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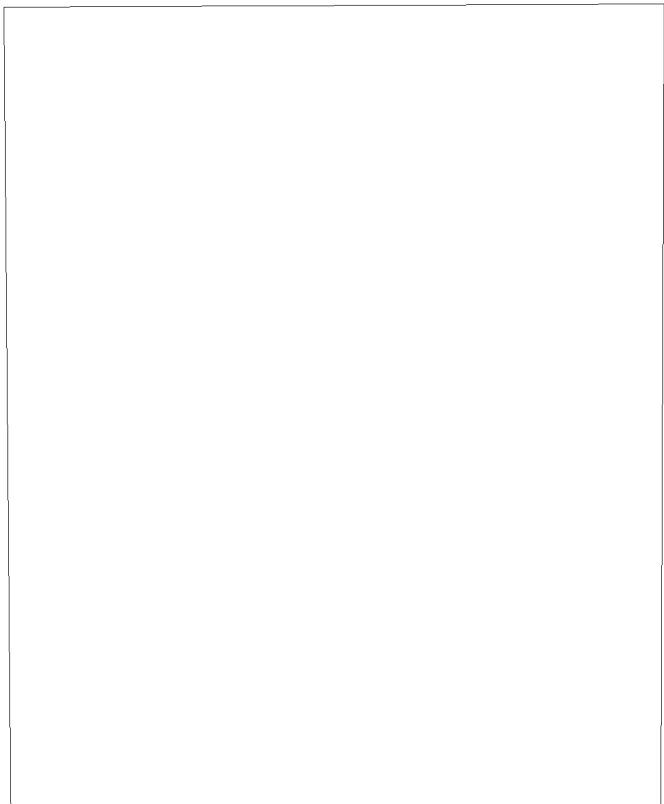
### Chile: *Communists Hopeful but Nervous*

The Communists are optimistic that Marxist Salvador Allende will win the presidency in the election on 4 September but they are concerned that he might be denied the victory and are therefore making contingency plans to avert such an eventuality. Most observers, however, still believe that conservative former president Jorge Alessandri will get more votes than the other two candidates.

Leaders of the Communist Party (PCCh), the predominant element in the Popular Unity (UP) coalition backing Allende, believe that the Socialist senator will win enough votes to be one of two contenders in the congressional runoff that is required if no candidate wins a popular majority. The Communists, who are adept politicians, reportedly will try to influence Congress to choose Allende if he comes within 100,000 votes of Alessandri. They plan to stage strikes and demonstrations immediately after the election to convince Christian Democratic legislators that an Alessandri administration would create such deep divisions in the country that it would not be able to govern or ensure public order. This scheme, of course, is predicated on their assumption that Christian Democrat Radomiro Tomic will run third in the race and that support of only about 20 of his more leftist party colleagues in Congress might be needed for an Allende victory in the runoff.

The Communists also hope that the mass public demonstrations will discourage rightists or the military from mounting a coup to prevent an Allende presidency. The Communists' fear of a coup is almost pathological, particularly inasmuch as they were surprised by the army uprising last October. The PCCh political commission has gone so far as to make plans for the preservation of the party structure on a clandestine basis in the event of political persecution--a situation the well-

established party has not faced in nearly 20 years. The Communists' contingency plans even include the measure of putting armed forces and police officials who might lead or aid a coup under house arrest.



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Suspicion that the election will be manipulated has also been expressed by spokesmen for extreme leftist revolutionaries, who recommend the use of terrorist tactics following the elections. The PCCh, however, fears that violence by extremists would backfire, and its contingency plans include control of all public demonstrations by organizations under PCCh discipline.

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## Guyana's Prime Minister Displays His "Independence"

Prime Minister Burnham has decided to accede to a Soviet initiative proposing that the two countries establish diplomatic relations, and has made another move to exhibit his "independence" of foreign influence by reaffirming his plans to seek greater government control of foreign-owned businesses.

