peron's overthrow. By mid-1977, foreign reserves were up to \$1.9 billion.

During the delegation's meeting with Martinez de Hoz, the Minister attributed renewed confidence in Argentina displayed by the foreign investment community to the new policies. The reform of the banking system in June, including the implementation of new credit policies, has stirred renewed activity on the part of domestic and foreign investors. A new foreign investment law, one of the most liberal in Latin America, also has been a factor in this revived interest. Progress also is being made in settling the foreign investment disputes inherited from the previous government.

The new economic policy, however, has exacted a price in the society. At about 4 percent, unemployment is relatively low, but wages also are generally low. The Government has asked that employers maintain present employment levels and that workers show restraint with respect to wages. The impact of rigid wage controls and the cutbacks in Government expenditures is felt to the greatest degree by lower income groups. Consumer purchasing power has been reduced. Martinez de Hoz said that the Government would like to replace present price controls with the stabilizing market forces of internal competition.

The U.S. economic assistance program was phased out several years ago and therefore, Argentina is more concerned about the U.S. role in international lending institutions, than the bilateral assistance relationship between the two countries.

There was some discussion in Argentina about the Government's policy regarding the nuclear-free-zone in Latin America. Foreign Minister Vice Admiral Montes said he told Assistant Secretary Todman that Argentina attributes great importance to the peaceful uses of atomic energy. As a result of talks with Secretary of State Cyrus R. Vance, at the June 1977 OAS meeting in Granada, Argentina is studying the possibility of ratifying the Treaty of Tlatelolco,⁴ with the understanding that the peaceful development of nuclear power would not be restricted. One Argentine official assured the delegation that Argentina was not going to develop nuclear weapons, but at the same time expressed apprehension regarding Brazil's activity in the nuclear field.

⁴ Treaty for the Prohibition of Nuclear Weapons in Latin America, promulgated February 14, 1967, Mexico City.

BRAZIL

The delegation's discussions with Brazilian officials, provided official Government perspectives on the political, economic and education systems, as well as Brazilian foreign policy. The delegation was warmly received and Brazilian officials expressed their belief that the visit would serve to strengthen relations between the two countries.

The meeting with Marco Maciel, President of the Chamber of Deputies, and other congressional leaders was dominated by a discussion of the Chamber's role in the Brazilian political process and the legislature's relationship with the President. Maciel, who is a leader of the Government Party, ARENA (National Renovating Alliance—Aliança Renovadora Nacional), explained that the minority MDB (Brazilian Democratic Movement—Movimento Democrático Brasileiro), leader was not able to attend the meeting.

Maciel emphasized that legislation is normally initiated in the Chamber with the exception of those measures which are the exclusive responsibility of the Senate. He indicated that most of the sessions are open to the public and are widely reported in the media. In response to a question posed by a member of the delegation, Maciel explained the Congress' role in budget process. The budget is submitted to the Congress by the Executive on August 1 and must be approved by both houses by December 5, after joint committee consideration. The Congress cannot increase the budget figure, but can rearrange priorities and change allocations of funds. Congress cannot initiate legislation concerning fiscal matters, an area which is the specific prerogative of the Executive. Other areas in the exclusive domain of the Executive include the armed forces and public service.

Like the U.S. Congress, the Brazilian legislature operates through a committee system. The permanent and temporary committees number 17. Parliamentary committees of inquiry into specific problems are temporary.

Certainly, this theoretical description of the Brazilian Chamber of Deputies must be considered within the context of Brazilian political reality. That is, the Executive, since 1964, has been a high-ranking military officer with nearly absolute power. The major initiatives in national policy have come from the Executive.

The contrast between the theoretical and practical political processes was evident in the explanation of the congressional role in the Presidential election scheduled for 1978. In theory, the President is selected by an electoral college comprised of all members of the Congress and members of the state legislatures. The electoral college is scheduled to meet on October 18, 1978. The majority party, under the supervision of the party's leader, who is the President of the nation, holds a national convention and submits the name of its candidate to the electoral college. In practice, the Presidential succession process is conducted within the confines of the Brazilian military high command,

a phenomenon well-known and accepted in Brazil. In the past, the candidates emerging from this process have been senior military officers. However, there is speculation that a civilian may be named to succeed President Ernesto Geisel.

One of the delegation members asked about the cessation of the political rights of Minority Leader Alencar Furtado in June. The question was raised within the context of the right of Brazilians to criticize their government.

On June 27, Furtado and three other MDB leaders denounced the Government's economic policy and its human rights record on national television. Just after the Congress recessed for the month of July, the President, through Institutional Act Number Five (IA5) decreed the removal of Furtado's political rights for 10 years. Maciel said that the President has done his best to refrain from implementing IA5 and that the Congress and the Executive are attempting to work together to improve the democratic system. (IA5 gives the Executive extraordinary powers when he deems such authority necessary.)

Presidential action affecting the Congress taken in April has further consolidated dominance of the Executive over the legislature. During the Congress' recess, electoral rules were changed, effectively reducing the ability of the opposition to increase its influence. There had been a growing sense in Brazil that the opposition was going to significantly improve its position in the congressional elections in 1978. Among the changes instituted was a provision for indirect election of a percentage of the seats in the Senate.

The human rights issue was raised during several of the delegation's meetings. In the course of the session with the Chamber of Deputies leaders, one of the study mission members asked about the Brazilian Congress' role in the human rights field. Maciel said that allegations of human rights violations brought up by Members of Congress are submitted to the Executive which then provides the legislature information about the cases. The Chamber majority leader said President Geisel had done his best to safeguard the observance of human rights in Brazil. Under national security laws, the police must notify the judiciary of arrests within 10 days. In response to a question on the issue of missing persons, the Brazilians said that occasionally the problem arises, but they did not remember any incidents since Geisel came to power in 1974. Asked whether there were limitations on criticism of the Government in the press, one of the Brazilian Congressmen answered that press censorship has not existed since Geisel has been in office, and pointed to the large numbers of reporters in the room covering the discussion with the delegation.

During the meeting with Foreign Minister Azeredo da Silveira, one of the mission members asked about the Brazilian reaction to, and assessment of the U.S. emphasis of human rights, while at the same time expressing concern about some developments in Brazil. The Foreign Minister said that he understood well the human rights strategy of the United States and that everyone was for human rights. Azeredo, however, emphasized that Brazil and some of the other countries in the region were going through a difficult period and that this fact does not seem to be understood by the United States and other countries. He implied that the Soviet Union and Eastern Europe are more appro-

priate targets of the U.S. human rights effort. He also cited Cuban infiltration of some of the countries as part of the problem and said that, as a result of Cuban activities, some of the nations that voted in favor of changing OAS policy toward Cuba in 1975 would change their votes today. Azeredo said that Brazil, as a nonviolent country, was able to exert a moderating influence on some of the other Latin American countries on the issue of human rights.

The Foreign Minister was asked about the prospects for return to full civilian government, in light of the Government's contention that there is no longer a guerrilla threat. He responded that the evolution of the Brazilian political system has taken a positive direction but that the U.S. system cannot serve as a model for Brazil. He emphasized that the political, social and economic situations of the two countries differ markedly and that the United States has an enormous capacity for digesting these problems, a capacity which the Latin American countries do not possess. He expressed optimism that democratic institutions lie in Brazil's future.

Foreign Minister Azeredo provided a concise explanation of Brazilian foreign policy. He emphasized that Brazil's pragmatic foreign policy provides for the maintenance of relations with all countries of the world, except Cuba. That policy also embodies the principles of mutual respect and nonintervention. Relations are maintained with the People's Republic of China and the Soviet Union and ties were established with Angola when the latter achieved independence. Brazil traditionally has felt a certain responsibility for Africa, reflected in the growth in trade with the continent in recent years.

Brazil's foreign policy, domestic politics and national security policy are closely interrelated because of its geographic location. (Brazil shares borders with 10 other nations.) Relations with its South American neighbors are cordial. For example, Brazil is the principal purchaser of goods from Argentina and the second supplier to that country. Brazil is also a principal importer of goods and commodities from Chile and Paraguay. The feeling among Brazilian officials was that the west coast tensions will not lead to war. They have proposed the creation of an Amazonian pact in an effort to bring all the countries into closer cooperation.

