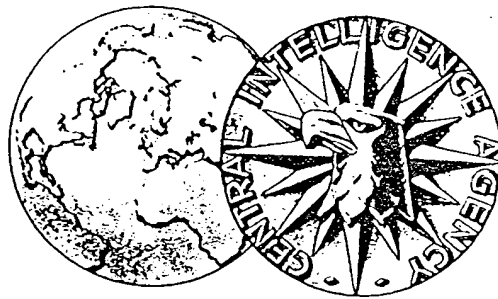


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PROBABLE ARGENTINE POLICY TOWARD THE US TO 1952 AND ITS EFFECTS ON US INTERESTS

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PROBABLE ARGENTINE POLICY TOWARD THE US TO 1952
AND ITS EFFECTS ON US INTERESTS

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PROBABLE ARGENTINE POLICY TOWARD THE US TO 1952 AND ITS EFFECTS
ON US INTERESTS

SUMMARY

Argentine foreign policy is of particular importance to the US because first, Argentina is a relatively strong, "medium-class" power which ranks as a leader in the inter-American system; and second, Argentina, although a member of the regional system, has considerable capacity for independent action because it is remote from centers of US power, and its economy under normal conditions is oriented toward Europe. In time of peace Argentina is capable, because of its situation and resources, of supporting US policy objectives, opposing them and working to displace US influence in Latin America, or of taking an intermediate position. Argentina's ability to utilize its connections with extra-Hemisphere powers not appreciably more distant than the US has been an important factor in its capacity to oppose the US in the Hemisphere. In the event of war between the US and the USSR, the advantages to the US of Argentine cobelligerency would outweigh the demands made by Argentina and the obligations incurred by the US. Argentina's normally large food surpluses would be available. It could insure domestic and possibly regional security against sabotage of the supply to the US of strategic materials, could stimulate production and further stability in other Latin American states through leadership and example, and could make relatively effective use of US matériel and equipment for maintaining internal order and assisting the US in regional defense. It could also supply certain materials in short supply to its neighbors. On the other hand, Argentina would require the diversion of some US military equipment, and Argentine leaders could be expected to contribute to US difficulties by demanding recognition of an undisputed hegemony over southern South America, possession of the British-owned Falkland Islands, and armed equality with—if not superiority to—Brazil.

Argentine foreign policy up to Perón's accession to power has been conditioned by a desire to maintain ties with European nations, by a strong urge for independence within the Hemisphere particularly in relation to the US, and by an ambition to achieve leadership in the Hemisphere. The Perón regime has added to these historic Argentine objectives the desire to effect a high degree of economic independence, and implementation of policy has been complicated by changes in the world situation and by conflicts among groups influencing foreign policy.

In the absence of a major war, Argentine policy will be influenced by the fact that the need for industrialization equipment, which only the US is presently in a position to supply, requires a high degree of cooperation with the US. Perón originally estimated that satisfaction of his needs from available resources would require little sacri-

Note: The intelligence organizations of the Departments of State, Army, and the Air Force have concurred in this report. For a dissent by the Office of Naval Intelligence, see Enclosure A, p. 25.

The information herein is as of 1 January 1949.

face of nationalistic independence, but lavish expenditures for industrial equipment from the US combined with decline in world demand for Argentine products vitiated original estimates, produced a financial crisis in mid-1948, and caused virtual suspension of procurement in the US for Argentine industrial development. This crisis confronts the Perón regime with the difficult choice between some sacrifice of the appearance of economic independence and some slackening of the industrialization program—either step a dangerous one for the regime's stability. At the moment, the Argentine president seems to be temporizing. Any decision reached will be subject to constant review; if and whenever Perón decides the advantages to be gained from concessions to the US outweigh the disadvantages, Argentina will become more cooperative; if he decides that the political cost of abandoning appearance of independence is too high a price to pay for US assistance, he will intensify Argentine resistance to US policy at home and abroad.

In case of a US-USSR war before 1952, it is estimated Argentina will be a cobelligerent on the side of the US. An Argentine alliance with the USSR is extremely unlikely in view of the slight possibility of reciprocal advantage, and various factors indicate Argentina would prefer cobelligerence to neutrality. By remaining neutral Argentina would risk: another increase of Brazilian armed strength relative to that of Argentina such as occurred from Brazilian participation in World War II; forfeit of Argentina's much-vaunted claim to leadership in Latin America; probable sanctions by the US and possibly by other American republics. Defeat of the US would, moreover, expose Argentina to ultimate Communist rule.

There would be strong pressure for a declaration of war from the anti-Communist Argentine military, and the government could expect to strengthen its position with the predominantly Catholic populace through participating in a war against atheistic Communism. The government could also anticipate distinct advantages in controlling a war crisis situation through a declaration of war. There is evidence of Perón's own apprehension of international Communism; his government has reportedly made extensive preparations for an all out attack on Communism and Soviet agents, preparations which include the possibility of breaking relations with the USSR and its satellites. The exact nature, extent, and timing of Argentine cobelligerence will be determined by the attitude of Argentina toward the US at the time and by bargains struck with the US or arranged in an inter-American conference under the Rio treaty.

PROBABLE ARGENTINE POLICY TOWARD THE US TO 1952 AND ITS EFFECTS
ON US INTERESTS

I. Importance of Argentina to the US.

1. BASES OF ARGENTINE IMPORTANCE.

The foreign policy of Argentina is of particular importance to the US because this relatively strong, "medium-class" power, which is a member of the inter-American system, but remote from centers of US power and influence, has unusual capacity for independent action.

With an economy naturally competitive with rather than complementary to that of the US, Argentina has not been heavily dependent on the US either for markets or imports. The Argentines are a nation of 16 million people occupying an area slightly larger than the US east of the Mississippi and have, of all Latin American countries, the highest standard of living, the highest literacy rate, the largest per capita wealth and the greatest share in world trade, and the largest proportion of European population. Attainment of this position of leadership has to a large extent been possible because of the remarkable productivity of Argentina's main agricultural area—the only extensive plain in the temperate zone of South America. Argentina is more than self-sufficient in foods. During the period 1935-1939, Argentina was the world's largest exporter of beef, corn, oats, cattle, hides, and skins; it was second largest exporter of wheat and wool as well. By exporting very large quantities of agricultural products, Argentina has been able to import sufficient fuels, raw materials, and machinery, to become virtually self-sufficient in a broad range of manufactured consumer goods. In 1943, the net value created by industrial production for the first time exceeded that created by agricultural and pastoral production.

