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18 MARCH 1976

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files #4-9



ARGENTINA:
POLITICAL CHANGE (U)



DEFENSE INTELLIGENCE AGENCY

INTELLIGENCE APPRAISAL

Argentina 0001

Office of the Secretary of Defense
Chief, RDD, ESD, WHS

Date: 12 APR 2018 Authority: EO 13526 ^{+505C} _{§552}

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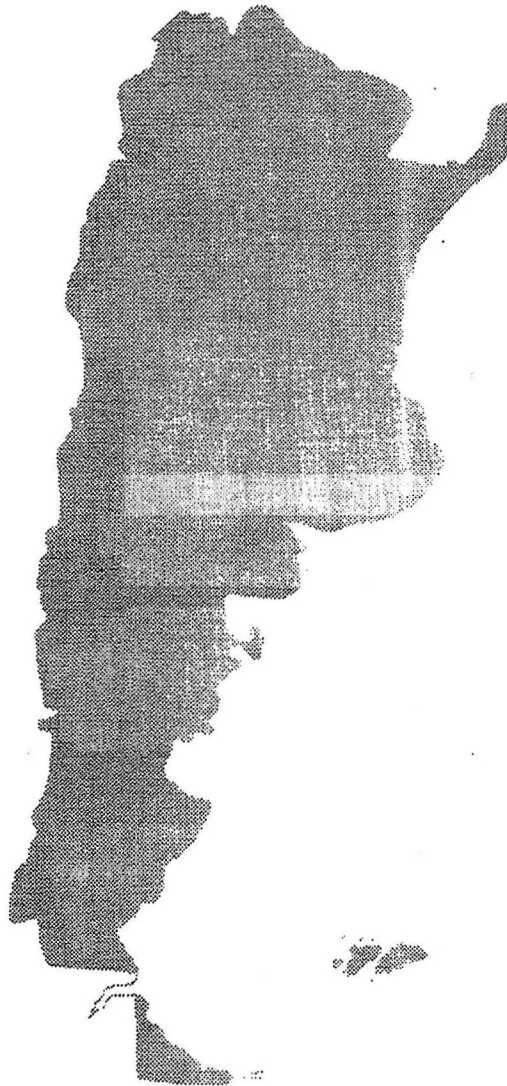
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Summary

~~(S//NOFORN//WNINTEL)~~ As the military remained poised to remove President Isabella Peron, her government announced earlier this month the implementation of an emergency economic austerity program including a wage hike for labor and a 180-day price freeze. The top leadership of the nation's largest union confederation gave lukewarm support to the measures to avoid breaking with Mrs. Peron, but subordinate unions and rank and file workers immediately launched strikes protesting the program. Meanwhile, the bombing of the army headquarters on 15 March has doubtless heightened the impatience of pro-coup military hardliners who are already upset over the delay. Hardline elements will almost certainly press Army Commander Videla to adhere to the latest plan to oust Mrs. Peron as early as this coming weekend.

Background

~~(S//NOFORN//WNINTEL)~~ For several reasons, the armed forces apparently put off their move against the President which was originally set for 5 March and subsequently moved to the 12th. Planning for the postcoup period was not complete, and the armed forces saw the need to assess national reaction to the recently implemented economic austerity program. There is also a possibility that the military leadership has delayed its move hoping the government austerity program would work and that the military would not have to assume the responsibility of resolving the problem themselves. Furthermore, there are indications that the military's economic plan may not yet have been approved, as backers of two different economic approaches continue to explain their positions. Lack of agreement has also been reported on the optimum

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course of action regarding the treatment of political parties, the labor movement, and the person of Mrs. Peron following the coup. Talks on these subjects have continued as a close watch has been kept on the deteriorating political and economic situation.

Labor and the Economy

~~(S/NOFORN)~~ After announcing the emergency economic program, which included a 12 percent wage boost for workers, Mrs. Peron reacted to immediate labor dissent by increasing the wage hike to 20 percent in an effort to appease labor and attempt to rally support. Despite the increase, widespread worker strikes continued through 15 March. On the 12th, police in Buenos Aires halted a protest march by angry factory workers, using tear gas to turn them back. While worker-originated strife has abated somewhat, an uneasy calm prevails. Subordinate unions are restive and may not be satisfied with further government concessions that will probably be made soon. Even the 20 percent boost is considered insufficient in the context of a cost of living increase of almost 30 percent in the first two months of 1976, devaluation of the peso by more than 40 percent, and government-authorized price increases in the cost of fuel and basic utilities. The official union leadership backing of the nation's largest labor organization for these government austerity measures has been lukewarm. The backing has probably further threatened the unity of the organization and weakened the authority of top labor leaders. Business elements are also upset over the government's current price freeze and reprisals against violators in the business community. According to the press, a 24-hour shutdown of stores is planned in the capital for the 18th, with a 72-hour shutdown to follow if remedial measures are not taken. This will only exacerbate the overall situation.

