Dear Mr. Secretary:

I take the liberty of referring to my secret letters of October 12, October 15 and October 23, which I marked for your personal attention, and in which I made observations on the developments in our relations with the Argentine.

In view of the situations referred to in those letters and of the press comment which has been reaching us from the United States, and in view of the fact that developments in the matter of compliance by the Argentine have reached a point where I think I should be as precise as possible for your personal background, I am giving you in this letter as helpful a review of the situation as can be written at this time and as briefly as possible. I will not in this letter make reference to my despatches to the Department in which I have reported on progress in compliance, but they of course form fundamental background for consideration of the matter. For the purpose of convenience I number the various paragraphs of this letter.

1. It is my understanding that the policy of our Government has been continuously to foster the closest relations among the American republics and that this is a continuation of our policy and that of the American republics for more than 120 years.

2. It is my understanding that we conceive that collaboration among the American republics as including all of the American republics and that therefore our consistent policy has been to not exclude any American republic from this inter-American system.

The Honorable
James F. Byrnes,
Secretary of State,
Washington, D.C.
3. In view of the attitude assumed by the Argentine during the war and particularly until she declared war on the Axis powers, we endeavored in various ways to convince her of the error of that attitude, and in this we had the more or less active and helpful collaboration, in varying degrees, of the other American republics.

4. In view of the fact that the Argentine had not collaborated as wholeheartedly during the war in the measure that was in her power and as she should have, we gave her different treatment in many respects and particularly with regard to Lend-Lease and the supplying of war materials and other materials during the war. No one questions, I believe, the appropriateness of this policy.

5. Since the declaration of war by the Argentine on the Axis powers we have removed the restrictions on trade as we have removed them on other countries, but have maintained our attitude that we cannot supply arms and any war material until the Argentine has fully complied with her inter-American commitments.

6. Our policy has, however, consistently continued to be one of endeavoring to bring the Argentine into the American picture and to have her comply with her inter-American commitments. You made a formal re-iteration of this policy in your statement of April 9, 1946.

7. After the declaration of war on the Axis powers by the Argentine de facto government, and after the adherence of the de facto government to the Acts of Mexico City and San Francisco, the Argentine Government began to take, through decrees and implementation thereof, action with respect to enemy property, enemy aliens, and Axis institutions and schools, but this action was slow and inadequate.

8. The situation between the Argentine and the United States was aggravated during the period which now Assistant Secretary Braden was Ambassador to the Argentine by the belief here by so large a number of the Argentine people that this Embassy had intervened improperly in an electoral matter in the Argentine which was purely internal.
9. The situation was further aggravated through the publication of the Blue Book which, while it contains a good deal of information which can be documented, makes mention of certain individuals concerning the activities of whom adequate proof was not available to put their names in the Blue Book, and against some of whom no adequate information is available. So far as the Blue Book is concerned, although we made it clear that the time of its appearance had nothing to do with the electoral situation in the Argentine, there is a conviction which cannot be contradicted in the Argentine, as well as among most people in the other American republics, that the timing of the appearance was intended to have an effect on the elections in the Argentine.

It was at this stage of the situation, and after the election of new President Perón, that the President and you asked me to undertake this mission to the Argentine for the purpose of endeavoring to clear up the situation through getting compliance by the Argentine with her inter-American commitments. It was understood that there was no change of policy involved through my designation, but that I would endeavor by appropriate approaches to the Argentine Government to secure compliance with her inter-American commitments. It was understood that there was to be not only no change of policy, but that we would not sacrifice any principle in the arrangements which we would make. I accepted this mission, as the President and you know, not out of any desire to change my post, but because I shared the views of the President and yourself that in the state of the world in which we live and in view of the many unhappy features in our American picture, and particularly of the importance of getting the Argentine to collaborate fully in the inter-American picture, it was my duty to at least make an endeavor to see what could be done. This endeavor was necessary because of considered public opinion in the United States which realized that we must not permit this unhappy state of our relations with the Argentine to become consolidated and because we realized that in the other American republics there was a growing feeling that this situation with the Argentine must be solved or the inter-American system would be seriously endangered.

