

State Dept. review completed

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Falklands

18 June 1982

TALKING POINTS FOR THE DCI

- I. Political uncertainty following the ouster of President Galtieri is continuing in Buenos Aires, but the reconstituted junta is expected to meet soon to select a new President.
 - A. Galtieri was forced to resign when army commanders withdrew their support for continuing the conflict with the UK. His successor as army commander is Major General Nicolaidis, a staunch anti-communist and critic of civilian politicians.
- II. Who will succeed Galtieri as President is less clear but Interior Minister Saint Jean is temporarily serving as interim-president.
 - A. Current speculation centers on Air Force Commander Lami Dozo. His reputation as a moderate and his services' distinguished record during the Falklands conflict have won him widespread popularity among all civilian sectors and much of the military.
 - B. Rumors that the post may be given to a civilian or rotated among the three service chiefs seem less likely at present.
- III. A major priority of the new administration will be to repair the damage to the military's credibility because of Galtieri's handling of the crisis and to deal with rising demands from the civilian political sector for a greater voice in government.
 - A. The country's major political parties can be expected to take advantage of the present political changeover to press their demands for an early return to constitutional civilian rule.
- IV. The selection of Lami Dozo as chief executive would serve military ends and help insulate the military from the need for further housecleaning.
 - A. Lami Dozo has a wide array of civilian contacts and would be likely to move more rapidly than his predecessor in returning the country to civilian rule, perhaps with an accelerated political timetable.

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- B. His reported comments yesterday also suggest he favors scrapping the liberal economic policies of present Economy Minister Aleman, probably in favor of a more heavily state managed program.
- C. While cultivating the civilian sector, Lami Dozo still will have to find a way to contain any resentment of army officers that a member of a junior service heads the country.
- D. Moreover, he or another successor would still have to oversee the surrender and repatriation of Argentine troops from the Falklands and seek a consensus among the presently divided military on how to proceed next on Argentina's claims to the islands.
 - 1. According to the Foreign Ministry, repatriation of prisoners--possibly through Montevideo--will begin today. Both Argentina and British ships will reportedly be utilized.
- V. The British government has not yet officially reacted to developments in Buenos Aires but they will be pleased if reports that Galtieri's successor and a majority of military commanders favors a general cease-fire are true.
 - A. Continued confusion in Buenos Aires or a delay in signaling the new government's policies could stall an end of hostilities and leave the Thatcher government no alternative but to maintain a costly presence in the islands.
 - B. The US Ambassador believes that the changes in Argentina's leadership offer the possibility that moderates will have a dominant voice in determining the new government's policies not only on ending hostilities soon but also possibly on issues directly related to the US.

Implications for US Relations with Latin America

- VI. The apparent inclination of Argentina's new regime to pursue its Falklands claim through talks in lieu of continued hostilities will ease pressures on the US but will by no means eliminate them.

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- A. The invocation of Latin America solidarity for Argentina tapped the pervasive strain of anti-Americanism in the region.
 - B. A general dislike for Argentina's military rulers was submerged in a wave of strident criticism directed at US disregard for perceived Latin American interests.
 - C. The consequent effect on US ties will vary from country to country but will be more pronounced in South America than in the Caribbean Basin, where the net effect on US interests will be minor.
- VII. Some Latin American leaders, particularly in Venezuela, Peru, and Panama have called for revision of the Rio Treaties; others have demanded reorganization of the OAS or the creation of a purely Latin American political organization.
- A. While these demands for change will give way to more sober and realistic assessments, US relations with several countries probably will be cool for some time.
 - B. Five Latin nations--Peru, Venezuela, Brazil, Argentina, and Ecuador--have declined to participate in UNITAS maneuvers this year. Uruguay's position is still unclear.
- VIII. Over time losses can be partially, even substantially redressed. Much will depend on the efficacy of US damage-limiting measures.
- A. The need for foreign funds and skills will cause Latin leaders to resume a more pragmatic approach to Washington.
 - B. US willingness to respond to economic concerns in such areas as trade, access to capital, and policing of transnationals should hasten the regaining of lost ground.
 - C. Nevertheless, the decades old trend toward greater independence from the US will continue regardless of US actions.
- IX. The Soviet Union will attempt to expand its influence in the region; Latin suspicions of Moscow's purposes and its inability to play a major role in economic development will limit Soviet gains.

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- A. Soviet weapons may be more attractive to some rearming Latin nations, but attempts to gain political advantage from arms sales will be resisted.
- B. The report in yesterday's respected Buenos Aires Herald that Argentina was about to conclude a purchase of 100 Soviet MIG aircraft has been labeled "ridiculous" by an air force spokesman and we have no information suggesting any such dealings.
- X. The Cuban and Nicaraguan attempts to exploit Latin resentment to undercut US influence in the region will be only marginally successful.

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