Burnham will probably announce the agreement on relations with the USSR in the near future, perhaps before he leaves on 2 September for the nonaligned summit conference in Lusaka, Zambia. The Soviets approached Guyanese diplomats in Washington, New York, and London last spring with a suggestion that Guyana demonstrate its nonaligned posture by opening relations. The delay in announcing the agreement is probably due to Guyana's preference for relations with nonresident status over the Soviets' desire for a resident mission. Government leaders are fearful that a resident mission would pose serious security problems, and Burnham believes that relations between the two countries could be served by their respective missions to the United Nations—an arrangement Guyana now has with Yugoslavia and other countries. The Guyanese ambassador to the US expects the Soviets to accept the nonresident offer, but Burnham may give in if the Soviets insist on their terms.

The agreement will probably have some political repercussions. Many will interpret it as Soviet abandonment of Communist leader Cheddi Jagan; the moderates within Burnham's party and the conservative United Force Party may also be quite disturbed. Nevertheless, Burnham will probably follow through because of his interest in demonstrating an "independent" foreign policy—particularly with regard to the US—and because

he believes the move would enhance his standing at the nonaligned conference.

Burnham, with a 14-man entourage, will be the only Western Hemisphere chief of state at the Lusaka meeting. Jamaican Prime Minister Shearer has reversed his earlier decision to attend the conference, concluding that it would be of no importance. He also said that a tour of African nations that he had planned in conjunction with the conference would be a waste of time. Burnham, however, will be happy to be the only representative from the Caribbean. He will probably pursue his long-standing attack on "colonial influence" and "imperialist control" throughout the world. After the meeting, he will tour some African nations.

Burnham recently announced his government's intention to begin negotiations with the large Canadian- and US-owned bauxite companies aimed at acquiring at least 51-percent control of that industry. Bauxite is the largest export industry in Guyana, accounting for nearly half of last year's export earnings. He also announced that the recently established External Trade Board, which was originally organized to control imports only from Communist countries, will actually control all imports. This will give the government an effective instrument for setting prices on all imports, and would be in line with Burnham's "cooperative" campaign aimed at gaining more "meaningful participation" in the country's natural resources. He asserted that "in the past the foreign investors have enjoyed the lion's share of the cake and we, the jackal's pickings."

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BOLIVIA: Terrorist bombings in La Paz, student battles in Santa Cruz, army clashes with guerrillas in the jungles, and continued tension between the military and President Ovando characterized the unsettled political situation in Bolivia this week. Such warring between the political left and right will probably continue until the uncertainty surrounding the government—who will lead it and what direction it will take—is ended. Until the situation is clarified, both the right and the left will continue to make demands of the government, with at least some expectation they will be heeded.

The armed forces' decision to keep Ovando on as president when he capitulated to their most immediate demands earlier this month amounts to no more than an uneasy truce. Minister of Interior Colonel Ayoroa is playing an increasingly important role in the military's opposition to President Ovando and, being more rash and daring than army commander General Miranda, he may force a final confrontation between the military and Ovando. At present, both sides are maneuvering for a stronger position.

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PARAGUAY: Government security forces have arrested more than 60 persons in connection with an abortive plot to assassinate President Stroessner. The attempt on the President's life apparently was scheduled to take place during public ceremonies in Asuncion on 15 August. On the previous day, the Paraguayan Navy intercepted four terrorists trying to enter the country clandestinely from Argentina. Small arms, ammunition, and a submachine gun were found aboard the small river craft.

Interrogation of the four—two Uruguayans, an Argentine, and an Iraqi—resulted in the arrest of approximately 60 people, mostly Uruguayans and Argentines, believed to have been involved in the plot. The government's roundup of student leaders this week does not appear to be related. The existence of the assassination plot, however, may deter opposition criticism of the preventive detention of the students, who are believed to have been planning political agitation and demonstrations in the capital.