The fact that Buenos Aires is 6,650 miles by water—or twice as far as Europe—from Washington is a most important factor in Argentina's capacity for independent action. Unquestionably, remoteness from the centers of US power has been an important element underlying Argentine foreign policy's pursuit of the most independent course of all the Latin American republics both within the Hemisphere and in extra-Hemisphere relations. The framers of Argentine foreign policy have evidently estimated that the US would not use its power to coerce that country in time of peace no matter what friendly ties they made with potential enemies of the US or to what degree they failed to cooperate in the inter-American system. They have also apparently realized that Argentina lies outside the zone in which the US could be certain of its ability to make its will militarily effective, should the exigencies of a desperate war situation justify considering such action. Argentina therefore enjoys, more than any other Latin American country, with the exception of Chile and—to a smaller extent—Brazil, capacity for independent action deriving from its geographical position. But because of its larger degree of assertiveness and economic self-sufficiency, Argentina actually has much greater independence than Chile or Brazil.

2. ARGENTINE IMPORTANCE TO US IN PEACETIME.

Because of its considerable latitude for independent action, Argentina has the capabilities for acting as a focus and head of anti-US sentiment in the Western Hemisphere, both in inter-American organizations and outside of them. Conversely Argentine pro-US activities are the more influential because they are, in the eyes of the rest of the Hemisphere, generally free from suspicion of US pressure. Prior to World War II, Argentina was able to use ties with its European customers, particularly those with Germany and the UK, to counter US influence. The war has greatly diminished these Argentine capabilities, but a restoration of economic strength in Western Europe—providing Argentina with industrial supplies and equipment now obtainable in quantity only in the US—would make Argentine use of such ties again of interest to the US. Present relations with Spain show Argentina as the stronger partner and do not greatly strengthen Argentina *vis-à-vis* the US.

Argentine tendencies toward expansionism and authoritarian organization of the state are a matter of concern to the US because of the effects of these tendencies on other American states, particularly on those states adjacent to Argentina, and because these tendencies complicate direct US-Argentine relations and activities within the inter-American system. These tendencies combine with Argentina's relatively strong economic and military potentials to produce fear and suspicion of Argentine intentions. The states which consider themselves menaced by Argentine expansionism frequently seek US assurances of support against Argentine encroachments, and there is reason to believe that these fears are sometimes deliberately exaggerated to increase US contributions of economic, military and moral support. Similarly, Brazil relies on its ties with the US in its rivalry with Argentina to such an extent that US-Brazilian relations inevitably reflect Brazil's conceptions of US policy toward Argentina. Argentina's neighbors are strongly jealous of US-Argentine cooperation and tend to construe such cooperation as undue favoritism. Paradoxically, there is also a contrary tendency among the other American republics to come to the defense of their fellow Latins when they conceive that the US is abusing its power advantage against the Argentines. The expansionist and authoritarian tendencies of Argentina are also of direct interest to US long-range policy in view of the possibility that Argentina might succeed in altering the balance of power in South America.

Argentina also has some importance to the US as a market and in providing investment and entrepreneurial opportunities. While the present situation—resulting from impairment of European sources of supply and from increased demand due to Argentina's accelerated program of industrialization—will probably not be permanent, it is unlikely to pass away overnight. Argentina was recently the largest market for US goods in this hemisphere (purchases during the first quarter of 1948 reached an annual rate of \$780 million). In the past, Argentina has offered exceptionally favorable opportunities for secure and profitable investment. Although present conditions are not encouraging for private investment, it is possible that this situation will change so that more than the currently estimated total of \$300 million of US investment funds will be attracted there.

3. SIGNIFICANCE TO THE US OF ARGENTINE COLLABORATION IN THE EVENT OF WAR BETWEEN THE US AND THE USSR.

In the event of war between the US and the USSR, there are of course many theoretically possible Argentine positions ranging from hostility to the US through less or more benevolent neutrality to cobelligence. For reasons detailed in Part IV, it now seems probable Argentina will choose cobelligence. It is true that while Argentina could be expected to provide some purely military support to a US war effort in the maintenance of local security and aid to US transport and communications in the area, its far more important contributions would be of a non-military nature, and many of these contributions would presumably be forthcoming whether Argentina were a cobelligent or a neutral. It is estimated, however, that total Argentine contributions as a cobelligent would outweigh certain difficulties inherent in Argentine participation.

Argentina's large food surpluses would constitute its most valuable contribution to a western war effort. Control of the seas would probably assure the availability of these surpluses to the US and its allies exclusively. Although the Argentines could in any event be expected to get as much as possible for their provisions, it is probable that US procurement of Argentine supplies would be more successful if Argentina were an ally than if it pursued a policy of neutrality, however benevolent. Furthermore, Argentina, as a cobelligent or as a benevolent neutral, could be expected to make a significant contribution to the relief of US supply and transportation shortages by providing considerable amounts of foods, light manufactured consumer goods, and chemicals to the other American republics, goods which they normally obtain from the US or other sources that would be taxed or unavailable in time of war.

The fact of Argentine cobelligence could itself be of considerable value to the US in the force of Argentine example and leadership in Latin America. Competition between Latin American states for US favors might well result in increased efforts on the part of the various republics. Such augmented effort on the part of the Latin American states might be expected to compensate the US in some degree for the difficulties occasioned by their conflicting demands for US military and economic support. Argentina itself might be expected to expedite the production and delivery of moderate quantities of beryl and tungsten to aid the US war effort.

Argentina is probably better equipped than any other major Latin American republic to meet the Communist threat within its own boundaries, and could be counted on in its own self-interest for domestic security against Communist sabotage of the flow of essential materials to the US and its allies. It is also possible that in an extreme situation of chaos induced by Communist action, Argentina, if not threatened by invasion, might be in a position to make a significant contribution to regional security by assisting other countries to protect themselves against Communist guerrilla action and sabotage of the supply of critical materials.

Argentina does not now have and will not have in the predictable future the military establishment or the natural and financial resources requisite for the creation of forces adequate to repel an attack from a major power or to make any sizable contribu-

tions to an expeditionary force. In common with all other Latin American republics, Argentina would be militarily expensive to the US in any global war, since US matériel would have to be diverted for adequate modern defense. Furthermore, the contribution that Argentina could make to common military defense of the continent would be greatly restricted by the limited extent of its sea and air power as well as by the inadequate land transportation facilities to the other republics.

