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19 June 1955



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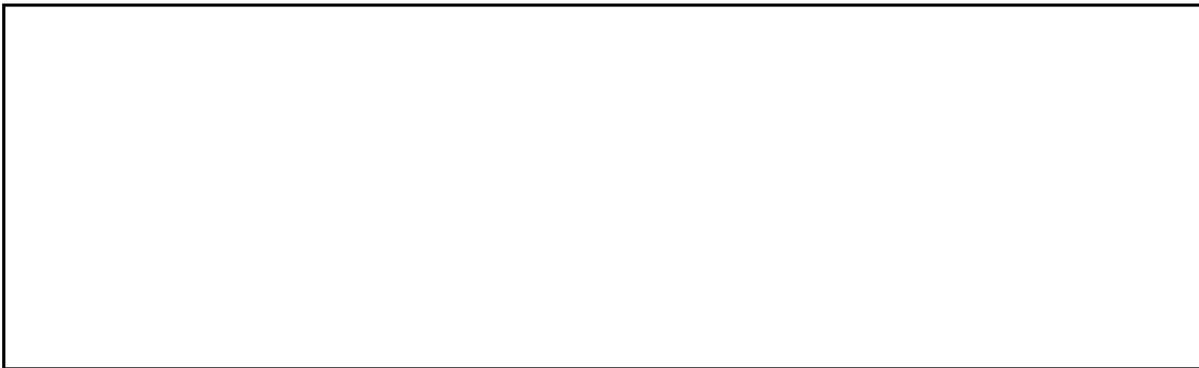
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CENTRAL INTELLIGENCE AGENCY



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SUMMARY

SOUTHEAST ASIA

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[Redacted]

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Special Annex Attached: **THE ARGENTINE REVOLUTION**

* * * *

[Redacted]

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SOUTHEAST ASIA

1. French consider passing full responsibilities to Vietnamese:

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[REDACTED] A French representative in Saigon hinted to American officials on 15 June that, if the Diem government is willing to take over the responsibility for implementing the agreement reached in Geneva last July, France will relinquish the army high command, reach agreement on the status of the French Expeditionary Corps, and inform the Geneva powers and the International Control Commission of the change.

The Indian chairman of the ICC in Saigon, who complained to an American official that the French position on implementation is increasingly difficult and ambiguous, believes that France should take the above steps before 20 July.

Comment: Diem's special representative in Paris has the impression that Premier Faure is undecided between Foreign Minister Pinay's attitude, which is favorable to the Vietnamese point of view with regard to transfer of the high command, and the less conciliatory position of Secretary for Associated States Laforest. Faure is under increasing pressure to cut France's Indochina commitments, however, because of the growing difficulties in North Africa. Moreover, since the Big Four conference will be in session on 20 July when talks may begin in Vietnam on reunification, Faure can be expected to make a decision soon in an effort to keep the issue from arising at the summit meeting.

Although Diem has indicated he is willing to enter discussions with the Viet Minh on elections, he apparently still takes the position that only a national assembly--which will not exist before fall--can commit his regime to actual participation in all-Vietnam elections.

2. Cambodia would keep US aid agreement despite any ICC objections:

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[REDACTED] Cambodian officials assured Ambassador McClintock on 17 June that their government had no thought of going back on its

military aid agreement with the United States. In the event that the International Control Commission found the accord in violation of the Geneva agreement, the government would hold a referendum on the issue. The Cambodian officials asserted the result would be an overwhelming popular demand that Cambodia receive US aid; "the will of the people" would then be considered to be "overriding."

Comment: Prince Sihanouk called on the ICC on 16 June to make a public statement of its position, probably to prevent his political opposition from making an issue of the agreement.

