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President G.D. Woods Briefs - Visit to Argentina

1965

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MINISTER
PUBLISTE

Mr. Woods

ASSISTANTS TO THE MEETING FIXED FOR MONDAY 17th, at 6 p.m.

AT THE OFFICE OF THE MINISTER FOR ECONOMIC AFFAIRS -

HIPOLITO IRIGOYEN 250 -5th Floor-Of. 513

Minister for Economic Affairs: Dr. JUAN CARLOS PUGLIESE

Under-Secretary in the Ministry for Economic Affairs:

Dr. PEDRO J. CASADO BIANCO

Secretary for Industry and Mining and Provisional for

Commerce, in care of the Department of Finance:

Dr. J.J. ALFREDO CONCEPCION

Under-Secretary for the Department of Finance:

Dr. JUAN CARLOS DELCONTE

Under-Secretary for Industry: Dr. JORGE E. PIGRETTI

Under-Secretary for Commerce: Dr. ENRIQUE J. CRUZALEGUI

President of the Central Bank: Dr. FELIX G. ELIZALDE

Vice-President of the Central Bank:

Dr. ENRIQUE GARCIA VAZQUEZ

Technical Secretary for the National Development Council:

Ing. ROQUE CARRANZA

Argentine Director for the International Bank for Re-

construction and Development (IBRD):

Dr. MANUEL SAN MIGUEL

BRIEFING PAPER

FOR MR. WOODS' VISIT TO ARGENTINA



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April 23, 1965

BRIEFING PAPER
FOR MR. WOODS' VISIT TO ARGENTINA

Present Political Situation

1. Argentina is a Federal Republic and its 1853 Constitution is patterned on that of the United States. The country comprises twenty-two provinces, which elect their Governors and legislatures, the federal capital of Buenos Aires, and the national territory of Tierra del Fuego. The President is elected for six years, the last election having taken place in July 1963. Voting is compulsory. The Chamber of Deputies has 192 members, half of whom are elected every two years; the last election was held in March 1965. The Senate has 46 Senators, two from each province and from Buenos Aires, and one third of them are elected every three years. The President chooses his Cabinet, which consists of eight Ministers, the number being laid down in the Constitution, and eleven State Secretaries. In the economic sphere, the Minister of Economy is the senior Cabinet member; the Secretaries for Finance, Industry, Commerce, Agriculture, and Energy and Fuels rank lower.

2. In practice, political power devolves in accordance with the interplay of the armed forces, the labour unions and the moderate political parties. The army has long exercised influence in the political sphere, using it mostly against encroachment by the Peronist movement; in recent months the dominant faction has supported the continuation in power of the constitutionally elected President and Congress. Labour, centered on the industrial suburbs of Buenos Aires, supports Peron's ideas and return. The moderate political parties are invariably split. At present, the largest of them is the People's Radical Civic Union (UCRP) which, like several others, has its roots in the urban middle class movement of the late 1880's.

3. The present UCRP Government of President Arturo Umberto Illia was formed after the election of 1963, staged by the army regime which overthrew President Frondizi in March 1962 for fear that he might go too far in cooperating with the Peronist parties. The Government has a narrow majority in the Senate, but is in the minority in the Chamber which, since the March election, has been composed as follows:

People's Radical Civic Union	70
Popular Union - orthodox Peronists	35
Neo-Peronists	17
Frondizi's MID	15
FPC - Conservatives	12
UDELPA - Aramburu's Conservatives	6
UCRI - Center	10
Progressive Democrats - Right Center	9
Provincial Parties - Right Center	4

Christian Democrats - Left Center	4
Democratic Socialists - Left Center	2
Socialists	4
Independents	4

4. In putting through Congress its legislative proposals, including the stabilization and economy measures, the Government will have to rely on the support of the Conservatives, UCRI and some other center parties, to secure the majority of votes. On the other hand, the Peronists may find it difficult to rally more than 70 to 80 votes in the Chamber and effectively block legislation.