I arrived in Buenos Aires on May 22 in the early evening, and the courteous and receptive attitude of the Argentine was shown by the fact that I was asked to present
to present my letters the following day, which I did to then President Farrell. The then Vice President and President-elect, Colonel Perón, expressed a desire to have a talk with me before his inauguration, and this took place three days after my arrival here, when we had an almost three hour conversation alone, on which I have fully reported and the record of which is in the Department, and in which conversation he expressed his strong desire that the relations between the United States and the Argentine be completely normalized and his determination that the Argentine should collaborate more closely than in the past in the American picture and with the United States, and also his determination that after his assuming the presidency active steps would be undertaken to clear up the matter of enemy property, aliens, and schools and institutions.

You will recall that President Perón took office early in June, and I will recite briefly the events which have taken place since then which have outstanding importance, and particularly with reference to compliance. For the purpose of convenience I number these paragraphs.

1. In his inaugural address President Perón emphasized that his administration would be marked by strict adherence to the Argentine Constitution and constitutional processes.

2. In his address to the Congress in early June following his inauguration and in which he presented the initial program of his administration, he again reiterated the determination of the new government to adhere to the Constitution and constitutional processes.

3. The record shows that the present government has adhered to constitutional procedure in the Argentine and there is no indication that it intends to deviate therefrom. The task has been made, in many ways, more difficult by this determination, but there has been no deviation therefrom.

4. In his address to the Congress immediately after his inauguration the President stressed that it would be the policy of the Argentine Government to collaborate fully in the inter-American picture, to collaborate with the United States, and to meet its obligations under the inter-American system and commitments in connection therewith.
5. In a statement made to the press (to Bradford, Vice President of the United Press for South America) President Perón, in the clearest terms, indicated that the policy of his government would be close collaboration with the other American states and that in case of another war the Argentine would not have to be pulled into it, but would be in it at the outset with the United States.

6. Immediately after the inauguration of President Perón I began conversations with him and with the Foreign Minister with respect to compliance. I found that the problem for the Argentine Government was tremendously complicated by its Constitution, its laws, and its judicial procedures, and with all good will and the best faith there was no doubt that this program of compliance would be difficult, particularly with respect to enemy aliens, as such extraordinary guarantees are given to residents of the Argentine under the Constitution and laws and by the procedure of the courts. These difficulties have been fully explained in my despatches to the Department, but the Argentine Government made it clear that irrespective of these difficulties it would proceed with a full and adequate program of compliance.

7. In view of the Argentine Constitution and procedure and precedent, it was necessary for the Congress to give approval to the Acts of Mexico City and San Francisco, to which the de facto government had given its adherence. There has been some question raised as to whether such congressional action was necessary, but there is no doubt that such congressional action was necessary with respect to both Acts. The President proceeded to present both to the Congress for approval and both were approved by the Senate immediately, unanimously. In the Chamber of Deputies there was a good deal of opposition which came particularly from the opposition groups and from the small and extreme nationalist group, but when the vote came both the Acts of Mexico City and San Francisco were approved by the Chamber of Deputies with only a few votes against (I believe seven), but with the opposition refraining from voting. It may be stated parenthetically, the opposition, which had so frantically proclaimed its friendship for us and had attributed pro-Nazi, pro-Fascist, and unfriendly attitudes to the majority group, abstained from voting!!
8. The importance of the ratification of the Acts of Mexico City and San Francisco was lost sight of by our press at home because it failed to see that it was the definite statutory basis for the closer collaboration of the Argentine with us and with the other American republics in the inter-American picture. If the significance was lost to our press at home, the importance of this step by the Argentine Government was not misunderstood or underestimated by the other American republics.

9. In the ratification of the Acts of Mexico City and San Francisco the Argentine Government took the first step towards compliance with her inter-American commitments, and in many ways the most important step, because it was an orientation of policy. It may be remarked that it was also the first definite step of any Argentine government for several decades to show clear intention to collaborate in the inter-American system.

10. In the meantime a secret Cabinet meeting was held at which the President set forth what he considered must be the basic objectives of the Argentine foreign policy. These were: (a) that the Argentine must look less to Europe as it had in the past and more to the Americas; (b) that the Argentine must collaborate wholeheartedly and fully in the inter-American picture; (c) that the Argentine must shape her policy in close collaboration with the United States; (d) that the Argentine, in case of a future war, must align herself immediately with the United States; (e) that the Argentine must collaborate in the political, economic, social, and defense field with the other American republics and particularly with the United States; (f) that the Argentine must collaborate in the inter-American defense pact and appropriate implementing measures contemplated.

