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DEPARTMENT OF STATE TELEGRAM

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FROM: Amembassy BUENOS AIRES
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1652: GDS
TAGS: PINT, PGOV, MILL, PFOR, AR
ECT: Videla's Moderate Line Prevails

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1. Summary: It is too early to make any firm predictions concerning final success of the experiment in govt undertaken by the Armed Forces on Mar 24. Even so, with Videla now named Pres and his new cabinet now named, it is perhaps a convenient moment to report several short-term conclusions: a) Videla is at least for the ~~short~~ time being in a strong enough position to keep the hardliners in check and impose a moderate approach; b) The terrorists are likely to keep a relatively low profile for the next few weeks, especially in view of the fact that the Armed Forces have launched a massive drive against them; c) The new govt has not yet presented its full economic program, but the

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approach evidenced so far is encouragingly pragmatic and deliberate, and d) Once the govt begins to impose an austerity program, labor reaction may stiffen, but so far it has been almost nonexistent; indeed, absenteeism reportedly ceased to be a problem almost the day after the coup. The USG of course should not become overly identified with the Junta, but so long as the new govt can hew to a moderate line the USG should encourage it by examining sympathetically any requests for assistance.

End Summary.

2. The coup d'etat which culminated during the early hours of Mar 24 can now definitely be judged as moderate in character. In their first statements the three members of the Junta indicated they had taken power only to save the country and that their takeover was not directed at any group or sector. They did not attack the memory of Gen Peron, nor did they say anything derogatory about Peronism or any other party. They have arrested some high officials such as Raul Lastiri, Julio Gonzalez and Gov Carlos Menem who are believed to be guilty of malfeasance or abuse of power and they have rounded up a good number of suspected terrorists. But it is now clear that there have been no massive arrests. No one has been put against a wall and no one has been pulled in simply because they happened to be a Peronist or

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because they served in the last govt. Most congressmen, governors and other deposed officials have simply been told to go home. Mrs. Peron herself is in custody but clearly the Junta does not intend to make a martyr of her. If there is an investigation of her questionable activities, it will probably be a fair one, and if she is convicted, her sentence is likely to be nothing more than exile. Indeed, many in the military would like to put her on a plane to Madrid even without an investigation.

3. Several extreme left-wing parties, mostly Trotskyite and Maoist in orientation, have been banned, but the charters of other parties, including the orthodox Communist Party (PCA), remain in force. Political activity is suspended temporarily and the various parties have had to remove signs and slogans from their headquarters. Their organizations are intact, however, and several of the Embassy's sources within the parties have expressed hope that limited political activity may resume within six months or so.

4. Prior to the coup, there had been fears that hardline commanders in the field might exceed their orders and arbitrarily shoot or arrest any labor leader, Peronist or leftist they did not like. As indicated above, however, this did not happen. Videla and his moderate

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colleagues kept the hawks in line. Further, the smoothness with which the coup was carried out and the way in which it was accepted by the people did much to enhance Videla's image. Probably at least for the next several months, therefore, his position relative to that of the hardliners will be overpowering. It is most unlikely that any of them would try to move against him. If they did, they would lose. Thus, for now, Videla's moderate policies seem safe.

5. If fending off the hawks was Videla's first concern, coming to grips with the terrorists was his second. Indeed, in order of importance the second outranks the first, but the new govt needed a firm political base in order effectively to confront the terrorists and thus its first thought had to be for institutional unity. With that now assured, at least for the time being, the Armed Forces have launched a nationwide effort against the terrorists. Many suspected terrorists have been rounded up. Widespread searches are being conducted and shifting roadblocks have resulted in the capture of several guerrillas in Cordoba and elsewhere.

6. For their part, the guerrillas are likely to continue some hit-and-run operations such as today's assassination of a Police Commissioner, but they will probably keep a fairly low profile for the next few weeks. Tactically,

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they will probably want to get the lay of the land and wait for the military to drop its guard. Strategically, they probably hope popular opinion will begin to swing against the military govt within a few weeks. That would be the time to move. They may have some recalculating to do, however, for so far the military have not behaved in the repressive way the terrorists seem to have expected. If Videla can hold to his moderate course, the guerrillas may be surprised to find several weeks from now that the govt continues to enjoy popular support.

7. Equally as pressing as the terrorist problem is that of the economy. The govt has not yet had a chance to present its plan, but the economic team is now in place and looks impressive. The contacts the Embassy has had so far with Econ Min Martinez de Hoz and some of his assistants indicate they have a firm grasp of the problems and hopefully will have a practical approach to their solution. Detailed analysis of economic program will follow ASAP.

8. As encouraging as the new govt's own performance so far has been public reaction to it. Most Argentines were glad to be rid of Mrs. Peron's pathetically incompetent govt. But they did not rush into the streets to cheer the Armed Forces or jeer the Peronists. They approve of what the Armed Forces have done, but they have some

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healthy reservations. They have seen military govts start off well before, only to fail further down the road. They hope this one will be different and at this point are willing to give it their support. But no one seems to expect miracles, and that is one of the most mature phenomenon about this coup.

9. Even Labor so far is quiescent. Absenteeism, for example, disappeared as a major problem on Mar. 25. Many labor leaders have made their peace with the military and are willing to cooperate. For its part, the Junta has handled Labor intelligently and with prudence. Some of the more corrupt labor leaders have been arrested, but most leaders have been left alone. The CGT is intervened but most unions within it are functioning more or less normally. The crunch, however, has not yet come and will not until the govt introduces its econ program and begins to impose austerity measures.

10. US Position. This was probably the best executed and most civilized coup in Argentine history. It was unique in other ways too. The US has not been accused of being behind it, except by Nuestra Palabra, the organ of the PCA. The Embassy hopes to keep it that way. Clearly, we should not become overly identified with the Junta. That would not be good for them or for us. Nonetheless, Argentina's best interests, and ours, lie

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in the success of the moderate govt now led by Gen Videla. He has a chance of pulling Argentina together again, stopping terrorism and getting the economy going. His govt, moreover, has promised to solve quickly our various investment problems (Exxon, Chase Manhattan, Standard Electric, etc.) and to bring about a better climate in general for foreign investment. Should Videla's govt fail, that might on the one hand open the door to the hardliners, who would return Argentina to the polarization of the past and who, being more nationalistically inclined than the moderates, would not take as favorable an attitude toward the US and US investments. On the other side, Videla's failure could also bring about conditions under which the extreme left might have an opportunity to make a bid for power, which would clearly run contrary to all our interests.

10. Thus, while we should move discreetly and keep our distance, we should also, so long as the Videla govt sticks to a moderate course, look sympathetically on any requests for assistance it may direct to us.


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