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NEAR EAST - AFRICA

3. Turkish failure to make petroleum payments may affect whole economy:

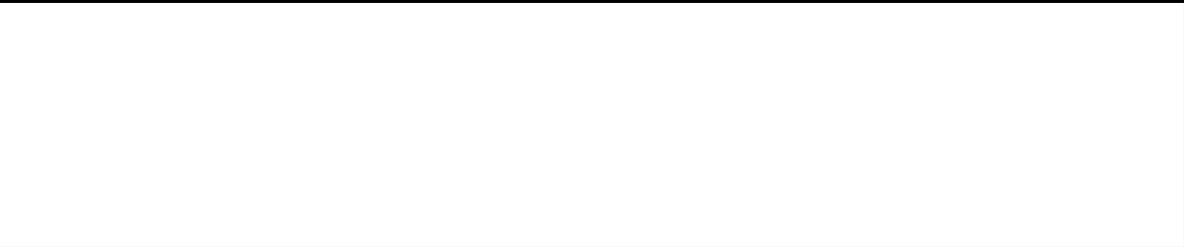
Turkey is approaching a crisis in petroleum supplies because of the inability of the major oil companies and Turkey to work out a payment plan for oil deliveries, according to the American consul general at Istanbul.

The local manager for the Socony-Vacuum Oil Company, who supplied this information, told the consul general that the foreign oil companies have started informal rationing of petroleum deliveries to Turkish consumers.

The manager added that Turkish officials are apparently incapable of understanding the serious effect this situation will have on the wheat harvest and production of coal and electricity.

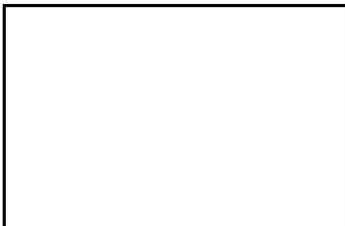
Comment: An oil shortage will directly affect Turkey's foreign exchange earnings from the export of wheat and will intensify the country's severe economic crisis.

The oil companies apparently have decided to withhold further credit until Ankara is able to guarantee payment.



The recent American grant of \$30,000,000 in economic aid has not been made applicable to the petroleum debt.

4. Nasr discounts consequences of accepting Soviet arms aid:

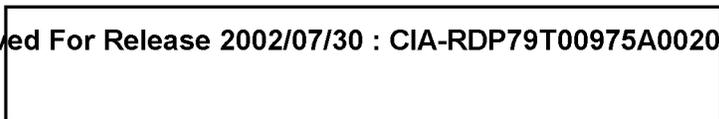


In conversation with Ambassador Byroade on 16 June, Egyptian prime minister Nasr tended to discount the effect acceptance of Soviet arms aid would have within Egypt itself.