Although I know that these decisions were taken at a secret Cabinet meeting and are the definite basis of the Argentine foreign policy, no reference should be made by us in any public statement to this secret Cabinet meeting.

11. With regard to meeting her inter-American commitments it has been my understanding continuously that the Department and this Embassy are in agreement that the three things to be done before we can completely normalize
normalize our relationships are: (a) adequate action in the field of enemy property; (b) adequate action in the field of enemy aliens; (c) adequate action in the field of Axis schools and institutions.

12. I have informed the Department in an appropriate despatch of the action taken by the Argentine Government with respect to Axis schools and institutions, and have informed the Department, on the basis of the information presented, that in this field the Argentine Government has taken the adequate action with respect to such schools and institutions. While it is not necessary to make comparisons, it is proper to state here that a comparison of the action taken by the Argentine in the matter of Axis Schools and institutions and by others of the American republics will show that in this field the Argentine Government has taken more complete action than I believe any one of the other American republics except ourselves. In spite of the fact that this complete action has been taken, the Argentine Government continues its vigilance with respect to the teaching of Nazi or Fascist doctrine and any attempts to reorganize on an improper basis such Axis schools and institutions. In the matter of Axis schools and institutions, therefore, the Argentine Government has complied with its inter-American commitments.

13. So far as compliance with her commitments is concerned, therefore, the Argentine has, through ratification of the Acts of Mexico City and San Francisco and the adequate action in the field of Axis schools and institutions, traveled more than half way on the road to compliance.

14. With respect to enemy property we are holding daily meetings with the officials of the Foreign Ministry and of the Junta de Vigilancia, which corresponds to our Alien Property Custodian, and also with officials of the Central Bank, which is charged with the major execution of the program. The Argentine Government has made thorough study of all firms in the Argentine in which there has been any report by the British or ourselves, or on the basis of their own investigations, of enemy interest. It has been most thorough-going in this task, as our conversations with the officials of the Argentine Government show.

The Argentine
The Argentine Government has now proceeded with the following definite decisions. I transmitted a list of the 69 principal enemy firms in the Argentine, and these are now in the process of rapid liquidation. They will either be nationalized, Argentinized, or completely liquidated, depending upon their importance in the Argentine economy. All enemy interest will be removed therefrom. These 69 firms represent the really important firms and it is my considered opinion and that of my associates that if the Argentine Government proceeded only with these 69 firms it would have carried through more fully with respect to enemy property than any of the other American republics south of the Rio Grande.

In addition, however, to these 69 firms, three more are in the process of liquidation.

In the case of a borderline firm, such as that of Staudt, I have informed the Department that 570 shares of that concern which are the property of German citizens in Germany will be taken over by the Government. No further action can be taken with respect to this firm, as the rest of it is owned by Argentine citizens, including Ricardo Staudt who has been an Argentine citizen since shortly after the end of the first World War and against whom no action can be taken except on the basis of denationalization, and the evidence for denationalization is lacking.

In addition to the above-mentioned firms the Argentine Government is considering some 18 more firms for action and they are under discussion with this Embassy.

There is, in addition to the above-mentioned, another long list of firms which is being discussed daily with this Embassy, and wherever an enemy interest is determined such firms will be submitted to the Junta and to the Central Bank for liquidation or appropriate action.

The process of nationalization, Argentinization, or liquidation is rapidly proceeding. It is an involved process, but in the next month action will have been taken with regard to most of the 69 firms which are the principal ones, and concurrently action with respect to the others above mentioned will continue actively.
15. What I should emphasize to you is that the Argentine Government is presently prosecuting the program with respect to enemy property more definitely than any of the other American countries south of the Rio Grande. I do not think it is necessary to raise the question of comparisons, but the records of the Department will show that in a good many of the American republics the program has been slow and in some it will never be carried through. We are not making any particular point of this and no purpose would be served by our doing so, because there are circumstances existing in a good many of these countries which make it impossible for weak and poorly organized governments to carry through an adequate program regarding some of these firms. What I wish to bring out is that in spite of the fact that this problem in the Argentine is greater because of the very considerable value of some of this enemy property, the Argentine Government is proceeding actively and will carry through the task irrespective of the fact that it knows that in some of the other American republics very little has been done except on paper with respect to enemy property.

