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## PROBABLE DEVELOPMENTS IN ARGENTINA



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The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated with the Central Intelligence Agency in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on 5 June 1952.

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## PROBABLE DEVELOPMENTS IN ARGENTINA

### THE PROBLEM

To estimate the current situation and probable future developments in Argentina through 1953.

### CONCLUSIONS

1. Despite serious economic difficulties and continuing plots to overthrow the regime, the Peron Administration will probably remain in power at least through 1952, and will probably not change its basic foreign policies: the "Third Position," one of non-alignment with either the US or the USSR, and the promotion of Argentine influence in Latin America in opposition to that of the US.
2. These economic difficulties are likely to persist, but a good grain crop in 1952-53 would probably permit the Peron Administration as presently constituted to remain in power through 1953. In these circumstances there might be a decline in the intensity of Argentine anti-US propaganda.
3. If the 1952-53 crop is no better than average and the economic situation continues to deteriorate, and if Senora de Peron dies, Peron will probably seek to retain power by broadening the base of his Administration to include moderate elements.<sup>1</sup> If Senora de Peron survives and economic conditions deteriorate, the regime will probably adopt more drastic domestic policies and will more readily utilize "dissident" Communist and pro-Communist groups, with a concomitant increase in anti-US propaganda.
4. Another serious drought in 1952-53 would so intensify current economic difficulties that the Peron Administration would be seriously threatened. If, in these circumstances, the Peron regime were overthrown, it would probably be replaced by the military, allied with moderate elements.<sup>1</sup> Any attempt by the extreme left wings of the CGT and of the Peronist Party to seize power would be countered by the armed forces. The latter would probably gain control of the country, but only after serious civil strife.

<sup>1</sup>By "moderate elements" is meant those who are either actively or passively out of sympathy with the more extreme policies of the Peron regime, and who at the same time oppose the views both of the old ruling groups of Argentina and of the Communists.

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## DISCUSSION

**Background**

5. The 1943 Revolution by which Peron came to power followed a prolonged period of political and economic dislocation and readjustment in Argentina, dating back to 1930. In this period Argentina's lack of economic balance and flexibility — due largely to its relatively narrow foreign trade dependency upon the UK — was pointed up by the world depression and again by World War II. The resulting dislocation created a fertile field for appeals to economic nationalism and for the political use of hitherto neglected mass groups such as labor. But existing parties, beset by corruption and wed to certain vested interests, failed to meet the demands of economic nationalists and to carry out social reforms.

6. In this situation Peron's assumption of power, though accomplished by force with the aid of a small group of nationalist army officers, soon became more than just another military coup. Peron rapidly developed a mass following that offset the lack of support by traditional parties and eventually counterbalanced the weight of the military itself. In the 1946 elections a Peronist coalition won 55 percent of the popular vote and virtually shattered the traditional parties.

7. After 1946 Peron, acting in the name of "social justice, economic independence, and political sovereignty," consolidated his power through a vigorous program of political and labor organization supported by all the means of propaganda and police control. In this Peron was importantly aided by his wife, who assumed the leadership of the Argentine proletariat. The regime made a studied effort to shift the balance of political power by redistribution of income for the benefit of labor and by direct state assistance to industry and control of foreign trade. In the process, a body of doctrine, "Peronism," was developed to explain and popularize the new regime. Originally close to Fascism in its emphasis on ultranationalism and its efforts to industrialize the country for "defense" purposes, Peronism, in appealing for mass support, later

stressed also the importance of labor and advocated programs which were in line with certain Marxist precepts. The extent of the favor shown to labor began to alienate the armed forces and the nationalist groups that desired economic development but not social change.

8. Peron's foreign policy has been based on the concept of a "Third Position," the international analogy of domestic Peronism. In keeping with Peronist professions of antagonism toward both capitalism and Communism, the "Third Position" is one of non-alignment with either the US or the USSR in the East-West struggle. It is not, however, a position of passive neutrality. Peron aggressively seeks to induce other Latin American states to follow Argentine leadership in adopting the "Third Position" also. Since the USSR's interests in the region are limited to its influence in labor and intellectual circles, while US interests are omnipresent, particularly in tangible and vulnerable commercial activities, Peron's nominally impartial policy has been predominantly anti-US rather than anti-Soviet in targets and tactics. In pursuing this policy Peron has intensified and adapted to his own purposes traditional Argentine isolationism and rivalry with the US for leadership in Latin America.

9. By 1951 the Perons' control of Argentina had increased so that the regime received 63 percent of the popular vote. While opposition forces were systematically hampered and the opposition press finally suppressed, it is probable that Peron would have won a majority in any event at that time. However, since then a poor 1951-52 harvest has brought the still unsound economic situation to a head and precipitated the present economic crisis, the political effects of which have not yet been measured.

