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30 June 1966

STAFF NOTE

SUBJECT: WHAT TO EXPECT NOW IN ARGENTINA

1. The military takeover in Argentina is probably meeting
with as much approval as objection among the populace. For
over a year there had been increasingly widespread criticism
of Illia as a do-nothing President making little, if any,
progress on the nation's basic political, economic and social
problems. This attitude not only indicated disillusionment with
Illia, it also reflected a basic lack of confidence in the nation's
political leaders and parties. Thus, Lt. General (R.) Juan Carlos
Organia assumes control with dictatorial powers and with
considerable civilian as well as military support. The most
significant opposition will undoubtedly come from the Peronists,
who are strongly entrenched in organized labor and had expected
to win heavily in the March 1967 elections.

2. On four previous occasions (1930, 1943, 1955 and 1962),
the Argentina military leaders have removed constitutional
governments. Each time a faction of the military wanted to

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remain in power for an extended period in order to "cleanse"
Argentine politics and set the economy right but was overruled.
This time, however, we think that the advocates of a lengthy
period of military rule will prevail. Organia probably could
have had the Presidency in 1963, but he declined. Now he has
it without the encumbrance of the Argentine Congress and
political party system.*

3. Initially, the military regime probably will be able to
demonstrate progress on matters such as monetary controls,
inflation, labor discipline, foreign investment laws, improved
operation of state agencies, etc. Over the longer run, however,
we doubt that it will be much more successful than Argentina's
civilian governments have been in solving the nation's basic
problems. Real progress there depends upon the Argentines
reaching some kind of consensus on national goals and the
policies to achieve them. While Organia almost certainly will
provide more dynamic leadership than did Illia, we doubt that
he can stir the Argentine people to the effort and the sacrifice
necessary for the national transformation the military leaders
have declared to be their goal. There is some chance that the

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* The Argentine National Budget is for the calender year but
 when the Illia administration was being overthrown, 27-28
 June, the Congress had not yet approved the budget for 1966.
 The Congress, the provincial governors, vice-governors and
 legislatures, the Supreme Court, and the political parties
 have been dissolved by the military government.

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experience of grappling directly with difficult political,
economic and social problems will shake the Argentine military
leaders' confidence that they are the sole guardians of the
national honor.

4. The Argentina Armed Forces have cooperated closely
with the US since the overthrow of Peron (1955), and particularly
since Castro came to power in 1959. In recent months, however,
there have been some pointed indications that the Argentina
military feel their cooperation has not been very productive
in securing US equipment and that they will have to look
elsewhere. There is very little chance that outside pressure
--from the US -- for "free elections" will influence the
military leaders since they are convinced that elections are no
solution to Argentina's basic problems. Indeed, much criticism
and pressure from abroad could result in their adoption of an
"independent" foreign policy receptive to "third world" overtures.

5. The results of holding free elections in Argentina would,
for a considerable time to come, probably be damaging rather than
helpful. The Peronists would be odds-on favorites to win them.
The military intervened, in March 1962, after such an election
outcome; it has just intervened again to forestall a similar
prospect.

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