Enclosure No. 1 to Despatch No. 1042 of February 18, 1947 entitled "Transmitting Copy of Article in the St. Louis Post-Dispatch of St. Louis, Missouri, entitled 'What To Do About Argentina' from American Embassy, Buenos Aires

COPY

"WHAT TO DO ABOUT ARGENTINA"

One of the toughest in the large stack of problems on the desk of Secretary of State Marshall is that of the Argentine. Relations with the Perón government have been unsatisfactory for a long time, and stand as the chief barrier to the tightening of our bonds with other Latin countries.

"The difficulty is especially complicated because there is no unanimity about it in Washington. There are those who believe with Assistant Secretary of State Spreulde Braden that the Perón regime has not carried out its obligation under the Act of Chapultepec to purge the country of Nazi influence. And then there is the school represented by Ambassador George H. Messersmith which holds that while Perón has not yet completely de-nazified the Argentine, he has gone a long way and that Washington should assume a more friendly attitude.

"United Press Correspondent R. H. Shackford reports that Secretary Marshall is following a "wait and see" policy for the time being. It would seem, however, that he must tackle the job fairly soon because he is eager to build up a really solid hemispheric bloc to give additional strength to the United States in world politics. Secretary Marshall would like to see the long-postponed Interr-American conference held at Rio de Janeiro soon so that a treaty for joint action against aggressors may be signed and followed up by the standardization of military equipment throughout the two Americas.

"Defense, of course, is only one aspect of the program. Washington also wants better trade and social relations with Latin America. Export of U.S. manufactured goods, for example, would bolster our prosperity and would greatly help the other countries to combat inflation.

"Obviously, a hemispheric program will fall short of its objective if it excludes Argentina. Yet unity is hardly to be achieved by condoning a hotbed of fascism. President Perón and his followers continue to make anti-Yanqui speeches and to dream of an anti-U.S. bloc in South America. They have gone so far in attempts to dominate neighboring countries as to send disguised troops into Uruguay to precipitate riots on the eve of the presidential election there. On the other hand, the Argentine government recently seized about 50 Nazi firms - and that is at least a gesture in the right direction.

"In the meantime, Ambassador Messersmith has gone back to his post. Washington thus has avoided offending Perón as it would have done had it sent another Braden. The Assistant Secretary, however, remains in the State Department and is strongly supported by Undersecretary
Dean Acheson as he was by former Secretary of State Byrnes, whether Secretary of State Marshall leans toward his point of view still remains to be seen.

"In any case, the problem remains unsolved. It is impossible for Washington to encourage an anti-democratic force in the hemisphere; yet it is difficult to intervene very sharply in Argentine affairs without giving apparent color to Perón's talk about the imperialistic Colossus of the North. The best formula - which, incidentally, is favored by Senator Vandenberg - would seem to be action through consultation with other American nations. This would be easier after the Inter-American conference, and yet the Argentine question ought to be settled before the delegates arrive at Rio.

"A problem such as this one must remind Secretary Marshall that peace as well as war is full of trials and tribulations."