

CONFIDENTIAL

16. 7.65 114

Copies to: Mr. Fenton / Mr. Ewbank
Mr. McClelland

MR. BOOTH
MR. PARSONS

Copy to Mr. Fenton

1. During the last few weeks we have had a number of extremely knowledgeable visitors from the Argentine conveying different views on the likelihood of a military coup d'état in the near future. Those whom I know to be closest to military circles feel that one is in the course of preparation. Other observers discount this partly on the ground that our Paris Club refinance operation has saved Illia's Government as it shows that he has the support of the outside world, and partly because the army still remember the mess they made of their interventions in 1962 and 1963. What might provoke action is a refusal by the Argentine Government to co-operate with the Brazilians and U.S.A. on the question of a force for the Dominican Republic when this comes to be considered at a meeting in Rio.

2. General Onganía, the Commander-in-Chief of the Argentine armed forces, is coming over to Europe shortly and will be in London in a fortnight's time. I have been told that he wants to ascertain the views of bankers, businessmen and others on the likely reaction of Europe to a military coup d'état!

3. Buenos Aires is notoriously a place of rumours but it is said that the military are already choosing the main ministers in any new Government, one of the favourites being Martínez de Hoz as Minister of Economy, accompanied by the men whom we have known so well and respected during the last few years.

4. It is difficult to assess what is behind this flow of rumours from all sides. It does seem, however, that the experience of Castelo Branco in Brazil is beginning to have its effect on the Argentine military mind and to make it feel that once again it could bring salvation to the sick Argentine nation. If a coup d'état does take place the chances are that it will follow the Brazilian

pattern and tend to be of a much more long-term nature than the see-saw which the Argentine Generals staged during 1962/63. If this happens history will be repeating itself with a vengeance since it was the same incapacity for government which caused the overthrow of Irigoyen in 1930 by the Army; and the present Government are the political heirs of Irigoyen and have learnt nothing during their 34 years in the political wilderness.

amb

16th July 1965.