Brazil conducts voluminous trade with Western Europe and Canada. Its trade with the Socialist countries is substantially in the black. The Soviet Union is the fifth largest purchaser of Brazilian goods.

Although the United States is Brazil's second largest trading partner, Minister Azeredo said that the two nations should be making a greater effort to resolve existing differences in this area. He attributed the problems to the changing nature of the relationship, with Brazil a traditional supplier of substantial raw materials, now trying to export semi-industrial materials and finished goods. He referred to the memoranda of understanding, signed in February 1976 with then-Secretary of State Henry A. Kissinger, which upgraded Brazil's economic relationship with the United States. He inferred, however, that the relationship could be more smoothly conducted. Azeredo sought to avoid a misinterpretation of his comments regarding United States-Brazilian trade relations, emphasizing that he is not pessimistic about the situation. He said that the United States is the leading

country in the world and is very important to Brazil. Azeredo acknowledged that differences between friendly nations are not unusual.

Significantly, the Brazilians did not appear interested in discussing the most recent source of friction between the United States and Brazil—the Brazilian-West German agreement concerning nuclear energy cooperation. In addition, no direct reference was made to Brazil's ending the longstanding mutual security pact with the United States in reaction to the State Department's human rights report, although, as indicated, the Brazilian viewpoint on the U.S. human rights policy was presented.

In several discussions with officials, the delegation was briefed on the improving economic situation in Brazil, especially regarding inflation. The officials emphasized, however, that the present annual rate of 40 percent still is deemed too high. At the Ministry of Planning, the delegation was provided an overview of the Second National Plan for Economic Policy Through 1979. The general objective of the plan is to adjust the Brazilian economy to world economic realities. World petroleum prices have been a major source of difficulty; the external debt has increased and financial resources outside the country had to be solicited. At another meeting, Finance Minister Mario Simonsen said that Brazil's oil import bill in 1977 will be approximately \$3.8 billion, which will be financed by export earnings. Simonsen predicted that Brazil's export receipts may reach \$12.5 billion and import payments perhaps \$12.2 billion in 1977.

At the Ministry of Planning, it was explained that the Government has placed priority on developing alternate sources of energy, to reduce dependency on petroleum imports. The Government is seeking the assistance of foreign companies in this effort. The Brazilians seem to be encouraged by the success of the development of alcohol as an alternate energy source. Planning Ministry officials feel that Brazil is well on its way toward achieving the objectives of their economic plan because the country is approaching equilibrium in its balance of payments, progress is being made in developing the alcohol energy alternative and the import substitution policy is judged largely successful.

In response to a question from a member of the delegation, a planning official said that efforts are being made to improve income distribution. The Government has adopted direct and indirect approaches. Lately, the real value of salaries has increased, after a prolonged period of decline. The planning official spoke of improvements in social conditions. Part of the education system is funded by employer deposits of a percentage of workers' salaries; 80 million people are on the social security rolls; and regional economic imbalance is being corrected through a process of industry decentralization. Industry has been concentrated in the southern region. The Government now is increasing development efforts in the northeast, and is trying to develop the central, western, and northern regions of the country. Brazil is trying to integrate peripheral areas into the rest of the nation.

The answer to another question bared some interesting facts about the Government's medical assistance program in the rural areas. Tied into the social security system, the medical assistance program is fed

by employer contributions consisting of a percentage of the workers' salaries. Under the program, medical students serve their internships in the northeast and other rural areas, providing medical as well as other assistance.

During the meeting with Minister of Finance Simonsen, the delegation was provided an explanation of some of the fine points of Brazilian fiscal policy in response to questions posed. Simonsen distinguished between three separate aspects of Brazil's public sector: the federal budget; the Government-owned enterprises; and the budgets of the various states. Since 1974, the federal budget has recorded a small surplus. Some state enterprises, such as Petrobras, the Government-owned petroleum industry, and Electrobras, the electric power company, have realized profits. Other state-owned enterprises, have not achieved similar success. In the past, the state enterprises, including the National Railroad, enjoyed considerable autonomy. Last year, however, the Government set overall budget ceilings for the companies. The states, however, are largely outside federal control. Their main source of revenue is the value-added tax which varies from about 13 to 15 percent.

In response to a question on the income tax system and tax evasion, the Finance Minister said that tax collection has improved considerably in the last 10 years, and added that it is very difficult to quantify tax evasion. There are few problems in the collection of the corporate income tax which accounted for \$800 million of the \$2.67 billion total collected. Personal withholding taxes have increased and account for \$1.62 billion. The only area which still presents difficulty is personal income taxes not subject to withholding at the source. This category accounted for only \$21.6 million during the first 7 months of 1977. The income tax structure is progressive and includes tax rates of up to 50 percent.

The Finance Minister was asked about Brazil's phasing out the indexing policy to gain control of inflation. Simonsen said that indexing has been so extensive that it cannot be abruptly stopped. Therefore, the policy is to gradually reduce the practice. The Minister's response to a question on the source of inflation was that there have been: (1) excess demand related to direct monetary expansion or to excess fiscal expenditures; (2) feedback from the network of indexing; and (3) factors beyond Brazil's control, such as the increase in the price of oil and higher agricultural prices attributable to poor crops and reduced supplies.

A discussion of Brazil's import duties, which only account for \$600 million of the \$7.8 billion in total federal tax revenues, followed. Simonsen explained that the duties were intended to protect domestic markets rather than to generate revenues. He said the Brazilian Government would like to lower import restrictions, but is waiting for further improvement in the economic situation.

The Minister indicated that he is not enthusiastic about the idea of an overall commodity arrangement covering several products. He prefers a case-by-case approach.

In response to a question regarding the U.S. role in the stabilization of the international monetary situation, the Minister again referred to the serious problems caused by high OPEC oil receipts, but added

that the United States is contributing to the solution by incurring a large current account deficit. He felt that similar measures by the other industrial countries, such as Germany, Japan and Switzerland, are needed.

The delegation had an opportunity to meet with Minister of Education Ney Braga, considered by some to be a dark horse candidate for the Presidency in the approaching elections. The Minister, a former high-ranking military officer, explained the dual federal education system. The first grade, comprised of students in the 7-to-14 age group, is compulsory. The second grade, for students ages 14 through 18 is considered preuniversity and voluntary. There are 22 million students in the first grade and 2.5 million in the second grade. The Brazilians today are trying to reduce the number of students who enroll in the universities and attract more people to practical social and economic development work. A large number of Brazilian students are studying abroad, most of them in the United States, and many of those in agricultural schools. AID has been instrumental in financing some of the agricultural students. The Agency also was involved in initiating a nutrition program for first grade students. The Government has expanded the program since AID phased out its mission in Brazil.

The Brazilian Government's education loan assistance system is the largest in the world, according to Brazilian officials. The Government finances one-third of university costs. In addition, the federal allocation for education rose more than any other budget category between 1962 and 1977. Today, 15 percent of the budget goes to the education sector.

The Brazilians are very proud of the gains that have been made in improving literacy. In 1978, only 10 percent of the population will be illiterate, according to Government figures. Over 2 million people are taking adult literacy courses in cooperation with UNESCO.

APPENDIX 1

LETTER TO REPRESENTATIVE GUS YATRON FROM SECRETARY OF STATE CYRUS R. VANCE

THE SECRETARY OF STATE,
Washington, D.C., June 26, 1977.

HON. GUS YATRON,
House of Representatives.

DEAR MR. YATRON: I understand the House International Relations Subcommittee on Inter-American Affairs, which you chair, is considering a working visit to several key Latin American and Caribbean countries in the near future. I would like to urge you to do so.

As you know from Mrs. Carter's trip and my own personal involvement in the recent OAS General Assembly and elsewhere, we consider the region to be one of great importance to the United States. It is clear to me that one must visit the countries, meet the people and talk to their leaders to fully understand both the current situation and the many important problems they face.