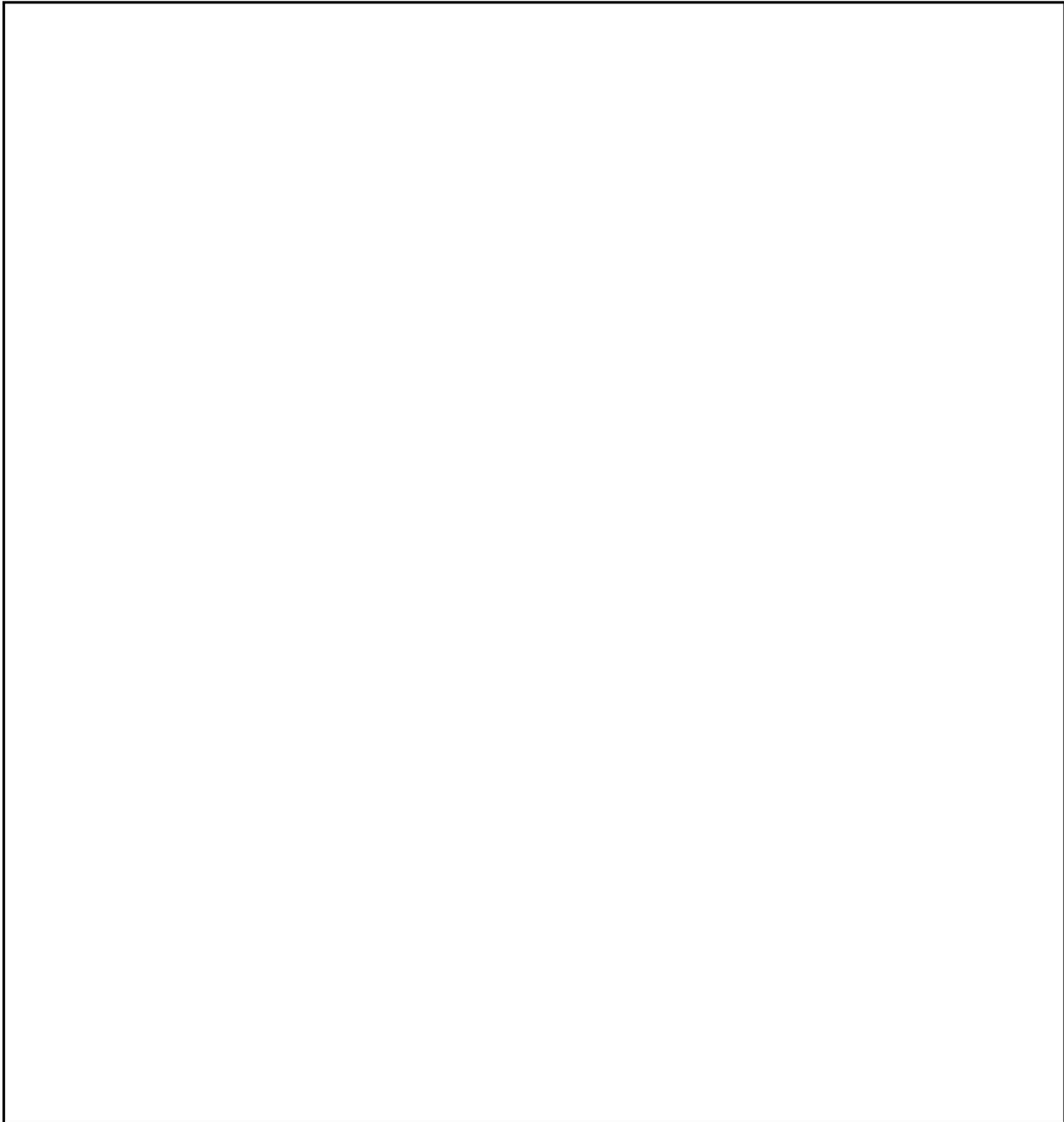
Nasr insisted he could make a deal with the USSR whereby no Russians would be allowed inside Egypt and no signed agreement would be necessary. Nasr stated he was aware of the long-range disadvantage of accepting Soviet arms aid, but cited his recent jailing of Communist leaders as proof that Communism in Egypt could be controlled.

Nasr retreated somewhat from his previous categorical statement that he intended to obtain arms from the USSR. Nevertheless, he said he felt a desperate need for reasons of army morale and the security of Egypt to obtain additional supplies of military equipment in the event of more trouble with Israel.

Comment: The USSR has reportedly offered to supply Egypt with some arms in return for cotton, but Nasr will



probably not take advantage of this offer unless he loses all hope of obtaining arms elsewhere.



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6. Greek government debating its attitude toward Soviet overtures:

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[redacted] Greek defense minister Kanellopoulos is currently urging his government to adopt an attitude of distrust toward any Soviet diplomatic overture, [redacted]

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[redacted] Foreign Minister Stephanopoulos, on the other hand, advocates that any opportunities for Greek gain be explored, on the assumption that Greek-Soviet relations might be improved without imperiling Greek ties with the West and that the threat of a Greek-Soviet rapprochement might gain more American aid for Greece.

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[redacted] there is increased support in Greek government circles for a stronger position toward the United States on the aid question.

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Stephanopoulos is [redacted] urging Prime Minister Papagos to request more American aid in the "bluntest terms" and to threaten to resign if not satisfied with the results. [redacted]

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Comment: Greece is not likely to effect a rapprochement with Moscow, although it might threaten to do so as a bargaining device on the aid question.

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Central Intelligence Agency
Office of Current Intelligence
19 June 1955

MEMORANDUM

Subject: The Argentine Revolution.

