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# US ARMY WAR COLLEGE

CARLISLE BARRACKS, PENNSYLVANIA 17013

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~~(S)~~ LATIN AMERICA STUDY SERIES (U)  
VOLUME VI  
~~(S)~~ ARGENTINA:  
PROFILE OF POLITICAL CRISIS (U)

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FINAL REPORT  
STRATEGIC STUDIES INSTITUTE

Declassified in Full  
Authority: EO 13526  
Originator: Army  
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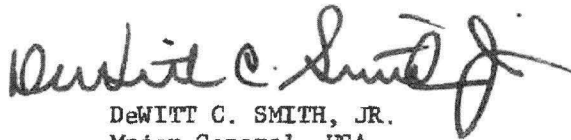
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(U) FOREWORD

Argentina: Profile of Political Crisis is a volume of the Latin America Study Series published by the Strategic Studies Institute, US Army War College. The Series responds to a study directive initiated by the Deputy Chief of Staff for Operations and Plans, Department of the Army. This final report was prepared by (b)(6) Chairman of the Institute's Latin America study team. Professor (b)(6) provided valuable insights in the preparation of this report. Substantial contributions were also made by members of a USAWC Student Research Group. Group members included (b)(6)

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## (U) INTRODUCTION

The purpose of this study is to examine current political, economic, and military trends in Argentina with a view toward analyzing the existing internal conflict and political instability; to evaluate their implications for US interests and policies; and to develop US strategy considerations and options for dealing with anticipated future events.

This report analyzes Argentine politics and how the dynamics of social change in that country can affect US interests in Latin America. Some discussion of 20th century Argentine history is included to provide insight into the complexities created when autocratic elements are mixed with forms of modern democracy and revolutionary movements.

Argentina, with its wealth of natural resources, predominantly European and highly literate population, and advanced industrial technology, presently finds itself in economic confusion and political chaos. The legally elected government of President Maria Estela Martinez de Peron was ousted by a military junta on 24 March 1976. Inflation is rampant. Terrorism plagues rural and urban areas alike.

This study will attempt to explain how these situations have developed. Further, the report will identify US interests in Argentina and place them in perspective with other US concerns in Latin America. Lastly, a projection of current trends in Argentina's politics and economy which may impact upon US interests is presented, together with various recommendations designed to protect those interests. The timeframe involved is the 1976-90 period.

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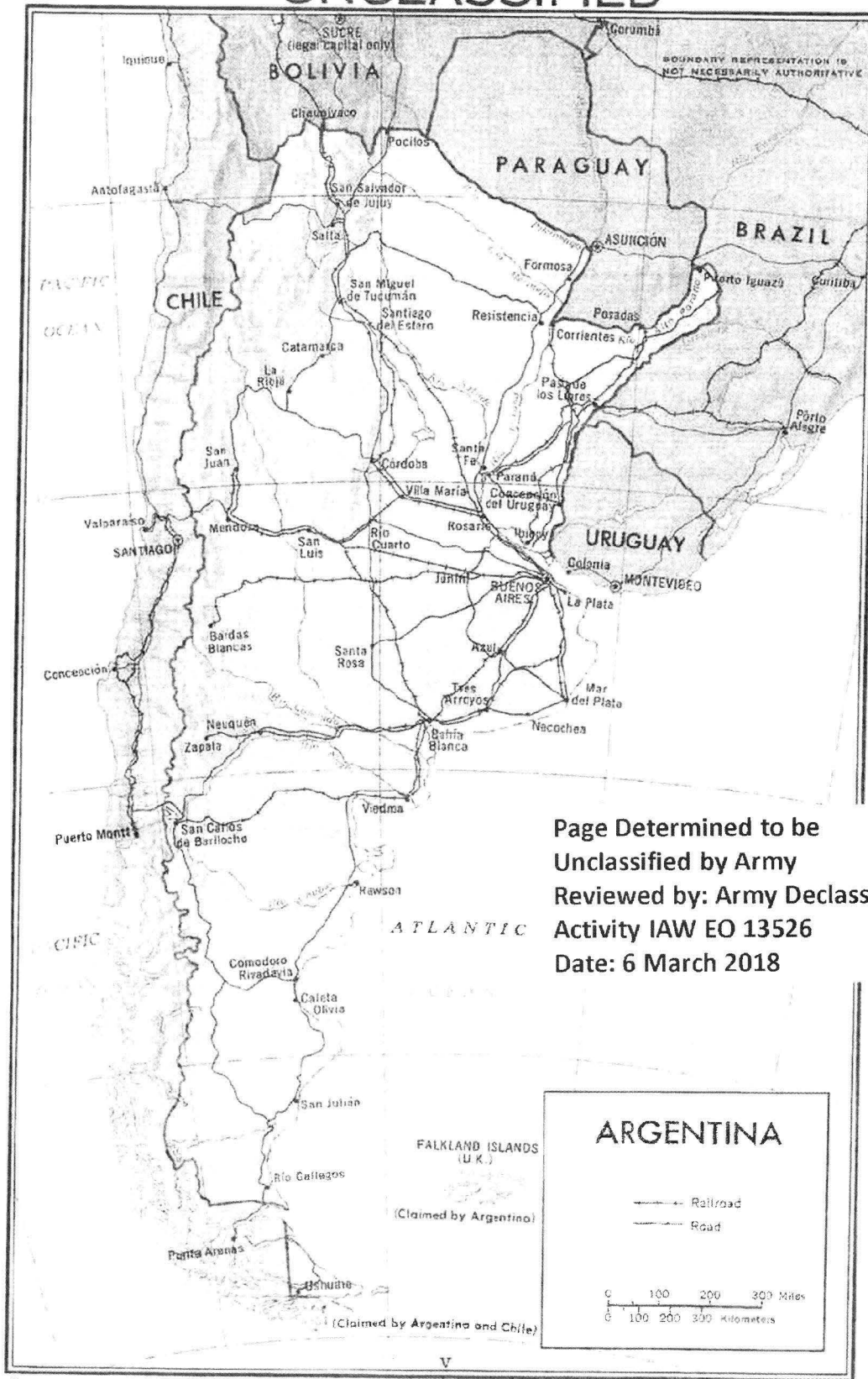


Figure 1. (U) Map of Argentina

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~~(S)~~ CHAPTER 1

ARGENTINA IN THE 1976-90 TIMEFRAME (U)

1. ~~(S)~~ General (U). While it is impossible to predict in detail what lies ahead for Argentina in the next 12 months, much less the next 15 years, certain trends are discernible which will probably remain and will dominate the details and personalities involved. US policy planning should be guided by these trends. It is necessary to look at Argentine history to retain perspective regarding today's obvious turmoil (see chapter 2). This perspective is valuable in determining the degree of threat to US interests and the best course of action to protect these interests. Social unrest is not new to Argentina where only two elected presidents since 1930 have completed their terms in office. The new factor is the rise of Marxist and left-wing terrorism for political motive. Herein lies the principal threat to US interests not only in Argentina but in all of Latin America.

2. ~~(S)~~ Economic Trends (U).

a. Rapidly rising inflation (335% in 1975) and growing unemployment which have afflicted Argentina since Juan Peron's death, must be recognized as an artificially induced result of political decisions. (Not that these decisions were consciously made to create the situation but rather as expedient methods to avoid internal disorder which would most certainly have toppled the Isabel Peron government. Attempts were made at wage, rent, and price control but organized labor was successful in having the controls revoked.) All ingredients for a healthy economy are present. Argentina's economic growth rate (gross domestic product, GDP) was about 5.4 percent in 1973 and about 6.0 percent in 1974. Despite the current problems, the US Department of Commerce predicted a similar growth rate in 1975. This continues the steady climb since 1969. Foreign investment in Argentina is placed at about \$2.7 billion by latest estimates, of which \$1.4 billion is from the United States. US investment is primarily in the food processing, chemical, and automobile manufacturing industries. The Argentine government will continue to encourage investment of private capital but greater foreign investment will probably not occur until political stability is reached.

b. Chemicals, petrochemicals, paper products, and basic metals will remain in short supply. Argentine imports will be predominantly materials, machinery, electronics components, and construction equipment which domestic sources cannot supply adequately and which are needed to keep domestic industrial and service facilities in operation. Manufactured consumer goods will comprise a relatively small part of total Argentine imports.

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c. Inflation rates currently existing in Argentina cannot continue. The new military government of Argentina will probably be forced to reevaluate the peso (with harsh results on the middle and lower classes), impose wage and price controls, or other restrictive measures to curb the inflationary spiral.

d. The political decision of Mrs. Peron's government to strive for redistribution of income to wage earners is being modified to encourage increased capital investment, both domestic and foreign. This action will create displeasure throughout organized labor. Only a strong central government will be able to effect this modification.

3. ~~(S)~~ Political Trends (U). The current political trends are somewhat disturbing even when considered in the light of Argentina's turbulent history. Although political stability has never been a hallmark of Argentine life, the Marxist and left-wing radical groups provide a different cast of characters which could lead to a government aggressively hostile to US interests in Latin America should they take power. Argentina today finds itself in an economic crisis of political making and, except for the military, no effective leadership apparent to reverse the trend. Existing groups possessing potential power are quite diverse. These groups, and the characteristics that they will likely display, are:

a. The Military. Highly nationalistic, generally well trained and well led but fragmented by loyalties to individual commanders or services. Ultra right-wing factions will disagree with the moderates regarding the degree of influence the military should exert on economic and political practices. The military will remain highly anti-Communist and to a degree anti organized labor. Military leaders were incensed by the Peron government's inability to establish economic and social order and by the corruption evident in high public office. However, their reluctance to replace Mrs. Peron by force did not stop them from establishing a military government when they perceived it necessary to institute rigid economic controls and to halt Marxist and left-wing political gains. The military government will become increasingly ruthless in dealing with terrorist groups which they feel threaten internal stability. Despite General Videla's assurances that human rights will be respected and that the military junta will not act as did the Chilean or Uruguayan models, the new government will be forced to act decisively. Arrests and deportations will occur. Civil liberty will suffer. The military junta will seek to remain strong and may seek outside assistance for arms whenever and from whomever they deem necessary. They will remain the final authority in determining the type of government in Argentina.