5. Quite apart from the need to secure the support of other political parties, the Government may face an arduous task in ensuring discipline within the UCRP. Intra-party friction could arise between the older moderate men, including the President himself, and the younger nationalistic elements, led by Vice President Perette, and opposed to austerity measures and to foreign participation in economic development. However, the Minister of Economy, Dr. Pugliese, is experienced in leading his party in the Chamber; by seeking different alliances on different issues, he should have a reasonable chance to steer the Government's economic program through Congress.

6. In its eighteen months in power, the Government has succeeded in lessening tensions and restoring a fair degree of political stability. It has also prepared a program for reducing the rate of inflation and a development plan. The Government has, at the same time, been faced with strong political opposition by the Peronist movement, and sharp criticism by the business community, which is sometimes suspicious of the Government's objectives, and doubtful of its determination to apply economic correctives and its ability to do so.

7. While popular support for pro-Peron parties, clearly revealed by the 3.5 million votes cast for them in the election of last March, is a threat to democracy in Argentina, the chances of the Peronists coming to power and staying in power may not be very strong. The army, at present not playing an active political role openly, appears nevertheless determined to block a Peronist regime, particularly now when communist influence is making itself felt within the Popular Union. Allegiance to an absent and aging leader may not be enough to ensure the unity of the Peronist movement and the neo-Peronists may not be prepared to follow their orthodox colleagues blindly.

8. The attitude of the business community, and particularly of foreign businessmen, towards the Government has been influenced by the cancellation, in November 1963, of exploration and development contracts concluded with Argentine, American and other foreign oil companies in 1958 by the Frondizi Government. The issues of compensation to the companies, and of indemnity to the Government for alleged losses caused by the companies, were left to the courts. Meanwhile, efforts have

continued to settle the controversy out of court and some hope for this was recently held out. The oil issue has clouded U.S. - Argentine relations and AID activities in Argentina had to be restricted recently. Other grievances have resulted from the imposition of exchange and price controls, which the business community has interpreted as an expression of statist tendencies on the part of the Government.

Current Economic Situation

9. The Argentine economy has considerable potential for long-term growth provided suitable and consistent policies are followed. However, for a number of years it experienced virtual stagnation of output in agriculture, severe inflation and slow and uneven economic growth.

10. During approximately its first 15 months in office, the present Government followed a policy of economic recovery from the severe depression of 1962-63. This policy was essentially an acceleration of the expansionist monetary policies adopted by the previous Government in 1963. The result was an estimated rise in real income by about 8% and a drop in unemployment. But this recovery was purchased at the cost of increased inflationary pressures, with prices rising by between 25 and 30% during 1964.

11. In the meantime, the Government has prepared a plan for the period up to 1969. The plan aims at continued growth of the economy at the rate of about 5% per annum and at a gradual reduction of inflation.

12. The plan emphasizes that sustained growth can be attained only by an intensification of exports. It therefore stresses the need for increased livestock production by means of large-scale conversion of natural into artificial pastures in the pampas and by an increase in crop production by changing natural pastures into crop land and by improved production methods. These objectives are to be achieved by well-directed agricultural credits, widened extension services and remunerative prices for agricultural products.

13. In the industrial field, the plan emphasizes that substantial growth in industrial production can be achieved with relatively small investments because the investment boom of 1961/62 has left sizeable under-utilized capacities in many industries. The largest industrial investments will be required in steel, petro-chemicals and in paper and pulp. The plan recognizes the need to reduce production costs in many lines and to adopt measures which gradually reduce protection. Industrial credit policy will emphasize investments designed to promote efficiency, thereby lowering costs and sales prices.