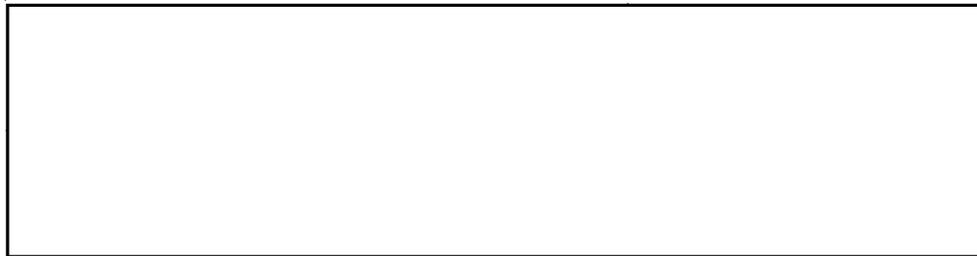
I. Background

Three distinct elements are present in the revolt against President Peron of Argentina which broke out in Buenos Aires at noon on 16 June:

A. A past history of repeated plotting by military leaders against Peron:

1. In September 1951 the Peron government suppressed an "army revolt," which according to the American embassy, "seems to have been not phony, but an attempt by a small group which misfired." This group may have been part of a larger group which "jumped the gun." The 1951 attempt did not involve the country's most powerful generals.

2.



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3. 1953 was marked by the explosion of two bombs during the course of a speech by President Peron. The originators of this incident are still unknown.

B. Continuing opposition by certain political parties (see appendix), principally,

1. The Radical Civic Union--Peron's only parliamentary opposition
2. The Communists

C. The recent church-state conflict

1. This seems to spring largely from Peron's conviction that clerical elements were working with his political opponents to organize a Christian Democratic party aimed at overthrowing the regime. He has steadfastly insisted he has no quarrel with the church as such.
2. Conflict has been intensifying over the past eight months.
 - a. It opened with a major speech by Peron on 10 November 1954 attacking "treasonable" activities of certain clerical elements.
 - b. In December, new laws legalizing divorce and prostitution stimulated various Catholic groups to protest demonstrations, pamphlet campaigns and even inflammatory sermons.
 - c. Even stronger Catholic agitation was produced by legislation in May abolishing compulsory religious instruction and calling for a specially elected assembly to meet within 180 days to consider a constitutional revision formally separating church and state.
 - d. On 11 June there were large-scale Catholic demonstrations in downtown Buenos Aires, followed by minor clashes on 12 and 13 June.
 - e.
 - f. On 15 June Argentina summarily expelled Auxiliary Bishop Tato and Monsignor Novoa on the ground that they were responsible for the disorders of 11, 12, and 13 June.
 - g. On 16 June the Vatican announced the excommunication of all persons connected with this expulsion.

3. The traditionally anticlerical Radical Party--Peron's principal opposition--and also the Communists have used the church-state dispute for fomenting anti-Peron sentiment. The Communists offered to make common cause with their "Catholic comrades."
4. Certain top leaders of the army--a principal prop of Peron's regime--are known to disapprove of his attacks on the church.

II. The revolt

A. Its development

1. At noon on 16 June--shortly after the Vatican's ex-communication decree was announced--a group of military planes dropped bombs on the presidential palace (Casa Rosada). Press reports stated that "soldiers" armed with machine guns were attempting to attack the palace.
2. At 13.11 (EDT) the official government radio announced that the revolution had been quashed.
3. At 14.26 (EDT), according to press reports, "waves of bombers" of the navy and air force again started dropping bombs around the government buildings with numerous casualties resulting.
4. Early in the evening Peron, in a radio address to the nation, charged the navy--chiefly the naval air corps--with directing the rebellion, stated that the revolt had now been suppressed except for a few isolated spots, and praised the army highly for its loyalty. He declared a state of siege and affirmed that the traitors would be punished.
5. Also on the evening of 16 June, Montevideo press reports described the flight to Uruguay of about 40 rebel planes and some 200 refugees.

