

C O P Y

Buenos Aires
January 7, 1949.

The situation, as far as I can see, is the following:

Maroglio is not in disgrace, but has merely been given leave of absence to write a full report to President Peron regarding everything he did and saw during his visit in the U.S.A., and to give the finishing touch as to the project which would substitute the present financial structure of the country for a new policy. From what I have been able to gather, it consists of a veiled loan in the form of a reciprocal credit on the part of Import-Export Bank for some U\$S 500,000,000.- which would tide Argentina over her present difficulties; and also an intensive drive for additional Argentine imports into the U.S.A., namely hides, wool and canned meats.

Before the change of constitution is put into effect it is understood that the whole Ministry will turn in their resignations, some of which will be refused and others accepted. The case of Mr. Miranda is still unsettled. There is a growing number of powerful militarists and other big interests who desire his elimination from official positions. The secret service of the Army is investigating all his transactions with a view of finding something unethical in his manipulations, but I understand that so far they have not got "the goods" on him. Should Miranda lose out it is understood that Maroglio will be given a higher position than that he occupies at present. Apparently it is the purpose of the Government, as soon as the new Constitution is set up, to add at least one Ministry to the present structure. This will be the Ministry of Economy, which will have jurisdiction over the Central Bank as well as many other economic departments; in other words, the Ministry of Finance will be divided into two ministries, and Maroglio will be head of one of them.

Officially Maroglio is still the President of the Central Bank. However, yesterday, when I cabled you I had received a report from a very important military man to the effect that Mr. Jose Elordy had been given this post. Mr. Elordy was a high executive under Mr. Maroglio, and is a good friend of same. According to this source of information, that move was made so that Mr. Maroglio would be able to accept the Ministry of Economy. This report, however, has not been given out, and the only reason I attribute some importance to it is due to the very serious source it comes from. I shall naturally keep you informed as to any new developments, and you may hear more of the situation from Mr. Ordorica, who is at present in Buenos Aires and will be visiting Mr. Maroglio over the weekend. I have lent him my car to go to Necochea, where Mr. Maroglio is working on his project.

It is my impression that Mr. Maroglio is definitely in, and not out, and that in the long run he will undoubtedly win the battle against Mr. Miranda. Mr. Miranda's policies have proved to be most detrimental to the country, and pressure against him is increasing from all sources - both from the side of private enterprise, and from the groups of strong militarists and navy men, who are the ones that really uphold President Peron.

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There is no doubt that Miranda has succeeded in bungling up the whole financial situation of the country. In my opinion the job of managing the country's finances is very much over his head. Unfortunately, I do not believe that Maroglio has quite what it takes to straighten out matters, and it is to be hoped that he will have the good sense to gather some top-notch men around him as advisers.