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b. Political Parties.

(1) The coalition of a dozen political parties in the Justicialista Liberation Front (FREJULI), which united under Juan Peron's leadership, fragmented during the Isabel era with the various elements becoming more antagonistic towards each other. Once large and generally cohesive, the Peronist movement has developed not only a left wing-right wing cleavage but also splits have occurred within each wing. Since 1970 the ultra left-wing Peronist Montonero guerrillas have openly clashed with the Peronist labor leaders. The Autentico Party which is identified with the Montoneros was outlawed in December 1975. Leadership of the various leftist splinter groups is under contention but former President Hector Campora may reemerge to become a leader of the Peronist Youth and other radical elements of the Peronist movement. The right-wing Peronists are divided by philosophical differences regarding party organization and use of authority lines. The factions are called the Verticalistas and the anti Verticalistas with a majority belonging to the anti Verticalista (anti direct chain of command) faction. Despite fragmentation, over 30 percent of Argentine voters identify with the Peronist movement. Peronism is not dead in Argentina.

(2) Opposition to the Peronists is provided by the Radical Civic Union (UCR) party which represents middle-class elements and is led by Ricardo Balbin. Although the aging Balbin polled 21 percent of the votes in the September 1973 election, there is little likelihood that either he or the UCR will gain a position of dominance in Argentine politics.

(3) A number of other minor parties exist, including an Argentine Communist Party, but are relatively insignificant in the electoral process. Coalitions of these parties polled less than 15 percent of the September 1973 election. They would become significant only as they might shift their allegiance should a bipolar situation develop.

(4) Prospects favor a further disintegration of political units lying between the extreme right and the extreme left with a subsequent polarization of the active memberships to one end or the other. If this occurs simultaneously with a significant decrease in the overall standard of living and a public outcry of frustration, widespread civil war could result.

c. The Church.

(1) In Argentina, as in most other Latin American countries, the Catholic Church expresses and interprets the opinions of a large percentage of the population. Historically it has been

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an influencing factor in governmental affairs, particularly in domestic policies. The Catholic Church influence did much to bring Juan Peron to power in 1946 and then was instrumental in removing him in 1955. Since that time the Catholic leadership has been somewhat more apolitical. One deviation from this posture was the Church opposition to Jose Lopez Rega, former Minister of Social Welfare and adviser to Juan and Isabel Peron, who was forced to flee the country in 1975. Church pressure contributed greatly to Lopez Rega's political demise.

(2) A split has developed between the Church hierarchy and the older priests on one side and the younger more progressive priests on the other side. Many of the younger priests who favor social and economic reform are openly joining revolutionary groups. Unless economic and political stability is achieved, this schism will continue.

(3) As Argentina shifts to a more autocratic government, the influence of the Church will become more pronounced. General Videla is a devout Catholic. The pervasive socio-religious influence of the Church in Argentine family life would make any extreme change in political or social process difficult unless supported, or at least not opposed, by the Catholic Church and Catholic lay groups. It must be remembered that Catholic doctrine is fundamentally opposed to Marxism and should the Church perceive a trend in that direction, it would attempt to become a more direct participant in political affairs.

(4) If the leftist elements should gain control, the role of the Church would initially diminish as far as affecting foreign or domestic policy. The Church leadership would probably oppose any extreme social or political change advocated by the left-wing factions and will tend to identify more with the moderate forces or with the military.

d. Terrorist Organizations (also see appendix B).

(1) Successes of the past will encourage the Peronist Montoneros and the Peoples Revolutionary Army (ERP) to continue and intensify their campaign of urban terrorism. However, the demonstrated effectiveness of the army against rural guerrilla forces will limit insurgent activities to hit-and-run operations against vulnerable targets until the guerrilla leaders have recruited larger forces and gained the support of the rural population. Unless economic relief is soon felt by the agricultural workers and sharecroppers, this greater sympathy and support for the ERP can be anticipated. Should this occur, the intensity and scale of insurgent warfare can be expected to rapidly increase in the rural provinces.

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(2) The more urban group, the Montoneros, concentrate their activities in the cities of Cordoba, Santa Fe, Rosario, La Plata, and Buenos Aires. In addition to robbery, kidnapping and murder, the Montoneros are attempting to infiltrate and control Argentine labor movements to obtain the mass power base they now lack. Once in the labor organization, the guerrillas organize "struggle committees" which, through intimidation and disruption, try to usurp legitimate factory worker delegates and force management to deal with them. A parallel labor infrastructure is being formed which, if successful, could bring large elements of labor to the support of the Montonero cause. The Videla government has begun to arrest members of this infrastructure when they are identifiable.

(3) Terrorist leaders of the various leftist and Marxist factions will probably cooperate to a greater degree to attain tactical objectives or common intermediate political goals. Immediate strategy will include actions to demonstrate the military government's inability to restore law and order. Continued attacks against the military regime will be designed to create widespread disorder and force government repression of civil liberties. Simultaneous publicity-type campaigns by the dissident groups to gain popular support for specific political causes can be expected. Another goal of the terrorists is to disrupt the economic system. Fear of kidnapping and death has caused many foreign firms to withdraw their top executives. Flow of foreign investment is thus curtailed. Production declines and inflation rises. If the government is unable to demonstrate success in suppressing these terrorists, more and more Argentines will become sympathetic to the left-wing dissident cause. (An explanation of this phenomenon is complicated but involves the desire to identify with the winning side.)

(4) The extreme right-wing terrorist group, the Argentine Anti-Communist Alliance (AAA), which allegedly had the backing of some key figures in the Isabelita government (Lopez Rega and his followers in particular) will become less of a factor in political violence as the military exerts greater influence on governmental affairs. The AAA acts not only against the Montoneros and the ERP but also have directed their actions against Peronist leftist groups and such different public figures as Hector Campora, who is serving as Argentine ambassador to Mexico; Ricardo Balbin, leader of the Radical party; and an assortment of noted actors and singers. With Lopez Rega in exile, his influence has diminished but many Argentines, Peronists and anti-Peronists alike, feel he and his henchmen continue to be the driving force behind many AAA activities. Until the AAA is neutralized, terrorist acts will continue which will find victims that cover the political spectrum. Since no individual seems immune, the AAA, as well as the Montoneros and the ERP, will affect Argentine politics as long as they possess the will and the means to inflict violence.

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e. Organized Labor. Labor marked the return of Peron with great jubilation. Mass rallies and strikes were conducted to demonstrate public support for their returning idol. However by June 1974, labor unrest and strikes for higher wages (far above official guidelines) were started anew. With Juan Peron's death on 1 July 1974, the new Isabelita government and the General Confederation of Workers (CGT), which represents most of Argentina's five million industrial and service workers, appeared to strive for agreement regarding the economic policies which would be best for the nation. Nevertheless, 1 year later, Mrs. Peron's devaluation of the peso, her attempts at wage-price controls and her praise for big business enterprise caused a general strike which paralyzed industry, transportation, commerce, and most public services. Mrs. Peron was forced to meet the demands by organized labor for wage increases up to 100 percent of previous salary levels. Since that time the wage-price spiral has continued. The inflation rate for 1975 was 335 percent with no end in sight. The unionist is doing far better than the agricultural worker, small businessman, professional man, or nonunion store clerk in meeting the rising cost of living. Unfortunately the Argentine labor movement shows little evidence of imposing self-control or assisting in programs designed to stabilize the local economy. Conflicts between organized labor and the Videla government appear inevitable. Labor will probably continue to demand increased benefits to test the government's resolve and ability to withstand the threats or effects of a general strike. If the current labor leaders are unable to satisfy the demands of their union members, they are in danger of being replaced by the covert parallel Montonero labor structure. The CGT will continue to be a political force in Argentina. The military government must avoid an open break with the labor movement if they hope to succeed in reestablishing economic and social order.

4. ~~(S)~~ Conclusions (U).

a. Argentina can affect US interests throughout Latin America because of its size, location, political influence, and its advanced state of industrial, scientific, and cultural development. If the United States can gain the support of the Argentine government, acceptance and support of our hemispheric policies and positions would be more readily obtained from the other Latin nations. Conversely, an Argentine government which is uncooperative or unfriendly toward the United States could be a major obstacle in attaining our regional objectives which include matters of national security. Therefore, Argentina is important enough to the United States to merit the application of appropriate time and resources in a concerted foreign policy effort to protect our interests in Latin America. To ignore today's happenings in Argentina would invite problems for tomorrow.

