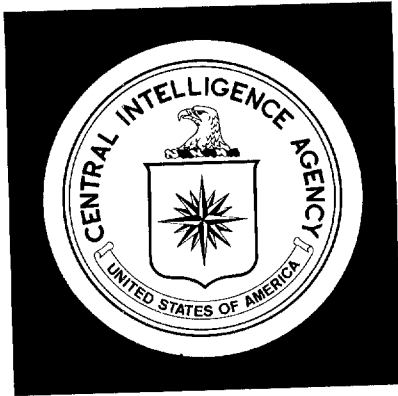


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Weekly Summary

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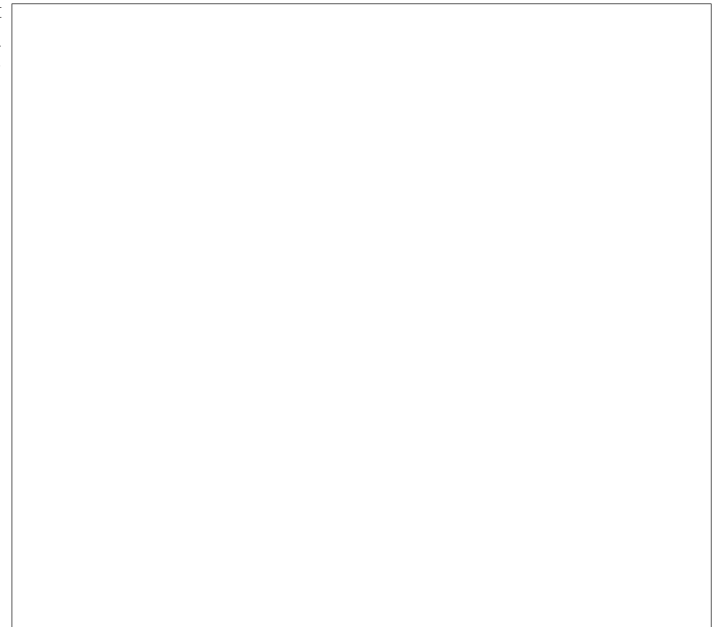
CONTENTS (March 26, 1976)

The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, the Office of Geographic and Cartographic Research, and the Directorate of Science and Technology.

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16 Argentina: Junta Takes Over

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Comments and queries on the contents of this publication are welcome. They may be directed to the editor of the Weekly Summary,

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~~SECRET~~**ARGENTINA: JUNTA TAKES OVER**

The new military junta is firmly in place and giving the impression that it intends to retain power for some time. Former President Peron, her secretary and adviser Julio Gonzalez, and several Peronist leaders remain in military custody. There have been reports that she will be tried on corruption charges, but more likely she will be allowed to go into exile in Spain.

Even as Peron was being deposed, junta President Jorge Videla was moving to set up the new government. A steady stream of official proclamations began flowing from military headquarters, reflecting the military's continuing preoccupation with terrorism. So far there has been little violence, but stiff penalties have been decreed for anyone who assists the terrorist cause in any way, and security forces have been ordered to shoot anyone found interfering with public services.

Videla and the two other junta members, Admiral Massera and General Agosti, were sworn in Wednesday morning in a perfunctory ceremony. The government has banned political and labor union activity, closed congress, suspended the supreme court, and begun to appoint military governors for Argentina's 22 provinces. The interim cabinet is composed of relatively young field-grade officers from the three services. The foreign affairs and economy portfolios will probably eventually go to civilians, while retired military officers will head the other six ministries.

The junta will have to turn to foreign governments, commercial banks, and international financial institutions for help in dealing with the severe economic problems it inherited. It will bend every effort to avoid repressive measures that might damage its international reputation.

The top military leaders are friendly toward the US and will strive to improve Argentina's ties with it. They will be looking to the US as a source of investment and new capital to cover Argentina's huge debt payments and current account deficit.



Videla

The next several months are likely to continue to be tough for US firms in Argentina. They will suffer from labor agitation, sabotage, and shortages of all kinds. The security risk for US personnel will remain high.

Like his recent predecessors, both civilian and military, Videla has begun with the hope of restoring a sense of well-being to the badly fragmented nation. Among its stated objectives, the junta vows "to restore morality and honesty, to eradicate subversion, and to provide initiative to foreign and national capital." Former governments have failed to put muscle behind similar rhetoric, and Videla's task may prove even more difficult. The terrorists and Peronist labor are still potent forces, and rampant inflation is forcing even apolitical workers to support radical demands for ever higher wages.

The new leaders will need the support of the foreign and domestic financial communities if they are to succeed.

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