On the basis of Mrs. Carter's exposure and my own, I can assure you that even though your stay in each country may be short the benefits will be enormous, both to the Subcommittee and to those of us working on these problems in the Executive Branch.

Each of the countries of Latin America and the Caribbean, of course, must deal with particular problems which grow from their individual circumstances. A visit to any one of them would be useful. I concur, however, that visits to the Caribbean plus Ecuador, Peru, Chile, Argentina, Brazil, Colombia and Venezuela would give you good exposure to the wide range of issues involved in our relations with the Hemisphere at this time.

Ambassador Todman and his staff will be happy to provide whatever assistance they can in preparing for your trip. He and I look forward to discussing your findings with you upon your return.

Sincerely,

CYRUS VANCE.

APPENDIX 2

POPULAR FINANCE CORPORATION (C.F.P.)

C.F.P. was created in 1967 by the Colombian Government to make credits available to small and medium industry.

In 1975, the Colombian Government signed a \$5 million loan with AID. The Loan has two key parts—credit and technical assistance—as follows:

A. Special Credit Program:

1. Confidence Credits: To provide capital needed by small entrepreneurs or artisans who have little or no collateral.

2. Community Credits: To help finance productive ventures undertaken by cooperatives associations or affiliated.

3. Professional Credits: To provide credits to small and medium size entrepreneurs and industries unable to obtain adequate capital from existing financial institution.

4. Production Marketing Credit: To enable small producers to obtain raw materials and supplies on more equal terms with larger producers.

Under the Special Credit Program, \$4.0 million of AID loan funds are available to C.F.P. to reimburse C.F.P. for loans made up to 40 percent of the total amount of each eligible loan.

B. Technical Assistance Program: Up to one million dollar equivalent of loan funds are available to finance dollar and local currency cost for T.A. Program to be carried out by C.F.P.

As of June 30, 1977, 100 percent of the total amount allocated for credit purpose had been committed, 16 percent disbursed by AID, 45 percent requested but in process; the remaining 39 percent is expected to be disbursed within the 1/31/78 Terminal Disbursement Date.

Through 1976, the recipient adhered closely to those of the original target group. 70 percent of the AID assisted concerns were owned by less than five shareholders, had total assets less than 300 thousand pesos (US\$8,219.00 equivalent) and employed less than 20 workers.

Under Technical Assistance Program 6,000 industries have been served by C.F.P. under the program with AID funds.

Examples of the C.F.P.'s credit assistance with AID funds to be visited are the following:

A. Ceramic Industry:

With 12 workers and one shift per day, this industry received a loan from C.F.P. for \$300,000 pesos (\$8,214) under the Professional Credit Line. The credit is to finance credit expansion and to obtain one dryer machine.

Its principal activities are to produce ceramic articles such as ashtrays, ceramic figures and others for domestic consumption.

B. Guava Paste "Las Delicias"

This industry started operation 5 years ago and has received a loan from C.F.P. for \$200,000 pesos (\$5,479) under the Confidence Credit Line. Its main product is "Bocadillo", a candy article very popular in Colombia. Basically it is made based upon Guava or "Guayaba", a tropical fruit grown in a hot climate, which is mixed with sugar.

The industry has 12 workers. The product is for the domestic market.

APPENDIX 3

INIAP—ECUADOR, NATIONAL INSTITUTE FOR RESEARCH IN AGRICULTURE AND LIVESTOCK

Director General: Dr. Enrique Ampuero

INIAP was founded by the Government of Ecuador in June 1957, by means of an Emergency Decree, as an autonomous institution under the Ministry of Agriculture and Livestock. Due to budgetary restraints, actual operations commenced in January 1962.

The first research center was established at the "Santa Catalina" Station (1962), followed by the Portoviejo Sub-Station (1962). Later, the Pichilingue Station was transferred to INIAP from the Interamerican Cooperative Service (1963). Also, in 1963, the Santo Domingo Sub-Station was created. Finally, in 1969, the development of the Boliche Station was initiated and subsequently inaugurated in 1971.

OBJECTIVES

Within the overall National Development Plan, INIAP serves the following objectives:

1. Increased productivity of crops for domestic consumption.
2. Reducing production costs for domestic crops.
3. Improvement and diversification of nutritional sources for the Ecuadorean consumer.
4. Efficient production of crops which have an export potential.
5. Adequate supply of products for industrial processing.
6. Professional and academic training.

ACTIVITIES

Within the overall National Development Plan, INIAP serves the following objectives:

1. *Agricultural Breeding Improvement Programs.*—Experimentation and development of high yielding varieties (HPV) appropriate for Ecuador.
2. *Cultural Improvement.*—Research in improved methods of seed, fertilizer, harvesting methods, use of farm labor and machinery.
3. *Phytosanitary Control.*—Combating insect and disease problems during all stages of crop development.
4. *Livestock Investigations.*—Management and feeding.

PARTICIPANTS IN INTERNATIONAL COOPERATION

Inter-American Development Bank	American Cocoa Research Institute and the University of West Indies
World Bank	Interamerican Institute of Agricultural Sciences
Governments of the Low Countries	Corn and Wheat Improvement Center (CIMMYT)
University of Florida	International Potato Center (CIP)
International Center for Tropical Agriculture (CIAT)	Overseas Development Ministry of the United Kingdom
Government of Switzerland	
U.S. Agency for International Development (USAID)	
U.S. Peace Corps	

RURAL ELECTRIFICATION PROJECTS "EL TEJAR" NEIGHBORHOOD OF UYUMBICHO PARISH

The Ministry of Agriculture, under its Rural Development-Improved Rural Life program and with USAID assistance, worked with the "El Tejar" neighborhood in a self-help electrification project.

Through the cooperative efforts of the Municipal Council, 35 low income rural farm families are serviced with electricity. The USAID contribution was approximately \$10,000 for wire, insulators and transformers. The community contributed labor and installed the posts and wiring.

The inauguration of the project took place on November 26, 1976, with U.S. Ambassador Richard Bloomfield as the honored guest.

APPENDIX 4

CHIMBOTE, PERU

Peru has experienced staggering increases in its total population and the proportion of its people living in urban areas. Most of the urban growth is due to in-migration as rural areas are no longer able to absorb additional population. Archaic land tenure patterns combined with the scarcity of arable land accelerated the flow of people to cities. The cities themselves are magnets promising improved income, urban services and a superior way of life.

In 1940 Chimbote was a village of 4,000 people with an economy based on fishing and agriculture. With the opening of Peru's only steel mill and of satellite factories in 1945 the growth rate of the city accelerated. The fishmeal industry began to locate in Chimbote in the early 1950's, and ship building using steel products started shortly thereafter. As industry developed the character of the city changed radically. A railroad linking Chimbote with mining towns in the sierra facilitated population flow from the mountains. By the mid-60's Chimbote was the busiest fishing port in Peru; then, the world's largest producer of fishmeal. Today, Chimbote has 225,000 people and is Peru's fifth largest city.

Migrants to Chimbote found a city which was not equipped to receive them. While some newcomers obtained meaningful employment, most lacking skills, found that opportunities were very limited. Having neither place to live nor resources, they occupied land at the outskirts of the city. Since weather on the coast is mild, a simple shack of woven reeds can serve as a barely adequate dwelling. In time some of the families in these squatter communities were able to upgrade their homes.

In May, 1970 Peru was struck by a major earthquake which caused the death of some 70,000 people. The epicenter was only 35 kilometers directly offshore from Chimbote and the city was devastated. The world community provided immediate assistance and Peruvian authorities set about the task of rebuilding the affected communities. Initially, a master plan prepared with U.N. assistance, proposed relocating the heart of the city to the south. The people, however, lacking the resources to start again, chose to rebuild where they were.