In the event of war with the USSR, Argentine leaders will probably demand responsibility for regional defense, despite their country's limited military capacities. This will make it difficult to include Argentina in a general strategic plan. It is anticipated that the Argentine Government will seek to exploit its status as an ally to obtain military equality if not superiority to Brazil, to further its efforts to establish an undisputed hegemony over the southern half of the continent exclusive of Brazil, and to obtain possession of the Falkland Islands. Argentine demands for US acquiescence in such efforts could be expected to generate friction with that government and possibly within the inter-American system and with the UK, which frictions would tend to undermine the unity required in war.

On the other hand, by virtue of its relatively advanced industrial and engineering experience combined with the relatively high quality of its military discipline and training, Argentina could be expected to make more efficient use of equipment obtained from the US than any other Latin American state. And it would of course be far less costly to the US to send equipment than to send both equipment and military personnel and have to maintain troops at such a distance.

The limitations of Argentine sea power are such that the US could at best expect some assistance in the defense of Cape Horn and the Straits of Magellan as an alternative route to the Panama canal, provision of access to naval bases with their denial in Argentina's own self-interest to Soviet submarines, and limited patrol of sea lanes.

II. Argentine Foreign Policy up to the Present.

1. BASES AND HISTORICAL OBJECTIVES OF ARGENTINE FOREIGN POLICY.

In the past Argentine foreign policy has stressed Argentine ties with European nations, Argentine independence of US influence, the extension of Argentine leadership in Latin America, and neutrality in world power conflicts.

Argentina has considered that its national interest lay in keeping the closest possible ties with available and potential customers, in resisting any possible subordination to US economic interests, and in opposing US leadership in inter-American activities. Argentina, prior to World War II, depended on Britain for financial development and markets for its beef, on Germany for military ideas, and on France for intellectual stimulus. The historical precedent of Argentina's former position as the center of the Spanish viceroyalty of La Plata, the possession of great wealth in agricultural resources, and the existence of a proud nationalist spirit have fostered the Argentine belief that their country possesses opportunities and capacities for development greatly beyond those of any other Latin American country. Since they viewed their country's po-

tentialities as comparable to those of the US in the nineteenth century, the Argentines have in the twentieth century conceived of themselves as rivals of the US for leadership in the Hemisphere. Therefore they have both resisted any inference of subordination to the US in the inter-American system and have sought to assert their primacy in a grouping of neighboring states whose endowments the Argentines consider inferior to their own.

2. ARGENTINE FOREIGN POLICY UNDER THE PERÓN ADMINISTRATION.

The Perón government has adhered to the main historical objectives of Argentine foreign policy; the postwar period has witnessed important changes, however, both at home and abroad, and these changes have had their effect on traditional attitudes. For example, the division of world power into two camps has been accompanied by a weakening of Argentina's adherence to the concept of neutrality. Although the Perón group on coming to power continued Argentine neutrality and delayed a declaration of war against the Axis until the final stages of the conflict, and Perón himself has subsequently expressed Argentina's traditional neutrality in terms of the "Third Position", he has also acknowledged the intensified world pressures against neutrals in the unprecedented public statement that Argentina will go to war on the side of the US.

Three factors have conspicuously affected the execution of Argentine policy. First, radical changes incident to World War II have strengthened Argentina's international position including its position in South America; second, the government has emphasized a policy of economic independence including an ambitious program of rapid industrialization; third, the Perón revolution in Argentina has both shifted the bases of political power in that country and changed the make-up of governmental machinery. These new factors have guided the pursuit of continuing basic Argentine objectives and therefore have governed Argentine activities in the United Nations and in the inter-American system, in relations with other nations, and in Hispanic and labor propaganda. (See Appendix for detail on execution of Argentine foreign policy.)

Argentina has, largely by default, gained an increasingly important position in international affairs as a result of world economic dislocations and the decline of Western European power, and has vigorously exploited this opportunity. Diminished world food supplies gave Argentina an opportunity to dispose of its normally large surpluses on a sellers market and, at least temporarily, greatly increased its relative economic importance. The Perón government has made every effort to extend Argentina's economic importance to the world political arena and has taken an aggressive part in some world organizations not paralleled since early Argentine enthusiasm for the League of Nations. The destruction of Western European industrial and military capacity, together with Argentine plans for rapid industrialization, however, has placed Argentina in a position of greater dependence on the US for industrial and military equipment. While one underlying basis for bilateral trade with Europe remained as before the war, because of Europe's need for Argentine raw materials, there were fundamental changes in the patterns of Argentina's relations with the world abroad. Because the Europeans were unable temporarily to supply industrial goods in pay-

ment, they were obliged to finance much of their purchasing through liquidation of existing investments and thereby cut important ties which had for many years bound the Argentine economy to Europe.

The Perón government's emphasis on the policy of economic independence is clearly an attempt to gain in the economic field an independence comparable to the independence Argentina has long asserted in the political field. However, in this attempt Argentina is involved in a paradoxical situation since equipment for industrialization essential to economic independence can, temporarily at least, be obtained only from the US and at the discretion of the US. The Perón administration has committed itself to a program of: planned industrialization for greater self-sufficiency; liquidation of foreign holdings in basic industries and a declared policy of excluding new foreign investment in such areas; an increase in Argentine exports of manufactures in addition to maintenance of foreign markets for raw materials; and development of Argentine banking, insurance, and other facilities. In large part through direct government action the administration has been trying—without, at least for the first two years, any appropriate use of priorities—to pay off foreign mortgages on the national property, establish an industry complete with underlying services, satisfy the demands of military prestige, and at the same time extend its economic influence to foreign countries. The Perón administration's policy of all-out industrialization has both accentuated the distortion from the prewar trade pattern with Europe and affected relations with the US; because of economic dislocations in Europe, only the US could provide the quantity and quality of machinery needed for the power, transportation, and other developments projected under the five-year plan, but US markets did not absorb Argentine exports in quantity sufficient to provide the needed dollars which could not be obtained from European customers.

Argentine efforts to overcome its postwar arms inferiority in relation to Brazil have increased its need for US products, and considerable procurement from European countries has not eliminated this need. Argentina hopes also to continue to obtain machinery from the US to expand the local arms industry.

Domestic conditions incident to the revolutionary changes effected by the present administration in the scope of governmental operations and in its personnel have produced confusion and inconsistency in the execution of foreign policy. Under President Perón, groups and institutions most influential in the formation of foreign policy until 1943 have either lost their influence or been forced out of policy-making councils. The old-line, conservative, landholding interests, who opposed industrialization and emphasized trade in agricultural products with Europe and particularly with the UK, have been forced to yield their commanding position. The former staff of the Foreign Office has been cleared out and replaced by labor leaders, poets, doctors, and professors, among whom are many chauvinistic nationalists. The resulting organization, influenced by combinations among the groups and individuals discussed in the following section, has tended to emphasize the aggressive, nationalist, anti-US theme of Peronista policies to the detriment of good relations with the US and other countries.