16. With respect to enemy aliens the problem of the Argentine Government is even more difficult than it is with respect to enemy property, because of the extraordinary protection given to alien residents by the Constitution and laws. It is very largely these legal and judiciary problems which have hampered the program against enemy aliens since the present Government came in.

The decision has now been reached that in spite of these constitutional provisions and legal difficulties placed in the way, the Argentine Government will proceed with drastic measures and will liquidate this question of enemy aliens within the next two months and a good part of it in the next weeks.

17. The Argentine Government has up to now deported 29 enemy aliens, mostly Germans who were known espionage and sabotage agents.

It has deported all members of the crew of the Graf Spee.

It has deported six other enemy aliens against whom evidence was available, in addition to the 29 above mentioned.

Eighteen
Eighteen others have been deported (Japanese).

There remain, however, in the Argentine some of the principal German agents, and in spite of the action taken against them by the Argentine Government, they have, under Argentine law and court procedure, been able to avoid deportation. Among these are 13 who are really the principal ones concerned. In addition to these 13, there are a certain number of Germans against whom the evidence is less complete but whom the Argentine Government is considering deporting. I will have a meeting with the Foreign Minister before the end of the week and we will present lists of those whom we think must be deported in order that we may consider that there has been compliance with inter-American commitments.

18. It should be noted that both with respect to enemy property and enemy aliens the British Embassy and this Embassy have consistently and constantly worked together with the Argentine officials and are still doing so, and the British Embassy is in accord with this Embassy on all that I have said with respect to Axis schools and institutions, and enemy property and aliens, in this letter.
19. If the Argentine Government carries though the program now envisaged and actually in the works with regard to enemy aliens, it will have complied completely with its inter-American commitments in this respect, and, again without wishing to make any comparisons, this program of compliance which we shall have with reference to enemy aliens in the next weeks, and certainly in the next six weeks, will be one more ample than that we have so far had from the other American republics. It will correspond in many respects and compare favorably with our own action with regard to enemy aliens.

One of the mistakes which I think we have made, and I am sure it may have been made in good faith, with respect to the Argentine in this matter of compliance has been to endeavor to make a blueprint for her as to what she must do. This blueprint has not been made by the Department through any official statement, but it has been made through various attitudes which the Department has assumed with regard to firms and individuals. This is entirely different from the attitude which we have assumed towards the other American republics. I am sure that the President and you and responsible officers of the Department will agree that we cannot make a blueprint for any country as to what it must do with regard to specific institutions, firms, or individuals. Each country, as a sovereign country, must be in a position of determining its own responsibilities and passing upon the facts and taking appropriate action on the basis of the facts. Any other procedure would appear like a unilateral endeavor on our part to interfere in the internal affairs of another country, which is contrary to our policy and practice as long as that country is proceeding in accordance with its Constitution and laws. In endeavoring to lay down such a blueprint for the Argentine, we would have no support from anyone, including the British working with us on this matter, and certainly not from the other American republics who would realize that
that if such a blueprint is applied to the Argentine, it would have to be applied to them, and most of them realize their incapacity to carry out such a blueprint which might be applied to them.

I think, therefore, that we are all in accord that in this matter of compliance we must follow the rule of reason and common sense, and that does not mean any deviation from principle, for if we follow a certain line with regard to the Argentine we would have to take such further action in the United States with regard to enemy aliens resident there and who have remained and who remain unhindered. How unreasonable the attitude of some of these people is is seen from the fact that in one editorial which appeared in an important paper in the United States it was stated that the good faith of the Argentine would be shown when the last German had been deported, et cetera. How ridiculous such a statement is, is obvious when we have hundreds of thousands of Germans in the United States whom we have no thought of deporting and no reason for deporting. It would mean that if we carried out this rule with the Argentine we would have to apply it to ourselves and to everyone of the American countries with which we wish to have collaborative relations or to enter into a defense pact. This would mean that Brazil would have to deport tens of thousands of Germans who are an important part of her economy and whom she could not and would not deport. The same applies to Chile, as well as to others of the American countries.

