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MEMORANDUM

Argentina: The Continuing Political Crisis

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

23 February 1973

ARGENTINA: THE CONTINUING POLITICAL CRISIS

The first round of Argentina's general election -- designed to close out seven years of direct military rule and over 40 years of political and institutional crisis -- is but two weeks away (11 March). It seems likely, though far from certain, that the balloting will take place as scheduled and that no presidential candidate will obtain the requisite majority. One cannot be as confident, however, that the second round (scheduled for April) will take place peacefully and that the final results will be honored. Most military officers appear willing to support the electoral process, and most politicians seem more open than in the past to compromising their differences. But President Alejandro Lanusse, the principal architect of the military's effort at normalization, now is set against moving forward to civilian rule unless the military can impose guarantees for their continued control in key policy areas. The staunch anti-government line and strong campaign showing so far by Perón's handpicked candidate, Héctor Cámpora, are the main cause of the last-minute alarm by General Lanusse and some of his senior colleagues.

One thing then can be said with confidence at this juncture: Argentina's longstanding political crisis will merely enter a new phase during 1973. At best the election process will prove to be a small (albeit important) step forward towards normalization. At worst, a bloody step backward.

This memorandum has been discussed with other Offices in CIA, but has not been formally coordinated.

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Even if an elected government takes office in May and the various military and political power brokers sort out their new roles fairly amicably, the political truce could in time come unstuck over such potentially divisive issues as the control of terrorism or the making of economic policy. An important milestone would be passed if the government survived its four-year term of office. There would then be a good prospect that the next election would feature a generation of leaders unencumbered by the battles and scars of the Perón era.

If, in contrast, the transition to civilian government is aborted by the military, there would be a considerable prospect of major popular disorders and a break in the unity of the Armed Forces. The military would be able to restore order, but the bitterness sown would work against a resumption of stable rule.

No matter who succeeds Lanusse as President, the current cordial relations between Argentina and the US are likely to become somewhat more difficult. In any protracted national crisis, US interests in Argentina would very likely become the target of anti-military forces seeking to rally popular support to their cause.

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Setting the Stage: Lanusse vs. Perón

1. Late last month General Lanusse spoke bluntly to his fellow senior officers on the status of his two-year labor to phase out military rule: "With less than fifty days before the elections, I must admit that the country's political situation and its probable evolution are confusing to me and present a series of unknowns which constitute ... a reason for deep concern." Lanusse's essential goal had been to arrange the transition to elected government in a manner that precluded any "leap into a void." He wanted a

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government characterized not only by the legitimacy of a popular mandate but also by a seriousness of purpose that gave promise of eventual relief from Argentina's long bout with political abnormality and institutional crisis.*

* Lanusse usually traces the origin of the institutional crisis to the military's 1930 coup against an elected middle class government afflicted with a senile president and the pressures from a world-wide depression. At that point Argentina was reknowned for a stable constitutional system and an economy that compared favorably with such second-ranking nations as Canada. For most of the succeeding years the military has felt it necessary either to run or closely monitor the government. And the economy has grown only fitfully and slowly.

A military coup in 1943 opened the way for a decade of political domination by Colonel (later General) Juan Perón. By the time the military threw Perón out of office, in 1955, he had built a solid working class constituency that has persisted as the single largest political force in the country. The Peronists were barred from running candidates in the only two subsequent presidential elections. In time the military cast out of office both presidents -- Dr. Frondizi in 1962 and Dr. Illia in 1966.

After the 1966 coup the military establishment decided to rule directly for as long as necessary to reconstitute the nation with economic vigor, social peace, and political maturity. Among other problems, the military lacked the requisite unity. Lanusse, as Commander in Chief of the Army, forced the first two military presidents out of office: General Onganía in 1970 and General Levingston in 1971. At that juncture Lanusse took over the presidency with the pledge of a return to civilian rule.