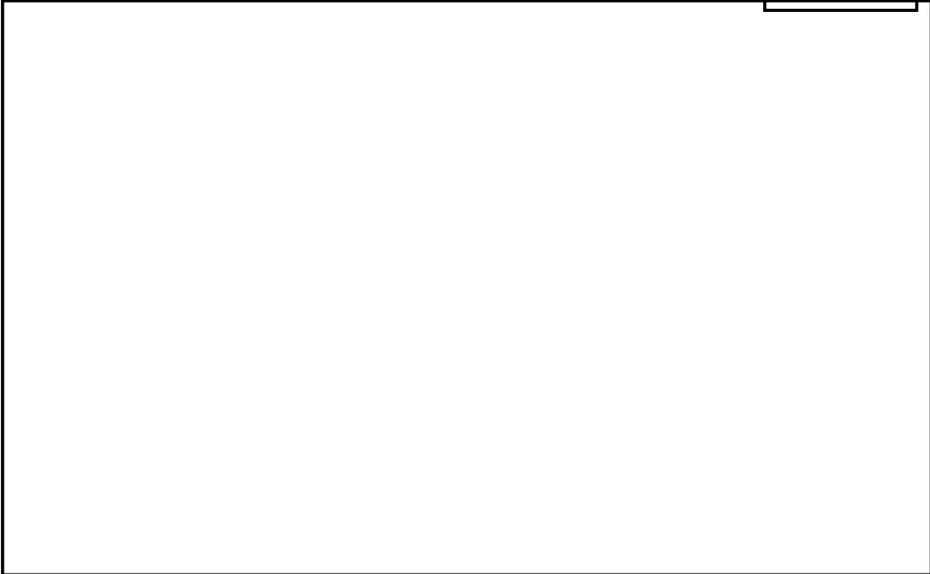
6. On 17 and 18 June Peron spoke on the radio again, reiterating that the revolt was suppressed and attributing to Communists the burning of church buildings. An AP dispatch from Buenos Aires quoted church authorities as stating that all previously imprisoned priests had now been released.
7. Relative quiet was reported by the government to have returned to Buenos Aires, but unconfirmed reports out of Montevideo up to early 18 June stated that the garrisons in Cordoba, Santa Fe and Entre Rios, and the naval forces at the major naval base of Puerto Belgrano, had joined the revolt. These reports also gave Rosario, Argentina's second largest city, to the rebels; [REDACTED]
8. At noon on 18 June an unconfirmed AFP report from Montevideo stated that an Argentine war fleet, including five cruisers and 22 destroyers, was outside Argentine territorial waters under the command of Rear Admiral Anibal Olivieri, who was navy minister until the revolt began. (According to available official data, Argentina does not have a fleet of this size in operational condition.) A Brazilian radio broadcast late on 18 June said that "massed Argentine naval vessels are threatening to bombard Buenos Aires unless Peron resigns."
9. Additional AFP reports out of Montevideo on 18 June, also unconfirmed, state that the Argentine government is now under the control of General Franklin Lucero, minister of the army. Other such reports state that "by order of General Peron" the army has assumed control of the federal police. (Before the revolt the federal police was under the control of Interior Minister Borlenghi, a powerful labor leader and an enemy of Lucero.)

- 10. In an 18 June speech to the general secretaries of unions affiliated with the Argentine General Confederation of Labor, reported by INS, Peron indicated he might submit his government and the church-state question to the test of a general election.

B. Peron's situation

- 1. From the commencement of hostilities on 16 June until late 18 June the Peron government imposed strict censorship including cipher messages.

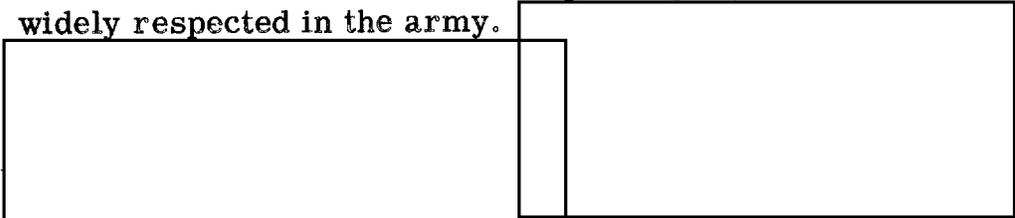
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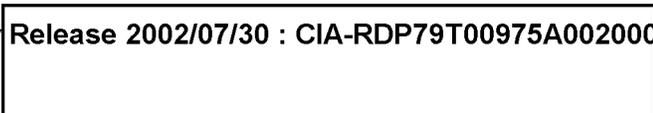
2.

