Buenos Aires, Argentina, December 19, 1946

No. 1514

Subject: Pamphlet Issued by the Under Secretariat of Information of the Argentine Government

UNRESTRICTED

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to despatches and reports of this Embassy in which reference is made to a similarity between certain action of the Argentine Government and of the present British Government in the matter of social legislation and economic programs. Attention has been called to various statements by the President of the Argentine in which he pointed out a certain similarity between the program of the British Labor Government in the economic field and that of the present Argentine Government.

There is now transmitted herewith a translation of a pamphlet which has been issued by the Under Secretariat of Information of the Argentine Government which is entitled "British Democracy Follows the Course of Argentine Democracy", and in which parallel statements are made by a spokesman of the British Government and of the Argentine Government.

The pamphlet is self-explanatory and it does not appear that further comment is pertinent except so far as the title is concerned. It will be noted that the title reads, "British Democracy Follows the Course of Argentine Democracy". I have made inquiries in this respect as it would appear from the title that the Under Secretariat of Information of the Argentine Government would wish to give the impression that the British Government was following Argentine procedure, which would involve a very definite and unwarranted pretension on the part of the Argentine Government. I find on inquiry in appropriate quarters that the title is due to an ineptitude of the editors in the Under Secretariat of Information and that it was not intended to give this impression but rather to set forth that in many basic respects the policy being followed by the Argentine Government and the British Government is the same.

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It may be noted as a further observation that while the British Government is nationalizing the mines and intends to have complete government operation and is contemplating the same procedure in the field of transport and probably of steel, in the Argentine the plans of the government are not so much in the direction of government operation and management, but rather through operation by mixed companies.

The Unión Telefónica, as the Department is aware, has been acquired at the fair price of approximately $94,000,000 by the Argentine Government, which price has been paid in cash. The Argentine Government has declared its intention of forming a mixed company in which there shall be only such Argentine Government capital as may not be subscribed by private Argentine capital, and that management shall be, so far as possible, in private hands rather than through the government.

The Argentine Government has just announced an agreement for the purchase of the French-owned railways in the Argentine for approximately Argentine pesos 180,000,000, and the government has already declared its intention that these railways shall be run by a mixed company in which there shall be only such government participation in the capital structure as may not be met by private Argentine investment.

The Department is aware from the reports of this Embassy that the Argentine Government and the British-owned railways in the Argentine are presently discussing the acquisition of the British-owned railways in the Argentine. This is dependent upon a mutually satisfactory agreement being reached as to the value of the railways. The Argentine Government has already declared its intention that these railways are to be operated by a mixed company rather than by the government.

While there are strong tendencies in the Argentine Government for government operation, the President of the Argentine and his most responsible collaborators are definitely against government operation and ownership, in entirety, as they believe that experience has shown in other countries that such government operation is inefficient and uneconomical.

It may also be noted that there is a Bill before the Congress for the nationalization of the five former leading German chemical companies in the Argentine, and that here again it is the intention of the government that these shall be mixed companies rather than government monopolies.
In view of the continued statements in the American and foreign press concerning the totalitarian objectives of the Argentine Government in the economic field, it is interesting to note that the acts of the government since the time the present administration has come into power do not show this tendency.

Respectfully yours,

George S. Messersmith

Enclosure:
Unofficial translation of pamphlet issued by the Under Secretariat of Information of the Argentine Government, entitled "British Democracy Follows the Course of Argentine Democracy"

To the Department in quadruplicate

File No. 800
GEORGE S. MESSERSMITH:rt