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2. Lanusse at one point had planned to orchestrate an orderly transition to civilian rule through a broadly-based coalition, the so-called Grand National Accord. The coalition was to include the left-of-center Radical Party, the second largest organization after the Peronists, as well as various center-right (i.e., conservative) national and provincial parties. It was also to include the bulk of the Peronists, presumably under the leadership of the moderates concentrated in organized labor. Lanusse thus hoped to avoid the fractiousness and excessive partisanship that had characterized Argentine politics in past decades, and to assure instead an effective governmental majority. The participating groups would be confident that their basic interests would not be tread upon; compromise and consensus would be promoted in the name of the national interest; and the military would be able to police the course of policy without too heavy or obvious a hand. Ideally then, Lanusse's labors would promote the reintegration of a good part of the Peronist movement into Argentine electoral politics on terms acceptable to the basically anti-Peronist Armed Forces.*

* The returns from Argentina's last election, in 1963, underscore Lanusse's concern about political diffusion. President Illia was elected with but 26 percent of the vote. And 85 political parties were represented in Congress.

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3. The electoral outcome Lanusse and his military colleagues sought most to avoid was a government dominated directly or indirectly by Juan Perón. They feared such a government would be partisan and vindictive in character, working at once to polarize society and to challenge the moral authority and influence of the Armed Forces. In short, while most military leaders shared Lanusse's conviction that the time had come for them to relinquish direct responsibility for running the government, few if any were prepared to return their country's destiny to Perón's hands.

4. The Lanusse government worked hard, throughout 1971 and 1972, to capitalize on the growing national sentiment for easing the bitter antagonisms of the past in order to release the country from its treadmill of political fragility and fitful economic growth. One means by which the government sought to overcome political particularization was through the requirement of an absolute majority for the presidency. To minimize political polarization, moreover, Lanusse personally courted the more pragmatic Peronist leaders, hoping they would participate in the Grand National Accord, with or without Perón's blessing. In particular he eased the chronic strains between the military government and organized labor (led by moderate Peronists) through a policy of generous wage increases.

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5. At the same time, Lanusse schemed to undercut the remarkable hold that Perón still retained on his movement despite his advanced age (77) and long exile (17 years). He removed some of the harassments (e.g., criminal charges) that Perón regularly used to excuse his reluctance to return to Argentina. Lanusse even gave up his own ambitions to be elected president in order to eliminate Perón from eligibility; i.e., by requiring that all candidates be resident in the country and free of national office by 25 August 1972. Perón declined this direct challenge to return on Lanusse's terms. And when the Old Man finally acceded to the pressure of his Argentine advisers and did return (in November), a surprised Lanusse played his cards as best he could to strip him of his reputation as superman and to force him to play the game as just another politician.

6. At first reading it appeared that Lanusse's gamble in calling Perón's bluff would pay handsome dividends in terms of a sensible electoral solution. The years had indeed robbed Perón of much of his charisma, and his followers -- old and young -- of most of their fervor. There were no mass uprisings. No giant rallies. But time had not stripped Perón of his political guile. And while the populace was too sophisticated to receive him as savior, large numbers were still willing to follow his lead.

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7. As a consequence, during his 29-day stay in Argentina, Perón was able to organize his own anti-government coalition -- the so-called Justicialist Liberation Front -- which joined together the various Peronist factions and several independent groups (e.g., former President Frondizi's personal political vehicle). Then Perón was able to force through the presidential nomination of his most loyal and dependent lieutenant, Héctor Cámpora. When some leaders of the Front, both Peronist and non-Peronist, balked at Perón's imposition of Cámpora's candidacy and of a campaign strategy of open confrontation with the military government, the rank and file repudiated the protestants and forced most of them to recant. The Peronists proceeded to wage a vigorous campaign, rallying the old faithful under the slogan "Cámpora to the government means Perón to power." The Front's outspoken criticism of the military regime has attracted support as well from the large floating "anti" vote. In particular, the Peronists' rhetorical support of revolutionary violence as a justifiable response to government oppression has gained adherents among students and young professionals.

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Pre-Election Tensions: General Lanusse vs General López Aufranc?