- 3. The leader of the revolt is identified by rebel asylees in Montevideo as General Leon Bengoa--earlier reported by rebel broadcasts to control Rosario. General Bengoa was appointed by Peron in April 1953 to investigate corruption in the government, and before the revolt was commander of the Third Infantry Division. He is known as a man of high integrity and is widely respected in the army.

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- 4. Another rebel leader, Admiral Olivieri, minister of the navy until the commencement of the revolt, is reported to control Puerto Belgrano, Argentina's



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principal naval establishment. Reports from Uruguay intimate that the Argentine fleet is fully stocked with fuel, ammunition and provisions, and will probably attack Buenos Aires in the near future. (A UP report from Buenos Aires late on 18 June, however, quotes a progovernment newspaper as claiming that the police have arrested Admiral Olivieri.)

5.

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III. Evaluation

The revolt is believed to have assumed major proportions. The ability of the Peron regime to weather the present crisis depends on the continued loyalty of a substantial majority of the army. The reported establishment of relative order in Buenos Aires, if true, is largely attributable to the support of the regime by the local military and police forces.

Peron's placing of the secret police, the gendarmerie and all law-enforcing agencies under the army and declaring the state under full martial law, makes the position of the army practically invulnerable in the present political setup.

The suggestion made by Peron in his speech to the union labor leaders on the evening of 18 June to submit his government to the test of a general election would appear to offer no threat to army control. Should the results of the election be adverse to Peron the army could still keep the reins and name a substitute to Peron. The army could also probably depose Peron without awaiting the election results.

APPENDIX

I. Strength of the political parties

The Peronista Party controls all seats in the 36-member Senate, and 139 of 157 seats in the Chamber of Deputies. Of the remaining seats in the Chamber of Deputies, the Radical Civic Union holds 12 and some are vacant. Poor leadership and deepening factionalism over party doctrine and tactics have reduced the Radicals' effectiveness. Their congressional program has been negative and has concentrated on bitter opposition to any Peronista proposal, regardless of its merits. The Radical Party claims to be anti-Communist; but various leaders have consulted with the Communists on possible joint activities to oppose Peron, and one Radical leader has recently expressed concern over Communist infiltration of his party.

In the April 1954 elections for vice president and members of congress, the Peronistas polled 68 percent of the total vote and the Radicals about 30 percent. The remainder was split among the Democrats (conservatives), Communists and two other very small parties. The Communist vote was unofficially estimated at 65,000 to 100,000.

II. Strength of the armed forces

A. Ground forces

1. Strength: 102,000 as of 1 Sept 54.
2. Disposition: The bulk of the army is disposed roughly in an arc around the upper half of Argentina. About 22,000 troops are in the Buenos Aires area.

B. Navy

1. Strength: 25,860 as of 31 July 54.
2. Disposition: Most vessels, except river gunboats, are based at Puerto Belgrano (3 light cruisers, 6 destroyers, and some 60 auxiliary ships). Two submarines are based at Mar del Plata.

Naval Air Arm

1. Strength: 2,700, including 219 pilots, as of 1 Sept 54.
2. Equipment: Transport 19, patrol 12, liaison 25, training 74, miscellaneous 8.
3. Disposition: Puerto Belgrano, Punto del Indio.