3. GROUPS AND INDIVIDUALS INFLUENTIAL IN THE FORMATION OF FOREIGN POLICY.

Considerable insight into the character of current Argentine policy, particularly with reference to the apparent confusion and inconsistencies mentioned in the previous section, can be obtained from an examination of the powerful groups and individuals who influence its day-to-day development and execution. The conflict between long-term requirements of national policy—such as industrial development and national defense on the one hand and short-run political profit to be gained from chauvinist gestures on the other—is sharply reflected in bitter personal differences at the top level. In the continuing struggle for influence on foreign policy, gains and losses by various elements occur with such frequency that it is impossible to determine for any considerable period whether greatest influence has been exerted by advocates of extreme nationalist ideas, by representatives of the armed forces, or by individual (either moderate or extreme) civilian leaders, opportunist politicians or particular combinations of any of these. It is possible, however, to indicate the direction in which the various groups seek to guide foreign policy.

a. *Nationalist influence.*

Because Perón has based his strength to a large degree on the support of the largely uninformed populace and because anti-foreign appeals have helped to consolidate his hold on this group, the vacuum in the field of foreign policy created by the elimination of conservative internationalist interests has been filled to a considerable extent by anti-foreign nationalist elements. The extreme nationalists do not exercise predominant influence in the Perón administration, but the state of mind which they represent is very important in the field of foreign policy. The reorganization and expansion of the foreign service brought in many nationalist zealots strongly prejudiced against the US and the loose and spontaneous character of Argentine administrative operations has allowed them to exaggerate nationalist aspects of the administration's foreign policy. Nationalists are to be found in large numbers—chiefly in the Hemisphere—explaining Argentine policy and propagandizing for the Perón administration, and it is clear that their activities are at least tolerated by the administration and that they work to increase the conflicts between moderate and nationalist trends in Argentine foreign policy.

b. *Influence of the Army.*

Despite Perón's strong political support from the working class and notwithstanding the fact that he has in the past publicly announced his intention of "returning the Army to its barracks", there is little doubt that the continuity of his regime is subject to the continued approval of the army. Thus army leaders have at least twice forced Perón to alter his policy and practice. In one instance military spokesmen convinced him of the necessity of restraining Señora Perón from "meddling" in foreign affairs following her return from Europe in 1947. In another case army officers successfully demanded, in an atmosphere suggesting a *coup d'état*, that Perón repudiate a contract for the development of a steel mill which had involved substantial graft by the

President of the National Economic Council. Evidently, therefore, while Perón has held the loyalty of the more influential military elements through their confidence in his ability to keep labor in line, because of the large appropriations and salary increases he has obtained for them, and the important role accorded the army in the industrialization program, the power of the army poses definite limits within which he must operate. Neither the limits prescribed by the military nor its direct influence on foreign policy is clearly evident. However, the record of military support for US-sponsored measures for Hemisphere defense and arms standardization indicates that the predominant influence in the army favors a considerable degree of collaboration with the US. Support of such a policy by Argentine military leaders is understandable in view of their urgent desire to rearm and particularly to redress the imbalance in armed strength effected by US armament of other Latin American republics, especially Brazil, and the denial of arms to Argentina during World War II. The US is a most important potential source of arms and industrial equipment and the Argentine Army needs a fund of US dollars and goodwill to exploit that source.

There are, of course, anti-US nationalist elements within the Argentine Army, and the General Staff reportedly harbors an international policy section which elaborates Argentine grand strategy on the basis of a plan to gain control of Latin America when the US shall be heavily committed and possibly weakened in a war with the USSR. However, the army's practical interest in equipment of troops and a measure of military industrialization, together with the position of the US as a logical supplier appears to be a more important factor in military views on foreign policy than the theoretical projections of the General Staff unit. In the present national crisis the military group headed by Minister of War Sosa Molina appears to hold the balance of power and will probably exert an influence favorable to US-Argentine cooperation in important foreign policy decisions now pending.

c. Civilian Leaders.

Perón's most important civilian aides in the field of foreign policy are Foreign Minister Juan A. Bramuglia, Ambassador (and Senator) Diego Luis Molinari, and Miguel Miranda, President of the National Economic Council. Bramuglia, formerly a Socialist lawyer active in trade-union affairs, is regarded as the most reasonable and respectable and least nationalist civilian member of the cabinet. He has shown considerable sympathy for the complaints of foreign interest with regard to the nationalist policies of the administration and may be said to represent the tendency to recognize and deal realistically with Argentina's inevitable interdependence with the rest of the world. Senator Molinari, roving ambassador for the Perón administration, who formerly exerted only nominal influence on foreign policy, was recently reported to be one of the influential individuals in the administration's foreign policy. He represents in his own person the unpredictable character of Argentine policy. Often identified with the extreme nationalist point of view, he has frequently worked against moderate policies sponsored by Bramuglia. As leader of the Argentine delegation to the ITO conference at Havana in 1948 he deplored US predominance in the world, attempted to defeat the ITO Charter and in general took a hostile line toward the US. As Argen-

tina's dollar crisis has deepened, however, he has reportedly aligned himself with pro-US and moderate elements in the cabinet including his enemy Bramuglia. Miguel Miranda, as President of the National Economic Council, has controlled Argentina's foreign economic policy which is extraordinarily important in the total foreign policy developed by the Perón administration. The attitudes of Miranda, a self-made industrialist who entered the government in 1946, illustrate some of the contradictions and problems of working out a program of economic cooperation with Argentina. He is fully conscious that industrialization and the long-range program for economic independence can best be realized with foreign private investment. However, many of his actions and the trading ventures of IAPA (Argentine Trade Promotion Institute) under his direction have apparently done as much to alienate US business as the nationalists' war on foreign investors. During the past two years Miranda has gambled on his ability to finance much of Argentine capital development through shrewd trading with the outside world which has needed Argentine agricultural products.

III. Probable Argentine Policy toward the US in the Absence of a US-USSR War.

Since the long-range, permanent objectives of Argentine foreign policy indicate a counter-US—if not actually anti-US—position in Western Hemisphere and in world affairs, any exceptional degree of Argentine cooperation in US objectives in the period short of war will be due either to casual coincidence of the objectives of the two countries or to some special situation pushing the Argentines toward a larger degree of cooperation than would normally be the case. The present impairment of European sources of supply of heavy machinery and equipment and the importance attached by the Perón administration to their five-year plan of industrialization constitute such a special situation; it is therefore these admittedly temporary factors that are likely to be most influential in guiding—within the boundaries set by long-range policies—the execution of Argentine policy during the next few years.