The Government recognizes squatter communities as a reality and its official policy is to assist squatters to upgrade their neighborhoods. This positive view is most clearly indicated by the Peruvian term for such settlements which is *pueblos juvenes* meaning "young towns." Pueblo joven residents are eligible for full land title once water, sewer and electrical services are installed. These investments receive top government priority since the squatter cannot possibly provide his utilities through self-help efforts. This formal GOP recognition of the need to provide basic health and sanitation facilities to complement the squatters' self-help housing efforts represents an innovative approach to urban slum problems and is truly responsive to AID's mandate. In response to this initiative, AID has been able to more effectively gear its housing guaranty and loan programs in Peru to impact on the poorest majority. We estimate that AID and the GOP have been able to provide 10 houses with water, sewage and electricity for the same cost of constructing one lower middle-income house. Water and power are especially important since they facilitate cottage industry and often cost less than when provided by alternative sources (i.e., water trucks, generators, etc.).

In addition to emergency assistance, moderate income housing, and small business loans, the United States provided a \$15 million concessional loan to Peru (with a \$10 million counterpart) to assist in rebuilding the communities affected by the earthquake. In Chimbote, this loan funds self-help housing (200 units); water, sewer and electrical services (for 10,000 pueblo joven families); major additions to the water supply; and reconstruction of the main sewer system.

U.S. ASSISTANCE IN THE EARTHQUAKE ZONE

	<i>Chimbote</i>
1. <i>Emergency Disaster</i> (\$7.4 million total) provided tents, blankets, medicine, emergency supplies; financed construction of a medical center and repairs of the water and irrigation systems.....	\$1, 400, 000
2. <i>Community Development and Reconstruction Loan</i> (\$3.0 million total) financed 500 serviced lots and a pilot self-help housing project consisting of 63 units, in Chimbote.....	500, 000
3. <i>Small Business Assistance Loan</i> (\$2.5 million total) financed loans to 80 small industrial, commercial and service establishments in Chimbote. Provided training in management, budgeting, accounting and marketing for borrowers, intermediate credit institutions and government personnel.....	1, 600, 000
4. <i>Urban Reconstruction Loan</i> (\$15.0 million total) financing 17,000 water, sewer and electric connections in pueblos jovenes, self-help housing (150 units) and reservoirs, wells, main water and sewer lines, pumping facilities and defense of the beach...	8, 500, 000
5. <i>Housing Guaranty Program</i> (\$28.3 million total) financed 760 moderate income homes. A new program using HG funds to provide urban services and housing for the poor commenced in April, 1977.....	4, 500, 000

APPENDIX 5

STATEMENT BY THE FOREIGN MINISTER OF PERU, AMBASSADOR JOSE DE LA PUENTE RADBILL, AT THE WORKING LUNCHEON OFFERED TO THE DELEGATION OF U.S. CONGRESSMEN, LIMA, AUGUST 13, 1977

Ministers; Honorable Congressmen; Your Excellency, the Ambassador of the United States; Secretary General for Foreign Affairs; Gentlemen:

In welcoming you, on behalf of the Revolutionary Government of Peru, I would like to express our feelings of special appreciation and esteem for your presence in our midst, as it confirms the real interest that your new Administration is showing for our country through its most qualified representatives.

Your visit coincides with a particularly significant moment in the history of Peru. We find ourselves at a crossroads between an oppressive past, a difficult present and a promising future, a juncture in which, as the President of the Republic stated a few days ago, an imminent national imperative asserts itself: the achievement of a national consensus on the basis of a responsible historical commitment entered into between the Armed Forces and civilians, on which will depend "the viability of Peru as a truly democratic society".

The second phase of the Revolutionary Government arose two years ago within a complex situation due both to external factors that pressured our economic and financial structure, as well as to certain negative results of the first phase of the Revolution which, beyond its revolutionary objectives and good intentions, forced the Government to face not only the problems that were inherent in the process of the transformation of the country, but also to tackle new problems, with more realistic criteria.

In this general effort, we have verified the need to underscore the purpose of achieving a permanent understanding with the majority of the population, in accordance with the central concern that has always inspired the Government. The Presidential visits to the most remote areas of the country so as to establish a fruitful dialogue and a constructive survey of forgotten sectors of our population, are aimed in this direction. This action, among others, has produced important results for changes in the national planning system and for remodeling its development plans.

Together with our domestic measures, the Government's foreign policy, during the second phase, has assigned a high priority to neighboring, subregional and regional areas, that together tends to reinforce our relations with Latin American countries, since there exist within this sphere an important number of common problems as well as an age old historical tradition that has forged strong links and outstanding integrationist vocation. At the same time and in a complementary manner, our foreign policy has addressed itself toward the maintenance of measures that aim at overcoming the international problems shared by the Third World and Non Aligned countries.

Peru has shown a peaceful and humanitarian vocation which flows naturally from our most prized traditions and from the unshakable will of its Government. In the fulfillment of this task, it has carried out several concrete measures that demonstrate its peaceful intentions, since it feels certain of the interdependent nature of the contemporary world and of the consequent obligation of seeking solutions that will definitely eliminate controversies in our subcontinent, an area which is called to set an example of maturity and fraternity.

President Maroles Bermudez has pointed out, in dealing with this concern, that there still persist factors that perturb the desire for peace that our region is legitimately seeking, by creating a false climate of warlike alarm that can overshadow reality, through certain organs of sensationalist and sometimes irresponsible journalism. Fortunately, the continuous and open dialogues held between the statesmen of our continent effectively have displaced menaces and insecurity.

I believe that this is an aspect of contemporary Latin America that you, as responsible participants in the deliberations of the United States, will be able to better appreciate so as to dissipate within your country the residue of an unjustified atmosphere of apprehension.

The efforts of our Government, both on the domestic as well as the foreign level, are not due to isolated impulses or tentative intentions, but to its own essence as a political process. The most important statements of its most authorized spokesmen have defined the Peruvian Revolution as an original alternative that constitutes, in effect, a humanitarian assertion. Its acts and interests derive from clear premises: the acknowledgement of the value of the human being as intangible and sacred, his central place in History and the consequent orientation of its political, economic and social action towards the full achievement of the human dimension.

On the political level, this basic definition is the *raison d'être* of the Revolutionary Government. It leads us to the setting up, within the near future, of a fully participatory society in line with its basic adherence to our humanitarian doctrine. In this sense, full participation is a basic principle of the Peruvian political process, derived from its conviction that if we Peruvians do not effectively participate in the political, economic and cultural life of the nation, we will not be able to fully realize ourselves as human beings. That is why we are determined to gradually and prudently reach, within an economic, political and institutional pluralism, a stage of social construction in which the profound changes that have been started will take root.

The ideological goal of the Revolution as well as its method of implementing it, have set the basis of a fundamental change in Peruvian society. There are new institutions, new procedures, new methods of action, some of which have been sought by different political sectors, others which have been created by the Revolutionary Government, that have deeply transformed our society and our way of life. I refer to agrarian reform, to the reform of private enterprise, the educational reform, the financial reform, amongst others, that tend to create a country in which the human and individual realization of the great majority of our people can be carried out in a practical and specific manner.

For this purpose, gentlemen, we have been working within a markedly open climate, in which the atmosphere of a growing freedom of expression is evident. More political party activity is now being promoted because the role of the parties is considered essential for the establishment of a full democracy; because we are seeking today, in the most constructive and firm manner, to lay the groundwork for a return to a constitutional government, but on new premises, in line with a new Peru, as the culmination of the most audacious experiment of political and economic democratization in Peruvian history.

Precisely in these circumstances, we now find ourselves in the midst of an economic and financial crisis that threatens what has been achieved and menaces the future within our reach. It is a serious crisis, caused by many factors, such as the retraction of private investment in the initial stages of the Revolution, the freezing during a three years period of foreign credit from international financial institutions, the burden of our present foreign debt and persistent losses in our trade balance, all of this within the worldwide inflationary-recessive crisis.

We are conscious of the gravity of the situation and of the burden imposed by the international crisis on our prospects of progress, but at the same time we are conscious of the extraordinary wealth of our resources, of the important development projects that are under development or are in production, of the working capacity of our people, of the prestige and honesty of our behavior in international finance, all of which augur for a solution within a short time.