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b. Although the people of Argentina still enjoy one of the highest standards of living in Latin America, they face serious economic and political problems that in recent years have brought strikes, demonstrations, riots, robberies, terrorism, and growing disillusionment. The economic problems of rampant inflation, deficits in balance of payments, increasing unemployment, lagging agricultural production, and a lack of sufficient investment capital will not be magically cured.

c. The Marxist and extreme left-wing political organizations hope for success by the terrorist groups, with the expectation that the people of Argentina will become exhausted by political instability, social disorder and economic chaos. Marxist strategy includes provoking general repression by direct attack on the police and military and thereby increasing the bitterness of the population toward the uniformed authorities. The Marxist chance for a leadership role in the Argentine government lies with subsequent public rejection of a repressive military government. Such rejection could lead to civil war, thereby giving the Marxists their best chance to gain overall control.

d. The CGT, the Peronist-dominated traditionalist element of labor, will continue to combat overt and covert efforts of the extreme left-wing labor movement to increase their influence within the unions. The expectation is that these left-wing groups will increasingly develop their own organizational infrastructure and attempt to supplant the existing labor leaders. Should there fail to be some progress in the economic area and in reducing terrorism, the struggle between labor groups will intensify.

e. In the armed services, the vast majority of the officer corps would have preferred to see the political process work rather than to intervene in politics; however, the military feels completely justified in their seizure of power. The army's performance in control of terrorism has been reasonably successful in the rural areas and adequate against large-scale guerrilla action in urban areas. The elimination of political terrorism is related directly to solving economic problems. Elimination of present terrorist leaders would alleviate the situation but would not cure the root cause of Argentine terrorism.

f. Trends at this time favor a worsening economic situation and a widening of ideological schisms. Economic and political stability in Argentina are inseparable, and there is no indication stability will soon be achieved.

g. Despite all of the negative characteristics described in the above-mentioned conclusions, the United States must realize that Argentina is strategically located geographically and has the

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energy and mineral resources plus the industrial and technological capabilities of becoming a regional power. Should the Panama Canal become inaccessible for use by the United States, Argentine proximity to the Cape Horn and Straits of Magellan becomes an important factor in US strategic planning. US policymakers should not be deceived by the past performance of Argentine governments. Under a strong leadership that is friendly towards the United States, Argentina could protect and further our interests in Latin America. General Videla has expressed a clear desire to improve Argentine-US cooperation. To ignore this opportunity might be costly if US-Panamanian relations deteriorate further or if Cuban adventurism is later directed at Latin America. Under a government that is hostile to our interests, the United States could find Argentina a serious threat to hemispheric stability. If that government was Marxist and had a nuclear capability, the threat would be magnified. Therefore, the United States should carefully monitor events in Argentina and adjust our policies to favor the continuation of governments that are either friendly or neutral with respect to our interests. We should also encourage those governments to undertake programs which promote social and economic progress throughout the Argentine populace.

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## (S) CHAPTER 2

### THE POLITICAL MILIEU (U)

1. (U) General. To understand and appreciate the complexities behind today's political turmoil in Argentina, it is necessary to understand what Juan Domingo Peron has meant to that country and what Peronism means to the Argentines. No single man has influenced political thought in Argentina as much as Peron. The nation's current economic and political difficulties can be traced in large measure to the direct and indirect effects of Peron's role in Argentina. Such effects include the political, social, and economic policies instituted during his first tenure in office (1946-55); the disruptive influence Peron exerted in Argentina during his period of exile in Spain; and the failure to realize the great expectations which the people felt Peron's second reign would bring.

2. (U) Peron's Ascendancy.

a. Juan Peron first emerged on the nation's political scene following the military coup of 1943. Then a colonel, Peron became the Undersecretary of War and Secretary of Labor. He gained these positions principally through his association with the United Officers Group (GOU), a professional military organization which he headed. As the leader of GOU, Peron obtained benefits for the military which served as a basis for military support of his efforts. When the GOU was dissolved, it was replaced by the Colonels' Clique, with Peron as its leader. Peron recognized that if he had the continuing support of the military and could gain similar support from the lower class workers, his political foundations would permit him to seek national leadership.

b. Using his office of Secretary of Labor to establish a close association with organized labor, he manipulated the descamisados, or shirtless ones. He built his labor support through the union structure but also at the worker level. He was the first politician with whom the laboring class could associate; casting himself in the role as "one of them," and providing benefits for the workers that were visible signs of his sincerity. With both the military and labor in his corner, subsequent actions to restrain his ambitions were defeated.

c. The 1943 coup had again brought military leaders to the presidency (first General Rawson and then General Ramirez), but, because of pressure from the GOU, these officers were ousted. General Farrell, Peron's benefactor, followed; but, like his two predecessors, proved to be ineffective. In reality, Peron was the power behind the presidency. Farrell was especially prone to rely

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upon the advice and wishes of his energetic young subordinate. However, Peron was discreet and supported the myth that Farrell made the decisions. In the background, Peron was playing officers against officers and ministers against ministers in order to build his own prestige and power. As he proceeded to expand his influence, he noted the discontent of the people with their government and the vacuum that existed between the people and those who purported to speak for them. Peron seized upon ready-made opportunities to move into a situation which had long called for change. He proclaimed that his actions and deeds were on behalf of the descamisados and organized labor and for the betterment of Argentina.

d. Juan Peron had played a significant role in the overthrow of Ramirez by the Farrell forces. For this he was rewarded by being appointed the Minister of War and Vice President. He also maintained his position of Secretary of Labor, using his office to destroy labor unions opposing him and to assist those unions supporting him. Sweeping social changes were taking place in Argentina and Peron was in the fore of these efforts. His new efforts in changing Argentina gained the attention and dislike of the oligarchy and commercial organizations who, in concert with the military, began to denounce the Vice President and his actions. Demonstrations took place and with military (Army) pressure supporting the cry to dump Peron, he was forced to resign from all of his positions and was placed in arrest. The Farrell government remained, but was unable to form a new cabinet. Pro-Peronist demonstrations and riots broke out in Buenos Aires, encouraged by Eva Duarte, a popular actress, who was later to become Peron's wife. The demonstrations were of such magnitude that the government sensed the revolutionary fervor of the masses and released Peron from confinement. He did not resume his government offices but immediately launched his campaign for the presidency. Just two weeks before the election, an abortive US effort was made to stop Peron by the publication of a "Blue Book" in Washington, D. C. The "Blue Book" was a compilation of the Axis activities in Argentina during the war and of the collaboration of the Peron group with the Germans and Italians. The US State Department hoped that the book would influence the Argentine voters, in the atmosphere of the defeat of the Axis and the crimes they had committed, to recoil against Peron. It had the opposite effect. Peron used the publication to his own advantage; his papers carried full photos of himself and the American Ambassador, Spruille Braden (by this time Assistant Secretary of State for LA) with the title "Which do you want, Peron or Braden?" Peron was freely elected President in 1946 by a substantial majority in the largest electoral vote in the nation's history.

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## 3. (U) Peron Era I.

a. Any discussion of Peron in his first era requires definition of terms in order to adequately understand the political philosophy of Juan Peron and how his form of government became an essential fiber in Argentina's political life. Out of the charisma of Juan Peron evolved "Peronism," "Justicialism," and "The Third Position." Peronism provided the spirit. Justicialism and the Third Position provided the dialectic. It is difficult to properly or adequately define Justicialism. To its critics, it has been a continuous source of disagreement with regard to definition. It has been labeled: fascism, Nazism, and communism. Certainly, Peronism has evolved into the Peronist Party, one of the most dominant and influential parties in Argentine history.

b. Immediately upon assumption of the presidency, Juan Peron began to pursue his vision for Argentina. He saw his nation as a powerful, industrialized, ultranationalistic country free from foreign influence and as the dominant force throughout Latin America. Peron based his ascendancy to power upon the mass of the people, and both Peron and the people knew and appreciated this new force within Argentina's political life.

(1) Peron delivered to his descamisados increased wages, improved working conditions and social reform. As Peron produced visible results for the workers of Argentina, he linked their improved conditions to his personal labor movement and to the General Confederation of Labor (CGT).

(2) The new President regained his close relationship with the military by expanding the officer corps and by providing greater salary and retirement benefits. Additionally, he opened the doors to military commissions to those of the middle class as well as those of the upper class.

(3) Along with his efforts to bring together powerful influences to support his administration, he also took direct and positive action to destroy and/or hinder the efforts of his opposition. Among his first actions was to promote the Organic Statute of Political Parties, which became effective on 15 May 1946. This statute prohibited coalitions of political parties, forcing the Radicals who had become Peron's major political opposition to abandon the Democratic Union. In 1948, Peron formed the Peronist Party which split into two branches after Peron's extension of suffrage to women. The second branch, established in 1951, was under the leadership of Eva Peron and proved to be extremely effective in the political organization of women. The 1951 election was won by Juan Peron with a two-third's majority, which firmly established him as the populist leader of Argentina--

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capturing the imagination, hope, and hearts of the great mass of the people. However, there were important elements of Argentine society that looked upon the President with suspicion and concern. Although the opposition was thoroughly suppressed, the growing dissatisfaction with Peron's economic and social programs was beginning to gain the attention of a significant portion of Argentina's oligarchy and the military leadership.

c. President Peron's first era (1946-55) was marked with many achievements which contributed to the betterment of the lowest and lower middle classes. These contributions to improve the lives of the workers and descamisados served as the foundation for an expanded scheme of influence for the Peronist Party and added lustre to the image of Peron among those recipients of the benefits. But as aggressively as he pursued social reforms, he attacked those organizations and institutions which might prove to be centers of opposition to his government. He purged the judiciary, intervened in the operation and activities of the universities, and jailed his outspoken critics. These repressive actions increased opposition to him and his administration, but more importantly to the precepts of Peronism.

d. Peronist strength began to erode by 1951, due principally to this neglect of agriculture which was manifesting itself as a contributing factor in the economic problems besetting Argentina. The lack of faith in the national treasury through ill-conceived economic programs finally resulted in the necessity for the nation to freeze industrial wages. This caused many of his labor supporters to seriously consider the removal of Peron and his administration from power. In 1952, Eva Duarte Peron died. With her death much of the charisma of Peronism was lost. She had played the leading role in appealing to the masses--representing them and visibly displaying her sympathy and concern for their plight and their future. It was Eva Peron who more closely associated with the descamisados than anyone in the administration; played such an important part in the extension of suffrage to women; and provided improved medical care, welfare projects, and family programs to help the poor and needy. After Eva's death, the conflict between Peron and the Church became more pronounced as his dictatorial decrees, plus his actions to reduce the influence and wealth of the Church, were met with stiff opposition from the Catholic community. Finally, Peron was excommunicated from the Church and suffered the indignity of personal denouncement by the Vatican.

e. During Peron's incumbency he had not forgotten the military, and his support consisted of modernization, expansion, improved pay, and other benefits, as well as increased power. The military's suppression of several coups caused Peron to look to the military for added internal security. However, the payoffs,

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graft, political manipulations, and the playing of one segment against another began returning to haunt Peron, and he recognized that much of his political support was evaporating in the face of severe economic and moral issues. Peron, as he had done before, turned to his descamisados for help, urging them to act on his behalf, and encouraging violence, if necessary, to preserve his government. He suggested the issuing of weapons to the Peronists to uphold Peronism. This proposal served as the catalyst for the military to act and they led the revolt of September 1955 which deposed President Peron. He made his escape by boat to Paraguay.