The urgency—from the Argentine point of view—of the present situation, and its opportunity—from the US point of view—are both due to a fundamental miscalculation on the part of the Argentine Government. It seems clear that President Perón originally estimated that Argentine resources were such that he could carry out his ambitious five-year plan and at the same time avoid any such compromise of Argentina's long-term policy of complete independence, as would be involved in making important concessions to the US and to US capital in particular. Argentina may derive certain long-run advantages, both political and economic from development leading to a great measure of independence of US and European sources of supply, and the local political advantage deriving from the sponsorship of such a program, can hardly be questioned. But the attempt to realize all the elements of the program simultaneously, and without incurring unpopular obligations to foreign countries, assumed a highly favorable economic situation.

To a certain extent Argentina did possess these advantages. When Perón assumed control late in 1945 there was on hand a wartime accumulation of \$1.5 billion in gold and foreign exchange. Argentina subsequently gained an equal amount of hard-

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currency exchange from heavy postwar exports. With these dollar funds and with its supplies of foodstuffs Argentina was in a strong position during the first two years of the Perón administration. It was not only independent of US aid; the Argentine market was the largest market for US exports in the Hemisphere. Argentina did extend large credits to European nations, but because of the urgency of European food requirements and the impaired European capacity to supply desired industrial equipment in return, the Perón government was in a strong bargaining position that enabled it to sell at high prices, demand manufactured goods, fuel or other scarce commodities at favorable prices or to demand payment in hard currency which could be—and was—used to buy industrial equipment from the US.

Argentina seems also to have acted on the assumption that more dollars would become available when its wartime accumulation was spent—that US loans and grants to Europe would guarantee a fresh supply of dollars as the original fund became exhausted. Hence the Perón administration's plans for future heavy expenditure of dollars, the use of dollars for purchase of US properties, and relative indifference to the possibility of insuring supplies of dollars by measures designed to encourage US private investment. It is true that extreme nationalist political influence, rather than indifference to the possibilities of securing dollars, probably explains the administration's reluctance to grant long-term concessions to foreign oil companies and thereby obtain financing for the vital development of its own additional crude production and refinery capacity. But the administration needlessly alienated corporations maintaining branch factories and agencies in Argentina, as the government trade-promotion institute interfered with their operations and as the import business became more and more a government monopoly subjecting US companies to an uncertain future. In general, the growing area of government intervention, which extended to insurance, transport services, and importation, and the obvious intention of the administration to extend its control of business both directly and indirectly, also acted as a deterrent to new investment.

Argentina therefore spent as if the country could draw on an inexhaustible balance. Very large imports from the US during the 1946-48 period reached an annual rate of \$780 million in the first quarter of 1948, when Argentine sales to the US were at an annual rate of only \$330 million. These heavy outlays, which exhausted Argentina's expendable supply of dollars, were continued despite the renewed inconvertibility of sterling in August 1947 in expectation of large dollar purchases by ECA. Fear of a third world war and the anticipation that ECA priorities would give European countries a preferred place in the US market may explain the speed and extravagance with which purchases were made.

The situation became critical in June of 1948. The backlog of expendable dollar exchange had been exhausted; payments due for goods on order or already delivered amounted to over \$400 million; blocked remittances of dollar profits of US firms had reached a total of \$35 million. In effect Argentina was in a state of default to US business despite the administration's insistence that it would honor all obligations contracted. The action taken to give foreign capital a liberalized base on which to cal-

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culate profits, whatever hope it held for the future, held little immediate interest for US investors in the absence of dollar funds to remit; and the depreciation of the peso decreed at the same time as the liberalized base for calculating profits appeared, in the absence of any special conversion rate agreement, to cut down the dollar total of blocked profits. The expected supply of ECA dollar funds did not materialize. In addition, prospects of bumper crops in the US and substantial improvement in European agricultural production reversed Argentina's position in international trade from that of being able to make exorbitant demands in a sellers market to one of competing for buyers at reduced prices. The exhaustion of hard-currency exchange, the failure of new dollar supplies to materialize, and the loss of favorable position in food sales have forced the Perón administration to face the necessity of assigning priorities between the various elements in its foreign economic policy, and perhaps modifying the program of government intervention.

The crisis has underlined the conflict between the policies of independence and of economic development and the effect of these policies on the domestic position of the Perón regime and on US-Argentine relations. If the government is unable to pay for industrialization in dollars earned in international trade, as it had apparently counted on doing, it must pay in concessions and guarantees to US companies or in special arrangements with the US Government in order to finance the industrialization program, and these concessions to foreign interests involve a change—possibly dangerous to the stability of the Perón regime—in the nature of Argentine domestic and foreign policy as developed by that regime. Alternatively it must modify its industrialization program to suit the reduced dollar receipts, eking these out with goods from European countries, and must reckon with the possibility that failure of the industrialization program would in its turn have serious effects on the stability of the regime.

President Perón is thus faced with a grave decision—whether to sacrifice the immediate appearance of complete independence that is so satisfying to his extravagantly nationalist fellow-countrymen, or to modify the program of economic development that was to give Argentina real independence in the long run. The decision is the more difficult because the chances for a face-saving compromise have been lessened by the regime's own activities; the Perón administration has resorted to such extreme measures in its economic and political foreign relations, in order to maintain Argentine independence and to increase the administration's influence at home and abroad, that the distance between those policies tending toward cooperation with the US and particularly with US business and those policies now accepted as normal by Argentine public opinion has widened considerably. Thus, as the Argentine crisis has deepened, bridging this gap has become more difficult as it has become more necessary.

At present, President Perón, rather than making a clear decision or trying to achieve a compromise, appears to be temporizing while endeavoring to determine whether or not US aid will be available in sufficient volume to offset the political disadvantages of curbing anti-US groups. The gravity with which he regards his present dilemma is evident in recent crisis measures employed. He has been simultaneously

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trying to strengthen his political position through demagogic appeals to anti-US sentiment and intensifying his efforts to obtain urgently needed dollars from the US. On the one hand he has attempted to implicate a US citizen and "international capitalist intrigue" in an alleged attempt on his life. On the other hand he has sent the president of the Argentine central bank to the US to develop a plan for obtaining dollars, has given renewed assurances of willingness to comply with US requirements for participation in European dollar trade, and has taken preliminary steps toward reorganizing Argentine economic policy in a direction more consistent with US views of internationally cooperative trade policy.