In view of all of this, it would be impossible for the Government to now apply severe formulas to reestablish the financial situation, on the basis of a prolonged economic recession that, by worsening even more the situation, could compromise the humanitarian nature of our entire political effort.

I have tried to provide a precise report of the present situation in my country, emphasizing the general political direction which encompasses the essence, sensitivity and over-all humanitarian objective of its Government. This has been my purpose because I feel that in our case there is reflected a generalized hope throughout the world, that of establishing the conditions essential for the intangibility, protection and promotion of the rights of man, in a wide and profound sense. Because for our countries, for that two thirds humanity which inhabit the developing world, the respect of human rights is not restricted to the

defense of rights that have been repressed in specific sectors, be they urban groups, political, religious or racial factions, as in the case in the developed world. Rather, we aim at achieving the means of protecting the most elementary rights and aspirations: the right to nourishment, to a proper home, education and health, for our overwhelming majorities, and to achieve this within a non-coercive society, deeply respectful of freedom. This, in essence, is the Peruvian experiment, which now lives in its most delicate moment.

For this reason, I feel bound to ask whether it is not just to expect that, under the enlightened leadership of a humanitarian United States foreign policy, the international community become more sensitive to the urgent needs of a renovation of the world economy—which we call a new economic order—that would allow a genuine economic interdependence on really egalitarian, that is, humanitarian bases.

I have raised this subject, honorable congressmen, in the conviction that you are interested in understanding the outstanding problems of our country at present, which is why I ask you to let me know your opinions with regard to this brief statement.

My colleagues in the Cabinet, in the Government and the representatives of the Private Sector are at your disposal for what we hope will be a fruitful dialogue.

APPENDIX 6

STATEMENT OF THE FOREIGN MINISTRY OF ARGENTINA ON THE SUBJECT OF HUMAN RIGHTS

The Government of the Republic of Argentina has been the subject of allegations about violations of human rights, based on presumed acts contrary to its internal laws to the prejudice of personal guarantees and freedoms.

In articles 14, 15, 16, 17 and 18, our National Constitution, which was adopted in 1853, confirms a broad range of civil rights which article 20 generously extends to foreigners, but it also envisages the possibility that such rights may be limited by the existence of a state of internal disruption.

Article 23, in fact, provides for the declaration of state of siege (*état de siege*) by the following words: "In the event of internal disruption or an attack from outside, the province or territory where order has been disturbed will be placed under state of siege (*état de siege*) and the constitutional guarantees will be suspended there. During such suspension, however, the President of the Republic shall not condemn anyone on his own initiative or enforce penalties. As far as individuals are concerned, his power shall be limited to arresting them or removing them from one place in the nation to another, unless they prefer to leave Argentine territory".

By virtue of the application of this rule, the rights listed in Article 14 mentioned above may be suspended under state of siege (*état de siege*) whose rights include that of entering, remaining in, passing through and leaving Argentine territory, that of publishing one's ideas in the press without prior censorship, that of entering into associations for specific purposes and that of free religious worship.

When the Armed Forces took over the Government of Argentina on 24 March 1976, what they were seeking was more than the overthrow of a regime—which had gradually disintegrated as a result of its tremendous mistakes and inconsistencies—it was to fill the existing power vacuum in the country as a matter of top priority. The urgency was due to the necessity, recognized by all, of putting a stop to a process which had reached the point of chaos in the political, economic and social fields.

At a time when the nation's productive machinery was paralyzed by the recession, aggravated still more by an unprecedented rate of inflation, when its monetary reserves were reduced to a minimum, when its trade-union structure was disorganized, when its rulers were corrupt and its political groups unrepresentative, the new Government won immediate acceptance by general consensus and restored hope in the country's future.

As the Government did not resort to all the legal means at its disposal to enforce law, order and internal security until March 1976, the citizens were forced to preserve their security by their own efforts, at least to a minimum extent. Accordingly, there appeared a multiplication of bodyguards, armed guards in public buildings and factories and finally the creation of antiterrorists private organizations for the purpose of combating the subversive armed gangs with their own methods.

Meanwhile, the terrorists and subversives, who had organized and added to their ranks by clandestine action, entered upon a stage of open warfare which they called the "dual phase", in which they claimed to be coexisting with the legal forms of power.

As can be easily imagined, this meant for Argentina a leap into a vacuum. In order to avoid this situation, the Armed Forces decided to take over the Government, which was immediately recognized by international community.

All this goes to show that the Republic of Argentina is living through an exceptional period in its history. In order to justly appreciate the special characteristics of this period, it is necessary to bear in mind the guiding principle that

the exercise of individual rights and guarantees by persons connected with any of the armed terrorist organizations which have contended with the State for a monopoly of the use of force has had to be restricted out of respect for, and in protection of the rights of others.

It has been necessary to enforce the safeguarding of the order and security of the entire community and the institution which constitute the fundamental structure of the State for the service of the common welfare, within reasonable limits dictated by the concrete circumstances of the "internal disruption" and "disturbance of order" which served as the basis for declaring state of siege (*état de siege*)—article 23 of the National Constitution—since otherwise the enjoyment and safeguarding of those rights would have proved illusory or would not have given full satisfaction.

From 1862 to the present time, successive Governments have declared state of siege on thirty-two occasions. The present state of siege (*état de siege*) was declared on 6 November 1974 under the administration of Maria Estela Martinez de Perón as a result of the increasing acts of terrorism to which the Government—in spite of its complacent indolence—could not remain indifferent. That same state of siege (*état de siege*) has been maintained up to now.

A judgment about the legality or illegality of a specific restriction on a right depends to a large extent on the circumstance of the case, since the law cannot stand aloof from real life but on the contrary has to bear it fundamentally in mind and it is by adjusting to its vicissitudes that it produces the rules which govern and at times restrict all rights. Restrictions in either normal or exceptional circumstances, when it is necessary to consider other values more important for public order and the community which cannot be guaranteed except at the expense of limitations on individual rights—one need only think of armed conflicts in time of war, epidemics, etc., when greater than ordinary limitations are inevitable, in order to see how closely dependent they are on actual circumstances.

The Supreme Court of the Republic of Argentina has taken the view that a correct interpretation of its constitutional precepts shows that these rules and the laws governing them should be interpreted in the light of the basic objectives laid down in the preamble to the constitution, among which special attention should be paid to the goals of "consolidating internal peace" and "providing for the common defence", due to the state of internal disruption brought about by armed groups which are keeping the Argentine security forces engaged in a struggle of repression.

Moreover, the possibility of suspending individual guarantees in exceptional situations which endanger the life of a nation has been internationally acknowledged in article 27 of the "American Convention on Human Rights", in the "European Convention for the Protection of Human Rights and Fundamental Freedom" (art. 15) and in the "International Covenant on Civil and Political Rights" (art. 4) adopted by the United Nations.

Under the Argentine judicial system, the power to arrest or remove persons during a period of state of siege (*état de siege*) is the exclusive prerogative of the President of the Republic, although this power does not authorize him to condemn persons on his own initiative or to impose penalties. The judicial authority cannot subject such arrests to its own interpretation. On the other hand, as the suspension of the constitutional guarantees covers other rights besides that of personal liberty, the control of reasonability which it can exercise over the measures taken by the executive authority is broader than in the case of the latter. "Reasonability" has been interpreted as meaning that the measures taken by the public authority must be proportionate to the objectives aimed at by the laws.

At the Federal level, "habeas corpus" is governed by title IV of Section II of the Code Penal Procedure (articles 617 to 645). Article 617 provides that an appeal for the protection of personal liberty may be lodged with the competent judge against any order to procedure by a public official tending to restrict a person's freedom unlawfully.

Arrests ordered by the National Executive Authority under state of siege (*état de siege*) cannot constitute acts unlawfully restricting a person's liberty, since this is the legitimate exercise of a power conferred upon that authority by the National Constitution.

That notwithstanding, article 639 of the above-mentioned legal body provides for the form in which an appeal of "habeas corpus" against the sentence must be granted when the person for whose benefit it is invoked came under the National Executive Authority by virtue of the powers conferred upon the latter by article

23 of the National Constitution, which is tantamount to admitting such appeals in the case of arrests carried out in this way during the period of state of siege (état de siege).