14. Serious problems exist in most of the state economic enterprises. In November 1963 the Government annulled various explorative and drilling contracts and so far no settlements have been reached with the major companies concerned. Unless this dispute is settled and unless the generally well-planned investments in petroleum are promptly and

efficiently executed, the disruptions resulting from the annulment will cause a serious drain on foreign exchange earnings because of increased petroleum imports. The situation in transportation is equally critical. The physical capacity of the railways has further deteriorated during the past three years and only in April 1965 were the first steps taken to bring about an agreed program for the rehabilitation required. It is too early to judge the likely effects of these steps. The road improvement program is far behind schedule. In power, there is an urgent need for priority decisions as ongoing projects reach completion and the launching of new large-scale projects becomes essential.

15. Progress in all the foregoing areas needs to be accompanied by a degree of financial balance. Achieving such balance depends primarily on improvement in public finances. In 1964 government finances deteriorated seriously and excessive financing of the Government by the banking system produced a credit squeeze for the private sector. The Government plans a substantial improvement in its finances in 1965. Congress passed a major tax law at the beginning of the year, important increases were made in public enterprise rates, including railroads, power, etc., and the Government is undertaking a number of administrative reforms with a view to improving tax collections. The Government's fiscal, monetary and wage program aims at limiting inflation to 20% in 1965. However, there are some indications of relaxation in wage policy; wages of railroad and telephone workers have been increased in excess of 22% and there is a danger of similar increases in the private sector. This, plus the remaining uncertainties regarding public finances, may undermine the Government's plan to decelerate inflationary pressures.

16. In managing the foreign exchange rate Argentine authorities have hitherto placed too much weight on keeping the peso high in an effort to avoid short-term losses in foreign exchange earnings. As a result, they have been reluctant to devalue the exchange rate even when such a policy was clearly dictated by increases in the domestic price level and by the resulting balance of payments pressures. Containment of imports has largely been sought through the imposition of heavy surcharges, advance import deposits and by related measures rather than through the exchange rate mechanism. For the future, however, the Government has informed us that it will adjust the exchange rate in line with domestic price increases in order to achieve proper management of the import level. Such adjustments are to take place periodically and they will not be delayed so that massive devaluations become necessary. The latest adjustment of the exchange rate (from 151 to 172 pesos to US \$1, or by about 14%) took place on April 19, 1965. The gross gold and foreign exchange reserves according to IMF are at a very low level (about US \$105 million) - enough to cover somewhat more than one month's imports.

17. A serious external debt servicing problem is facing Argentina in 1965 and to a lesser extent in 1966. Debt rescheduling in the order of US \$330 million in these two years is planned by the Government.

Although such debt rescheduling is a prerequisite for any additional substantial long-term borrowing, the creditworthiness of Argentina cannot be solely predicated on this. On the contrary, the success of the debt rescheduling plan now being formulated by the Argentine authorities for submission to its creditors, will depend upon the determination and effectiveness with which the authorities pursue the improved economic and financial policies which they outlined to us. If the avowed intentions of the Government to implement the new policies are translated into actual performance and if the debt rescheduling plan is accepted by the creditors, Argentina may be regarded as creditworthy for new external borrowing on a substantial scale.

Status of Operations

18. The Bank has made two loans to Argentina and now has three loan proposals before it. Both existing loans have given rise to serious difficulties.

Roads - Loan 288 AR

19. Up till now, \$13.1 million only has been disbursed under the \$48.5 million loan of June 30, 1961 for roads. The first repayment falls due on July 15 and the closing date is December 15. Since 1963, the local cost of construction has been paid for by US AID and consequently no shortage of funds for the project should have been experienced. Disbursement delays have arisen because of administrative inefficiency of Vialidad, the responsible Government agency, and slow work by contractors over whom Vialidad has little control. All efforts of the consultants on the project to improve the situation have been frustrated by the Vialidad management.

20. A mission visited Argentina in early April and made proposals for speeding up construction and improving the administration of the loan. These proposals should make it possible to complete the project in 1969; they aim mainly at ensuring the contractors' compliance with newly set completion dates for the various roads and at organizing within Vialidad a department with full authority to deal with all engineering and financing aspects of the project. If the proposals were accepted, the Bank would be prepared to station in Argentina a resident engineer to work closely with the new office and with the consultants. An extension of the closing date would have to be considered later in the year in the light of the degree of success in accelerating work.

