Tensions within Armed Forces are reaching critical point, stimulated principally by dissent over appointment Colonel Damasco to Interior Ministry while still on active duty status. Commanders-in-Chief of Navy and Air Force remain flatly opposed, as do majority of Army Corps Commanders. Reliable report (which appears also in press this morning) indicates Foreign Minister Robledo suggested to Army Commander-in-Chief Numa Laplane yesterday that latter resign in order to ease crisis (inasmuch as General Laplane had gone along with appointment of Damasco without consulting his counterparts).

2. Unless there is some solution to problem quickly, institutional crisis within Armed Forces may reach dangerous proportions.

Situation probably cannot be
defused by anything less than resignation of Damasco—possibly followed by that of Laplane. Latter two, however, backed by Mrs. Peron, could attempt to save themselves by calling for dismissal of Massera, Fautario and corps commanders opposed to Damasco. If they do, they may simply trigger reaction of rest of military against them.

3. Whatever the final outcome, next few days will be ones of continued crisis for Mrs. Peron's government, which is already weakened by splits within the Peronist Party (likely to be further exacerbated during Party Congress scheduled for this weekend), economic malaise and rampant terrorism. In latter regard, terrorist attacks over August 22 weekend, including sabotage of Navy frigate, presumed murder of Major Valle Larrabure (held prisoner by terrorists for over a year), and assassination of Captain Keller earlier in week (previously reported) are factors further irritating military tempers.

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