It seems probable that some short-term decision will have to be made in the near future, but it seems equally probable that any such decision will always be subject to revision in the light of Argentine necessities as they seem to the Perón administration to become less urgent or to press for solution. If President Perón decides that the advantages to be gained by making the concessions required for US aid outweigh the disadvantages, the US should be able to exact as a consideration both some abatement of anti-US activities and propaganda and also increased cooperation in international agencies and projects. If, on the other hand, meeting US terms seems to involve a backward step in nationalistic policy that the president dare not risk, he will covertly allow the tempo of his industrialization program to slacken and continue to try to build up Argentina as the leader of a Hemisphere bloc that would oppose US plans in the Hemisphere, and would stress independent action in world affairs. The coming decision, and any later decisions made in view of changed circumstances will of course be influenced by the severity or moderation of US terms as well as by Argentine need, and also by the manner of the presentation of US terms in relation to President Perón's domestic commitments to a nationalist-influenced foreign policy of complete Argentine independence. The Argentine feeling of rivalry with the US is not likely to disappear; but the degree of its manifestation during the next few years—or longer, possibly depending on US action—may be lessened by the favorable bargaining position temporarily given the US by recent Argentine overestimation of their own strength and present need for US cooperation.

IV. Probable Argentine Policy in the Event of a US-USSR War Before 1952

While the degree of Argentine opposition to or cooperation with the US during the period in which there is no US-USSR war will vary according to the government's changing views of Argentine needs, it is estimated, weighing all considerations as they exist at the present time, that Argentina will, in the event of war between the US and the USSR prior to 1952, join in the war on the side of the US.

Argentine alliance with the USSR in such a war must be considered extremely unlikely. It is true that the Perón administration, in implementing its present rather ambiguous foreign policy under the guise of the so-called "Third Position" (opposed equally to capitalist and Communist imperialism), has at the propaganda level attacked the US much more vigorously than it has attacked the USSR. It is also true that the Argentine Government has engaged in tentative efforts to play Soviet states off against

the US. But there is no visible basis for Argentine advantage—except possibly the highly tenuous basis of likeness of interest in such control of US power and influence as to permit Soviet expansion in the world and Argentine expansion in the Hemisphere—in an Argentine-USSR alignment. In fact, Soviet efforts during the past two years to reach a basis of collaboration with Argentina against the US have been frustrated by this lack of community of interest. One possible bond by which the Soviets may have hoped to attract Argentina—furnishing of heavy equipment essential to Argentina's most cherished goal of economic independence—has proved valueless because of the Soviet's inability to furnish such equipment. In view of the present deficit position of Soviet heavy industry, such inability may be expected to last at least over the next few years, and to preclude any Argentine alignment with the USSR which would make impossible obtaining from the US, the best potential source, the equipment so urgently required. In case of war between the US and USSR, these considerations would apply with even greater force, in view of the fact that the US, by control of the seas, will presumably be able to interdict any significant shipments that the Soviets might undertake to Argentina.

There are also impressive reasons for expecting that Argentina would not only refrain from making common cause with the Soviets but would also reject neutrality in favor of cobelligence on the side of the US.

Argentine power policy on the continent of South America has as a primary objective maximum Argentine capabilities *vis-à-vis* Brazil. As a result of US arming of Brazil during World War II, that country gained a large power advantage over Argentina. The Perón administration, with strong army support, has demonstrated its determination to redress this balance and has made diligent efforts to obtain weapons and military equipment from all promising sources. Although Argentina's postwar arms procurement program has attained a considerable measure of success, particularly in aircraft categories, it has not supplied Argentina with matériel adequate for a balanced military establishment equivalent to Brazilian armed strength, and it is doubtful that this parity can be achieved before 1952. It is highly doubtful that Argentina would risk the aggravation of Brazil's power advantage which could be expected to result from Argentine neutrality in a third world war. Rivalry with Brazil is a fundamental assumption of Argentine foreign policy, and there is every reason to believe that the Perón government views prominence in military capabilities, and loyalty of the army through satisfaction of ambitions for rearmament as important for the attainment of its priority purpose of increased influence and prestige in Latin America.

It is estimated also that Argentina's general position in the Hemisphere would suffer from a policy of neutrality in a US-Soviet war. Consolidation of international sentiment against neutrals on the outbreak of hostilities would probably convince the Argentines that cobelligence would offer better prospects for acquiring the Falkland Islands and hegemony over southern South America. It is also probable that the demand for sanctions against any Hemisphere government which remained aloof from such a war would be much stronger than in past wars, because the US public would be much more conscious of the high stakes involved.

By remaining neutral, Argentina would also forfeit whatever claim it may have to Latin American leadership. In case of a war between the US and the USSR, the governments of the other American republics can be expected to align themselves with the US more readily than in World War II, because of fear of the consequences of a Communist victory and because the pro-Soviet segments of their populations are less influential than were pro-Axis elements in the last war.

Argentina also appears to have larger reasons for supporting the US even if a future war with the Soviets did not extend to the Hemisphere security zone, and if the US had less than an even chance to win. Furthermore, it is unlikely that the death or political eclipse of Perón would result in a different course of action, since the army would probably take over and could be expected to be influenced both by its desire for US arms and equipment and its aversion to Communism. The occupation of Western Europe by the USSR would change present relations between Argentina and the USSR to a marked degree. Currently the Soviet government finds Argentine nationalist policies useful in maximizing friction in the Western Hemisphere. However, if Soviet influence extended to the Atlantic and could be brought to bear on Argentina, possibly facilitated through Communist control of Spain with which Argentina has close ties, Soviet policies could be expected to change in accordance with the new opportunities. Argentine policy-makers must realize that at that time an independent and nationalist Argentina would have less value to the USSR, and that the USSR could be expected to work to install a Communist administration in Argentina.

Finally, a number of basic domestic factors will tend strongly to assure Argentine cobelligerence on the side of the US in case of war with the USSR. Military elements would exert pressure for participation and the government could expect to strengthen its position by rallying the predominantly Catholic populace in support of a war which would probably be effectively propagandized by the West as a crusade against atheistic Slav Communism. Furthermore, President Perón himself is reliably reported to be apprehensive of the threat of Communism to his government and to Argentina. These reports are substantiated by his administration's development and current execution of an ambitious secret master plan which contemplates the possible necessity of a break in relations with the Slav states in accomplishing the purpose of eliminating the Communist potential from Argentina by 1952. Any final doubt that might exist in Argentine government circles on the advisability of a declaration of war against the Soviets would in all probability be resolved by the pressing need for wartime controls and US supplies and equipment to deal with large-scale public disturbances and acute world shortages that would inevitably accompany a global conflict between the US and the USSR.