21. The reaction of the President of Vialidad, Mr. Laiseca, to the Bank's proposals was negative throughout, and AID eventually agreed with the mission that the only solution was to cancel the loan. However, since the mission's departure, the Government, including the President himself, appears to have recognized the shortcomings of the present road administration and may take steps to improve Vialidad's handling of the project. During his recent visit to Washington, we gave Dr. Elizalde informally an outline of the functions of the proposed department which

would administer the project, and asked him to have the Government and Vialidad inform us of their actions and intentions. If these appear to offer a reasonable hope for improving the project, we would invite Vialidad to send representatives to Washington to discuss in detail the functions and organization of the new department and the steps to be taken on the various road building contracts under way and to be awarded.

Power - Loan 308 AR

22. The \$95 million loan of January 19, 1962 to SEGBA for the completion of the Buenos Aires Costanera plant and for transmission and distribution systems is largely disbursed, but the loan account will probably show a balance of \$1 - 3 million at June 30, the once postponed closing date. Repayment started on March 1, 1965.

23. The refusal of the Government in the winter of 1963/64 to approve an increase in rates undermined SEGBA's autonomy and its financial position. The subsequent resignation of the board and management, and the appointment of a new board, which took over management responsibilities without the necessary experience, affected SEGBA's financial and physical performance unfavorably. In particular, due to increased labor and other costs, the return on the investment in 1964 was 4.3%, instead of 8% provided for in SEGBA's concession; this was after inadequate depreciation charge of 2% (with 3% depreciation, the return would have been 2.9%).

24. As of January 1, 1965, rates were increased by 35% to reconstitute 1964 earnings and ensure an 8% return for 1965, but again after a depreciation charge of 2% only; more recently, the Government indicated that it would agree to SEGBA's resuming depreciation at 3% in 1966. Though SEGBA's revenues are unlikely to be sufficient at the present level of rates, it should be realized that rates, and particularly those for industrial consumers, are already quite high. An improvement of SEGBA's financial results must therefore be based on the achievement of substantial economies in operating costs, for which there is ample scope, rather than on the continued raising of rates.

25. Also in January, SEGBA's board elected Rear Admiral Favaron as Executive Vice President. Informed subsequently, the Bank replied that it had no objection but expressed the wish to examine with the new Vice President the problems facing him, including those of organization and management. Contacts between Bank staff and Admiral Favaron were initiated in Buenos Aires last month and will be resumed in early June. Admiral Favaron plans gradually to appoint permanent department heads and discontinue the practice of departments being run by members of the board. If he succeeded in the next several months to surround himself with competent and independent men, the present critical management situation might be eased.

26. SEGBA's 1965-67 expansion program, which may cost about \$240 million, includes a large generating unit for the Puerto Nuevo plant and transmission and distribution facilities. Procurement procedures

so far followed for the unit are unsatisfactory and the Bank has suggested that bids be invited on a different basis. The program has not been worked out in detail, nor has it been approved by the Government in its entirety. SEGBA needs substantial additional funds to finance the program and to correct the present serious shortage of working capital. However, the precise extent of its cash needs and the exact method of financing the program will only be determined in the next few months.

27. Sound financing for SEGBA's expansion program could not be arranged without participation by the Bank. The staff is currently reviewing the problems of SEGBA's management, organization and financial position and, in the light of this review, will decide when to appraise the program as a basis for a possible second loan. Because of uncertainties of programming for several years ahead and the need to control closely the progress of the program, it might be desirable to relate a possible loan not to the entire program, but to a part of it which could be completed within a shorter period of time.