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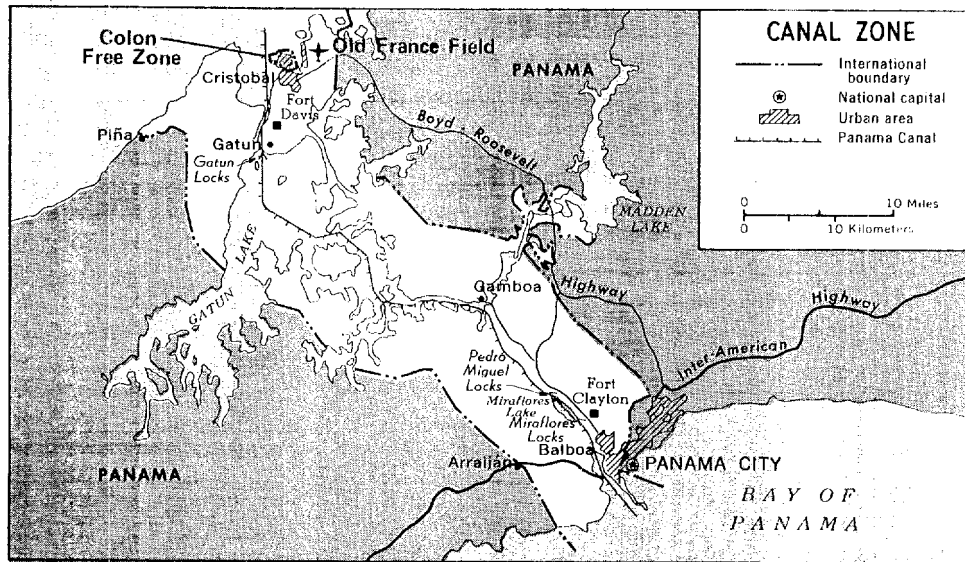
CHILE - COMMUNIST CHINA: Chile is increasing its contacts with Peking. An agricultural official will visit China next month in search of products that Chile can buy in order to maintain its sales of high-cost natural nitrate. China is the only remaining significant market for what was once Chile's major export. Chile is also interested in selling its increasing copper production. Sales of nitrate and copper make up most of the trade between the two countries, which has amounted

to under \$1 million annually in recent years. Communist Chinese delegates have been invited to a conference of Pacific Ocean countries in Chile in September that is being organized by a confidant of Foreign Minister Valdes. Although Chile maintains diplomatic relations with Nationalist China, the government in 1965 approved what is now the only Communist Chinese trade mission in Latin America outside Havana.

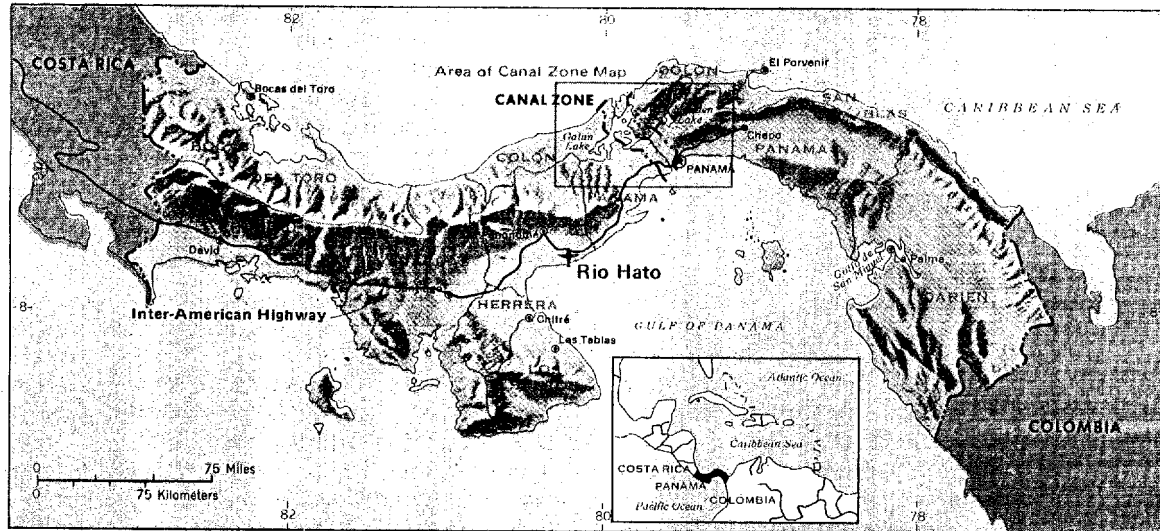
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### Panama Asks US to Leave Rio Hato

Unable to extract sufficient political advantage from an extension of the Rio Hato Base Agreement that expires on 23 August, the government last week told the US it would have to vacate the 19,120-acre training area, which includes an airfield.