It is not possible to predict the exact nature, extent or timing of Argentine cobelligerency. A reasonable minimum estimate would be a *pro forma* declaration of war, strict domestic control of hostile and subversive elements, and making supplies available on terms profitable to Argentina. It is also considered highly probable that Argentina would wish to be assigned certain specific responsibilities in coordinating and executing coastal and sea-lane defense in its area, and would desire to furnish expeditionary

forces of the approximate size agreed on for Brazil. Both the timing of the Argentine declaration of cobelligerency and the extent of its cooperation will probably be affected by the way in which the war begins and thus by the obligations that devolve upon Argentina under the Inter-American Treaty of Reciprocal Assistance. It is believed that Argentina will ratify the Rio treaty and formally fulfill its obligations under that instrument. If, however, a war begins outside the Hemisphere zone described by the treaty, Argentina may take advantage of its limited obligation to consult and thereby delay any positively helpful action lest it appear overly ready (from the traditional Argentine point of view) to come to the assistance of the US. It must be expected that the Argentines will in any event endeavor to drive a shrewd bargain for their participation, either in direct discussion with US authorities if an attack occurs against the US in the Western Hemisphere defense zone, or in inter-American deliberations according to the machinery provided by the Rio treaty in case the war begins outside that zone.

It therefore seems reasonable to conclude that, if war between the US and the USSR occurs before 1952, Argentina will be a cobelligerent with the US, and that the promptness, extent and effectiveness of Argentine cooperation will depend on the future course of US-Argentine relations and on bargains struck at the time.

APPENDIX

RECENT IMPLEMENTATION OF ARGENTINE FOREIGN POLICY

Analysis of the recent implementation of Argentine foreign policy clearly demonstrates that the Perón administration has adhered to traditional Argentine objectives. It has, however, adapted its program to the changes in its international position brought about by World War II, and has guided its relations with the US with reference to the requirements of its accelerated industrialization program.

a. *United Nations.*

In central UN bodies the objectives of Argentine foreign policy have generally coincided with those of the US on vital issues. The Argentine delegates have voted with the US with noteworthy consistency when the US-USSR division has been clear and unmistakable, except as on such issues as freedom of information. But also consistent with Argentina's foreign policy objectives has been the effort to capitalize Argentine leadership in seeking compromise solutions, to use the UN as a sounding board to propagandize a greater Argentina under Perón leadership, to oppose the unequal position of the great powers in the UN organization, and to oppose the censure of Spain in accordance with Argentina's long opposition to intervention in domestic affairs and its special friendship for Spain.

In the special UN organizations, the pursuit of Argentine special interests has made its delegates far less cooperative than in the central UN organizations. In some they have not even participated—e.g., the International Emergency Food Committee, the World Bank, and the Monetary Fund—because such participation was considered inimical to national interests or did not suit the government line of economic independence. In those organizations, in which Argentine delegates have participated—e.g., the ITO Conference in Habana—they have on the whole vigorously opposed the US program, emphasizing what they considered national interest in spheres such as bilateral as opposed to multilateral trade. The divisions between the US and Argentina in these gatherings have been underlined by Argentine efforts to capitalize on them for propaganda purposes and by the obvious notice taken of these differences by other delegations participating.

Argentina's record at the ITO Conference is fairly typical of its activities at special conferences directly involving national interests. The bitter attack of Senator Molinari, chief of the delegation, on the ITO Charter and on US economic policies was an expression of the powerful nationalist influence in the Perón government that resists any immediate limitations on Argentina's economic sovereignty in return for what that group considers the unlikely advantages of international cooperation. This group felt that Argentina had much to lose from multilateral economic agreements and that it could strike more favorable bargains on a bilateral basis using its decisive weapon of control of food supplies. The attack on US economic policy was calculated to under-

mine support for the US by appealing to Latin American delegations and to those of other undeveloped areas that view protective quotas, exchange controls, state trading, and bilateral and preferential agreements as natural devices to protect their infant industries and to find markets for their raw materials.

b. *Inter-American System.*

Historically the significance of Argentina to the attainment of US policy objectives has been most clearly revealed in Argentine obstruction to inter-American cooperation. Motivated by the desire for independence and leadership in Latin America and conditioned by strong ties with Europe, Argentina has been the least cooperative of republics in the inter-American system. Inevitably this position in relation to inter-American cooperation has involved very frequent obstruction to US inter-American policy by Argentine representatives. The attitudes of the Perón administration in the inter-American system appear to have been no less cooperative than those of previous administrations and on certain issues they have been more cooperative.

At the August 1947 Inter-American Conference at Rio de Janeiro representatives of the Perón government supported the US-sponsored Inter-American Defense Plan which was the main item on the agenda. With the backing of most of the Army and the Peronista Party, Perón offered this unprecedented degree of Argentine cooperation in inter-American affairs despite considerable domestic opposition from Nationalists, Radicals, Communists, and some members of the armed forces. In doing so, he was apparently motivated by a hope of obtaining US technical and material aid for Argentina's industrial and armament expansion program as well as by a desire to perfect arrangements for defense of the Hemisphere in case of a third world war.

In insisting at the Bogotá Conference in 1948 that political and military powers should be withheld from, and that no broad economic powers should be granted to, the central organization of the inter-American system, the Argentine representatives gave renewed evidence that Perón's foreign policy embraces the traditional Argentine aversion to cooperation in the inter-American system at the cost of what it considers a possible sacrifice of Argentine sovereignty. The traditional Argentine fear of a "super state" was employed early in the conference as the basis for ostensible opposition to collective action against Communism. Actually, this obstruction seems to have been merely part of a maneuver designed to gain a bargaining position on the Falkland Islands question. Eventual Argentine adherence to the resolution for the defense of democracy against international Communism was consistent with President Perón's efforts to initiate action of this nature at the Rio Conference.

The Argentine offer at Bogotá to contribute generously to the capitalization of an Inter-American Bank for economic development and to provide an important part of the machinery and raw materials needed by the other Latin American republics was clearly a pretentious gesture designed to extend Argentine influence in the Hemisphere at the expense of that of the US. The offer was timed to take advantage of the bitter disappointment of the other American republics with Secretary Marshall's statement that European reconstruction was first in importance and that Latin American countries should rely principally on private capital for economic development.

This was obviously a hollow offer since Argentina itself is in need of machinery and its ability at the time to make foreign loans was essentially limited to the sale of food surpluses on credit.

c. Relations with European Countries.