#### 4. (U) The Period of Exile and Return.

a. General Eduardo Lonardi replaced Peron as the President of Argentina and immediately began a period of "de-Peronizing" the country. He concentrated attacks against labor organizations. These government efforts to weaken the labor movement served as a binding influence on organized labor, the union leadership viewing the "de-Peronization" process as a return to the era of conservatism. Peron, then in exile, still had considerable influence upon the workers of Argentina and accepted the leadership role in their battle against government programs to eliminate labor as a voice in national political life. General Pedro Aramburu, via military coup, stepped into the conflict with his provisional presidency which lasted during the period 1955-58. Presidential elections were held in 1957 to choose a popularly elected president. While the Peron Party was still illegal, the Peronist apparatus was still in power in Argentine politics and the Radical Intransigent Party candidate, Dr. Arturo Frondizi, made an agreement with Peron to allow the reentry of Peronism into Argentine politics if he were elected President. Frondizi, helped by the Peronist Party machinery, was elected and served until 1962. It was Frondizi who opened Argentina's doors to large foreign investment in order to bolster the Argentine economy. This course was sensible, but controversial among Argentines, who resented the injection of foreign influence in their country. The President kept his word and announced that because of the weakened condition of the Peronists their reentry into Argentine politics would provide no significant return to Peronism and legalized the Peronist Party. The 1962 elections in which the Presidency was not at stake proved Frondizi wrong, as the Peronists displayed remarkable strength and captured the Governorship of Buenos Aires. With that, the military forcibly removed Frondizi from the Presidency and annulled the elections.

b. General Juan Ongania led the rebellion against Frondizi, but did not want a military person to serve as the President. Jose Guido was placed in office in what was termed a return to constitutional government--even though the military were the actual leaders of the nation. Guido possessed democratic ideals and

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announced his policy of open political processes to include the active participation of the Peronists. However, the Peronists were prohibited from running a candidate for the Presidency. Unable to develop any deals or relationships with the candidates for the Presidency, the Peronists cast blank ballots as a protest. Blank ballots polled were second high in the election and allowed Arturo Illia to win office with only 26 percent of the vote. The voting results confirmed that Peronism was still a major force within labor, and many middle-class Argentines supported Peron on the basis that the other options represented a return to right-wing conservatism.

c. President Illia's strategy towards the Peronists was designed to destroy them from within the existing political structure. He thought that by giving the Peronists responsibility in the administration of local and provincial governments, they would become functioning and legitimate members of the constitutional government. In this way, they would be separated from their Peronist backgrounds. Surprisingly, this maneuver turned many Peronists against him, for they wanted an immediate and dominant role.

d. Peronists were permitted to participate in the non-presidential elections of 1965, where they received approximately 38 percent of the votes and secured many congressional seats. The end for Illia was in sight because of economic problems and the polarization of the leaders of Argentina's intelligentsia in support of Peron. Fearing a ground swell of emotion for the return of Peron, the military stepped in and replaced the Illia government with the government of General Ongania. The Ongania regime began by outlawing the Peronist Party.

e. Ongania was fully aware that his position was in jeopardy if he failed to appeal to the strength of organized labor and the descamisados. He announced to labor that there would be a minimum of government interference in their legal union activities and began a program of improved housing and expanded welfare. Even with these appeals to the support of labor, the Peronists opposed his regime. More significant was the opposition leveled by the middle military who wanted a return to constitutional government, and by the unions who demanded more jobs and higher wages. As pressure mounted, General Ongania was replaced by General Alejandro Lanusse in 1970.

f. The regime of General Lanusse served as a neutral force upon Argentine politics. Lanusse was anti-Peronist and yet he traveled to Madrid to negotiate with Peron in an attempt to unify political support for his administration. Lanusse wanted return to civilian rule. He and his supporters were tired of the trials of politics and upset because of diminishing public respect

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for the military. They realized they could hold power only through repressive measures and that no government could rule Argentina efficiently without participation of the large bloc of Peronist voters.

g. The eventual return of Juan Domingo Peron to Argentina after an 18-year absence was negotiated in August 1971 when General Lanusse called together the leading political leaders of Argentina for a secret meeting to determine what course should be followed to save their country. The nation was falling apart economically and politically. The military, who had been either the actual leaders of the nation or the power behind the presidency since 1955, were seeing their stature destroyed by the series of poorly administered governments which succeeded Peron. As a result of Lanusse's visit, he knew that Peron was agreeable to return and would negotiate and compromise in order to gain power. Among the options the leaders at the August 1971 meeting discussed was that of returning Peron to power through constitutional elections, to be held in March 1973, and to capitalize on Peron's charisma to bring the country together again. The decision was to offer Peron an opportunity to run for the Presidency; however, Peron chose not to run himself, but to designate a surrogate, Dr. Hector Campora. The decision to return Peron together with the agreements reached to permit his return is termed the Great National Accord. In keeping with that spirit, the Peronists entered into a coalition with a number of minor parties to form a national front called FREJULLI (Frente Justicialista de Liberacion), the Justicialist Liberation Front.

h. With Peron, Peronism returned to Argentina, but the recipients were not the same as those who existed in 1943-55. The traditionalist, who lived and prospered under the first Peron era, longed for a return to the relative stability which they remembered; the young Peronists were in most cases merely babies during the first era and knew of Peron only through history books and word of mouth of their parents and older friends. In Peron they saw a revolutionary character more in the mold of Castro and Guevara than the man in his late seventies who was physically spent and whose dream was to see himself reinstated to previous power and grandeur, taking what he considered his rightful place in world influence centers as the most popular leader in Latin America. The revolutionary fervor of the young Peronists served Peron well before his return, for it was he who encouraged their revolutionary rhetoric and terrorist actions. The problem eventually developed to where, once Peron had "turned on" the revolutionaries, he couldn't "turn them off."

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i. In March 1973, Hector Campora, the Peronist, won the office of President decisively with 49 percent of the vote. The closest opposition was the Radical Party (UCR) candidate with 21 percent. The significance of Campora's election is best understood by his campaign slogan "Campora in government, Peron in power." It was generally understood that Campora was a Peron puppet and that eventually Peron would return to Argentina and assume the Presidency.

j. On 20 June 1973, Juan Peron returned to Argentina. His return and the confusion and discord which accompanied it was a preview of the events that were to follow the Peronist movement. Campora went to Madrid to escort Peron back to Argentina. There he was treated as an inferior even to Peron's personal secretary, Jose Lopez Rega, and the fact that he was President was hardly noticed or considered--least of all respected.

k. Upon his return, Peron continued to consolidate his strength and identify his allies. A great uncertainty was the Army which had been playing a wait-and-see game. On Peron's orders, certain command changes favorable to him had been accomplished. But the unresolved issue was Peron's military rank which he wanted returned and on which Campora was dragging his feet. The party traditionalists pressured Campora to return Peron's rank and military properties immediately. The revolutionary wing opposed the "militarization" of Peron who, in their view, was a symbol of revolution and would hardly fit the cast of a general. General Carcagno, Chief of Staff, desired to return Peron to his rank and privilege, but was prevented in doing this by Campora. Campora's refusal to act aggressively against the various terrorist organizations and his invitation to meet with them in negotiations also disenchanted the military leaders. Carcagno met with Peron, informing him of the Army's wish to see him returned to military rank, and of Campora's resistance. However, the next day Campora signed the decree which returned Peron's rank and submitted his letter of resignation. It had been hardly more than six weeks since Hector Campora assumed the office of President that he was quietly overthrown.

l. The law of succession was promulgated to appoint the president of the Senate, but he left Argentina the day Campora resigned and was disqualified from the presidency. The president of the Chamber of Deputies, next in line of succession, was Raul Lastiri, the son-in-law of Jose Lopez Rega. The law required that the provisional presidency be succeeded by constitutional elections and the elections were set for September 1973.

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m. Juan Peron entered the elections as a presidential candidate and then selected his wife, Maria Estela Peron (Isabel), to be the Vice Presidential candidate. This effort to link Mrs. Peron with his late wife, Eva, was an effort to regain and rekindle the emotion surrounding Eva's close association with the masses. Campaign posters displayed the pictures of Juan, Isabel, and Eva and much of the campaign rhetoric talked of the three together returning Argentina to its rightful place as the most influential nation in Latin America. His charisma and the expectations of the Argentine people carried the election and launched the second Peron era.