This decision reverses a commitment General Torrijos gave the US last year. At that time, Torrijos had promised General Westmoreland that the agreement would be extended without conditions pending conclusion of Canal Treaty negotiations. More recently, however, Torrijos had demanded a quid pro quo, placing particular emphasis on gaining the return of Old France Field in order to enlarge the Colon Free Zone.

The government has agreed to a joint press communique, and says that media treatment will be kept in low key. Nevertheless, Torrijos probably expects to make some political mileage from the return of Rio Hato. The country's controlled press will probably stress the advantageous land-use possibilities of the Rio Hato area—including development as a tourist resort—and presumably will also commend Torrijos for his ability to hold his own in dealings with the US.

The government has also held out the possibility of negotiating a new base agreement sometime in the future and undoubtedly hopes to use Rio Hato as a bargaining counter in any new Canal Treaty negotiations.

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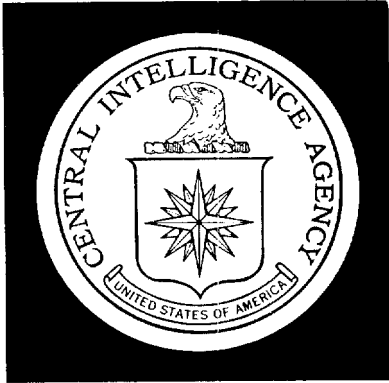
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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

## *Special Report*

*Argentina: A Look at the New Government*

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**№ 43**

21 August 1970  
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## ARGENTINA: A Look at the New Government

Brigadier General (Retired) Roberto Levingston is the second military leader to govern Argentina since 1966, when the armed forces overthrew the elected government and declared that a national "revolution" had begun. In structure his administration appears to differ little from that of his predecessor, Lieutenant General Juan Carlos Ongania. Whereas Ongania wielded a great deal of personal power, the present system involves a committee composed of Levingston and the commanders in chief of the armed forces. The new administration is expected to continue most of the policies of the Ongania government. Some reordering of priorities in the economic sphere apparently is taking place, however.

### *Structure of the Government*

The new Argentine Government, like its forerunner, is a military dictatorship supported by a cabinet composed largely of civilian technicians. Legislative power has been lodged in the executive branch ever since the dismissal of the National Congress in 1966, but the judicial branch of government remains independent.

President Roberto Levingston shares power with the commanders in chief of the armed forces, who installed him as Chief Executive on 8 June 1970. Although not a mere figurehead, Levingston has far less authority than did his predecessor, Lieutenant General Juan Carlos Ongania, who was able to establish a virtual one-man rule during most of his three and a half years in office. The strong man of the present regime is the commander in chief of the army, Alejandro Lanusse: the imprint of his political philosophy is evident in most of the government's policy statements to date.

General Lanusse professes to be a supporter of constitutional government, and is considered a conservative in economic matters. In his most recent statements, however, he has stressed the need for accelerated economic development and implied that "criteria of efficiency and compatibility" should be subordinated to that goal. Lanusse's most significant political characteristic is

his intense opposition to former dictator Juan Peron, who imprisoned him, and to Peron's followers. Lanusse claims not to believe in total repression of the Peronists, but he has always advocated control of their activities.

The new cabinet is composed of seven ministries and a number of subordinate secretariats, and its members represent a wide range of political views. The heterogeneous character of the



Roberto Levingston (right) being sworn in as Argentine president.

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cabinet apparently resulted from a deliberate attempt on the part of the military chiefs to broaden the base of the government by including civilians from most of the major political factions. General Lanusse reportedly hopes that this tactic will allow the government to woo some of these people away from their traditional political loyalties and perhaps to buy time to accomplish the goals it has set for itself.

*Domestic Politics*

Having pledged itself to an early return to constitutional government, the Levingston administration, according to General Lanusse, has as its first priority to prepare the nation for free elections. The regime does not plan to permit existing political parties to reorganize but hopes to create a broad-based party similar to one of the major parties in the United States.