The political relations of the Perón administration with Europe have been marked in general by attempts to turn Argentine economic advantage to political use in gaining power and prestige at home and abroad, and by tentative moves to engage in the game of playing off European countries against the US. Only relations with the UK and with Spain merit particular note.

Tension between Argentina and the UK over their conflicting territorial claims, which gained world attention following the dispatch of British, Argentine, and Chilean naval units to Antarctica in February 1948, is a phase of a century-old dispute over the Falkland Islands and of recent changes in world power relationships. The Perón government has revived the dispute at this time both for current domestic political advantage, and because it sees an opportunity in the weakening of British power to recover the islands by direct pressure or with the support of the US and the inter-American system. President Perón did not hesitate before the Bogotá Conference to play off US concern with the USSR in an attempt to gain US support for Argentine claims to the Falklands against those of the UK. Failing in this, he collaborated with other governments in obtaining sufficient support at the conference for the passage of a resolution, from which the US abstained, that condemned the occupation of American territories by extra-continental powers. The dispute in Antarctica, which also reflects the growing ambitions of the Argentine Government, differs from the Falklands question in that the rights of the claimants are less well-defined and because other governments are involved as actual or potential claimants. Recent Argentine disapproval of the terms of a US proposal to settle conflicting Antarctic claims through joint control by an eight-power condominium and indications that Argentina will increase the intensity of its efforts against the UK over the Falklands emphasize the significance of the prestige-conscious and expansionist Perón foreign policy in relation to US responsibilities.

Present Argentine relations with Spain are in a sense complementary to the change in its relations with Britain. The Perón administration has cut important ties that bound Argentina to Britain for a century and has declared its independence of British guidance. At the same time it has also undertaken what might be termed an Argentine adoption of Spain. The Perón government has extended credits to Franco, shipped urgently needed foodstuffs, assumed the role of his strongest defender in the UN and projected the extensive use of Spain as Argentina's entrepôt for the sales of goods to Europe. In return for benefits received, Franco Spain has pursued a consistently friendly policy toward Perón and has lent itself to his use of propaganda emphasizing kinship with the mother country, which has been an important vehicle in his drive for Latin American union under Argentine leadership.

d. *Relations with the Soviet Bloc.*

The Perón administration, although stressing its anti-Communist character in national politics, has drawn a distinction between its attitude toward the local Communist Party and that toward the Soviets and has continued to carry on a sporadic affair with the USSR. Because the Communist Party has not been a threat to the Argentine Government and because Argentine propaganda is geared to a neutral position as between capitalism and Communism, President Perón has felt himself under no strong compulsion to break relations and to make hostile gestures toward the Soviet as part of an anti-Communist campaign. On the contrary, Argentine economic negotiations with the Soviets—initiated soon after President Perón came to power, suspended for over a year, and renewed with the gathering financial crisis and receding prospects of ECA dollars— suggested a tentative effort to use the USSR as a counterpoise to US influence. Although it is extremely unlikely that Argentina will find any firm basis of collaboration with the Soviets because of the strongly anti-Communist character of Argentina and because the basis for substantial trade intercourse does not exist, Perón's relative tolerance for the Soviets in the context of balance as against the US contains potentially serious dangers to the Hemisphere and US security interests. The quasi-Marxian content of the "Third Line" propaganda offensive in Latin America directed against the US has impaired the Argentine potential for leadership in any Hemisphere effort against Communism. Furthermore Soviet and satellite diplomatic representatives in Argentina have effectively used their diplomatic status for proselytizing and organizing Slav groups who constitute the chosen instrument of planned sabotage for the Soviets.

e. *Relations with Latin American Countries.*

The activities of the Perón government most conspicuously directed against US interests have been undertaken in connection with Argentine efforts to extend its influence among Latin American states. Labor propaganda has been an outstanding weapon used by the administration in its attempts to displace US influence. Peronista labor leaders, who have been conspicuous in Argentina's postwar foreign propaganda offensive, are thoroughly indoctrinated with anti-US propaganda and have made it their business to tear down the US while building up Argentina. Argentine foreign policy in the Latin American countries leans heavily on the identity of race, language, and culture, and, as in the case of its labor policy, it has taken on an anti-US coloration. President Perón himself appealed in his 23 May 1948 broadcast message to the Mexican people on the anniversary of Argentine independence, for the indestructible unity of the two nations "prompted by the voice of blood, religion, and language" coupling this with an attack on "imperialist capital and international trusts."

Reactions of the other Latin American governments to attempts to extend Argentine influence through labor, nationalist, military, and general propaganda channels vary considerably. The governments of nearby countries—including all potential members of a southern bloc—have expressed to US officials serious misgivings regarding the purpose of Argentine activities. They have repeatedly complained that the

Perón administration is trying to infiltrate labor, nationalist, and military circles and thereby to gain a commanding position in local politics. The Brazilian Government has also voiced its suspicion that Argentina is actively working to gain control of southern South America. Governments of countries farther north are naturally less concerned with the problem of Argentine political or economic domination. They appear in some cases to have welcomed tokens of Argentine interest as providing a bargaining weapon in their dealings with the US. This is especially true in Central America and the Caribbean, to which areas the combined operations of labor, nationalist, and anti-US propaganda have been carried with particular emphasis by Argentine missions.

To date the political operations of the Argentine Government have not attained any large measure of success in Latin America. They have been hampered by lack of plan, inferior personnel, the tendency of other Latin American countries to look to the US for leadership on matters of importance, by a distrust of Argentina which in some cases outweighs a distrust of the US, and by Argentina's own need to maintain friendly relations with the US.

DISSENT OF THE OFFICE OF NAVAL INTELLIGENCE

1. The Office of Naval Intelligence dissents from those portions (Section IV and part of Summary) of ORE 50-48 which estimate the probable Argentine policy in the event of a US-USSR war before 1952, for the following reasons:

a. ONI believes that, in the event of a US-USSR war, Argentina would probably follow a course of Neutrality rather than cobelligerency on the side of the US, because:

(1) Her foreign policy will be opportunistic and maintenance of a neutral position would be to her advantage.

(2) Neutrality would not necessarily mean the loss of Argentine leadership in South America. Basically she is far superior to other Latin nations and this enormous advantage is not lost by non-participation in a war on the other side of the world.

(3) The Communist threat to Argentina is too remote to be used as "pressure for a declaration of war".

b. ONI does not believe that the advantages to the US of Argentine cobelligerency would necessarily outweigh the disadvantages. "Benevolent" neutrality might furnish the US with required Argentine support but with fewer US obligations.

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