It should be emphasized that in all cases when persons of foreign nationality are detained, the Government of Argentina has permitted them to be visited by their respective Consuls, duly accredited to the Republic of Argentina.

The institutional act of 24 March 1976 has suspended application of the last paragraph of article 23 of the National Constitution, which had offered persons detained by the National Executive Authority under state of siege (état de siege) the option of leaving Argentine territory.

The reasons for this suspension are to be found in the peculiar feature of acts of terrorism, and it is aimed at preventing those who might leave the country by virtue of the suspended option from security returning to carry out their unlawful activities.

Subsequently, the Institutional Act of October 27, 1976 provided that the duration of that suspension would be fixed by law. In practice this term has been extended until October 1977.

On the other hand, Act 21.449 provides, briefly, that: (1) any detainee may petition to be allowed to leave the country after 90 days following the decree ordering his detention; (2) such permission will be granted to persons who are not deemed to constitute a danger to the peace and security of the nation; (3) the request will be granted after 90 days from the date of application; (4) in case the request is refused, a new application can be made six months after the date of refusal; (5) a person authorized to leave the country cannot return to the country without the authorization of the Executive Authority, unless he becomes a detainee; (6) violation of this Act will be punishable by imprisonment from 4 to 8 years.

Moreover, it should be borne in mind that the Executive Authority has respected the decisions taken by the judicial authority with regard to options to leave the country. This right has been granted to those detainees upon whose status definite judgment has been passed, i.e., with the force of *res judicata*, prior to 24 March 1976, and who exercised their right of option. By virtue of this right, 11 persons have left Argentina for other countries.

As has already been mentioned, these provisions are in conformity with what is laid down in Article 4 of the "International Covenant on Civil and Political Rights" adopted by the United Nations on 16 December 1966. Moreover, they do not in any way imply the suspension of the right to life (art. 6), or disregard the obligation not to subject persons to torture or to degrading and cruel punishment or treatment (art. 7), or to slavery or servitude (art. 8) and 2, paragraph (1), or to be imprisoned for failure to fulfill a contractual obligation (art. 11), nor do they involve the retroactive application of some more serious penalty (art. 15) or the loss of legal personality (art. 16), nor do they deprive anybody of freedom of thought, conscience and religion (art. 18, and paragraph 2 of art. 4).

In assuming leadership of the State, the present Government tried to eradicate terrorism and the causes which favour its existence with this purpose in view. acts 21.460 and 21.461 (now in force) have entrusted military tribunals with the investigation of any crime of a subversive nature, including judgment over it with the assumption that this procedure will reduce their potential for harm whether human or physical. Military jurisdiction had to be adopted as the only possible means of repressing terrorist crimes characterized by armed violence.

The military tribunals respect the principle of the right to defense by applying the summary peacetime procedures provided for in articles 502 to 504 of the Code of Military Justice and by paying due regard to the hypotheses expressly envisaged in that code and in the penal code of the Republic of Argentina, since in all cases the defendants have the assistance of Counsel and the right to lodge appeals against the sentences imposed on them, a recourse which may be taken as far as the Supreme Court of Justice of the Nation.

The existence of military tribunals is not in disregard of the functions of the Federal Judiciary in cases where it has jurisdiction under the laws, nor does it imply that persons other than those involved in crimes of terrorism are subject to a regime which has been brought about by the very nature of terrorist acts against our institutions.

Consequently, the status of those individuals who are detained by the National Executive Authority will have to be determined either by trials in the military

or federal courts, depending on each case, or by their release, or last, by the termination of state of siege (état de siege) once the reasons for declaring it have ceased to exist.

It should be pointed out that at the present time the Federal Judiciary is conducting 667 trials against terrorists and has imposed 327 sentences.

For their part, the Special Courts Martial established under current legislation are hearing 321 cases and have, to date, handed down 122 convictions.

Between 24 March 1976 and the present time, an increasing number of persons (1,732) have been set at liberty who had been detained owing to possible terrorist connections, and 523 persons with clear backgrounds have been permitted to leave the country, while 132 foreigners have been expelled.

With regard to the present conditions of the detention, housing, treatment and transportation of terrorists and subversive delinquents, a system has been set up under decree 1209/76 of the National Executive Authority which insures conditions of maximum security for persons detained by the National Executive Authority and those terrorists who have been tried or convicted by the competent tribunals, but at the same time guarantees them those rights to which every detained person is entitled under article 18 of the National Constitution. Moreover, it should be noted that the International Red Cross has visited many of the Argentine prison centres included in the aforesaid decree.

State of siege (état de siege) is an exceptional kind of law designed for exceptional conditions which arise in the life of a State. Once the reasons for its application have disappeared, the country shall revert to a normal state of law.

In this field the Government of Argentina has repeatedly stated that its basic objective is to achieve the complete supremacy of the judicial and social order.

With this in view, a number of legal provisions are about to go into force which offer objective proof of the efforts being made by the Government of Argentina to gradually reestablish the complete operation of those constitutional rules which have been temporarily suspended. This body of provisions includes the following:

1. An Institutional Act reestablishing the full exercise of the right of option.
2. An Institutional Act creating, at the highest level, an Advisory Commission of the National Government to review the status of every person detained by the National Executive Authority for more than six months, with a view to proposing either; (a) that he be released; (b) that he be brought to trial; (c) that he be given the option to leave the country; (d) that his present status continue if there are sound reasons why this is advisable.
3. A law regulating the exercise of the right of option, by which the National Executive Authority shall fix deadlines for dealing with every application and appeal before the judicial authority, in cases when this obligation has not been fulfilled by the National Executive Authority.

The conclusion to be drawn from the above observations is that faced with a situation "of serious internal disruption", the Government of Argentina had to take exceptional measures in order to effectively counteract acts of terrorism and to provide the Argentine people with effective protection for their lives and other fundamental rights. These exceptional measures are strictly in accordance with the possibilities made available by the Argentine constitutional system.

If they involve a suspension of the liberties confirmed by the constitution, it is because the latter also provides for such a suspension in specific cases. Such a de facto suspension is equivalent to a control measure taken by the National Executive Authority, a control which in the case of the freedom of the press, assembly, right to enter, pass through and leave the country, or of association, is governed, as has already been said, by a strict criterion of reasonability.

Another conclusion to be drawn concerns the independent attitude displayed by the judicial authority throughout the whole process of normalization which has been described above. The magistrates have acted with absolute autonomy with regard to the decisions taken by the National Executive Authority, and in more than one case have allowed appeals against these decisions. Among others, for example, mention might be made of the case of the religious sect of the Jehovah's Witnesses, in which the Federal Court of Appeals invoked the freedom of religion confirmed by article 14 of the National Constitution to allow the appeal against Decree 1867/77 of the National Executive Authority prohibiting that sect's activity in the country. The Court also decided to declare null and void the prohibition in that decree of the circulation of newspapers, reviews and publications of the Jehovah's Witnesses, as well as the order closing its premises.

The Government of Argentina has not departed from any of the legal provisions of its internal laws, nor from the principles which led its accession to the Universal Declaration of Human Rights of the United Nations and to the American Declaration of the Rights and Duties of Man.

On the contrary, it has used all of the juridical resources within its power to guarantee all its inhabitants the free exercise of the rights confirmed in its constitutional enactments.