28. In appraising the program and before opening negotiations for a second loan, the Bank would have to consider (i) the question of the so-called "political clauses" in the 1962 Agreements (acceptability of two top management appointments to the Bank, prior Bank approval of amendments to SEGBA's statutes, the Government's obligation to sell SEGBA's shares to private investors, and the registration of the transfer to SEGBA of distribution systems in the 14 districts of Buenos Aires province), and (ii) the question of financing local currency expenditure, in view of the limited foreign exchange requirements of the program.

Acindar Project

29. A mission appraising the project, and studying the plans for the expansion of the Argentine steel industry and the future market for steel in Argentina, is at present in the field and should complete its work in early May.

30. This is the second appraisal of the Acindar project, the first having been made in late 1962. The intervening delay in processing the project was due to political and economic developments in Argentina and to the lack of a decision by the Government allotting to the project priority before other steel projects in the private sector.

31. The project provides for the construction of a blast furnace, steel plant, and blooming and rolling mills, designed for the production of 700,000 ingot tons of billets and ingots for use in Acindar finishing mills and by associated firms. It would make Acindar a fully integrated steel mill, independent of imported semi-finished products. Substantial import savings and employment opportunities would result from the project.

32. The cost estimates, previously assumed at about \$80 million, now appear substantially higher. Acindar hopes to raise the equivalent of some \$12 - 13 million through share issues in the Buenos Aires market

over the next three years, and to obtain an additional \$10 million in equity from European and U.S. investors and from the IFC. The loans would come from the Bank (about \$25 million) and from European banks, the amounts to be lent by the latter depending on the size of orders to be placed in the respective countries. Recently returned bids are now being screened by the consultants and the allocation of orders for the main equipment items should be known in early May.

33. Banque de Paris et des Pays-Bas, the Belgian Societe Generale and, possibly, Barings may participate with the Bank in a joint operation. Subject to satisfactory findings of the present mission, discussions with these institutions could take place in the summer. Meanwhile, the continental banks have mentioned, as possible terms, a life of 13 to 15 years, including 3 years' grace, and an interest rate of $6\frac{1}{2}\%$.

Livestock Proposal

34. An FAO mission, consisting of Messrs. Jones and Breakwell of FAO, and Peter Reid of the Bank, will be in Argentina between April 26 and the middle of May to seek to define a pasture development project and assist the Government in preparing it for presentation to the Bank.

35. The Government has a five-year program for pasture improvement, covering an area of five million hectares and requiring an investment of about \$100 million equivalent. It is doubtful that this program would be suitable for Bank lending. At this time, the project more likely to be suitable would be in the nature of a pilot operation to be carried out over three to five years. Its exact location still remains to be determined.

El Chocon and Salto Grande

36. Beginning with the United Nations Special Fund Study of Argentine Power Problems, on which the Bank was executing agency, several studies have been commissioned by the Argentine Government to determine the feasibility and costs and benefits of El Chocon and Salto Grande multi-purpose projects. At times, the Bank was doubtful of the need for some of these studies.

37. According to estimates made in 1961, the El Chocon - Cerros Colorados project on the Limay and Neuquen Rivers, with an installed capacity of 1,100 MW, would cost over \$300 million and take 8 - 9 years to complete. The Salto Grande project on the Uruguay River, which forms the boundary between Argentina and Uruguay, with an installed capacity of 1,440 MW, would require about \$400 million and about 7 years to complete.

38. During the SEGBA loan discussions in late 1961, the Bank received from the Argentine Government written assurance that before undertaking any major project for the supply of power to the Buenos Aires area, it would consult fully with the Bank regarding the merits of such a project and the plans for its financing. This assurance would apply to both El Chocon and Salto Grande, and it would appear that a serious financing plan for either of the projects could not be devised without the Bank.

taking a lead or, at least, being prepared to participate. In fact, at the end of 1963, the Argentine and Uruguayan Ambassadors in Washington asked the Bank, on behalf of the Mixed Technical Commission for the Salto Grande, to organize a review of technical, economic and financial aspects of the project so that the Bank might advise the two Governments how best to finance, construct and manage it. The Bank subsequently prepared the terms of reference for a review of the project and sent them to the Mixed Commission in April 1964, making it clear, however, that certain important items of information required for the review would become available only after the respective Governments have reached basic decisions regarding their public investment programs.

