New York, May 2 - 1949

FINASPOR FOR HEINEMAN BRUSSELS

No.517.- 1st of May Your telegrams 253 258

Have made immediate preliminary exploration among official and other informed sources and find situation Argentine Republic more complicated uncertain and dangerous than any previous moment

1) Argentine Republic Economic Council almost equally divided with Bramuglia supporting moderate wise (or moderately wise) course and Madame Cereijo and others an extreme nationalism attitude

2) Four leading packers who have been incurring heavy loss for over year and a half since last week taking firm attitude and have informed Government that unless given adequate relief and treatment they will close plant this week STOP

Packers realize this may lead to immediate taking-over and operation by Government but consider their final position will be strengthened rather than weakened waiting further for the Government to fulfill promise

3) Dodero prepared to sell to the Government not only steamship lines to the United States and Europe but also extremely profitable line to Asuncion Paraguay and Montevideo Uruguay long in the family Dodero to close friend(s) President and Madam QUOTE is completely discouraged UNQUOTE and this is indicative present strength nationalism attitude and weakness President

4) Arnold has resigned Telephone Company and became head SQUIB in the Argentine STOP This proff worse operating and financial situation Telephone Company and because Arnolds friendships indicative less confidence immediate development Argentine Republic situation

5) In spite of situation in telephone oil industry railways being daily worse nationalistic group strongly pushing nationalize meat industry electricity and others

6) Conditions developing which may force Government to take over certain industries in order to maintain employment even though President not wishing to do so because he considers dangerous

...
7) Most friends of Argentine Republic in the United States completely discouraged.

8) Bruce plans return Buenos Ayres 15th May and I hope see him next few days.

9) Argentine Republic Ambassador to Washington now at Buenos Ayres plans to return Washington this week and I will endeavor to see him.

10) CADE may be in danger precipitate unwise (or unwisely) action but only change in attitude Argentine Government and complete defeat nationalist group can help.

11) No private or Government capital available for present and until Argentine Government clears situation adequately neither private capital nor Export Import Bank nor International Bank can take risk on promise and must have to show strength of Government and President.

12) Foregoing represents all views I have been able to gather to-day STOP.

Under immediate circumstances no trip by me could have any good result as problem so big and so grave that only highly important decisions of United States Government and Argentine Republic can help and these decisions may not come until crisis Argentine Republic accentuated STOP.

I go Washington to-morrow and explore further and advise you.

Regards,

MESSERSMITH