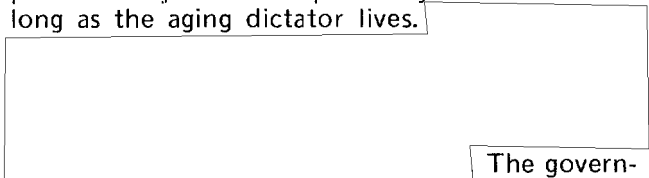
General Alejandro Lanusse,  
Commander in Chief of the Army

*Economic Policies*

There has been considerable anxiety within the government over economic policies. Proponents of stabilization fear that the Levingston administration will adopt measures leading to an accelerated inflationary spiral, wiping out gains made under the Ongania government.

In approaching this task, however, the new leadership faces a dilemma that has plagued every Argentine government since 1955. The strongest political force in the nation is composed of followers of former dictator Juan Peron, who was ousted in that year and now is exiled to Spain. The current military leaders are adamantly opposed to any return to power by the Peronists as long as the aging dictator lives.

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The government apparently hopes to dilute Peronist power by submerging the movement in a newly created political organization. Well aware that structuring a new party will take a long time, the regime has begun to hedge on a timetable for elections.

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no elections are planned for at least three years and no preparations will begin before that time. To date there has been little public reaction to the delay.

President Levingston has sought to reassure the supporters of stabilization by stating publicly that Ongania's policies will be continued. Goals that he detailed in a nationwide broadcast on 25 June differed little from the most recent aims of the Ongania administration: rapid and sustained growth, a more equitable distribution of income, and development of basic industries and infrastructure. The over-all tenor of the speech, however, suggested that the new regime was reordering priorities, and that increased real wages and social welfare needs would no longer be secondary to price stability.

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The government devalued the peso shortly after taking office. The minister of economy justified the move by arguing that an undervalued peso would protect exchange reserves and preserve the nation's economic autonomy by making it unnecessary to subordinate economic policy to the need to satisfy foreign financial centers. Most Argentine businessmen, bankers, and economists, however, consider this move premature and even unnecessary. In spite of countervailing tariff and tax measures, the devaluation will probably add to inflationary pressures and weaken investor confidence. The vague and sometimes contradictory statements of the new minister of economy have done little to allay the fears of the business community.

#### *Labor*

Despite the Levingston administration's antipathy toward the Peronists, it has been actively courting the powerful, Peronist-dominated General Confederation of Labor (CGT) in an effort to ensure social peace. A Peronist has been appointed secretary of labor, and negotiations for a wage increase and a return to the collective bargaining system outlawed by Ongania are being considered.

Long splintered into warring factions, the trade union movement recently achieved a somewhat shaky unity at a CGT congress when representatives of the five major factions won seats on the governing board. The net effect of the congress was to gloss over the deep political and economic differences that have long divided the movement, and union leaders apparently were encouraged to renew demands on the government that had been abandoned in 1969 because of dissension within the CGT.

The fragility of this recently achieved unity will probably cause the labor movement to operate in a low key fashion in the short run. The immediate goal of the CGT leaders appears to be participation in planning the nation's economic policies. Should the Levingston government fail

to heed their demands on wage/price issues, however, they are likely to present a more combative posture in the future.

#### *National Security*

The Levingston government is currently faced with the threat of growing guerrilla and terrorist activities in urban areas, carried out for the most part by roving bands of leftist youths.

During the first four months of this year, terrorist attacks, mainly on military and police guard posts, were generally executed by groups of four or five individuals who left markings indicating membership in revolutionary Peronist or pro-Communist organizations. During this period many bank robberies were also committed by small groups.

Since President Levingston came to power, however, several larger scale raids, which appear to have been coordinated, have been carried out. On 1 July a 15-man commando group of left-wing Peronist orientation cut telephone lines, occupied the police station, and robbed a bank in a small town near Cordoba. The group called themselves the "Montoneros," as did the terrorists who kidnaped and murdered former president Pedro Aramburu. Four weeks later, a similar raid was conducted on a town near Buenos Aires by a group calling itself the Revolutionary Armed Forces that may be connected with the left-wing Peronist Armed Forces.

The insurgency situation is exacerbated by the involvement of dissident Roman Catholic priests of the Third World Movement who are dedicated to bringing about a socialist form of government in Argentina. As part of a stepped-up police and military effort to counter the insurgency, the Levingston government has attempted to launch a campaign to discredit the movement.

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The government is being aided by the church hierarchy, which has denounced the activities of the Third World priests as a deviation from doctrinal orthodoxy.