8. As matters now stand, if the March election takes place and the returns are counted fairly honestly, Cámpora would almost certainly command a plurality and would have a small chance of gaining a majority. Although there has been no national election for 10 years, and there are no reliable polls on which to base an estimate, it seems likely that his vote would fall somewhere in the range of 35 to 45 percent. The Radicals, behind veteran leader Ricardo Balbín, would come in second, with some 20 to 30 percent of the vote. The rest of the vote would be split among seven other candidates; this would include four competing center-right candidates, testimony to Lanusse's inability thus far to arrange even small accords. Thus, if no electoral coalition were worked out in advance, a second round would feature a runoff between Cámpora and Balbín. Each would be permitted to form an electoral alliance with any other candidate receiving at least 15 percent of the vote on the first round. It is difficult to anticipate which of the minor candidates would qualify. But it would seem that Francisco Manrique, a conservative former general who served in Lanusse's government but is running against the latter's express wishes, and Oscar Alende, a moderate leftist with Communist backing, have the best chance. In contrast, retired General Ezequiel Martínez, Lanusse's hand-picked choice to serve

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as vice-presidential anchor for a coalition ticket on the second round, has so far generated almost no voter enthusiasm.

9. These then are the prospective electoral developments that worry President Lanusse. On the one hand the Peronists seem to be gathering strength, confidence, and combativeness: They have an outside chance for a first round victory; heading them off in the second round would be a delicate and difficult task. On the other hand, Lanusse's personal instrument for influencing the new government, i.e., General Martínez as vice president, faces voter repudiation. As a consequence of such a prognosis, Lanusse, over the past several weeks, has been exercising his influence -- as President and as Army Commander -- to bring about a cancellation or at least a change in the ground rules for the March election. He is being strongly resisted in this by Army Chief of Staff Alcides López Aufranc, by most other senior Army generals, and by the Air Force and Navy Commanders. They profess that it is too late for such a move, that not only the integrity but also the unity of the Armed Forces would suffer irreparably. Some are also motivated by personal and professional animus towards Lanusse or by a feeling that Lanusse's ambitions to retain the presidency are clouding his judgment. There apparently has been some talk of removing Lanusse from power if he proves to be an irreconcilable obstacle to holding elections.

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10. Lanusse feels he knows what is best for Argentina and its Armed Forces -- that however much he and his colleagues may long for the end of military rule, they must not risk the return to power of a ruthless and vengeful Perón. His views already are shared by a number of important troop commanders. He still hopes that either anti-military campaign rhetoric or incidents of violence staged by Peronist and other extremists will swing full military support to his anti-election position. In the name of restraining the Peronists, but also in hopes of provoking them, Lanusse has taken steps to bar Perón from returning to Argentina during the campaign and has brought legal charges that threaten to ban the Peronist ticket from the ballot for alleged violations of electoral regulations. He has also published a declaration of principles, which he insists are to be imposed unilaterally by the Armed Forces on the next government. These include complete independence for the services to choose their own commanders, the seating of the three commanders as cabinet officers, the retention by the military institution of a continuing responsibility to preserve democracy and the independence of the judiciary, and a ban on presidential amnesty for convicted terrorists.

11. So far Cámpora has resisted Lanusse's bait, though he (as well as Balbín) has repudiated the declaration of principles. The Peronists are aware of the Lanusse - López Aufranc split and are

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trying to outflank the President by seeking assurances from the generals still dedicated to elections, and by issuing pledges to share governmental power with the Radicals and other non-Peronist groups. Perón meanwhile is giving off mixed signals *re* conciliating or antagonizing the military, revealing in the process his ambiguous feelings on whether it is in his own best interest for the elections to proceed.

*Immediate Prospects: Living with Confusion and Unknowns**

12. The next several months -- indeed the next couple of weeks -- are replete, in Lanusse's terms, with confusion and unknowns. There are, as we have indicated, certain underlying positive factors at work. Most senior officers are convinced that it no longer is good for their country or the military institution to continue with direct rule. Their animosity against Perón and against politicians generally has been eroded by the passage of time and by the failures and frustrations of their seven-year tour of office. Besides, they are aware that the country is fed up with military rule, and they fear that a cancellation of the elections at this late date would provoke large-scale popular disorders.