At this stage,

39. / the growth of power demand makes it necessary for the Argentine Government to decide how to meet it. If the decision were in favor of building hydro-electric installations, the choice between the large projects would have to be made as well.

IFC - Existing Investments

40. IFC has three investments in Argentina - Acindar, Fabrica Argentina de Engranajes (FAE), and La Papelera Argentina. The Investment Agreement with Acindar, signed in 1961, covers an amount of \$3,660,000, represented by unsecured negotiable debentures bearing interest at 10% and maturing annually on December 1 between 1965 and 1970. The debentures are convertible into special class shares, but the conversion right has no value at present.

41. The investment in FAE, a producer of motor vehicle gear boxes, made in 1962, amounts to \$1.5 million. It is represented by two series of notes, bearing interest at 7% and maturing between 1968 and 1973. Conversion rights attach to the notes, but have no value at present. FAE, which has experienced serious difficulties during early years of operation, appears to be making good progress at present and may show a profit in 1965.

42. The investment in Papelera was made in 1964 and amounts to \$2.5 million, of which \$1.5 million has been disbursed. It is represented by two series of unsecured notes: Series A, in the amount of \$500,000, bears interest at 8½% and matures between 1967 and 1969; Series B, in the amount of \$2 million, bears interest at 7% and matures between 1969 and 1970. IFC has the option to buy common stock against Series B notes or cash, but the option has no value at present. IFC is currently analyzing a proposed merger between Papelera and Celulosa Argentina, a larger paper company controlled by the same Italian group (Fabril Financiera). The merger appears to be motivated by cost reduction and strengthening of management.

IFC - Possible Investments

43. As indicated in paragraph 32 above, IFC may contribute to the financing of the Acindar project by providing some equity.

44. Over the years, various Argentinean and foreign interests have approached IFC about assistance in setting up development finance companies. Most of these have clearly not been institutions IFC would want to support, either because of their sponsorship or because of the fields they would work in. Since late last year, IFC has been in correspondence with Dr. Carlos A. Coll Benegas, who heads a small development finance company, called Compania General de Inversiones, in which are also associated Siam di Tella, Kidder Peabody, Banca Nazionale del Lavoro, Dresdner Bank and Deutsch-Sudamerikanische Bank. IFC has given particular attention to Dr. Coll Benegas because he is a former Minister of Economy and President of the Banco de la Nacion, and is well known to the Bank and well reputed. However, IFC is not optimistic that anything will come of this proposal.

Biographical Notes

45. President Arturo Umberto Illia, M.D., born in 1900 in Buenos Aires province, of Italian extraction, married, two children. Practiced as a physician in the province of Cordoba and served as medical officer at the railways. Between 1936 and 1943 was provincial Senator in Cordoba and subsequently Vice Governor of the province. Between 1948 and 1952, represented the province of Cordoba in the national Chamber of Deputies. Idealistic. Supports hemispheric solidarity. Generally, does not address himself to problems of economic policy.

46. Vice President Dr. Carlos H. Perette, in his fifties, hails from Entre Rios province. Active in parliamentary opposition during the Peron era. Skillful orator, ambitious, keen on influencing economic policy. Leader of the radical wing of the Government. Apparently favored the cancellation of oil contracts. An advocate of the Salto Grande project.

47. Minister of Foreign Affairs and Worship, Dr. Miguel A. Zavala Ortiz, is about sixty years of age. Studied law in Buenos Aires and entered politics in 1930. Became member of the national Chamber of Deputies in 1948 and was jailed by Peron in 1951. Interested in social and rural problems. Supported severance of relations with Cuba. As Minister of Foreign Affairs, has protested against British control of Falkland Islands and advocated Argentina's rights in the Antarctic.