**Present Balance of Political Forces**

10. Under the leadership of the Perons, the Peronist Revolution has inaugurated many far-reaching political, social, and economic changes. The Revolution is, in fact, larger

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and more permanent than either the Peronist Party or its leaders, and there is little possibility that it could be removed root and branch, even if the Perons were to fall. Even the opposition — except for politically unimportant die-hards — does not reject the goals of the Revolution, although it demands better management of the program and more respect for civil liberties.

11. The Peron regime organized its support through two interrelated agencies, the Peronist Party and the General Confederation of Workers (CGT). While labor is the principal source of Peron's political strength, the Party also draws support from some elements of the middle class and from industrialists who have profited from protective tariff policies and nationalist emphasis upon Argentine economic self-sufficiency. The armed forces, with whose support Peron came to power, have now become largely neutral or subservient. The Party has been held together largely by the personality of Peron; there have been internal conflicts, particularly over the activities of Senora de Peron. Several once-important Peron lieutenants have been removed from office, but have not abandoned the Peronist program and still have a strong potential for leadership in the Party.

12. The CGT, which has acquired a semi-governmental status under Peron, has increased union membership in Argentina from about half a million in 1943 to a claimed 5.5 million out of a present labor force of 7 million. The primary function of the CGT leaders, who are an integral part of the Peronist organization, has been to enforce the mandates of the regime. This became more apparent after 1949, when CGT leaders established close collaboration with the police to contain labor unrest. The inability of CGT leadership completely to control the rank and file under economic pressures was illustrated in railway strikes of 1950-1951, when the state had to resort to force. On the other hand, when a revolt occurred within the armed forces in September 1951, the CGT was able quickly to call some 50,000 demonstrators into the streets in support of Peron.

13. Labor owes to the Perons its present improved social status, including such benefits as low-cost housing, schools, clinics, and hospitals. Senora de Peron has not only functioned as party manager of labor, but has also assumed the role of inspirational leader of the labor movement, appealing especially to the depressed masses, the *descamisados*. Her incapacitation would probably precipitate a disruptive struggle for power within the CGT. It would also tend to dissipate the effectiveness of the *descamisados* as a political force. No alternative leader in sight could sustain the fervor which she has been able to arouse.

14. Even if Senora de Peron should survive, however, labor's consciousness of political power and the ambitions of labor leaders would render uncertain labor's faithful adherence to Peron in the face of a prolonged deterioration of the economy. Already Senora de Peron's control of the CGT is meeting some opposition from certain leaders of the CGT who are concerned more with appeasing the labor rank and file than with following Senora de Peron's directives. These leaders and insurgent elements, including Communists and Socialists, in major CGT unions, are driving for independent power and greater privileges for labor. Were the CGT freer of official control, Marxist influences would probably take the lead in a militant trade union policy and would represent a strong force for extremist solutions in general.

15. Politically, organized Communism comprises two groups: the official party (estimated to number 35,000) and a small group of dissident Communists under the leadership of Rodolfo Puiggros that split from the official party after 1946 believing that they could better secure their own objectives in cooperation with rather than in opposition to Peron. Peron is apparently trying to use the dissident group as a bait to oppositionists of the left, especially in the labor movement, to throw in their lot with Peronism. The "dissident" group in turn maintains advisory relations with Peron, although the precise extent of their influence cannot be determined with accuracy on the basis of existing evidence. There is also little information regarding the

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ultimate objectives of this group, nor are there conclusive indications of Moscow's attitude towards it. The official party, although still legal, has been subject to police surveillance and harassment since 1948 and has lost voting strength so that it polled only 2 percent of the total Argentine vote in 1951. It has probably, nonetheless, maintained a hard core of membership among workers, students, and intellectuals. Communism's most important potential lies in the labor movement. It has retained influence with labor and its proposed "national liberation front" policy has many parallels with the Peronista program. This means that prolonged political and economic deterioration might permit the rapid growth of Communist strength and influence in Argentina.

16. The opposition to Peron comes mainly from the professional, commercial, industrial, and large landholding interests among the middle and upper classes that ruled Argentina before 1943. Its political effectiveness, however, has been sharply curtailed by disunity and by the Peron regime's extensive police and expropriation powers. The Conservative Party, for all practical purposes, no longer exists and the liberal *Unión Cívica Radical* (UCR) is almost hopelessly split into two factions. Although the UCR polled one-third of the total vote cast in 1951, this vote undoubtedly included a considerable number of protest votes against Peron's authoritarian controls and Senora de Peron rather than against other aspects of the Peronist Revolution. The Socialist Party is also rent by factionalism and is not represented in the national government. The old political parties are discredited by their past records and appear unable to challenge Peron's hold on his mass labor support under present conditions. Even if Peron's opposition were not legally forbidden to form a political alliance, it is extremely doubtful that it could unite against the Administration.

