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Foreign and Commonwealth Office

London SW1A 2AH

16 March, 1983

Prime Minister

To note.

A.J.C. <sup>16.</sup>/<sub>3</sub>

Dear John,

Argentina

Mr Pym thought the Prime Minister might wish to glance at the enclosed summary of the current Argentine political scene and future prospects.

The contests within and between the Argentine political parties are more about personalities than policies. There is little or no hope of Argentina, under any foreseeable regime, dropping its claim to sovereignty over the Falklands. An elected government, however unstable, may consider itself better placed to gain international support for calls on us to negotiate. There are few grounds for optimism that they will be easier to deal with than the present Argentine government, especially if they are dominated by extreme nationalists from the Peronist party. The best hope is that, once the rhetoric of the electoral campaign is spent, the new Government will concentrate on the country's desperate economic problems and allow the Falklands to recede from the front of the public mind.

I am copying this to Richard Mottram (MOD) and Michael Hatfield (Cabinet Office).

Yours ever

(J E Holmes)  
Private Secretary

A J Coles Esq  
Private Secretary  
10 Downing Street

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## ARGENTINA: ELECTIONS AND BEYOND

Background

1. Already unpopular for its disastrous handling of the economy and for the repressive character of its rule, the military government's standing plummeted following the Falklands defeat, and they gave in to demands for a return to civilian government.

2. The path towards democracy is not smooth. In early February, the Junta were on the brink of prosecuting certain politicians for their pungent criticism of the Government. There were suggestions that both the President and his Economic Minister, Sr Wehbe, might be forced to resign. Rumours of a coup - never to be discounted - were particularly strong. The economy is in chaos and repayment of some debts has already been suspended. This, and the question of the 'disappeared', continue to generate unrest.

Electoral timetable

3. Relative calm returned at the end of February. The threatened prosecutions are not being pursued. On 28 February, Bignone announced that national, provincial and municipal elections would be held on 30 October and that the military would hand over power to an elected government on 30 January 1984. The announcement was welcomed, although the three-month hand-over period was criticised as too long.

Political parties

4. The political parties have still to select candidates for President and Vice-President. The two main parties, the Peronists and the Radicals, are riven with internal disagreements.

5. The Peronists are the largest party and have generally received 40-45% of the popular vote. If they retain the support of the main trade unions, they should do well. But they still have five contenders for the Presidential nomination. The former Argentine President, Maria Estela Peron (known as Isabelita), who is in exile in Spain could play an important role as 'king maker'. The front runners are Angel Robledo, Antonio Cafiero and Italo Luder.

6. Again, there are rival factions vying for control of the Radical party, who have usually received 25-30% of the vote. The leading candidate is Raul Alfonsin. Fernando de la Rúa could also win the nomination. Essentially a party of the middle class, the Radicals will have to attract trade union support if they are to have a chance of defeating the Peronists or to have a strong hand in negotiations for a coalition.

#### The Military

7. Most officers now seem ready to withdraw from the front of the political stage. But many are concerned that a civilian government might initiate an investigation into their activities during the 'dirty war'. This problem may be left for discussion during the hand-over period after the elections. The most likely outcome is only a limited number of prosecutions.

#### Policies of an incoming government

8. The political parties have concentrated on criticising the present Government, and the battle for Presidential nominations is based on personalities; there is little indication of a future government's policies. The first task of a civilian government should be to restore order to the economy, especially inflation, which is out of control. Unemployment is increasing. There have been indications that a civilian government might repudiate the foreign debt and withdraw from the IMF rescue programme.

/Falklands

Falklands

9. The compelling domestic problems may restrain a civilian President. But a democratically-elected Argentine government will believe that it can more easily win international support for calls upon us to negotiate. (Constraints could however build up at home on Argentina's choice of friends: the most recent public criticism of Bignone has been for showing excessive warmth towards Castro and Arafat at the Non-Aligned Summit.) No prospective Argentine government can afford to appear 'soft' on the Falklands. An early renunciation of force would risk accusations of capitulation and could provoke the military to re-emerge from their barracks. The populist elements in the Peronist party are fiercely nationalist and, as we continue to remind our friends and Allies, we have few grounds for believing that a democratic Argentine government will, from our point of view, be a more peaceful one.

Relation



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ARGENTINA

10 DOWNING STREET

*From the Private Secretary*

18 March, 1983

Argentina

The Prime Minister has read your letter of 16 March and the enclosed summary of the current Argentine political scene and future prospects.

A. J. COLES

John Holmes, Esq.,  
Foreign and Commonwealth Office