The only sound rule we can follow is not to lay down to the other American republics which individual aliens must be deported, but to view performance to see if those against whom real evidence is available of improper activity are deported.

I mention this specifically because in connection with the Argentine the names of individuals, such as Ludwig Freuda and his son Rudolf Freuda have been mentioned. Ludwig Freuda has been named as "a spearhead", and, in some cases, "the spearhead" of German espionage activities in the Argentine. Ludwig Freuda was born in Germany
in Germany and has been in the Argentine for decades. He is now well advanced in years—I believe in his 70's. He is an Argentine citizen. The records of the British Embassy and of this Embassy and all the available records we can consult show no concrete evidence against Freude of having engaged in espionage or of having had contact with espionage agents. The only thing in the record with regard to him is that, when the German Embassy was closed here it left with him some 40,000 pesos in money which represented a balance of funds they had. There is no evidence whatever that Freude used this money to aid German espionage or to aid the enemies of our cause.

On the other hand, Ludwig Freude has played a constructive role in the Argentine economy and was one of the citizens of the Argentine with money who contributed to the campaign of now President Perón. It was, also, in the house of Freude, with whom now President Perón has had a friendship for many years, that President Perón took refuge at one time when he was threatened with arrest.

The only way in which the Argentine Government could take action against Ludwig Freude would be on the basis of denaturalization procedures, and after the most careful investigation the Argentine Government has found no evidence against him, and an official decree has been issued in the last few days stating that an examination of the facts shows no evidence that he took any action detrimental to the Argentine or to the United Nations.

There is, therefore, no possible basis for us to ask that any further action be taken with regard to Ludwig Freude, for we cannot produce any evidence which would be helpful to the Argentine Government. As a matter of fact, I know that Ludwig Freude has recently been most helpful in making clear to certain people in the Argentine Government the importance of deporting those Germans against whom evidence exists of improper action.

In spite of the foregoing, there are those, I understand,
understand, who would make our recognition of Argentine compliance with her inter-American commitments dependent upon the deportation of Ludwig Freude. Of the injustice and absurdity of such an attitude I need make no further mention.

Similarly, much has been said in the press concerning Ludwig Freude's son, Rudolf Freude, who is a native-born Argentine citizen in his late 20's. He is one of the personal secretaries of President Perón. There is absolutely no evidence in the possession of the British and ourselves and, so far as I know, of anyone, to the effect that Rudolf Freude committed any act against the Argentine or the United Nations during the war. As a matter of fact, I know that, in his capacity as a private secretary to President Perón, he has been very useful to the American press and that he has been useful in the program with regard to enemy property, schools and institutions, and aliens. He is exactly in the same position as hundreds of thousands of native-born Americans of German origin.

Similarly, there has been a tendency to take an attitude with the Argentine Government that it must deport or take certain drastic action with respect to Ricardo Staudt, who is one of the most important business men in the Argentine and who has been an Argentine citizen since shortly after the end of the first World War. While Staudt may be a person who is personally objectionable to many people in the present Government of the Argentine, the Argentine Government cannot take action on such a basis, for Staudt is a clever man and took good care to see that, if his sympathies were with the Germans during the second World War, he did not get into a position of doing anything which would interfere with his Argentinian citizenship. Although the most exhaustive investigations have been made by the British and ourselves and by the Argentine Government, it is obvious that nothing can be done with reference to Staudt, except that, so far as his business interests are concerned, 570 shares which represent the interest of
his three sisters in Germany and are therefore enemy property, will be taken over by the Argentine Government.

I will not go into this further, but I have wanted to make it clear that we cannot lay down a blueprint with regard to persons or firms. The question is whether action is taken where the British and we and the Argentine Government have adequate information on which action can be taken: the question is whether or not in all good faith the Argentine Government takes action in such cases where the evidence is available.

It has done this in the case of Axis schools and institutions. It is doing it in the case of enemy property and aliens. In the course of the next few weeks, I will be able to give you concrete information concerning the action of the Argentine Government in its program with regard to enemy property and aliens, and it will be impressive and it will show that the Argentine Government is proceeding in all good faith.