5. (U) Peron Era II. The new Peron era was different because Peron and the people of Argentina were different. The oligarchy, military, congress, and most of the intellectuals within Argentina had changed from what Peron had known during his previous administration. While many of the old caudillo's associates were still alive and active, youth had made its appearance in the political structure of Argentina and the revolutionary influences were well entrenched. Argentina awaited Peron and his miracles, but the miracles did not come. The economy was suffering and continued to suffer even with Peron. The hoped for dialogue between the President and the people did not occur. His surrogates, principally Isabel and Lopez Rega, tried to fill the void, but it was Peron the people wanted and, unfortunately, Peron was not up to the challenge. Physically his life was in its twilight, he was ill and unable to relight the fire that had existed nearly 30 years before. Peron strived for stability by trying to soothe the diverse elements of the Peronist Party and by appealing to an ideology that many failed to understand in 1974, particularly the young who saw it as a return to fascism. The revolutionary wing became disenchanted with the President and his administration, while the traditionalists were growing more uneasy with the revolutionaries. Adding to this disarray, left-wing Peronist organization Marxist groups were again active in antigovernment terrorist campaigns which were proving more and more embarrassing to the government and threatening to the military. Peron sided with the traditionalists, and the Peronist revolutionaries became part of the opposition in their disappointment and disillusionment with the new government. They were Peronists, but the Peronist ideology, as they perceived it, was being destroyed by the government, even if the leader was the ideological founder of Peronism. Juan Peron died on 1 July 1974, having served less than one year in his second era as President of Argentina. He was succeeded by his constitutional successor, Vice President Maria Estela Martinez de Peron (Isabel).



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6. ~~(S)~~ The Government of President Isabel Peron (U).

a. The conflicts and trends which developed with Juan Peron's return to power have continued and accelerated since his death. When President Isabel Peron took office in July 1974, she inherited the mantle of leadership of the Peronist movement and the skeptical best wishes of most Argentines. She also inherited a myriad of economic and social problems which would tax the abilities of the most astute politician. Her administration was wracked by confusion and dissension, plagued with terrorism, and rendered ineffective by various opposition groups. Rampant inflation and declining productivity exacerbated the situation. To make matters worse, allegations of embezzlement, hints of scandalous conduct, rumors of emotional instability, and evidence of poor health further weakened Mrs. Peron's grip on the presidency. Despite all of this, she demonstrated great resiliency and determination to remain in office.

b. At age 43, Isabel Peron became the first woman chief of state in the Western Hemisphere. How she got there is certainly an accident of fate. The youngest of six children, Maria Estela Martinez Cartas was born in La Rioja Province, Argentina on 4 February 1931. She moved with her family to Buenos Aires sometime before 1938. Her formal education was limited to grade school level though she continued training in piano and dance. Becoming an entertainer, she met Juan Peron in Panama in 1956 where she was performing in a nightclub act under her theatrical name Isabel. Peron, then in exile, took Isabel as his mistress and secretary. They lived in Panama, the Dominican Republic, and later in Spain where they were married in 1961. During this period, Isabel learned about practical politics from Juan Peron and performed various services to further the aims of the Justicialist Party. Mrs. Peron often traveled to Buenos Aires on political errands for her husband during the exile period. In 1973, the Perons returned to Argentina and in June of that year Isabel was elected first vice president of the National Council of the Justicialist Party, the official organization of the Peronist movement. In September 1974 she became the president of the party. Her lack of formal education plus a reportedly indiscreet past helped prevent her acceptance by the country's elite. After succeeding her late husband to the office of President, her overdependency on the "Rasputin-like" Jose Lopez Rega and the effects of his influence on her decisions greatly hurt Mrs. Peron's standing with all segments of Argentine society. Even though she eventually replaced Lopez Rega and many of his followers, the damage had been done. Only her ability to evoke sympathy and understanding from labor leaders and the descamisados plus the extreme reluctance of the military to assume control kept Mrs. Peron in power.

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c. Failure of the national economy caused great cries for action on wage and price stabilization, the growing national deficits, undercapitalization, lack of production, and government spending. With every reason to have a strong viable economy with overall national prosperity, the Argentine people were faced with an annual inflation rate of nearly 350 percent and declining productivity. Alternate pressures from industrialists and labor leaders forced the government-approved wage-price imbalances that have proven disastrous to the agricultural sector. Results of the Peron government's selective economic programs created a reluctance by foreign business to enter or expand their investments in Argentina. Unemployment climbed rapidly. Mrs. Peron attempted to establish a harsh economic austerity program in June 1975 but threats of a general strike forced the government to give up its attempts at wage controls. President Peron shuffled her cabinet frequently attempting to find the right combination to solve the country's problems but found little success. Often those selected for the job of Economy Minister turned it down.

d. In addition to all the economic problems, the rising tide of political terrorism created an atmosphere of tension and fear. Two groups, the People's Revolutionary Army (ERP) and the Montoneros, directed their activities primarily against right-wing Peronist leaders, the police, and the military. A third major terrorist group, the AAA (Argentine Anti-Communist Alliance) conducted terrorist acts against the Marxist ERP and the left-wing Peronist Montoneros. (See appendix B.) Over 1,000 persons have been killed in the past 18 months and violence is growing despite efforts by the police and military to control it. The military became increasingly dissatisfied with the performance of the "Isabelita" government. They saw a direct correlation between the rise of terrorism and the inefficiency of the Peron administration. Elements within the air force and navy were quite outspoken in their criticism of the government. An abortive coup by right-wing air force officers demonstrated the discontent within the military and brought about the appointment of anti-Peronist General Orlando R. Agosti as Air Force Commander in Chief replacing the pro-Isabel General Honoris Fautario. General Agosti was friendly with the Army and Navy, Commander in Chief Lieutenant General Jorge Rafael Videla and Admiral Emilio E. Massera. Together these three represented the real power in Argentina.

e. The military leadership attempted on several occasions to convince President Peron that major changes in domestic policies were required and that several of her key advisers should be replaced. When these efforts were unsuccessful, attempts were made to persuade Mrs. Peron to resign. On 24 March 1976, after Isabel had consistently refused to step aside, the three service Commanders in Chief formed a military junta which arrested Mrs. Peron and

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toppled her government. Martial law was declared, the Congress was ordered closed, the Supreme Court Justices were removed, and troops guarded all major public buildings. Military rule returned to Argentina.

7. (U) The Current Military Government.

a. The experiences of the military during their period of rule in Argentina prior to the return of Juan Peron were not pleasant. The public which had previously respected and honored them had come to revile them and in many instances spat upon the uniform. Their failures to successfully meet the demands of the people plus their fear of Communist infiltration in the labor movement, prompted them to turn to Juan Peron as a hope for salvation. This memory still lives in the minds of many senior officers. They did not want to remove Mrs. Peron by a coup d'etat and thereby risk making her a martyr for the descamisados. The military is cognizant of the strong opposition they face from organized labor, the various political parties, and they are aware of their limited successes in suppressing the terrorist groups. They also realize that the strategy of the Marxist opposition groups included creating a situation which would force a military takeover, thereby hoping to divide the loyalties of the populace. The military leaders know their actions must be decisive yet designed to unite the people in support of the government. Considering the present state of the economy and the political turmoil, their task is enormous.

b. Lieutenant General Jorge R. Videla took the oath of office on 29 March 1976 to become the 39th President of Argentina. Known as an officer without political ties, he enjoys a high degree of respect from all who have worked with him. The 50-year old general is a devout Roman Catholic and strongly anti-Communist. He is considered a highly moral man who hates corruption and has been moderate in his political views. He is not considered likely to impose an overly repressive regime.

c. General Videla and his fellow junta members, General Agosti and Admiral Massera, quickly named eight cabinet members which included two civilians and two officers each from the army, navy, and air force. Other military officers were assigned to fill key government positions throughout the country. The United States formally recognized the new government on the day of the coup, 24 March 1976.

d. Various actions taken by the Junta included the suspension of political activities, arrest of numerous labor leaders, and the confiscation of union funds. No significant opposition to these activities were demonstrated by the Peronist labor

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leaders. The coup was virtually bloodless. General Videla in a nationwide television and radio speech on 30 March 1976 made specific statements designed to differentiate his government from other Latin American military regimes. He spoke of "basic human rights . . . based upon profound Christian convictions on the preeminent dignity of man as a fundamental value. We will show the same firmness in defending your rights as we now show in demanding your effort." General Videla also stated that the "sacrifices that the task of national reorganization requires will be borne by all social sectors." The country appears to have a "wait and see" attitude regarding the policies of the new government.

e. To be successful, the Videla administration must accomplish certain specific things:

- (1) Terrorist activities must be suppressed.
- (2) Inflation must be controlled.
- (3) Confidence, both domestic and international, in the Argentine economy must be reestablished.
- (4) Gain the support or the neutrality of the labor unions.
- (5) Improve the productivity of both the agricultural and industrial communities.

Attaining these objectives will be difficult. The institution of wage and price controls and a revaluing the Argentine peso are likely courses of action to be tried by the ruling Junta. Suspending certain civil liberties when pursuing antiterrorist campaigns appears almost inevitable. Such repressive measures would probably meet strong opposition from business and labor groups. This opposition would be quickly exploited by the terrorists. Until solutions are found to solve Argentina's difficulties which are acceptable to the population in general, the spectre of civil war is omnipresent.

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(S) CHAPTER 3

US POLICY GUIDELINES AND RECOMMENDATIONS (U)

1. (S) Policy Guidelines (U).

a. General.