17. The Roman Catholic Church, as represented by its hierarchy, is an important political force whose position is approximately non-partisan. This position contrasts with earlier evidences of an understanding with Peronism. It appears that cooperation between the

Church and Peronism has declined, largely as a result of the diverse activities of Senora de Peron and of her Social Aid Foundation. If the regime moves farther left, the influence of the Church may be turned against the Perons. An open break with the Administration, however, should not be expected except under the most extreme circumstances.

18. The armed forces of Argentina (the present strength of which is approximately 135,000 men, second only to Brazil in Latin America) played an active part in bringing Peron to power. Subsequently, however, the Peron's courting of labor groups aroused the opposition of many officers, who came principally from the middle class. In 1945 and again in 1951, elements of the armed forces openly opposed the government, but these efforts resulted only in purges and reorganizations reducing the armed forces' political influence. Plotting to overthrow the regime continues among purged officers and others as yet unpurged may be implicated, but these plots are unlikely to prove effective unless and until circumstances arise which would cause the armed forces to act in unison with substantial civilian political support.

19. Nevertheless, the armed forces probably retain sufficient strength and cohesion to be the decisive factor in any open struggle for power in Argentina. In such circumstances they would be most receptive to appeals from the middle class elements which have opposed Peron, but they might align themselves with the more moderate elements of the Peronist Party and some of the more independent labor leaders, particularly if Peron himself had been eliminated. If assured of some popular support the armed forces would probably put down by force any attempted coup by the extreme left wing of the CGT or by any group under pro-Communist leadership, but could probably do so only after serious civil strife.

20. In the balance of political forces, the lives of the Perons play an important part. The assassination of Peron is always a possibility and there are numerous reports of revolutionary plots with that objective. Moreover, Senora de Peron is seriously ill and may not survive to the end of 1952.

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## Present Argentine Foreign Policy and Influence

21. In pursuing Peron's "Third Position" foreign policy Argentina has engaged in intensive anti-US propaganda throughout Latin America, some of which parallels Communist themes. This propaganda is particularly sensitive to US actions. Its intensity seems also to vary generally with domestic pressures in Argentina. It has increased noticeably in recent months.

22. In the Organization of American States, Argentina has at times adopted positions antagonistic towards the US; in the UN Argentina has abstained with increasing frequency on East-West issues. Argentina has ratified the Rio Treaty, but Peron has declared that no Argentine soldier would be sent to fight outside of Argentina. Argentine propaganda, which originally supported US-UN action in Korea, has become highly critical of US-UN policies in that area. It has also applauded Mexico's refusal to sign a military assistance agreement with the US. Since the abortive armed forces revolt of September 1951 the regime has been markedly cool toward any form of military cooperation with the US, an attitude which it has enforced upon individual Argentine officers. Pursuant to this policy it has allowed the contract of the US Air Force mission in Argentina to lapse without renewal, and has indicated informally that the US Army mission contract will likewise be permitted to lapse on its expiration date in October 1952.

23. The most conspicuous manifestation of Peron's efforts to project the influence of Peronism throughout Latin America is the activity of Argentine labor attaches, who have spent large sums of money in their endeavor to create a Peronist labor confederation to rival both the Communist Latin American Confederation of Labor (CTAL) and the anti-Communist Inter-American Regional Organization of Workers (ORIT). These Argentine efforts extend throughout Latin America. They have not as yet produced significant results, but they have caused apprehension in certain Latin American governments.

24. Moreover, Peron has seized upon the dissatisfaction of Latin American governments and industrial interests with the prices obtainable from the US for strategic materials to agitate for the creation of a bloc to exact higher prices. This potentially effective line, although of general application, is addressed primarily to neighboring states, particularly Chile (copper) and Bolivia (tin).

25. In pursuance of Argentina's long-standing ambitions for pre-eminence in Latin America, Peron has capitalized upon recent unsettled political conditions in the area. He has given propaganda and diplomatic support to the National Revolutionary Movement (MNR) which recently came to power in Bolivia. As a political organization and movement the MNR antedates Peronism, but some of its policies and techniques are similar to Peron's and there have been personal ties between MNR members and members of the Peronist government ever since 1944. There are also evidences of Argentine support for Latin-American presidential candidates such as Ibañez in Chile. Thus far, however, established national and labor leadership in Latin America has generally resisted Peronist influences and pressures.

