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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

## *Special Report*

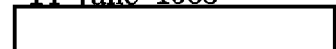
*Political Dynamics in Argentina*

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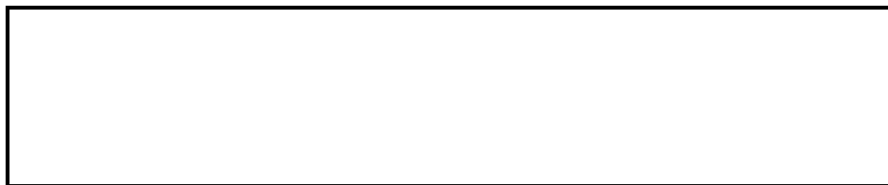
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## POLITICAL DYNAMICS IN ARGENTINA

For the past two years, Argentina has been ruled by a "revolutionary" government which has banned political parties and dismissed all elected officials on both the federal and provincial levels. President Juan Carlos Ongania has assumed both executive and legislative functions and is supported by the military establishment.

Recently, however, moderates in the military have become highly antagonistic toward the nationalist faction of the government, and relations between the President and his army commander in chief, General Julio Alsogaray, have deteriorated. An eventual confrontation between Ongania and Alsogaray is quite possible, but neither is ready for an open clash now. Nevertheless, the Ongania government's political future depends on the President's talents as a leader and manipulator, and on the progress of the Argentine economy.

### The Dynamics of The Ongania Government

The Ongania government is structurally a dictatorship, but in practice there are many restraints on the President's power. The most obvious of these is the influence of the armed forces, which look upon themselves as the force that put this government in office and has the right to replace it if necessary. Another limiting factor is Ongania's reliance on civilian experts to modernize Argentina.

Early in his administration, President Ongania stated that the "Argentine Revolution" would consist of three consecutive phases: economic, social, and political. Thus far, he has concentrated on

the economic stage, and has not designated a specific timetable for a return to representative democracy. His oft-repeated goal is to continue present stabilization and development policies until a firm basis for long-term financial stability and economic growth has been laid.

Since December 1966, Ongania has followed primarily the advice of "liberals"--in the local context--in determining Argentine economic policies, but several of his top advisers favor state control of the economy. Within this context Ongania has operated with considerable political acumen. He has maintained his flexibility by playing off conflicting factors in the government and has retained most of his prestige and power within the army.

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Development of the  
Argentine Political System

With the decline of the traditional elite after World War I, a new middle-class leadership took over control but never managed to achieve agreement on policy or to gain the level and scope of authority needed to govern effectively. Political factionalism and the meddling of civilian and military leaders in each other's business prevented Argentina from attaining stability under constitutional democratic government.

By 1930, the absence of an authoritative or unified civilian leadership had drastically lowered the barriers to military activism and since then Argentine politics has operated in an abnormal atmosphere because of the return of the military to a primary political role. In the previous half century, no president had been overthrown by force and only one military man, General Roca, had held the presidency. Between January 1930 and June 1966, there were 14 heads of state, eight of whom were removed by the military, including five of the six civilians.

At the same time, elected governments have been unable to achieve the consensus needed to institute policies that would assure the stabilization and modernization of the country. In no other country in Latin America has the contrast between economic potential and actual performance been more pronounced than in Argentina during the last four decades. Since World War II, the

Argentine record has been one of slow and erratic growth, endemic inflation, and recurrent balance-of-payments crisis.

To a large extent, these problems reflect the damage inflicted by the policies of the Peron era, but the "stop-go" measures and often inconsistent policies pursued by succeeding administrations have deepened the structural distortions that they inherited. Largely because of the inability of the Illia government to grapple with these economic problems, there was widespread civilian support for the military intervention on 27 June 1966 that brought Ongania to power.

Liberales versus Nacionalistas

Within the Ongania administration there are varying viewpoints, but most officials adhere to one or the other of two basic lines of approach to the nation's problems. Argentines refer to those two groupings as the nacionalistas and the liberales.