APPENDIX 7

COMPARISON OF DECREE LAW No. 521 OF JUNE 14, 1974; PUBLISHED IN THE "DIARIO OFICIAL" OF JUNE 18, 1974 (ESTABLISHING THE NATIONAL DIRECTORATE OF INTELLIGENCE, DINA) AND DECREE LAW No. 1878 OF AUGUST 12, 1977; PUBLISHED IN THE "DIARIO OFICIAL" OF AUGUST 13 AND IN "EL MERCURIO" OF AUGUST 14, 1977 (ESTABLISHING THE NATIONAL CENTER OF INTELLIGENCE, NCI) ¹

DIRECCION DE INTELIGENCIA NACIONAL (DINA) (National Directorate of Intelligence)

In view of:

The provisions of decree laws no. 1 and no. 128 of 1973, and considering the need of the Supreme Government of having the immediate and permanent collaboration of a specialized organization to provide [the Government] in a systematic and duly processed form the information it requires for making appropriate resolutions in the fields of National Security and Development, The Government Junta has resolved to enact the following Decree Law:

Art. 1. The National Directorate of Intelligence is hereby established, a military organization of technical and professional character, directly subordinated to the Government Junta, whose mission shall be to gather all information at the national level proceeding from the different fields of action, with the purpose of producing the intelligence required for the formulation of policies, for planning, and for the adoption of measures [aimed at] obtaining the preservation of national security and the development of the country.

CENTRAL NACIONAL DE INFORMACIONES (CNI) (National Center of Information)

Considering:

The need of the Supreme Government of having the immediate and permanent collaboration of a specialized organization that gathers for it all information at the national level that [the Government] requires for the adoption of the most suitable measures, specially in [the] preservation of National Security.

The Government Junta of the Republic of Chile agrees to enact the following:

Art. 1. The National Center of Information is hereby established, a specialized military organization of technical and professional character, that shall have the mission of gathering and processing all information at the national level, proceeding from the different fields of action, that the Supreme Government requires for the formulation of policies, plans, programs; the adoption of the necessary measures for the preservation of national security, and the normal development of national activities and the maintenance of the established institutionality.

In spite of its quality of military organization, integrating the National Defense, the National Center of Information, in the performance of its specific duties, shall relate to the Supreme Government through the Ministry of the Interior.

¹ Translated from the Spanish by Eduardo Abbott, legal specialist, Hispanic Law Division, Law Library, Library of Congress, September 1977.

Art. 2. The National Directorate of Intelligence shall be headed by a General or Superior Officer in active duty of the National Defense Forces, appointed by supreme decree, who, with the title of Director of National Intelligence, shall have the superior, technical, and administrative direction of the Service. In the exercise of his powers [the Director] shall be able to issue the resolutions and impart the internal instructions necessary for the operation of the service.

Art. 3. The organization, internal institutional structure, and duties of the National Directorate of Intelligence shall be established by an organic regulation that shall be enacted at the Director's proposal.

The staff [of DINA] shall consist of personnel coming from the Institutions of National Defense.

Whenever it is necessary to hire personnel not from the Institutions of National Defense, [such hiring] shall be approved by supreme decree signed, in addition, by the Minister of Finance. The respective legal status and, remuneration levels shall be the same as those of the civil personnel of the Armed Forces.

Art. 4. The Director of National Intelligence may request the reports and background information he deems necessary for the effective fulfillment of his duties, from any state agency, municipalities, juristic persons created by law, or from those enterprises or corporations in which the State, or its enterprises, have either capital contributions, representation, or participation.

[The Director] is empowered to report to the General Comptroller of the Republic of the failure to comply with these obligations, [to report to DINA,] so that [the Comptroller] may apply directly any administrative sanction contained in the charter regulating the functioning [of the institution that has failed to inform the Director]. The provisions establishing the secrecy or confidentiality of specific matters shall not be an obstacle for providing the reports or information required by the National Directorate of Intelligence, even though the same obligation of secrecy or confidentiality shall affect its [DINA's] personnel.

Art. 2. The National Center for Information shall be headed by a General or Superior Officer in active duty of the Armed or Order Forces, appointed by supreme decree, who, with the title of National Director of Information, shall have the superior, technical, and administrative direction of the Service. In the exercise of his powers [the Director] shall be able to issue the resolutions and impart the internal instructions necessary for the operation of the service.

Art. 3. The organization, internal institutional structure, and duties of the National Center of Information shall be established by an organic regulation that shall be enacted at the Director's proposal.

The staff [of CNI] shall consist of its own personnel and that coming from the Institutions of National Defense.

Whenever it is necessary to hire personnel not from the Institutions of National Defense, [such hiring] shall be made by supreme decree signed—in addition—by the Minister of Finance. The respective legal status and remuneration levels shall be the same as those of the civil personnel of the Armed Forces, and they shall be considered [as civil personnel of the Armed Forces] for all jurisdictional and disciplinary purposes.

Art. 4. The National Director of Information may request the reports and background information he deems necessary for the effective fulfillment of his duties, from any state agency, municipalities, juristic persons created by law, or from those enterprises or corporations in which the State, or its enterprises, have either capital contributions, representation, or participation.

[The Director] is empowered to report to the General Comptroller of the Republic of the failure to comply with these obligations, [to report to CNI.] so that [the Comptroller] may apply directly any administrative sanction contained in the charter regulating the functioning [of the institution that has failed to inform the Director].

The provisions establishing the secrecy or confidentiality of specific matters shall not be an obstacle for providing the reports or information required by the National Center of Information, even though the same obligation of secrecy or confidentiality shall affect its [CNI's] personnel.

Art. 5. The Organic Regulation referred to by the first subsection of article 3 shall establish the legal status and benefits applicable to the personnel of the four Institutions of National Defense and the Investigations Service designated or commissioned [to serve in] the National Directorate of Intelligence, [which] shall be the same as those applicable to personnel serving in the National Defense.

Art. 6. The Annual Law of the Budget shall contain, in global figures, the resources necessary for the financing of the expenses required by the National Directorate of Intelligence. The financing of [DINA] for the year 1974 shall be allocated from the global sums that the Ministry of Finance shall place at the disposition of the National Directorate of Intelligence for this purpose.

Art. 7. All imports of complete equipment, accessories, and other elements made by the Directorate of Intelligence are hereby declared exempt of specific and *ad valorem* duties and of all other taxes, rates, and contributions established by the schedule of customs duties (*Arancel Aduanero*), and, in general, of all duties collected through customs, as well as the clearance duty (*Tasa de Despacho*) established by article 9 of law 16,464, as amended, and the 10% tax contained in article 44 of law 17,564.

Art. 8. The following new subsection is hereby added to letter (a) of article 19 of law 17,798, concerning Arms Control:

"Likewise, the actions referred to in the preceding subsections shall be carried out by the National Directorate of Intelligence in the manner and under the conditions established in those provisions."

Art. 5. The National Center of Information shall have a *patrimonio de afectacion fiscal* (property or patrimonium considered as belonging to the State) formed by the following items:

1. Funds allocated to it in the Nation's Law of the Budget, that shall be included in the corresponding item of the Ministry of the Interior;

2. Funds assigned to it in special laws;

3. The other properties or resources that [CNI] shall receive or acquire, by any title, for its own ends. A Regulation of confidential character, enacted within the term of 180 days, shall regulate the provisions of this article.

Art. 6. In the administration, management, and disposition of the property and funds of its *patrimonio de afectacion fiscal*, the National Center of Information shall be represented out of court (*extrajudicialmente*) by its director who may perform any legal act aimed at the fulfillment of its [CHI's] own ends. With this fiscal patrimonium, [the Director] may rent and buy movables, real estate, products or services and may dispose of them.

Art. 7. All imports of complete equipment, accessories, and other elements made by the National Center of Information are hereby declared exempt of specific and *ad valorem* duties and of all other taxes, rates, and contributions established by the schedule of customs duties (*Arancel Aduanero*), and, in general, of all duties and of all other taxes, rates, well as the clearance duty (*Tasa de Despacho*) established by article 9 of law 16,464, as amended, and the 10% tax contained in article 44 of law 17,564.

Art. 8. The expression, "National Directorate of Intelligence" is hereby replaced by "National Center of Information" in the last subsection of letter (a) of article 19 of law 17,798, on Arms Control, added by article 8 of decree law no. 521 of 1974.

Art. 9. In joint tasks ordered by the Supreme Government, the National Center of Information shall coordinate the actions of the different intelligence services of the Institutions of National Defense, whenever [these joint actions] are aimed at carrying out missions that entail [CNI's] specific function.

Single Transitory Article. Articles 9, 10, and 11 of the present decree law shall be published in an annex of restricted circulation to the *Diario Oficial*.