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Mrs. Peron and Her Support

~~(S/NOFORN)~~ Mrs. Peron's political opposition has not improved despite her reelection as chief of the Peronist Party early last week. The event is considered a Pyrrhic victory at best since some opposition delegates either boycotted the proceedings or were not permitted to attend. The Peronist movement, Gen Juan Peron's organized base of political support, centered on labor and was inherited by Mrs. Peron on his death. It has subsequently disintegrated around her, however. While she enjoys unchallenged control of the party organization, the latter has been reduced to a small minority, probably less than one-third of the Peronist movement at the time of Gen Peron's triumphant 1973 return from exile in Europe. The left wing of the movement split away long ago and now has its own party structure. The largest section of the party now comprises the *antiverticalista* grouping, constituting probably more than one-half of what used to be the Peronist Party. This grouping is subdivided into other factions which dispute and strive among themselves, but all of which are united in the belief that Mrs. Peron has wrecked the party and must go. The chances of reunification and reconciliation of the factions into a cohesive and powerful political force once again are now remote. Mrs. Peron's supporters are thus now reduced to a small right-wing group within the Peronist Party and a minority group within the labor movement gathered around union chief Lorenzo Miguel. Infighting among labor leaders is rife, and there is a question as to how much control the leaders, particularly Miguel, still exercise over the rank and file. Most of the union bosses, however, have already made their peace with the military.

The Congress

~~(S/NOFORN)~~ In the wake of their failure to resolve national problems constitutionally by providing an acceptable means of removing Mrs. Peron, congressional representatives remain divided between the

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majority who, realizing a coup is inevitable, have become resigned to it and are merely biding their time and those who realize it will come but are still striving for a constitutional solution. Individuals in the latter group also are trying to minimize the effects on their own positions. Major opposition party chief Ricardo Balbin particularly is moving in this direction. He recently made a speech in which he emphasized his organization's constitutionalist stance. His motives apparently were to put his party on record as having worked for national unity and to provide a framework in which his organization can cooperate with other political elements and the military in the postcoup period. His party is not considered sufficiently strong enough to replace Peronism following a coup, however.

The Military

(S//NOFORN//WHINTEL) The military reaction to the government's economic austerity measures remains unclear. The armed forces leadership apparently continues firm in the resolve to act against the President. Nonetheless, Army Commander Videla is still the key to the situation. He and moderate officers surrounding him wish to delay moving until Mrs. Peron's government is completely discredited. Her failure so far to rally significant support behind her emergency economic austerity program, continuing terrorist violence, and further strikes by labor are strengthening the position of hardline military commanders pressing for a coup. The bombing of army headquarters on the 15th will also strengthen the position of the hardliners who are increasingly restive over the delay. Three of the commanders of the army's four Army Corps -- key units of the service -- now figure in the leadership of the hardline faction. Should Army Commander Videla not carry through with his latest plan to move against Mrs. Peron, which is now focused on the period prior to 21 March, US Embassy sources feel that he and his moderately inclined officers could be pushed aside. A coup by hardline elements could bring in a period of heavy-handed repression that most military groups strongly wish to avoid.

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Outlook

~~(S//NOFORN//WHINTTEL)~~ Military postcoup planning will continue as final details are ironed out and specific policies, particularly remedial action for the economy, are chosen. Military representatives abroad have already received their postcoup instructions, which include announcing and explaining the move against the President to their host governments and seeking support for the new regime. The senior service representative abroad is to take charge of the Embassy and carry out the instructions. Planning continues to reflect an extended role for the armed forces in running the government. A junta is to rule initially, followed by the selection within 90 days of a President as chief of state. Army Commander Gen Videla continues to be top choice for the job and will be allowed to select his own Cabinet which will include qualified civilian technicians, probably chosen from the number of experts currently advising the military. The latest thinking envisions a free enterprise-oriented economy although with some state controls and strong encouragement for private and foreign investment. Relations with the US should be close following a takeover by the moderates, and US advice and assistance certainly will be sought, particularly in the area of foreign loans.

~~(S//NOFORN//WHINTTEL)~~ The political and economic situation will doubtless continue to deteriorate slowly, as key political sectors plan postcoup strategy. If Army Commander Videla can continue to put off a military move, the armed forces will only profit from the situation. Mounting chaos will tend to produce a broad consensus in favor of a coup. Constitutional solutions remain unlikely. Mrs. Peron is apparently convinced she has a divine directive to stay at the helm and will probably remain adamantly opposed to relinquishing power. With Peronism and Mrs. Peron increasingly discredited on all sides, military intervention can occur at any time. [REDACTED]

DIA E.O. 13526 Section 3.3(b)(1)

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and available indicators continue to point to the period of this coming weekend as highly likely timing for the move. Arrests of some leftist leaders are reportedly already under way and tanks belonging to the 8th armored cavalry unit, headquartered in another town were apparently ordered to move to a location on the outskirts of Buenos Aires earlier this week.

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Nonetheless, the coup could be postponed again. Regardless of when the coup occurs, however, according to the US Embassy in Buenos Aires, "If one reason the armed forces have delayed intervention as long as they have was to give Peronism an opportunity to fall apart and the government to discredit itself, they have had their wish." ~~(XCDG 2 Declassify upon notification of originator)~~

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