

ALA 014/1		
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DESK OFFICER	PA	REGISTRY
INDEX	PA	Action Taken
Mr. Luce		Mr. Luce
PS/Mr. Luce		

J. Agard - 17/12/9 ²³/₁₂
Word by Seal (62)

19/12
Franklin

Mr. Bright

HSA
 24-12

Mr. Galtieri
29/12
 30/12

PS/LPS

ARGENTINA: INTERNAL POLITICAL

1. President Viola of Argentina has been dismissed from office and will be replaced on 22 December by General Galtieri. Until 22 December, Admiral Lacoste, the acting Minister of the Interior, will also be acting President. General Galtieri will remain Commander-in-Chief of the Army.

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2. General Viola's removal has long been anticipated. Since taking over the Presidency in March, his fortunes have gone steadily downhill. My minute of 27 May suggested that he would be lucky to last six months. Although the military thereafter decided for a time to close ranks about him, there were no signs of improvement in his political touch and the economic situation continued to deteriorate, with inflation reaching 150 per cent, rising unemployment and the value of the peso continuing to fall rapidly. Domestic and military confidence in the ability of the government to manage the present difficulties reached a very low ebb.

3. President Viola's entry into hospital in November for hypertension (later said to be a heart attack) seemed to offer a good opportunity to move him aside with minimum loss of face. In the event, the change was mismanaged with typical Argentine clumsiness. President Viola was asked to resign, but refused, and the military junta therefore removed him from office.

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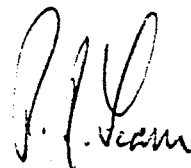
4. General Galtieri (CV attached) has throughout been seen as the logical successor to Viola: and since April he has been manoeuvring to consolidate his position. In endorsing him as the new President, the military are clearly looking to him to follow a tougher line both politically and economically; and, by allowing him to remain Army Commander, they have given him more power than they did Viola, who could not act contrary to the junta's wishes. It is not clear, however, what effect the change will have on the economic situation. There are five Ministers concerned with economic management. Some of them are bound to be replaced, if only to give an appearance of tackling the problem. But as our Ambassador has pointed out, there will be few bidders for the poisoned chalice: and no large pool of expertise to draw on. The Argentines are accustomed to rapid cyclical changes in the economy and the present difficulties should not be exaggerated. But, if the present downward drift is to be halted, firm decisions will be needed, regardless of the cost in social terms. It remains to be seen whether Galtieri is prepared to pay the necessary price.

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5. The possible implications of Galtieri's Presidency for Anglo-Argentine relations are not clear-cut. Our trade has already been suffering as a consequence of the economic situation and would obviously be helped if there were progress towards financial and economic stability. On human rights, Galtieri will

Yes
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 remain as reluctant as his predecessor to admit any responsibility for the thousands of disappeared people, and he may even slow down or stop the present Government's policy of releasing political detainees. If the economic problems feed political discontent, General Galtieri's reaction may be to clamp down a good deal harder than his more politically moderate predecessor would have done. As for the Falkland Islands, although the Foreign Minister is to be changed, the basic Argentine position on their claim will not. However, we can probably expect a more forceful Argentine approach. This will be all the more likely if a new Foreign Minister comes from the Armed Forces, and particularly from the Navy (who traditionally adopt a hard-line attitude on this issue).

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 6. Perhaps the most significant question raised by the change of President is that touched on in the last sentence of our Ambassador reporting telegram. Since the departure of General Videla earlier this year, the cracks in the facade of the military regime have grown much wider and more visible. Argentina is now under a regime which seems increasingly uncertain of itself and of its ability to govern in the face of mounting problems. Yet there is no obvious alternative - no Argentine Karamanlis waiting in the wings. Since 1976 the Argentine military have paid no more than lip service to the need to evolve a return to more representative government. It is a case of "Aut Galtieri aut nihil", and neither option is attractive.



P R Fearn
South America Department

16 December 1981

cc: PS
 PS/PUS
 Defence Department
 Research Department
 Cabinet Office (Captain Tod)

*A useful & balanced
 comment. On the whole
 The change is bad news
 for us. J. Burns 16/12.*