(1) US security interests. Policy guidelines should be anchored in realization not only of US interests in Argentina but also in how those interests are prioritized with other US interests in the region and throughout the world. Argentina is not a prime trading partner with the United States. Our standard of living would not be materially affected if no business exchange existed between the two countries. However, economics and politics are closely linked in Argentina and politically the future of Argentina may be of great importance to the United States. Adventurism in Latin America by the Soviet Union or Cuba may be encouraged or discouraged by whatever US policy is developed toward Argentina. The Angolan situation provides an example of what can happen in an area that has been neglected during the formulation of US foreign policy objectives. The final resolution of conflict between and among the Peronists, the Marxists, and the Argentine military may have a direct effect on US interests throughout the entire Western Hemisphere. The success or failure of the tactics employed by the Marxist ERP and their sometimes allies, the leftist Montoneros, will influence actions by similar groups in Latin America, in the Insular Caribbean nations, and perhaps even in the United States. Loss of unrestricted transit around the Cape Horn would have major impact on US military flexibility in wartime should the Panama Canal be closed. Our foreign policymakers should recognize that sincere efforts toward maintaining friendly relations with the Argentine government are important to prevent major problems from possibly arising at some future date.

(2) Special limitations. It is imperative to realize that there are strong reasons to carefully limit what we try to do in Argentina. The Argentine is predisposed against foreign advice or anything that smacks of intervention or interference in his own country. The appeal to take a separate independent course is strong and fits into the Argentine psyche. US efforts on mutually beneficial projects or on purely helpful programs must be exercised with a fine touch. It would be better for the United States to err on the side of doing too little rather than attempting too much. There are certain national interests, however, which must be protected by a positive US foreign policy.

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b. Political Considerations.

(1) The Argentine people and their various governments through the years have historically displayed a sense of pride and independence from foreign dominance which borders on arrogance and self-idolization. While they may recognize their internal problems as shortcomings, the average Argentine considers himself superior to other Latins, most of the rest of the world, and certainly inferior to no one. Caution, if not coolness, and distrust of foreigners are ingrained in Argentine character. The last thing an Argentine would tolerate would be a paternalistic attitude displayed toward him by a foreign national or government regardless of how well-meaning the intent might be. Any attempt at influencing Argentina's governmental processes, which could be perceived by the populace as Yankee intervention or imperialism, would be exploited promptly by Marxist, leftist, and extreme right factions to their own particular advantage. The United States would benefit more by retaining a formal intergovernmental relationship as friends and allies than by any unilateral actions to stabilize or assist any one administration, political faction, or ideology. Such a noninterventionist policy should be maintained unless or until a Marxist or other undesirable political group seriously threatens to take power by undemocratic means.

(2) While Argentine nationalism has been relatively restrained in relations with other nations (probably due to her domestic problems), this will not last. Argentina will seek to become a more powerful influencing factor in Latin American and Third World countries, particularly if US policies signal lack of interest or effort in this region. US policymakers should recognize this desire.

(3) The US-Argentina economic relationship has political ramifications. Argentina needs foreign markets. Her principal trading partner is now the European Common Market. If US trade policies were more favorable toward Argentina, the greater exchange would contribute to Argentine recovery and encourage favorable attitudes towards the United States. Such trade policies are feasible in noncompetitive areas such as mineral production, cement and fishing rights. Return on US investments, both current and future, must be expected to undergo changing relationships as economic policies are revised by Argentine attempts to control inflation and promote economic growth.

(4) The use of terrorism to effect political change is growing. Argentine terrorism has been particularly violent, efficient, and rewarding. Action by a strong Argentine central government is needed to curtail its effectiveness and prevent its spread.

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c. Military Considerations.

(1) The Argentine military is a large, well-equipped, efficient, and disciplined force. At present it is highly nationalistic and anti-Communist. (Army 83,500; Navy 33,000; Air Force 17,000)

(2) Argentine influence along South Atlantic sea lanes, the Cape Horn, and the Straits of Magellan is presently important to US military flexibility. These waterways could become extremely important to US options in Western Europe, Africa, and even Asia should a less favorable Panama Canal situation develop.

(3) It is possible that Argentina will possess a nuclear explosive device before 1990.

(4) Terrorism, if successful in significantly disrupting governmental operations or in creating civil war, could be exported to other Latin nations. The Argentine military is the only force with sufficient power to control or eliminate the terrorist groups.

(5) The Argentine Army is currently engaged in counterinsurgency operations and has been reasonably successful in suppressing rural insurgency. It is becoming knowledgeable in the ways of combatting urban guerrilla warfare.

(6) Even when authority is eventually transferred to an elected civilian government, the military will remain capable of seizing power whenever the leadership of the three services agrees to do so. Only the Army has sufficient power to effect a coup without assistance from the other services but probably would not do so if strongly opposed by the Navy and Air Force.

(7) Public confidence and respect for the military were severely damaged by the failure of the military-controlled governments to perform efficiently during the 1955-73 time period. For this reason, the military was reluctant to overthrow Mrs. Peron until they perceived support from the people to do so.

(8) Argentine military leaders respect and admire the US military establishment. However, they are disturbed by the difficulties encountered in arranging arms purchases from the United States and in securing US military assistance. Argentina, which was turning more to Western European nations for arms supply and military assistance, now is seeking military sales agreements with the United States.

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2. ~~(S)~~ Recommendations (U).

a. General.

(1) Notify Cuba and the Soviet Union that the United States could not tolerate their active support of the Marxist groups in Argentina in any revolution or war of national liberation.

(2) Initiate actions which signal to the Argentines that the United States is interested in their country and not totally preoccupied with other areas of the world. Such actions should not be confined to the business sector but should involve cultural and scientific exchanges and military cooperation.

(3) Take the initiative in proposing actions that are mutually beneficial. Do not initiate proposals which might be interpreted as "foreign assistance" or "aid programs" to an underdeveloped nation.

(4) Maintain as much as possible a neutral posture with respect to specific political parties within Argentina--yet keep in mind that the military will probably remain the real source of power.

(5) Carefully avoid any language or actions which could be perceived as paternalistic, imperialistic, or condescending. Talk and act as equal partners and allies for hemispheric solidarity.

b. Military.

(1) Be responsive to requests for aid from Argentine military leaders. Encourage approval for the sale of most types of military equipment to the Argentine government. Particularly avoid the withdrawal of such equipment by the United States after the sale is made.

(2) Maintain a US Military Group divorced from the Defense Attache office or other intelligence-gathering activities and at sufficient strength to provide visibility and contact with Argentine counterparts at levels from General Officer through Senior Non-Commissioned Officer rank.

(3) Exchange students between the various US and Argentine military schools at all levels. Particularly encourage occasional interchange of bilingual lecturers between the senior service colleges and the Argentine National War College.

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(4) Encourage combined military exercises, principally naval and air, that would involve scenarios invoking the collective security provisions of the Rio Treaty, particularly concerning defense of the sea-lanes around Cape Horn and the South Atlantic.

(5) Develop contingency plans for using the Cape Horn sea-lanes during wartime with and without support from the Argentine military.

(6) Develop a cooperative military research and development program that is mutually beneficial.

(7) Recognize Argentina's concern over a powerful Brazil and the Argentine military's perception that the United States is favoring Brazil's military in comparison with Argentina. Exercise care to minimize situations that would exacerbate this concern.

c. Political.

(1) Develop a foreign policy tailored to address Argentina as a nation instead of Argentina as a member of the Latin American community. Recognize the uniqueness and individuality of the nation.

(2) As internal conditions permit, encourage visits to Argentina by high-level US civilian and military leaders.

(3) Avoid public statements condemning military governments in Latin America unless such statements are absolutely necessary.

(4) Initiate or expand programs which have mutual benefits for both countries such as narcotics control, cultural and scientific exchanges, student exchanges, and public health programs.

(5) Initiate action to reconsider the impact of the restrictions placed on sale of military materiel by the Conte-Long Amendment.

(6) Avoid entanglements in any Argentina-Brazil disagreements.

(7) Consult with the Argentine government before making any major policy changes which affect other Latin American nations.

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(8) Insure that US diplomatic and military representatives in Argentina are knowledgeable about the country's culture, history, and value systems in addition to simply speaking the language.

d. Economic.

(1) Encourage US investment in exploration for and production of minerals such as beryllium, tungsten, and manganese. These minerals are found in Argentina but are in short supply in the United States.

(2) Encourage US investment in expanding cement production in Argentina.

(3) Increase financial assistance to the Inter-American Development Bank with emphasis on loans to encourage resettlement and improved land use in the sparsely developed area of Argentina.

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Authority: EO 13526  
Originator: Army  
Date: 6 March 2018

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## (U) APPENDIX A

### THE COUNTRY AND THE PEOPLE<sup>1</sup>

#### 1. Physiography.

a. Argentina is the world's eighth largest country in land mass with a total area of over 1,073,000 square miles. It is the second largest country in Latin America and is approximately a third the size of the continental United States. The heartland of Argentina is the rich, temperate plains area known as the Pampas which fans out from the east-central sector of the country. Northern Argentina is subtropical lowland. The west is dominated by the Andean Mountains and the south by the Patagonia Steppe and the rainy southern tip bordering the Straits of Magellan.

b. The climate is generally temperate but with great variations: from extreme heat in the north to subantarctic cold in Patagonian Steppe. Rainfall diminishes from east to west and averages 37 inches per year in Buenos Aires. The mean annual temperature is 61° F. Light snowfall occurs occasionally in Buenos Aires. Throughout Argentina, January is the warmest month and June and July are the coolest.