## Present Economic Situation

26. The principal immediate cause of political uncertainty in Argentina is an economic deterioration which stems largely from Peronist policies favoring forced industrialization and costly social welfare programs at the expense of agriculture. Although the relative role of industry in the Argentine economy has increased, productivity per worker has declined. The purchase of foreign-owned utilities and other enterprises has depleted government holdings of foreign exchange and has also saddled the government with a source of perennial deficits. The internal debt of Argentina has increased two and a half times since 1945, largely as a result of expenditures for industrialization. In contrast to Peron's goal of making Argentina for the first time a creditor nation, the year 1951 produced the largest trade deficit in Argentina's history. As a result gold and exchange reserves declined 30

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percent during the year while the cost of living rose 50 percent.

27. This deteriorating situation has been brought to a head by severe droughts during the 1949-1950 and 1951-1952 crop seasons. As a result exports will be sharply reduced during 1952: no wheat will be available for shipment from the current crop as compared to the prewar annual average of 4 million tons; corn exports will probably be about one-sixth prewar averages, and meat export will probably be 40 percent of the 1934-1938 average.

28. The scarcity of consumer goods, caused by the shortage of locally produced foodstuffs and lack of exports to pay for imports, is of great political importance as it will be felt by the Argentine masses who are unaccustomed to austerity. The need for austerity was recognized by the announcement of an Economic Plan for 1952 curtailing domestic consumption and calling for increased production and saving. Subsidies on consumer goods were to be eliminated and increased prices given agricultural producers in a determined effort to increase the 1952-1953 harvest.

### Probable Internal Developments

29. Until November, when the new grain crop can be accurately assessed, Peron will probably be able to cope with his economic difficulties. If crop prospects are then good, credit can be obtained and the pinch on consumer goods and foreign exchange relieved. Under these circumstances, the regime will probably continue in power, whether or not Senora de Peron survives.

30. If the prospects for the 1952-1953 grain crop are only average, Peron will probably resort to political maneuver. If Senora de Peron is alive and active, this maneuvering would probably consist of added concessions to labor. If Peron is alone, he might obtain new support among the moderates. In either case, the chances for the survival of the regime would be fairly good.

31. Another serious drought in 1952-1953 would so intensify the current economic deterioration and would impose such a strain

on the Peronist labor organization that the regime would be seriously threatened. If Senora de Peron were no longer a factor in the situation, Peron himself would probably attempt to come to terms with the moderates in the armed forces and the Peronist Party and even in the opposition. If Senora de Peron were still active, however, her influence would probably lead him to seek to placate organized labor, hoping through its continued support to dominate the situation. A bitter-end struggle would then ensue, with the prospect of increasing pro-Communist influence in the government. At some indeterminate point in this development the armed forces and the moderates would be likely to attempt to overthrow the regime.

32. If, before this stage has been reached, both Perons were to be eliminated from the situation, a scramble for the succession would ensue. In these circumstances internal dissension would probably reduce the effectiveness of the CGT as a political force and the armed forces would almost certainly prove to be the best organized and most effective political force in Argentina. The armed forces might combine with the moderate Peronists or with the middle class opposition to form a government, or they might establish a military junta on a caretaker basis. It is possible that the left wing of the Peronist Party and the CGT, with pro-Communist leadership, might attempt to seize power. In that case the armed forces would almost certainly endeavor to suppress the attempt and probably would be able to do so, though perhaps only after a protracted struggle.

### Effect of Probable Internal Developments on Argentine Foreign Policy and Orientation

33. The international attitude of Argentina in the period up to November 1952 is likely to be increasingly marked by jingoism to divert attention from domestic problems. Anti-US propaganda, especially through the activities of labor attaches, will be intensified with particular emphasis against US defense efforts. It is likely that Peron will seek closer economic ties with the USSR and its Satellites

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in an effort to fill some of the gaps in Argentine trade with Western Nations.

34. If Peron remains in power after November, his basic foreign policy will continue unchanged. If the economic situation improves, or if Peron seeks alliance with moderate elements, his anti-US propaganda may be toned down. On the other hand, if the economic situation continues to deteriorate and Peron comes to depend increasingly on the support of leftist labor and pro-Communist elements, there would be a concomitant increase in the intensity of his anti-US propaganda.

35. If Peron were eliminated, but the present Peronist groups remained in power under a more moderate leadership, the regime would be more amenable to conciliation with the US. The same tendency would be stronger under a government centered on the armed forces, and Peronism as an exportable ideology would certainly be de-emphasized. However, in neither case would it be likely that Argentina would basically modify its "Third Position" policy or cease its efforts to promote Argentine influence in Latin America.

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