#### *Foreign Affairs*

The Levingston government is pro-Western and strongly anti-Communist, but it plans to maintain diplomatic relations with all nations. It dreams of playing an influential role as an intermediary between the "great powers" and the less developed nations of the world.

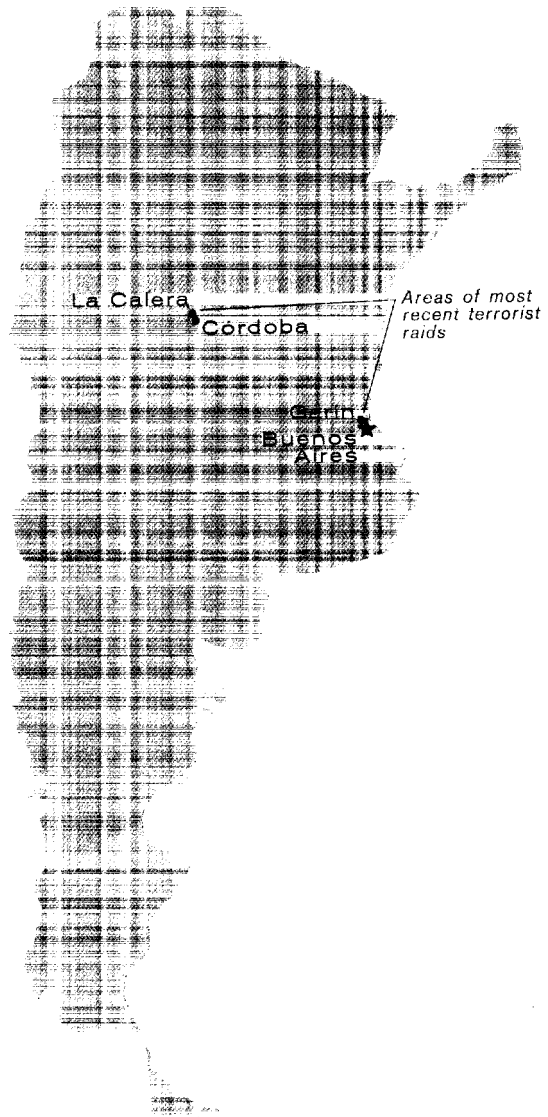
With respect to neighboring countries, the administration is actively attempting to cultivate better relations with Chile, which it sees as the country closest to Argentina in terms of economic development and human resources. It is somewhat concerned that a leftist regime may come to power in Chile following the September presidential election there, but it reportedly has no plans to intervene militarily if that should occur.

The government is also concerned that Bolivia may become more leftist. A recent visit there by the Argentine foreign minister was described as an attempt to strengthen the political center in Bolivia. Argentina has also expressed an interest in helping Bolivia to develop the provinces contiguous to its own territory.

President Levingston plans to meet with President Pacheco of Uruguay soon in a continuation of the personal diplomacy instituted by Ongania.

Because both Argentina and Brazil have military governments, their concert of interest has tended to mitigate somewhat the rivalries and suspicions that have existed historically between the two nations. The Levingston government does not appear to have made any special overtures to Brazil, however.

## Argentina



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*Prospects*

As an interim government, the Levingston administration probably will concentrate on domestic problems. In the face of increased internal instability due to terrorist and guerrilla activities, it probably will try to buy social peace with concessions to other potential troublemakers. Among these, the labor unions are the most likely antagonists. The government may therefore sacrifice the economic stabilization program in order to buy the support of lower and middle-class workers.

The government probably will drag its feet with respect to political normalization. Given the apathy with which the public has greeted the delay in setting up a timetable for elections, the announced three-year moratorium on political activity may be stretched to five or more.

When elections are held, they will probably be staged by the military with handpicked candidates, as there is no training ground for fledgling politicians under the present governmental system. Participation in the trade union movement could conceivably provide the necessary exposure for emerging leaders, but they would probably be Peronists and consequently unacceptable to the military.

The Argentine public, although disillusioned by the ineptitude of the old political groupings, is not likely to respond enthusiastically to a fabricated party. Participation in elections will probably therefore be minimal, and the majority of Argentine citizens will remain estranged from the political mainstream in their country.

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