#### 2. Population Characteristics.

a. Four and a half centuries of European immigration, primarily from Italy and Spain, have produced in Argentina a people who are predominantly white and southern European in character, comprising 85 percent of the population. The Indians and mestizos (a mixture of Indian and white), who are so numerous elsewhere in Latin America, have been pushed aside or absorbed into the population. Mestizos constitute the remaining 15 percent of the population, pure-blooded Indians are numbered only in thousands, and Negroes-mulattoes have virtually disappeared. As a result, the Argentines are one of the most homogeneous people in Latin America.

b. The population of Argentina was estimated to be 24.8 million in 1973, one of the largest in Latin America. This figure equates to an average density of about 23 persons per square mile. But the distribution of Argentina's population is very uneven, with 65 percent of the inhabitants living in the Pampas, which constitutes about one-third of the total land. In contrast, Patagonia with

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<sup>1</sup>Much of the factual material in this appendix is based upon National Basic Intelligence Factbook, January 1972 and Area Handbook for Argentina, 1974.

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28 percent of the total land, contains only 1.5 percent of the population. Between 1960 and 1973, Argentina's population has grown at an average rate of only 1.5 percent per year, lower than any previous period. At the current rate of growth, about 46 years will be required for the population to double, compared to a range of only 22 to 29 years for other countries in the region. If these growth rates remain constant, Argentina's percentage of Latin America population will be reduced from 9 percent in 1970 to less than 5 percent by the end of the century. A number of factors have contributed to the trend in slower population growth rates: an exceptionally smaller number of immigrants since 1954; a diminishing birthrate; urbanization; education; and a relatively high standard of living.

c. Argentina is the most urbanized nation in the region. Approximately 80 percent of the population lives in communities of 2,000 or more inhabitants, and about one-third lives in and around Buenos Aires. Other principal cities are Cordoba, Rosario, and La Plata. The people and society of Argentina tend to be formal and tradition-oriented, reflecting more the influences of their Spanish heritage than of other European peoples.

### 3. Social System.

a. Argentina's present social classes began to take shape in the late 1930's when the process of industrialization accelerated, and internal migration reached extremely high rates. There are various distinctions among social classes and groups; between rural and urban people; and between large cities (particularly Buenos Aires and the coastal cities) and the interior of the country. The three social classes of Argentina are:

(1) Upper class. The upper class in Argentina is made up of two segments: the traditional landed elite and the extremely wealthy. Together they constitute approximately 1 to 2 percent of the total population. They are the most homogeneous and possess the greatest sense of class consciousness. The upper classes have been of little political consequence during periods of democratic government. Under military regimes, however, they have been either in a commanding position or close to it.

(2) Middle class. Except for Uruguay, Argentina has the largest percentage of middle class of any Latin American country. Some estimate it to be as large as 40 percent of the total population. Its origins are found in massive European immigration and the urbanization and industrialization that followed. An excellent educational system has also contributed to the growth and structure of the middle class. The most distinguishing feature of class membership is a white-collar or professional occupation

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as opposed to manual labor. Argentine blue-collar workers are considered separate or part of the lower class because their positions are based on manual skills. But at the lower end of the middle class there is considerable overlapping, and a blue-collar worker in a factory may earn more than a white-collar employee. This has caused many with a higher level of education to seek jobs in well-paying blue-collar positions.

## (3) Lower class.

(a) In contrast to the lower class in most Latin American nations--composed largely of subsistence farmers--the Argentine lower class has three distinct segments: urban labor, rural labor, and marginal poor. These three groups are separated by regional, economic, and political considerations and make up about half of the total population.

(b) The majority of Argentine rural laborers cannot be termed peasants in Latin American terms. Rather, they are descendants of Spanish ranch hands and immigrant tenant farmers of the 19th century. Despite differing backgrounds, their culture is a continuation of the life-style of the traditional Argentine gaucho. They are the backbone of the large ranches and estates and also the unskilled labor pool and migrant laborers in rural areas. Although labor laws have been extended to rural workers, the nation's social welfare institutions have penetrated the countryside only to a limited extent. Therefore, many of the young people in rural areas move to urban areas in anticipation of better opportunities.

(c) The marginal poor in Argentina constitute a small percentage of the entire population--probably about 5 percent. They are the least politically and economically active of any segment of the society and some are not even Argentine citizens. They are largely migrants: internal migrants from the interior provinces and seasonal migrant workers from Paraguay and Bolivia. For the most part, they are only sporadically employed in unskilled labor or service positions. No comprehensive social welfare legislation has been passed to accommodate their needs.

b. A particularly important element in the Argentine social system is the family. Family connections and loyalties play a paramount part in personal, political, and business relations; and the pattern is influenced by religious institutions and the legal system. Most Argentines, regardless of class or locality, place loyalty to the family above obligations to any other group or organization with which they may be involved.



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c. The ease of upward social mobility is an important factor which has influenced the Argentine society. Avenues of social mobility are abundant with the possibilities for advancement limited mainly by prevailing economic conditions and by individual ability and opportunity. Many well-to-do Argentines are self-made men who come from lower-class families and worked their way up the social system through education and occupational advancement.

## 4. Social Values.

a. The social values held by the large majority of the population are derived in part from the Roman Catholic religious tradition and in part from other elements of the Hispanic cultural heritage. Massive Italian and other European immigration after the middle of the 19th century appears to have reinforced the values of the Hispano-Argentine society.

b. The Hispanic influence in the value system appears in the emphasis on individuality, personal dignity, pride, family loyalty, personalism, and nationalism. These traditional values are much stronger in the aristocratic landowning elite and in the rural sectors than in the urban middle and lower classes. Nevertheless, most of the people recognize the same basic ideals.

c. The present combination of nationalist nostalgia for the prestige of the past and a search for a way out of the economic insecurity and political confusion of the present has introduced a frustrating division within Argentine nationalism. But nationalist appeals remain one of the principal means of securing unity of action in the country and so far have contributed in keeping rival factions from engaging in civil war.

## 5. Welfare Systems.

a. Argentina's social welfare services are developed on a large scale for urban dwellers and workers. A system of social security provides pensions upon retirement for workers, health and maternity benefits; compensation for workers injured on the job; severance pay for those losing their jobs; family assistance for the unemployed; and financial assistance to the aged and indigent.

b. Argentina has an extensive system of hospitals and clinics run by national, provincial, and local authorities as well as by private organizations. Public health and sanitation standards are generally high, particularly in urban areas and developed regions. Endemic diseases, such as smallpox, cholera, yellow fever, and tuberculosis, are under control in Argentina.

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c. The large urban population has caused a serious shortage of housing in some areas. As a result, large slum areas have developed in and around many cities despite considerable efforts to control the problem.

6. Religion. Over 90 percent of the Argentine population is nominally Roman Catholic. It has been estimated, however, that fewer than 20 percent of the Catholics regularly attend mass or in other ways participate in the life of the Church. However, to the average Argentine, Catholicism does provide a set of traditional religious practices that have influence on his personal life, his family and his business. Although the Roman Catholic Church has made little effort to organize or support a special political party, it constitutes a significant factor of power when joined by other interest groups. Today the clergy is split between older conservative priests and younger, more progressive priests intent on social and economic reforms for the masses.

7. Education. Argentina has a good educational system, and the people are considered to be among the best informed and best read in the Western Hemisphere. They have a literacy rate estimated at better than 90 percent--the highest in Latin America. Primary education is compulsory and free for all children from 6 to 14 years of age. Secondary and higher education is also available in free public schools and in private schools subsidized by the state. Since the beginning of the 20th century, the universities have become centers of political agitation. In recent years, university students have become increasingly unruly, and funds for expanding teaching facilities have been inadequate to keep pace with rapidly increasing enrollments.

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(U) APPENDIX B

## MAJOR ARGENTINE TERRORIST MOVEMENTS

1. General. Argentina's history has recorded many incidents of terrorism, but none so pervasive and ruthless as that which occurs in Argentina today. The terrorism and violence are symptomatic of the disappointment, frustration, and disillusionment that have been evident in Argentine politics and government for the past 30 years. Added to this is the spectre of international communism and the forces which that ideology brings to bear on the internal disarray of Argentina. Peronism, Juan Peron, and the bitterness surrounding his overthrow in 1955 play a part in the root cause of the revolutionary movements that are permeating Argentina, but these are not the only factors. The young and visionary elements of Argentina have been able to see the failures of Argentina's governments and have been searching for a new direction in which to take their nation. Many saw the 1973 return of Peron as a correct step in that direction. Others feel the successive failures of constitutional government and military government are indicative of a need for radical change and espouse socialism as the alternative. Still others pursue Marxism as a part of an international movement and consider themselves the cadre for an eventual Communist government in Argentina. Some believe that political terrorism is their only avenue to achieve political voice in Argentina. They see the elimination of government leaders and opposition terrorist groups as proper methods to advance their political power. The various terrorist groups in Argentina may seem to be separated by thin and often indistinguishable lines, but in reality there is a clear dichotomy between the factions.

