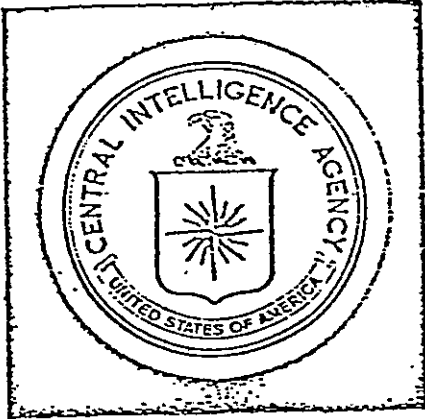


Top Secret

NOFORN-NOCONTRACT-OR
(See inside cover)



Weekly Review

Top Secret

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ARGENTINA: COUP IN PERSPECTIVE

Everything Argentina's military junta has said and done indicates careful advance preparation and an eye for public relations. The officers conducted the actual take-over skillfully, and they have since worked to maximize public acceptance while making the sweeping changes they deem necessary.

The new military leaders are utilizing the temporary political calm between Peron's departure and the start of their own policy initiatives to project an image of moderation and build popular support. Public relief with the ouster of the chaotic Peron government, combined with the junta's campaign to attract sympathy, has created a honeymoon period during which shortcomings are being overlooked.

Emphasis on Conciliation

The officers' public statements emphasize the need for conciliation while eschewing vengeance and totalitarian designs. The junta very quickly removed the press censorship it had imposed, removed roadblocks, and reduced the prominence of armed troops, all in an effort to restore normalcy. Moreover, the junta has replaced an interim, all-military cabinet with a permanent one featuring two civilian ministers. The government has also imposed a token price increase on certain consumer staples.

The coup itself was the culmination of a process that began long ago and benefitted from near-unanimity of opinion among the military and from general public acquiescence. In full view of everyone, the armed forces for many months planned the details of how they would overthrow Maria Estela Peron. The former government was powerless to check the officers, who viewed each new misstep by the inept Peron as one more in a long list of reasons justifying her ouster. By delaying as long as they did, the armed forces hoped to give the administration every possible chance either to reform or completely discredit itself. Judging by the lack of resistance and some laudatory press comment following the

coup, the military succeeded in the latter objective.

The take-over was accompanied by articulate but relatively brief statements of its justification and aims. The proclamation of the coup concentrated on the "exhaustion" of all constitutional measures, a clear reference to repeated failures by civilians—notably congress—to remove Peron or at least curtail her authority. The proclamation appealed to Argentines' weariness of violence, noting that the civilians' inability to solve basic problems only "increased extremism of all sorts."

Revitalizing Constitutional Institutions

In its list of "basic objectives," the junta sought to play down its obvious national security concerns. It gave top billing to "revitalizing" constitutional institutions by placing the national interest above all particular interests. The new government placed the enforcement of "Christian morality" second, and only then listed eradication of subversion. The intent here was clearly to demonstrate that the junta has all-encompassing goals and that the terrorists do not have the power to monopolize the government's attention. The coup leaders may intend this message as much for their hard-line colleagues and subordinates as for the general population.

In a related public relations effort, the junta distributed information packets to foreign military attaches containing a statement of the "philosophy" of the military revolt and a biography of President Videla. Both are long, detailed statements designed to place the take-over in the best possible light. Videla is described as an outstanding career army officer, but more important, he is painted as a man uniquely able to bridge individual interests and take a global view of important problems.

Junta Institutionalizing Its Rule

The officers have already begun to institutionalize their rule. Though they collectively have sweeping powers, they have set up a system



Agosti



Videla



Massera

that seeks to minimize the influence of any one man, while striving for consensus. The three-man junta, composed of Videla, navy chief Admiral Emilio Massera and air force chief General Agosti, appoints the president but retains supreme authority. The President is to work closely with a nine-man legislative council composed of senior officers of the three services. The council will serve to communicate the views of the armed forces to the junta and the President and is to have a strong voice in the promulgation of laws. At least initially, the net effect seems to be a diffusion of authority and the representation of numerous points of view.