Both are nationalistic, but the nacionalistas tend toward xenophobia, and are particularly opposed to foreign investment. They are better described as statist, because they strongly support state control of large sectors of the economy and their commitment to traditional democracy is at best questionable. Conversely, the liberales stress the importance of free enterprise to the economy. They are liberals in the 19th century sense of the term, believing in constitutional democracy but favoring laissez faire policies and

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reluctant to admit the lower classes to positions of government influence.

From its inception, the Ongania government has been in a more powerful position than its predecessors to enact economic reforms, but for six months it floundered over choosing the most effective path to follow. By the end of 1966, the government had been unable to formulate an intelligent over-all economic program, and inflationary pressures were stronger than before the coup. At that point, Ongania decided to reshuffle his cabinet and appointed as minister of economy Dr. Adalbert Krieger Vasena, an internationally respected economist and a leading spokesman for the economic policies favored by the liberales.

#### Future of the Economy Causes Debate

In its first three months, Krieger Vasena's economic team drew up and launched a broad and complex program for financial stabilization and economic development. Under that program, impressive gains have been made in laying the groundwork for price stability through fiscal reform and containment of wage increases, in rebuilding foreign reserves, and in increasing the confidence of foreign investors. Consistent policies over a long period of time are needed, however, if the Argentine populace is to be convinced of the necessity to make basic changes in its pattern of investment, production, and consumption.



Minister of Economics  
Krieger Vasena

It is still too early to judge whether impatience with the government's inability to perform an economic miracle will force a change from the course that has been undertaken. Differences over the best means to achieve economic progress continue to be evident within the Ongania government. With political parties banned, the great debates have focused increasingly on economic issues. During the past year, an influential group of nationalists has repeatedly criticized Krieger Vasena's austerity measures and opposed his efforts to induce a major inflow of foreign capital. Although there is no organized coalition opposing Krieger Vasena, several of Ongania's political advisers, including Interior Minister Guillermo Borda and Presidential Secretary Roberto Roth, reportedly advocate rejection of present stabilization measures in favor of rapid economic expansion with more state participation.

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The nacionalistas, sparked by the "Athenium of the Republic," an intellectual group to which many government figures belong, also have begun to suggest ways to return Argentina to some form of representative democracy without returning to what they see as a discredited political system of traditional parties.

Recently, Minister Borda told the Foreign Press Association that the government envisions an eventual return to representative democracy, including elections and political parties, but that it also wants "community participation" in an economic and social council. Borda's speech has renewed fears among moderate military leaders who support Krieger Vasena that the government is thinking about some kind of quasi-fascist corporate state--presumably something along the lines of Franco's Spain.



Minister of Interior Borda

### Military Influence on The Government

The armed forces are the most cohesive political force in Argentina. In many respects the military hierarchy resembles a political party, even though it lacks a constituency, for it has no means of legitimizing its rule except by seeking civilian support through elections.

Two years ago, top military leaders brought Ongania to power and issued the Statutes of Revolution. Since then they have insisted on maintaining a voice in policy decisions. Although some generals favor more popular (nationalist) solutions to current economic problems and others support Krieger Vasena's liberal policies, the officers are united in their commitment to revitalizing Argentina.

Thus far, Ongania has been able to remove or neutralize potential rivals within the military before they had an opportunity to threaten his position. Recently, however, relations have deteriorated between the President and the army's commander in chief, General Julio Alsogaray. Alsogaray has supported the government's liberal economic policies and has frequently criticized the influence of statisticians in the cabinet. In the past few months, however, the general and his brother, Ambassador to the US Alvaro Alsogaray, have attempted to broaden their military and civilian base by telling their supporters that they favor greater

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General Alsogaray

liberalization, including some forms of political activity banned under Ongania.