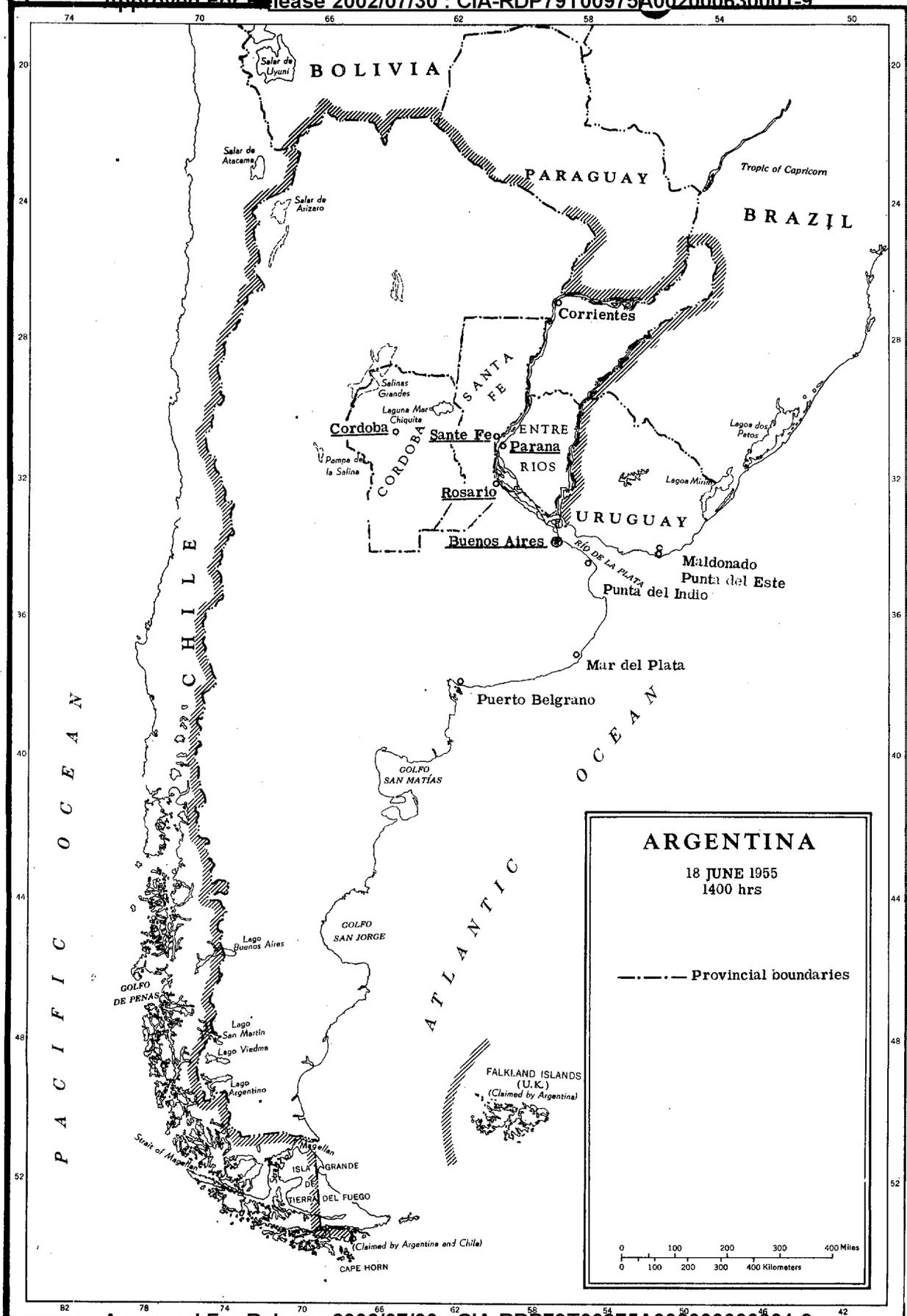
C. Air Force

1. Strength" 15,800 including 497 pilots, as of 1 Dec 54.
2. Equipment: Jet fighters 84, piston fighters 56, attack 69, medium bombers 34, transports 110, reconnaissance 30, trainers 317.
3. Disposition: Buenos Aires, two fighter and two transport groups; Mercedes, one bomber group; Mendoza, one fighter group and one attack group; Parana, one observation group.

D. Security forces

- | | |
|-------------------------|--------|
| 1. Federal police | 47,000 |
| 2. National gendarmerie | 15,000 |
| 3. Maritime police | 3,500 |

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