The fact remains, nonetheless, that an unelected military regime once again controls Argentina and will soon be judged on its record. To ensure control, the junta has replaced virtually all officials at the national and regional levels with military men. Congress has been disbanded, all political activity has been suspended, and major labor organizations have been placed under

government control. A few splinter parties have been banned outright. A state of siege is in effect, and perpetrators of violence can be shot on sight. Stiff jail terms or the death penalty are to be meted out by military courts to those who seek to cripple public services.

The officers are stressing their intention to retain an evenhanded stance by avoiding extreme repression, but problems in several areas could quickly put their equanimity to the test. Also, there is by no means complete unanimity within the military behind the idea of moderation. The virulent terrorist movement has already sought to provoke the junta by renewing its violent campaign. The terrorist rampage, possible civilian opposition from the ousted Peronists, or early economic reverses could reinforce the arguments of those officers who advocate more stringent measures. Indeed, the very ease with which the military came to power could make even slight setbacks in any area extremely difficult to explain away. (CONFIDENTIAL)

ARGENTINA: JUNTA ATTACKS TERRORISM AND
ECONOMIC PROBLEMS

The ease with which Argentina's military junta assumed power belies the intractable nature of the problems it now faces. The government's priority concerns--controlling terrorist violence and stimulating economic recovery--are tasks that will severely test its skills and resources. The junta chief, Gen. Jorge R. Videla, has explicitly warned the nation not to expect miracle solutions; but even if Argentines display an unusual measure of patience, the junta's chances of governing successfully cannot be considered better than fair.

Terrorist Challenge. Sustained, high-level terrorist violence is the most spectacular legacy of Mrs. Peron's presidency. Both the left and the right have contributed to the carnage. The left is represented primarily by the nominally-Peronist Montoneros and the Marxist-Leninist ERP (People's Revolutionary Army), and the right primarily by police, military, and labor elements loosely organized in death squads. Under Peron, the security forces, including the military, were too frequently inactive against the right and ineffective against the left.

The junta's determination to halt the violence is evident in the preponderance of anti-terrorist measures among its early decrees. Unencumbered by executive and legislative restrictions, the junta has instituted the measures it considers essential to combat subversion:

- military trials and harsh penalties, including death, for sabotage and subversion;
- the firing of many senior judges and of all civil servants suspected of terrorist links;

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--the banning of five left-wing parties that advocate violent political tactics; and reportedly

--a review of communist-country diplomatic delegations, with a view to halting suspected terrorist-support activities by the Cubans and/or others.

Terrorism from the right will be more susceptible to control than that from the left because right-wing operatives frequently have been attached to groups now directly under military supervision--police, labor unions, government ministries. It is imperative that the junta silence the right-wingers if it is to avoid overt identification with the extreme right and, thereby, lose public support for its campaign against the left.

The ERP and the Montoneros will be more difficult targets, particularly if they decide to coordinate their activities. Reliable figures are unavailable, but together the two organizations probably can field thousands of combatants. The Montoneros are more dangerous because they are numerically superior to the ERP, and they enjoy at least the ideological support of left-wing Peronists, who allegedly number 200,000-300,000.

From the perspective of the terrorist left, the military coup is a victory for its cause. Repressive military rule is viewed as the necessary precondition for the massive popular resistance that the terrorists believe will culminate in seizure of power by the revolutionary left. Given this perception of events, the ERP and the Montoneros cannot be expected to alter their tactics. They may decide to curb their activities temporarily, perhaps to weather the storm of the military's initial onslaught and await the anticipated failure of the junta's economic program. However, they almost certainly believe that their strategy is working, and that time is their ally.

Complicating matters for the junta is the fact that the terrorist and economic problems are closely linked. If the junta cannot pump life into the economy in the next couple of months, the terrorists will enjoy more fertile recruiting ground and, more importantly:

--conditions will be ripe for expanding their influence in union circles, a process begun during Peron's tenure; and

--the security forces will find the public in general less inclined to aid in the counterterrorist battle.