The President is aware of General Alsogaray's maneuvering; in recent meetings with Alsogaray and other top military leaders, he told them that he alone would be responsible for government policy and personnel. In a similar situation in December 1966, Alsogaray's predecessor, General Pistarini, resigned after a disagreement with Ongania over the handling of personnel assignments within the military.

General Alsogaray faces retirement in December 1968, when he will have completed a two-year term as army commander. While some of his maneuvering may be a sincere effort to prevent the nationalists from gaining sway over the President, a good deal of his effort also seems to be an attempt to avoid losing the in-

fluential and prestigious army post.

At present the majority of the military does not want to remove Ongania and apparently considers him innocent of the charge made by Alsogaray and some other military leaders that he intends to establish a corporate state. Alsogaray himself seems aware of his own lack of support. In his Army Day speech on 29 May, he carefully avoided any political references that could create new misunderstandings. An open confrontation between Ongania and Alsogaray is not imminent, but an eventual showdown seems inevitable.

#### Ongania's Position

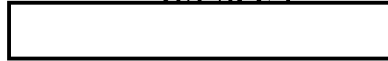
President Ongania himself is a taciturn professional soldier who before the June Revolution had been a strong advocate of constitutional government supported by an apolitical military.



President Ongania

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He had retired from active duty in November 1965, reportedly disenchanted with President Illia, and was recalled by the military commanders the following June to head the new government. After assuming power, Ongania reverted to the idea that the military should stay out of the making of national policy and insisted that, with few exceptions, military officers on active duty would not be permitted to hold civilian jobs.

Since 1966 Ongania has demonstrated his continuing commitment to the ideals of the Revolutionary Statutes by maintaining a pragmatic centrist position between the nacionalistas and the liberales.

Ongania reportedly holds the government of General Franco of Spain in high regard, and a



Peron in Exile

good deal of the present nationalist philosophy smacks of Franco-style fascism. Although he may favor the nationalist philosophy, he has so far supported an economic program that has the backing of the liberals and the majority of the military.

#### Other Political Forces

A major point of strength for Ongania continues to be the lack of a united opposition. Although the Peronists comprise some 30 percent of the electorate, they have been isolated from full participation in the national political system since 1955. At present they are divided into moderate and orthodox wings, neither of which has been able to work out an alliance with the old Radical movement which is also badly split.

The largest opposition group, the Peronist-dominated organized labor movement, has been hamstrung by serious divisions within its ranks and by effective government handling of labor demonstrations and disputes. Recently, the Peronist labor confederation split into two rival groups. On the one hand are the "participationists," who in one degree or another want to keep the door open to cooperation with the government. This group includes the leadership of nearly all the big and powerful unions. They are opposed by the hard liners, whose position is one of defiance of the government.

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The Communists, who have never posed a major threat, suffered an important blow in recent months when a majority of the Communist youth split away from the Moscow-oriented party in favor of a more activist policy. Another problem may arise when the party has to choose a new secretary general to replace ailing Victorio Codovilla. The rest of the far left remains splintered among a wide variety of small factions.

Outlook

Impatience with the government's inability to perform an economic miracle may yet force major policy changes. Continued economic progress would resolve some of the major disagreements between the liberals and nationalists. A complete accommodation of differences, however, does not seem likely at any time.

Military influence on government policies will probably con-

tinue, but a move against Ongania does not appear likely at present. It would require a clear consensus among the top military leadership and influential civilian sectors that a change was necessary, and a prior agreement on someone to replace Ongania. No such unity of views exists or appears to be in the making.

Whatever else may occur, the principal issue for Argentine political progress is when and how the Peronists can be reincorporated into the political process. Ongania has mentioned his desire to cooperate with moderate Peronist leaders, but clearly more time must pass before practical steps can be taken. While Juan Peron is alive, military leaders will resist any move by the government to come to terms with his followers. In the long run, however, the Peronists will have to be included in the political structure before representative government is possible in Argentina.

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