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TO: The Secretary
FROM: ARA - William D. Rogers

Possible Coup in Argentina

The chances of a military coup in Argentina seem greater now than at any time since the return to civilian rule in 1973. By her attempts to meddle in military affairs and her manifest inability to manage the country's political and economic problems Mrs. Peron has thoroughly disgusted the military leaders, who have flatly demanded that she resign for the good of the nation. Her efforts to cover up suspected malfeasance in the handling of the funds of the Social Welfare Ministry and the Peronist charity organization have led to the loss of her majority in both houses of the Congress.

The military have been reluctant to move against her so long as she appeared to have the support of organized labor. That support may have been destroyed by her latest cabinet changes, however. Mrs. Peron's dismissal of ministers close to labor, notably Interior Minister Robledo, Economy Minister Cafiero, and Labor Minister Ruckauf, has convinced union leaders that she intends to deny any political role to labor -- the traditional mainstay of the Peronist Party. According to some recent reports, this has led some labor leaders to indicate that they would tacitly approve a military coup. If the military assume labor acquiescence, a coup could come soon - conceivably during your trip to Latin America.

We have had many reports about the planning of the military -- and their civilian coconspirators -- with

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respect to the form of government following a coup. There would be a suspension of Congress and either a military President or a figurehead civilian President with the military wielding the real power. The military government would be a conservative one and would have as its most urgent goals the crushing of terrorism, the elimination of corruption from the government and the labor movement, and the restoration of the economy. It would probably be nationalistic and anti-Communist in its foreign policy. We would expect it to be friendly toward the United States and to have the desire and power to take the kinds of strong economic measures necessary to restore Argentina's standing with the international financial community, including the resolution of the investment cases involving U.S. firms. However, in stepping up the fight against the guerrillas, an Argentine military government would be almost certain to engage in human rights violations such as to engender international criticism. This could lead to U.S. public and Congressional pressures which would complicate our relations with the new regime.

Recognition of the new regime would not present a problem. In accordance with our standard practice, we would await a note from the new regime and, assuming it was clearly in effective control, we would send a note of acknowledgment -- preferably after several Latin American states had done so.

JMS
Drafted: ARA/APU:JMSmith, Jr:jc
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Concurrences: ARA/APU - Mr. *eeh* Bartch
ARA - Ambassador Ryan (in draft) *JMS*

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