It has been the thought of the President and of the Foreign Minister that when certain concrete steps have been taken in the matter of enemy property and aliens I should proceed to Washington to discuss this matter with the President and you and the Department, and that on the basis of the action of the Argentine Government a statement would be issued to the effect that adequate action had already been taken in the matter of compliance and the program was in process of completion in all good faith by the Argentine, and that, therefore, our relations were on a completely normal basis. In other words, that any reservations which we have had with respect to our relations with the Argentine Government shall be declared as having disappeared. I have told the President here and the Foreign Minister that, in my opinion, with what the Argentine already has done in ratifying the Acts of Mexico City and of San Francisco and in the field of

Axis
Axis schools and institutions, and with what I know it is doing in the field of enemy property and aliens, the concrete evidence with respect to the last two points will become so obvious in the next month or six weeks that such a trip by me to the United States will not be necessary. I have said that to make such a trip would make it appear that it was necessary for me to convince someone that adequate measures had been taken and that the program would be carried through to conclusion. I have said that this would be exploited by a certain part of the press which has consistently shown a lack of understanding, and that I did not consider such a trip either necessary or desirable.

I have said that what has been done and with the action which is now going to be taken with regard to enemy property and aliens, once the adequate information is made public and the facts are clear it will not be necessary for my government to have any oral presentation of the facts from me, but that my reports to my government will be adequate so that the decision may be reached to normalize relations.

I am, naturally, not in a position to say when these adequate steps will have been taken but, from the daily conversations which I and my associates have with the high officials of the Argentine Government dealing with this matter, I am confident that within the next six weeks there will be such action in the field of enemy property and aliens that it will be more than adequate basis for the Department to make a statement with reference to normalization of relations. I had a conversation with the President last evening and one with the Foreign Minister the day before. I know in detail—as do my associates—the action which is in the works, and, in spite of the inefficiencies which exist in this government, as they have in previous Argentine governments, I am confident that these adequate measures will be taken.

I should say, however, that the action with regard to some of these enemy firms and some of these enemy aliens may not be possible to take immediately,
that is, within the next six weeks. The processes involved are so intricate and in some cases with respect to enemy property Argentine interests are involved which must not be damaged or prejudiced and, therefore, whatever action is taken must be taken with all prudence so as not to do damage to Argentine interests and, at the same time, eliminate enemy interest. In the same way, with respect to certain borderline cases of enemy aliens, our government as such as the Argentine Government, would not wish to do any injustice to any alien resident in the Argentine; unless the facts are clearly shown on which deportation or appropriate punishment may be based, action cannot be taken.

It is for this reason that I have consistently taken the attitude, with which I believe the President and you and the Department will be in accord, that we do not need to await the absolute completion of the program before normalizing our relations with the Argentine. Once adequate action has been taken along the lines indicated in this letter, and which will so fully demonstrate the good faith of the Argentine Government, there would be no basis for awaiting the conclusion of the last case before normalizing our relations. Any other attitude, I think, would place us in an impossible position not only before our own public opinion, but before that of the other American republics.

I have in this letter not attempted to bring out any of the reasons why it is so important for us to normalize our relations with the Argentine, for they have been covered in my letters and despatches, but it is obvious that increasingly there are factors which make it necessary for us to proceed with this normalization in our interest as soon as possible.

There are those who may take the attitude that we should not normalize our relations with the Argentine Government irrespective of the action which it takes with respect to enemy property and aliens, because it is a totalitarian government, because it
is fascist in its methods, and because it is setting out on a Five Year Plan. All this is without any basis, for the Argentine Government since the inauguration of President Perón has been following strictly constitutional procedures. So far as the Five Year Plan is concerned and the supposed objectives of the Argentine Government towards a directed economy, I have written a despatch to the Department, Top Secret No. 1102 of October 28, of which I will take the liberty of sending you a copy with a separate covering letter in which I will make the appropriate observations. I will only say here that, so far as I can see from my knowledge of the other American republics, there is none in which private capital and initiative are as safe and are as likely to be as safe as in the Argentine today.

I have taken the liberty of writing you this very long letter as I know that this matter must be very much before you and I wished you to have this concrete information.

I am taking the liberty of sending a copy of this letter to the President as I know he has been following this matter with special interest.

With all good wishes,

Cordially and faithfully yours,

George S. Messersmith