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## Argentina: Leaders' Optimism

Argentine President Videla and Economy Minister Martinez de Hoz, in recent major speeches, have offered an optimistic assessment of the military junta's six months in power. Their comments probably were directed as much to

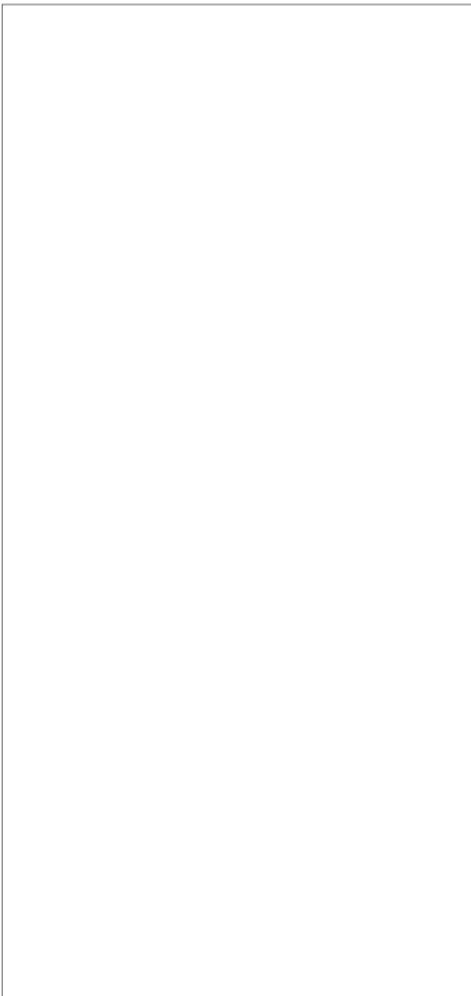
critics within the armed forces as to the public.

Videla highlighted the army's accomplishments against leftist guerrillas, but stopped short of claiming victory. He stressed that the guerrillas' operational capacity has been broken and that the "organizations have been beheaded, with much of their logistic and propaganda apparatus destroyed."

Further terrorist violence seems assured, however, and could make a mockery of Videla's statements, contributing to growing public cynicism. Moreover, opposition to Videla from conservative, security-minded military men could increase if such officers interpret his remarks as an indication that the government will give less attention to antiguerrilla operations.

Martinez de Hoz was on somewhat firmer ground with his assessment of the economy. Inflation is down dramatically from the runaway levels it reached early this year, and considerable foreign financial assistance has been forthcoming. The economy minister asserted that the worst part of the recession is over, but warned Argentines not to be lulled into thinking they can abandon austerity measures.

The junta clearly still backs the minister's orthodox economic policies, but there is serious criticism from both the public and the military. Recent widespread work stoppages are an obvious sign that labor is tiring of wage limits in the face of continued high prices. Pressure within the military is reportedly mounting for the government to allow greater wage hikes before labor is irretrievably alienated.



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