Economic Difficulties. In a technical sense, the military is better trained and equipped to handle the terrorist problem than the economic difficulties, but the fate of General Videla's government will rest with its efforts in the economic sphere. The enormity of the problem is reflected in the economy's statistical profile:

- inflation running at over 400 percent per year;
- a fiscal deficit expected to top 20 percent of the GDP;
- declining industrial production and investment; and
- large debt obligations for 1976, with maturities heavily bunched in March and April.

Argentina's economic decline has been accelerating over the last 18 months because of policies tailored to satisfy the basic constituency of Peronist governments--organized labor. Current difficulties can be traced to post-1973 Peronist policies that were distributive in nature, emphasizing consumption over production, price over wage controls, industry over agriculture, and public over private sector expansion. Those policies must be modified and, in some cases, reversed in order to check the nation's downward economic slide. Such a course is crucial not only to achieve domestic recovery but also to attract the foreign investment and loans that Argentina badly needs.

Early indications are that the new Economy Minister, Jose Martinez de Hoz, plans to implement an austerity program in a pragmatic, gradual fashion. Through such tactics, Martinez de Hoz and the junta will attempt to minimize the adverse impact of the program on the working class--the sector upon which the heaviest burden will fall, and the sector that is least inclined by experience or temperament to accept sacrifice.

The junta must have labor's cooperation if its policies are to succeed. The unions remain a powerful pressure group whose active opposition could force the government to choose between:

- adopting increasingly coercive means to implement its policies; and

--making policy changes that would stifle labor opposition but hinder the chances for economic recovery.

Labor's disastrous experience under the Peron government may have been sufficient to convince the workers that the junta's approach is worth trying. Negotiations between the armed forces and the unions have produced encouraging signs in this regard. Nonetheless, memories are short, and if an austerity program translates into substantially higher unemployment and an appreciable drop in the workers' standard of living, a militant union response could develop quickly.

Public Perceptions Crucial. To be successful in confronting the terrorist and economic issues, the junta must maintain the image of a united, moderate, disinterested force seeking only to restore order and prosperity. A vindictive attitude toward any group except the terrorists would serve only to stimulate the chronic divisiveness that makes Argentina difficult to govern under the best of circumstances.

Likewise critical to the success of Videla's government will be the public's acceptance of it as the only viable alternative in the near term. When the military exited in 1973, the Peronists and their allies constituted a feasible civilian ruling force that could legitimately expect to rule Argentina. Today, there is no group, or yet perceptible coalition, that could form a majoritarian civilian government. This undoubtedly is the prevailing view within military circles, and it suggests that the military probably will rule Argentina for at least the next four to six years. If the civilians share this view and act accordingly, the junta's job will be somewhat easier.

US Interests. From the US point of view, the Videla government presents no immediate problem. Neither US Embassy officials nor the USG in general has been accused of engineering or supporting the coup. The three service chiefs who constitute the junta are pro-US, anti-communist officers who probably will identify Argentina internationally with the West and with the LDC moderates on North-South issues. Pending investment disputes probably will be settled quickly in order to enhance the junta's chances for attracting foreign investment and loans.

Human rights could become a problem area as the military clamps down on terrorism. To date, however, the junta

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has followed a reasonable, prudent line in an obvious attempt to avoid being tagged with a "Made in Chile" label:

- mass arrests have not occurred;
- no party or sector, save for the terrorists, has been singled out for persecution, not even the orthodox Communist Party;
- repeated reassurances have been issued regarding respect for human rights; and
- care has been taken to provide a legal framework within which the counterterrorist campaign can be conducted.

Nonetheless, the fight against the ERP and the Montoneros is liable to be an extended one during which human rights violations are bound to occur. If they become so widespread as to constitute de facto policy rather than infrequent practice, US-Argentine relations could be cast in a different light.

If Videla's moderate approach fails, the most likely successor would be a more rigidly conservative, hard-line brand of military rule. Human rights violations would be more likely to occur under such circumstances, and US investors could be exposed to a more nationalistic, less pragmatic environment with the consequent potential for serious problems in US-Argentine relations.

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