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13. Similarly, the politicians, or at least most of them, are not as unyielding in their commitment to either the Peronist or the anti-Peronist persuasion. There has been much talk and even some action in recognition of the virtue of compromise, conciliation, and consensus. Most notably, the Peronists and the Radicals, the major contenders, are pledged to some form of post-election cooperation. These trends reflect the deep pain over the political and economic weaknesses that have chained Argentina to decades of mediocrity. This pain is made harder to bear by the evidence that archrival Brazil is progressing relentlessly towards assumption of a role as regional leader and potential world power.

14. All well and good. But against such trends stand two stubborn and power-conscious adversaries. Neither appears willing to compromise further or to accept defeat gracefully. And it is more than Lanusse and Perón. The election process itself has brought out the distrust of old enemies imbedded in many of the men in the middle, both soldiers and politicians.

15. We think it likely that the force of momentum and of the general trends will prevail for the first round of the election. It will probably take place on schedule; the Peronists will be permitted to participate and they will gain the plurality.

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This will merely serve as a prelude to two months of tension, threats, and hard bargaining, as the political and military power brokers face up first to the final electoral round (April) and then to the actual transfer of power (25 May). Much will depend on how large a vote C mpora commands in March and on the attitude the Peronists take towards dealing with the military. It may be at this point that a broad coalition is constructed that joins the Peronists, the Radicals, and the conservatives with military blessing. (Ironically, Lanusse may have to be removed from office to make his original plan work.) The Peronists instead could decide to stand alone while the military help the Radicals erect an anti-Peronist coalition. In accord with one or another of these scenarios, the second round could go off peacefully and the new government could take office on 25 May. There might even be an extended honeymoon period for the new government, as the Peronists, Radicals, conservatives, and military cooperate to sort out their roles, either before or immediately after the transfer of power.

16. But there also will be an ever-present prospect that the process will be aborted or stillborn. On the one side, the military and diehard anti-Peronist politicians could be the spoilers; on the other side, Per n, Peronist extremists, or cynical politicians may cause the collapse -- to avoid facing up to defeat.

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Some Implications

17. One can say with confidence that Argentina's prolonged institutional crisis will merely enter a new phase during 1973. All factors and pitfalls considered, there would seem to be at least an even chance that a civilian government will take office in May and survive the year. Indeed, the various power brokers may sort out their roles sensibly enough for the government to pay more attention to making policy than to retaining power. But this step forward would only encourage a resurgence of political competition. Two problem areas in particular stand out as important trials to test the soundness of any declaration of political peace: Terrorism and Economics.

Terrorism

18. The youths who trade exclusively in political violence are as factionalized as their elders vying for control of the government through elections. There are about a dozen terrorist organizations with pretensions of advancing various political causes, including Peronism and Trotskyite Socialism. While it is very unlikely that the terrorists will be able to force their way to power over the next several years, the sensitive nerves their

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activities strike among national leaders will probably touch off periodic spasms of political divisiveness.

19. Over the past several years, active and retired military officers have been a principal target of the terrorists. About a score, including one former president of the republic, have been assassinated. Because of their diversity in viewpoint, it is most unlikely that all of the terrorist organizations will call a truce in honor of the return of civilian government. Some will keep active in hopes of forcing a collapse of the electoral experiment and speeding the eventual revolution; others, to force the release of their comrades from prison.* The military are just as likely to insist on tough anti-terrorist policies, including suspension of constitutional guarantees during periods of tension and disorder. The military are also likely to insist that there be no amnesty for convicted terrorists. The Peronists would probably continue to challenge the latter stance, in order to free those who advocated and employed terror in the name of the movement and in order to maintain credentials with its youth cadres.

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The potential military-civilian clash over terrorism would likely have overtones for such broader issues as law-and-order generally and the administration of the judicial system and of the prisons in particular.