Art. 10. The provisions of articles 191 and 192 of the Penal Procedure Code shall be applicable to the National Director of Information.

Art. 11. For all proprietary purposes the National Center of Information shall be the legal continuator of the National Directorate of Intelligence.

Transitory Article. The Organic Regulation of confidential character referred to in article 3 of the present decree law shall be enacted within the term of 150 days.

APPENDIX 8

SOUTH AMERICAN STUDY MISSION ITINERARY

August 9, 1977

Embassy Country Team briefing in Bogota
Delegation received by Chargé d'Affaires ad Interim Robert W. Drexler

August 10, 1977

Inspection of AID small-industry projects
Meeting with President Alfonso López
Meeting with Committee on Economic Affairs, Colombian Chamber of Representatives
Meeting with Foreign Relations and Defense Committee, Chamber of Representatives
Meeting with Cardinal Muñoz
Discussion with United States Ambassador's Business Liaison Committee, representing U.S. firms in Colombia

August 11, 1977

Depart Bogota
Embassy Country Team briefing in Quito
Working lunch with members of the American community
Meeting with President Vice Admiral Alfredo Poveda and Supreme Council
Meeting with Foreign Minister Jose Ayala and other Cabinet ministers
Delegation received by Ambassador and Mrs. Richard J. Bloomfield

August 12, 1977

Inspection of AID-assisted Uyumbichu electric cooperative and National Institute for Research in Agriculture and Livestock
Luncheon with Ecuadorean-American Chamber of Commerce
Meeting with Electoral Tribunal
Visit to Working Boy's Center
Press Conference
Dinner hosted by Foreign Minister Jose Ayala in honor of delegation

August 13, 1977

Depart Quito
Embassy Country Team briefing in Lima
Working luncheon hosted by Foreign Minister Jose de la Puente
Briefing at National Planning Institute
Delegation received by Ambassador Harry W. Schlaudeman

August 14, 1977

Inspection of AID-assisted project at Chimbote

August 15, 1977

Meeting with Prime Minister/Minister of War Guillermo Arbulu
Meeting with President Morales Bermudez
Press conference
Depart Lima

August 16, 1977

Embassy Country Team briefing in Santiago
Meeting with Foreign Minister Vice Admiral Patricio Carvajal and Foreign Ministry officials
Luncheon with President Augusto Pinochet
Delegation received by Chargé d'Affaires and Mrs. Thomas J. Boyatt

August 17, 1977

Meeting with President of Confederation of Chambers of Commerce
 Meeting with Group of Ten
 Meeting with Cardinal Silva
 Press conference
 Depart Santiago

August 18, 1977

Embassy Country Team briefing in Buenos Aires
 Working session with Foreign Minister Admiral Cesar Guzzetti
 Luncheon with Argentine political leaders
 Meeting with Defense Minister Jose Maria Klix
 Meeting with Economics Minister Martinez de Hoz
 Meetings with religious leaders

August 19, 1977

Meeting with human rights group
 Meeting with Jewish community leaders
 Meeting with church officials
 Luncheon with American Chamber of Commerce in Argentina
 Press conference
 Delegation received by Deputy Chief of Mission Maxwell D. Chaplin

August 20, 1977

Depart Buenos Aires
 Meeting with President of Tax Equity for Americans Abroad Stanford P. Wilson in Rio de Janeiro

August 21, 1977

Delegation received by Consul General and Mrs. John Dexter.

August 22, 1977

Depart Rio de Janeiro
 Briefing by U.S. Ambassador John Hugh Crimmins in Brasilia
 Meeting with leadership of Brazilian Congress
 Luncheon hosted by President of Brazilian Chamber of Deputies Marco Maciel with committee chairmen attending
 Meeting with Minister of Education and Culture Ney Braga
 Meeting with Minister of Finance Mario Henrique Simonsen
 Delegation received by Ambassador and Mrs. Crimmins

August 23, 1977

Meeting with Secretary General of Planning Joao Paulo dos Reis Velloso
 Meeting with Foreign Minister Antonio Francisco Azeredo
 Press conference
 Depart Brasilia

APPENDIX 9

STATEMENT OF REPRESENTATIVE PAUL FINDLEY FROM THE CONGRESSIONAL RECORD OF SEPTEMBER 29, 1977

CHANCES FOR A LATIN NUCLEAR AGREEMENT

A bilateral, on-site, nuclear verification agreement between Argentina and Brazil could help to arrest mounting suspicion over the ultimate nuclear aspirations of these two important states. There is no reason to believe that such a proposal would not be rejected out of hand, and there are many reasons why both sides should find such an agreement in their best interest.

I reached that conclusion during a congressional study mission that included discussions with top officials in Brazil, Argentina, Chile, Peru, Ecuador, and Colombia.

The agreement I envisage would be one in which Brazil and Argentina renounce any intention of developing a nuclear explosive device and agree to accept continuing, mutual, on-site monitoring of their respective nuclear facilities. Each nation would let nuclear officials of the other move freely throughout its nuclear facilities.

Argentina and Brazil have been natural competitors on many planes over the years and probably will remain so in the future. They have a long common border. Each has a great diversity of resources, technical competence and a burgeoning economy.

Argentina is presently the most advanced nuclear power in Latin America with several natural-uranium-fueled power plants in operation and under construction. Its technology includes a laboratory-size plant for reprocessing spent fuel.

Brazil, although behind Argentina in nuclear development, has contracted with West Germany to buy a complete nuclear fuel technology based on the use of enriched uranium and including equipment for reprocessing spent fuel. The latter, of course, will yield substantial quantities of plutonium usable for weapons.

Neither country is currently a party to the non-proliferation treaty, though both have taken some steps toward entering into the Treaty of Tlatelolco. However, this treaty, important as it is, accepts the distinction between peaceful and military nuclear explosive devices, a distinction that the United States and other supplier states now prudently recognize to be artificial and meaningless.

Both Brazil and Argentina have frequently renounced any intention of building or otherwise acquiring nuclear weapons, but apprehension persists that, in the absence of solid safeguards, future circumstances might impel one of them to go the weapons route. If so, the other would surely follow. With the giants of South America armed with nuclear weapons, a chain reaction might bring them swiftly to other Latin nations.

A Latin America bristling with nuclear weapons is hardly a pleasant prospect.

The bilateral pledges and inspection arrangements I have described would not be a substitute for International Atomic Energy Agency safeguards nor for specific individual supplier-state provisos, but rather would provide an important additional element of assurance and protection between two states whose past relations have at times been quite troubled. The agreement in question would strengthen the web of checks and decrease any incentive for abuse and diversion. The agreement by rivals to check themselves should be doubly reassuring to neighboring states and to the world at large. There are other situations in other parts of the world where tensions among regional powers are so great as to require checks beyond those inherent in customary safeguard arrangements. This kind of bilateral verification could serve as a model for such situations, helping, by means of the added protection it would provide, to assure that traditional safeguards are not subjected to intense or unbearable strain.

The agreement would have these advantages :

It would elicit worldwide applause for the two neighboring countries whose governments would consummate the agreement entirely on their own without participation or pressure by the nuclear-weapons states.

It would be the first major agreement between the countries in many years and might create an atmosphere that would be supportive of agreements in other fields as well.

It would not involve concessions or cost by either state. Brazil and Argentina already have a cordial, informal, cooperative relationship among their nuclear officials and, inasmuch as both have renounced nuclear weapons, neither would be disadvantaged by accepting continuing on-site inspection.

It would help to restore an atmosphere of cordial nuclear cooperation that likely would spread beyond Argentina and Brazil. Hopefully, it would generate a mutually beneficial spirit to the advantage of supplier states, including the United States, West Germany and Canada.

No single method exists for dealing with the threat of nuclear proliferation. Agreements can always be broken in times of stress, and safeguard inspectors sent packing. That is why it is still of the greatest importance to create fuel cycles in which ready access to weapons-usable materials is denied. Still, the institutional arrangements described here, coupled with other controls and hoped-for technological advancements, could be an important breakthrough in the quest for a truly secure development of nuclear power.



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