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AMBASSADOR'S OVERVIEW

As the CASP is being written, Argentina is in a state of flux. For almost half a century Argentina has attempted to adjust its political system to the demands of the modern world. With the political process begun in 1971 and culminating in the elections of 1973, it appeared that she had at last found the way. For the first time since the early years of the century, a viable political consensus was developing among the various sectors. As President, Peron carefully nurtured the cooperation and support of the trade unions, the military, the UCR (the second largest party in the country), the economic sectors and of the other political parties. He met and consulted with each regularly, and each had a sense of sharing in the country's destinies. Unfortunately for Argentina, however, Peron died before the system of consensus politics could be consolidated.

He left in his place his wife, who though gutsy and intuitive was totally inexperienced and ungifted for the job at hand. Many had expected her government to collapse immediately. That it did not was due to a combination of factors: (a) First, despite the vagueness of the terms, most Argentines valued the process of institutionalization and return to constitutionalism upon which they had embarked in 1973. For better or worse, Mrs. Peron was the constitutional President and in order to preserve the process itself, most were willing to give her the benefit of the doubt, and, with it, their support and allegiance; (b) Secondly, there was a natural tendency on the part of the moderate and conservative sectors (the great majority) to rally together and behind Mrs. Peron in the face of the terrorist threat from the left. For a time, this helped preserve the spirit of cohesion and consensus; (c) Finally, there was a natural sympathy for Mrs. Peron, the bereaved widow faced with pressing problems. And as Peron's widow, she received some of the aura of charisma and political magic which had surrounded him.

Had Mrs. Peron followed the course charted by her husband--i.e. government based on dialogue and consensus among all major sectors--and chosen her advisors more wisely, she might well have retained support and got through to the elections of 1977, thus advancing significantly the cause of constitutionalism. Unfortunately, she did not. Instead, she deemphasized dialogue and retreated to a brand of exclusive politics which increasingly came to resemble the arbitrary rule of a palace group, with Lopez Rega as the court favorite and most powerful man in the government. A retired police corporal and practicing astrologer, he more than anyone else has virtually wrecked Mrs. Peron's chances of political survival until 1977.

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With rampant terrorism, a collapsing government and an economy which is running into serious problems, Argentina faces a grim and uncertain immediate future. The picture is not without its rays of hope, however. The urge towards constitutionalism and strong institutions is strong. Indeed, it has been Mrs. Peron's failure to satisfy that urge which in the final analysis lost her much support from the people. Hopefully, this urge will help Argentina to right herself and regain the path along which she was moving before Peron's death.

Meanwhile, however, there are difficult days ahead. The strategy set forward in the CASP is essentially one of protecting our people and property from terrorism and our trade and investments from economic nationalism during this trying period, while at the same time doing what little we can to encourage the development of sound institutions and a viable government. The latter would imply a mature, healthy Argentina which could become a very important investment market and a key producer of foodstuffs for a world of tomorrow much in need of them--an Argentina which could bulwark the Southern Cone and act as a force for moderation and stability in South America as a whole. The inverse would open the way for an Argentina in which dangerous vacuums might appear and/or in which irresponsible governments might carry out disruptive policies in the region.

The development of sound institutions is, then, very much in our interest. There may be very little we can do to assist in the process. Essentially, this is something the Argentines must do for themselves. The chances are that they will, though it may take time. Meanwhile, we should take advantage of any opportunities that present themselves to encourage the Argentines toward more stable, responsible government. This will be discussed in greater detail in Issue No. 1.

We believe that even during the difficult days ahead, Argentina is likely to remain a constructive partner, provided, that is, that the worst does not come to pass and Argentina falls into extremist hands. Argentina has been one of our principal interlocutors and this is not likely to change even under a new government and a new Foreign Minister, for no matter who might immediately replace Mrs. Peron (if and when she is replaced), the fact is that Argentina needs the US certainly as much as we need her. We are a primary source of technology and a primary capital market. This latter factor will probably become of increasing importance. There has been no new investment to speak of in Argentina for almost a year-and-a-half now--either foreign or internal. With mounting violence and uncertainties as to who may constitute the government a year from now, there is not likely to be any in the near future. Assuming that Argentina does within the next two to three years find a viable government and defeat or greatly reduce terrorism, she will probably come back to political normalcy in desperate need of investment. The US can expect to be the first country to which the Argentines will turn.

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Argentina also needs the US because her leadership bid in the hemisphere manifestly involves an interlocutor role between the US and the more radical Latin countries. For this strategy to be effective, she needs cooperative relations with us. Subsumed in this is Argentina's concern about being faced by a supposed US-Brazilian axis to the detriment of her interests.

There are, then, strong imperative for close and mutually beneficial US-Argentine relations, just as there are strong internal imperatives towards a more durable, institutionalized political system. Perhaps our best instrument for maximizing the benefits to us implicit in both lies through traditional diplomacy--in keeping open channels of communication and an appropriate working relationship with indicated representatives of the GOA.

Robert C. Hill
Ambassador

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