Economic Policy

20. Despite four decades of erratic performance in production, periodic crises in foreign payments, and chronic high levels of inflation, the Argentine economy remains basically sound. So far, neither the problems brought on by variable factors such as weather and world prices for agricultural exports nor those resulting from poor government policies have proved sufficiently damaging to throw the economy into a major tailspin. Nevertheless, the knowledge that Argentina has failed to expand rapidly and has fallen far behind such one-time economic peers as Canada are factors affecting the egos if not the stomachs of many Argentines.

21. It is possible that a return to elected government would lead to a judicious balancing of policy requirements -- between growth and consumption; between the interests of the large entrepreneurial class and the well-organized working class -- that would provide something for everybody with no great damage to the overall

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economy. High investment rates, vigorous external demand for Argentina's agricultural exports, and steady growth of industrial exports currently are healthy signs. But it seems more likely that, over time, a combination of tensions already present (an inflation rate of over 60 percent in 1972 and a negative balance in foreign reserves), an almost paranoid fear of "slipping back" into Third World status, partisan bickering, and competing demands from disparate interest groups would lead to policy disputes that could cause serious repercussions both in the economic and political spheres.

Foreign Policy

22. Whatever the other aspects of economic policy, the advent of an elected government would very probably usher in an increase in economic nationalism. Even the Lanusse government is studying measures to limit the role of foreign capital via restrictions on foreign-owned banks. Economic nationalism would be but one aspect of a greater assertiveness of "independence" in foreign affairs generally under a civilian government. We would expect measures to demonstrate an independence of US hemispheric leadership (e.g., Argentine recognition of the Castro regime), and a challenge to

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Brazil's local hegemonic tendencies (with regard to influence in the buffer states of Bolivia, Paraguay, and Uruguay especially). Argentina would probably show greater interest in Latin American and Third World initiatives against the general political and economic policies of the US and other developed countries. On all these accounts, Argentine relations with the US, particularly cordial under Lanusse, would become more difficult. The military would probably not intervene if relations cooled gradually, but they would be concerned to see that the values of their basically pragmatic world view were not altered rapidly and radically.

A Final Word -- Elections and Coups

23. Even if these various cross-currents forced an elected civilian government out of office after a year or two, the experience would probably represent a small step forward toward eventual normalization. There would then be a good chance that any subsequent military intervention would be relatively brief and that a new effort at popular election would prove less vulnerable to the special disruptive factors fouling the present (1973) attempt.

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24. If the elected government survived its full four-year term, this would represent an important step forward. Even if Perón were still alive (in 1977), his influence would probably be greatly reduced as new Peronist leaders made their mark in the interim. Similarly, a new generation of leaders -- some proven by good works during the initial period of civilian rule -- would move up to positions of influence in the other parties and in the Armed Forces. For all, the immediate frame of reference would be making civilian government work, and not the battles and scars of some earlier political era. Consensus and dedication to the national weal may never come easily for Argentines, but they should do better fighting the battles of their own generation.

25. If, in contrast, the transition to civilian government is aborted by the military either before or shortly after the new government takes office, there would be a large chance for major trouble and a more nasty prognosis for the longer term. (We believe that this is the judgment of most of the military leaders today, and one key factor that increases the odds that they will not intervene.)

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26. A military move against the election, or a coup against the subsequent government before it was able to establish a record of its own, would precipitate a national crisis with a considerable chance of serious popular disorders and a break in Armed Forces unity. Though the basically conservative majority of senior Army officers would prevail and in time restore some form of order, the bitterness sown would work against the restoration of stable rule either by the military or by civilians for some years. The low prestige of the military today would plummet still further and undercut their effectiveness as political arbiter and crisis manager. This would increase the chances for a rise in the advocacy of extremist solutions, from military as well as civilian sources. In any protracted national crisis, US interests in Argentina (e.g., Embassy personnel, American-owned businesses) would very likely become the target of anti-military forces seeking to rally popular support to their cause.