48. Minister of Economy (since August 20, 1964), Dr. Juan Carlos Pugliese, lawyer, specialized in labour questions and active in public life. Born in 1915 in Tandil, Buenos Aires province. Married, two sons. Published a newspaper in Tandil. In 1955, elected Senator in the Legislature in Buenos Aires province and in 1963 elected member of the national Chamber of Deputies, where he was deputy leader of his party. At the invitation of the U.S. Government, visited the United States in April 1964 and lunched at the Bank. Attended Tokyo meetings. Honest, serious, hard working.

49. Under-Secretary of Economy, Dr. Pedro J. Casado Bianco, a routine bureaucrat.

50. Secretary of Finance, Dr. Carlos Garcia Tudero, early forties, economist/statistician, has lectured at the Universities of Buenos Aires and Rosario. Author of 1965 fiscal reforms. Former Minister of Finance in Tucuman province and partner in a consulting firm. Strongly anti-Peron and close to Dr. Illia. Honest and competent.
51. Secretary of Industry and Mining, Dr. Alfredo J. Concepcion, industrialist, favors price controls. Closely associated with Dr. Elizalde.
52. Secretary of Agriculture, Walter F. Kugler, in his mid-forties, technical appointee with no political background. An agricultural engineer with long practical experience, reportedly dedicated to technical improvements in agriculture. Honest. Related to Dr. Illia.
53. Secretary of Power and Fuels, Dr. Antulio Pozzio, about fifty, unpredictable and argumentative, and Under-Secretary of Power and Fuels, Ing. Juan Sabato, born in 1904, professor of electro-technique, long active in the public utility field. Both favor state control of power and fuels, and led the movement for the cancellation of oil contracts. Both are ill-disposed toward the Bank, and were instrumental, in 1963, in refusing SEGBA's demand for higher rates and in ousting its Executive Vice President, who had the confidence of the Bank.
54. Technical Secretary of National Development Council (CONADE), Ing. Roque G. Carranza, in his early forties, lectured at Buenos Aires University. Was on the staff of United Nations Economic Commission for Latin-America. A dedicated person, largely responsible for formulating the development plan. Able, hard working, but tends to be vague. Apparently has the ear of President Illia. On the whole, friendly toward the Bank.
55. Executive Secretary of CONADE, Dr. Bernard Grinspun, in his mid forties, reputedly influential. Apparently responsible for administration of CONADE and for its relations with other Government agencies. Member of the Board of the Central Bank and a close associate of Dr. Elizalde. At present, in charge of a mission discussing Argentine debt problems with European creditors.
56. SEGBA President, Jorge A. Nunez, a lawyer, born in 1901. Professor of Roman Law, Dean of the Law Faculty and, in 1957, Rector of the University of Cordoba. Dismissed from chair in 1943 for political activity. Professor of literature at two Cordoba colleges. Was Director of the provincial Labor Department at Cordoba and, more recently, counsel to the Cordoba Commerce Exchange, but has had no practical experience in business or public utilities. Cultured and amiable. Visited the Bank in June 1964 at Mr. Woods' invitation.
57. SEGBA Executive Vice President, Rear Admiral Pedro Favaron, an electrical engineer, about sixty years of age, of French extraction. In the Navy and the Marines from 1926 to 1958. Was discharged by Peron in

1951 and reinstated after the 1955 revolution; during this period, employed as engineer by the Tucuman Sugar Company. Little experience in the power field, but honest and striving. Visited the Bank in June 1964.

58. President of the Banco de la Nacion, Rear Admiral Lorenzo J. Arufe, about sixty years of age, long service in the Navy, partly on the supply and administrative side. In 1955, appointed Vice President of the National Reinsurance Institute. Reputedly good administrator, interested in furthering development of agriculture.