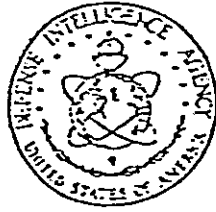


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ARGENTINA: PERONISM'S
FALL FROM POWER (U)



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ARGENTINA: PERONISM'S FALL FROM POWER (U)

SUMMARY

(C/NOFORN) The military coup of 24 March probably signals the end of the Peronist Movement as a viable political force. The disintegration of the movement began in the last days of Juan Peron, when he began to move away from the coalition of leftist elements which were united behind him. During his wife's administration, chronic hyperinflation and the government's ineffective but burdensome program to combat it caused the workers -- Peronism's basic constituency -- to become disillusioned, and many joined the opposition. If the new military government successfully copes with the nation's problems, Peronist prospects will remain dim. (80%, A). However, should the military fail and popular dissent emerge, the movement's disparate factions could conceivably coalesce and regain a political role. Chronic factionalism and the lack of a charismatic leader, however, will make this extremely difficult (80%, A). In the meantime, Argentina, at least for the present, is without a single political element sufficiently strong to replace the military government (90%, A).

Background

Maria Estela Peron

(C/NOFORN) Mrs. Peron's failure to keep the various elements in the Peronist movement unified was the principal factor in its disintegration and fall from power. Probably more so than the ex-President's political ignorance or lack of effectiveness, the nearsightedness and inflexibility of her right-wing advisers -- particularly her Machiavellian and widely disliked private secretary Social Welfare Minister Lopez

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Rega -- contributed to the government's collapse. The attempt to establish a strong rightist government and failure to stabilize the inflation-plagued economy eventually eroded the strongest base of Peronist political support -- organized labor -- and disillusioned other followers.

(C/NOFORN) The beginning of the decline of Peronism, however, can be traced back to the last days of President Juan Peron. The disintegration of the movement started when he began to disregard leftist elements such as the radical Montoneros, who were united behind his political movement, and disassociated himself from them. Leftist participation in his government had given Argentina some semblance of political unity. - With the death of Juan Peron, the treatment of the Peronist left evolved into a program of counterterror which brought fear to the populace and alienated the very groups Peron had wooed. The leftist elements, in turn, plagued the country with acts of terrorism while reinforcing their influence with the poor and certain rank and file labor groups. While not the only factor, leftist infiltration within labor and into some government posts eventually led to a significant break between rank and file labor and the government.

(C/NOFORN) The revelation of extensive graft and corruption at the highest levels of Mrs. Peron's administration prevented the development of political consensus in support of the half-hearted efforts by the government to cope with the country's economic stagnation. Hyperinflation caused worker disenchantment with both the Peronist left and the much larger orthodox Peronist right as well as with the non-Peronist unions. The government's implementation of austere economic policies to halt the galloping inflation was continually erased by labor demands for higher and higher wages, each time setting workers and Mrs. Peron further at odds.

(C/NOFORN) Mrs. Peron's early and visible dependence on the Machiavellian and universally disliked Social Welfare Minister Lopez Rega greatly discredited

was a long time private secretary
Social Welfare Minister Lopez

her as a leader. Her appointment of other mostly inept advisers and Cabinet ministers also fostered a lack of public confidence in her. As time passed, she increasingly isolated herself from all but a restricted circle of intimates, further alienating her constituency. The Social Welfare Ministry fund scandal in particular served to discredit her and her administration.

(C/NOFORN) The country's radical leftists over the last year or so continually pressed for a military government. This, they thought, would eventually result in mass public rejection of the armed forces and total anarchy, out of which they would emerge as the nation's leaders through a popular mandate. To further their goal, they assisted in instigating strikes, demanding steady increases in wages which eventually all but bankrupted the economy and brought industrial output almost to a standstill. They also escalated their campaign of terror to unprecedented heights.

(C/NOFORN) The restraint demonstrated by the military in not intervening in the government until late March was primarily due to two reasons. First, they feared that they were not prepared and would be no more successful in running the affairs of state than previous military governments. Secondly, they hoped for and were waiting for a constitutional solution to the political crisis which would preclude the need for military intervention and which would place the burden of restoring the ailing economy on the shoulders of a constitutionally designated successor president such as Provisional Senate President Italo Luder. Hardliners within the military, however, began agitating for a military coup as early as mid-1975, and even the moderates and constitutionalists started to feel by early 1976 that if they attempted to delay a coup until the Peronist government was completely repudiated by the people, the hardliners might move precipitously and present them with a rightist repressive regime as a fait accompli (90% A). The fact that labor and other political elements as well as the

majority of the public sector seemed at last to turn away from Peronism and call for the military to move probably helped set the coup in motion. This consideration, the extensive planning behind the move, and the new military junta's statement that it favors a return to a democratic system may well represent the decisive factor in whether or not the present government will be more successful in running the country than previous military administrations.

Outlook

(C/NOFORN) Although Chief of State Videla now plans to rule for a fairly short period and then return the government to civilian hands, the armed forces may well stay in power for some time (80%,A). Until a popular, political cohesion of various persuasions can be molded, the military will be forced to retain control of the government, at least from behind the scenes. Additionally, so long as the military perceive a leftist threat to internal security, they also will wish to retain the reins of government (80%,A). In any event, it appears evident that Gen Peron, the deceased founder of the Peronist Movement and his consort, who is now in military custody, were in the end responsible for Peronism's political demise. The future of this political element will ultimately depend on the course of the new government. Overly strict repression of Peronists will tend to increase their public appeal. If Peronist groups are allowed to operate, however, their debilitating factionalism will probably persist. If the new military government successfully copes with the nation's problems, Peronist prospects will also remain dim (80%,A). Should the military fail and popular dissent emerge, the movement's disparate factions could conceivably coalesce and regain a political role.

(C/NOFORN) Ironically, rather than Gen Peron, the most beloved and enduring Peronist will probably turn out to be the General's second wife Eva, who died of cancer in 1952. Through her devotion to the urban poor, she rapidly overshadowed her husband in the eyes of the workers and the revolutionary left, and in time,

her image grew to personify the Peronist movement. Eva's mortal remains, revered by the people, have caused considerable political upheaval in the past. The military will have to deal judiciously with the problem of the final disposition of her body which remains in the presidential quarters along with that of the deceased General. Expatriation of her remains, which occurred during the last military takeover in 1955, will not again be accepted by the Peronist faithful. Any attempt by the armed forces to repeat the action would almost certainly provoke serious violence. Most likely, therefore, the military will proceed with former President Maria Estela Peron's plans to construct a national mausoleum to honor Eva's remains. While the latter will be an honored figure, however, the presence of her remains will not reinvigorate her ailing party. Thus, the Peronists will lack an essential cohesive force and probably will continue to fade away. Even should small groups continue to rally around the Peronist ideology, the movement -- essentially a glorified personalist cult -- is not likely to regain its former vitality or strength in the Argentine political sphere (80%,A). (XGDS-2 Declassify upon notification of originator)