### 2. The People's Revolutionary Army (ERP).

a. The ERP is an Argentine Marxist terrorist group. It is well-trained, well-equipped, and thoroughly organized. The ERP has announced its ties to other Marxist terrorist groups in Latin America and has received support and assistance from the MIR of Chile, the ELN of Bolivia, and the Tupamaros of Uruguay. It is alleged that ERP members have received training in a number of Communist countries such as Cuba, East Germany, North Korea, and North Vietnam. ERP organization is essentially along the lines of the Tupamaros in that the membership is assigned to functional sections. One cell may be organized to deal with political questions, other cells carry out the combat operations of the ERP, and yet other cells are charged with the propaganda responsibility. ERP "soldiers" are full-time revolutionaries; they may work in other jobs, but the pay they receive is turned over to the ERP to further the activities of the organization. Each member of the ERP knows that if captured he cannot expect assistance from his

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associates, and if the information he possesses is important enough, he may be liquidated by his comrades to insure his silence.

b. Terrorist exploits of the ERP have been directed against both the government of Argentina and the oligarchy. Anti-government actions are in keeping with their announced opposition to the government of Argentina. Kidnappings, threats of assassination, and harassment of the oligarchy serve as revenue sources for the organization and have provided millions of dollars in ransom and protection money for the ERP treasury. As an example, the ransom paid for the release of two wealthy Argentine businessmen was \$60 million. The ERP very cleverly employs their wealth not only to finance ERP operations, but also to influence and gain the cooperation of Argentine citizens, particularly the lower classes and the farmers and small businessmen and merchants. An example of this is the ERP's willingness to pay prices to farmers far exceeding those regulated by the government for their products, and in this way inflate the value of the product in the eyes of the producer and cause him to become more dissatisfied with the government and its price control program. In addition, the revenue received from the ERP is a welcome addition to the farmer's income and he is more than willing to continue a business relationship in the clandestine manner necessary to protect the ERP.

c. The titular head of the ERP is Mario Santucho. Santucho personifies the ERP member in that he has completely transformed all emotional ties from family, church, and friends to the furtherance of the revolutionary movement. His wife was with 13 other ERP members captured at the city of Trelew in August 1972. Her life was offered to Santucho in return for his surrender; he refused, and made his escape to Chile and then to Cuba.

d. Reportedly the ERP possesses a large stock of sophisticated weapons to include, in limited quantity, both fixed and rotary wing aircraft, mortars, and other weapons usually associated with a conventional military force. On occasion, the ERP has demonstrated its ability to use these weapons very effectively. Their tactics of terrorism have displayed a keen understanding of planning and split-second execution. On other occasions, ERP operations have shown that the participants have been inexperienced and clumsy in the performance of their mission. These latter occasions appear to be low-priority assignments in which newly recruited members participate or the act is sponsored by an ERP "splinter" group not as well trained as the core force. However, the ERP is, like many terrorist groups, a deadly and uncompromising organization dedicated to murder and criminal action for political objectives.

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3. The Montonero Terrorists. The Montoneros represent a radical left-wing Peronist element. They played a significant role in Juan Peron's return to power, but were denounced by Peron after his return at the insistence of the traditionalist elements of the Peronist Party, who saw in the left-wing faction a threat to their power and position. The Montoneros remained loyal to Peron so long as he lived, although their attacks continued against their perceived enemies within the Peron camp. They, like the ERP, were active in assassinations and kidnappings against government officials, but the main thrust of their attacks was against the oligarchy and Peronist labor leaders. The Montoneros are not reported to be as highly trained or as thoroughly equipped as the ERP, but there is evidence that the conduct of their operations has been well planned and effectively executed. One spectacular act of the Montoneros was the kidnapping, trial, and murder of General Pedro Aramburu, the former Provisional President of Argentina from 1955-58, who was also a key figure in the overthrow of Peron's earlier government. Mario Firmenich, the leader of the Montoneros, announced his organization's opposition to Isabel's government contending that the government was in the hands of the foreign monopolies, national enterprises, and right-wing labor--regardless of the Peronist appearance of the government. They now oppose the Videla government. The Montoneros have been infiltrated by Marxists who may respond to international Communist control. The antiterrorist activities of the government have achieved some success against the Montoneros. Nevertheless, Montonero-sponsored acts of terrorism are continuing, killing is escalating, and the right-wing labor organizations, who have been especially damaged by assassination, are demanding increased government efforts to combat the terrorism.

4. The Argentine Anti-Communist Alliance (AAA). The AAA is alleged to be organized by members of the government security apparatus who covertly conduct terrorist acts against left-wing Peronists and members of the ERP. The violence of AAA attacks gives credence to the suspicion that the AAA is represented by the frustrated right-wing police and military. The AAA killings have been directed against both the Montoneros and their associates and the ERP with considerable success. Death lists have been published by the AAA which included names of those individuals believed to be key opponents of the Isabel government or of the police and military. Many of those listed have either fled the country, went into hiding or have become victims of the AAA.

5. Common Characteristics. The various Argentine terrorist groups display marked dedication, efficiency, and ruthlessness. The majority of the terrorists are young and represent the massive Argentine middle class; many are well educated and are products of the colleges and universities. Women have played a key role in

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terrorist acts to include a high percentage of women identified as the actual assassins. Detailed planning, reconnaissance, rehearsal, cover techniques, disguise, split-second execution, and rapid withdrawal after operations are other common characteristics shown by the terrorist groups.

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(U) APPENDIX C

## Market Profile—ARGENTINA<sup>1</sup>

### Foreign Trade

**Imports.**—1973, \$2,235 million; 1972, \$1,905 million. U.S. 1973 (21%), 1972 (20%). Other suppliers (1973): West Germany, 11%; Japan, 11%; Brazil, 9%; Italy, 7%; United Kingdom (U.K.) 5%. Major imports: machinery and equipment, iron and steel, chemicals, lubricants.

**Exports.**—1973, \$3,286 million; 1972, \$1,941 million. U.S. 1973 (8%), 1972 (10%). Other destinations (1973): Italy (12%), Brazil (9%), West Germany (8%), U.K. (7%), Chile (7%). Major exports: grains, meat, wool, hides.

**Trade Policy.**—Imports suspended for used, luxury and dispensable goods; "Buy Argentine" regulations operative; imports subject to approved terms. Member GATT and LAFTA.

**Trade Prospects.**—Best U.S. exports prospects: chemicals, machinery and equipment for construction, steelmaking, printing, communications and traffic electronics, power and water facilities, petroleum and chemical installations, plus materials for industrial processing and for health care.

### Foreign Investment

1973 U.S. direct investment over \$1.4 billion, mostly manufacturing. Investment guaranty agreement with U.S. covering convertibility.

### Finance

**Currency.**—Unit, peso. Dual exchange rates (financial and commercial) established in September 1971. Financial rate, 9.93-9.98 pesos to one U.S. dollar after Sept. 1972. Money supply increases: 1970, 18%; 1971, 33%; 1972, 43%; 1973, 102%. (Year ending Oct. 30, 1974, 61%) (Dec. 1972-Oct. 1974, 40%).

**Domestic Credit and Investment.**—Interest rates high. (Commercial bank rate Sept. 1, 1974, 18% to 23%). National government strongly influences domestic credit availability and terms. Significant portion of domestic investment by publicly administered entities.

**Foreign aid.**—FY 1973, U.S. net obligations and loan authorizations, \$30.1 million; assistance from international agencies, \$108.9 million.

**Balance of Payments.**—1970, +\$260 million; 1971, -\$560 million; 1972, -\$285 million; 1973, +\$731 million. (Jan.-June 1974, +\$596 million).

**Balance of Trade.**—1971 -\$128 million; 1972, +\$36 million. 1973, +\$1,031 million. (Jan.-July 1974, +\$553 million.) Gold and foreign exchange reserves at end of year: 1970, \$759 million; 1971, \$374 million; 1972, \$541 million; 1973, \$1,462. (At end of Oct. 1974, \$1,598 million.)

### Economy

**Gross National Product (GNP).**—In 1969 calculated at \$22.8 billion (7,982.8 billion pesos at 350 pesos to US\$1).

**Gross Domestic Product (GDP).**—1973, \$36.5 billion, (GDP at current prices of 362.9 billion pesos at 9.98 pesos to US\$1.) Annual growth rates: 1969, 6.9%; 1970, 4.8%; 1971, 3.8%; 1972, 3.8%; 1973, 5.4%. (Jan.-June 1974, 6.2%).

**Agriculture.**—Basic source for about 71% of export earnings.

**Industry.**—Principal employer. Largely self-sufficient in consumer goods. Heavy industries include iron and steel, automobiles, machinery, chemicals, cement. Industrial production index (1960 = 100): 1970, 172; 1971, 184; 1972, 197; 1973, 211.

**Commerce.**—Buenos Aires dominant commercial center.

### Basic Economic Facilities

**Transportation.**—Improvement planned in extensive highway and railway networks. River services require modernization. Air services cover country and are being improved. Petroleum and natural gas and product pipelines, extensive and being extended and upgraded.

**Communications.**—Telegraph and telephone services with international links. Internal facilities being improved.

**Power.**—Production, 90% thermal. Output, 21 billion kWh in 1973. Projects underway to expand facilities and build large hydroelectric and thermal plants. Atomic fueled facilities: one in operation, one under construction, and two additional installations planned.

### Natural Resources

**Land.**—Area, 1,072 square miles.

**Climate.**—Tropical in north, frigid in south. Most of country in temperate zone.

**Minerals.**—Principal mineral resources: petroleum, iron ore, lead, zinc, manganese, tungsten, beryllium.

**Fisheries.**—Large, largely untapped, resources.

**Forestry.**—Nearly 173 million acres of forest land. Tropical north (Chaco) world's chief source of quebracho extract.

### Population

**Size.**—Around 23.4 million on September 30, 1970; annual growth rate 1.5%. Urbanization, 72%; nearly 36% in Greater Buenos Aires.

**Education.**—Literacy rate: 88-91%.

**Language.**—Spanish. (English fairly common in business community.)

**Labor.**—Active work force, estimated at end of 1973 at 10 million. Comparatively high degree of skills, adaptable. Unemployment in Greater Buenos Aires, April 1974, 4.2% (lowest since 1969).

<sup>1</sup> Argentina actually has a multiple exchange rate system with effective rates determined by a wide variety of subsidies, taxes, etc. Financial rate was set at 13.10 pesos per US\$1 on March 3, 1973.

<sup>1</sup>From "Marketing in Argentina," *Overseas Business Report*, 75-12, March 1975, p. 2. For more detailed information, see appendix A, *The Country and the People*.

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