

April 2, 1951

STRICTLY PERSONAL AND CONFIDENTIAL

René Brosens, Esq.
Buenos Aires, Argentina

Dear Brosens:

I am sorry not to have written you sooner, but as you will see from the circumstances I was not in a position to really write usefully before this.

We had a very pleasant and uneventful trip north and arrived in New York on Monday morning, March 19th. The day before we arrived I had considerable inconvenience in my throat and immediately after getting to the hotel on Monday morning I saw my throat doctor and he thought I had just a severe attack of laryngitis, but told me to stay at home, which I did. During the day I developed considerable fever and had another doctor in and I was confined to my room in the hotel until the following Friday with grippe. I had planned, as you know, to go to Washington the Tuesday following my arrival and I kept hoping that I would be able to go to Washington, where apparently they wanted very much to see me as soon as possible, before the end of the week, but it was quite impossible. On Saturday the doctor told me that it would be safe for me to go to Toronto Sunday evening for Board meetings there, which I did and I spent Monday and Tuesday in Toronto. Mr. Heineman came up to Toronto for the meetings on Tuesday. We all returned to New York this last Wednesday morning and I went straight on to Washington and spent most of Wednesday, Thursday, Friday and Saturday there. I have been in New York since Saturday evening of last week and am leaving for Mexico City with my wife tomorrow evening, April 3rd.

Although I was not feeling very fit during the week that I was confined to the hotel with the grippe, during the latter part of the week Mr. Heineman and I were able to have very long talks. He had, before we started our talks, read the memoranda with which you are familiar. In view of the developments in connection with the press situation and the failure to arrive at any solution of this matter, I was of the opinion even before I went to Washington that it would be useless and in fact inadvisable for you to come up at this time, as I considered that the circumstances were such that it would not be possible to carry through the plan at this time of presenting to the Exim Bank the applications of the Cade and of the Government for credits for the dollar expenditures in connection with the separate coordinated programs of the Cade and the Government. I told Mr. Heineman however that I thought we could not reach any definite conclusion on this until I had seen the people in Washington.

During the days that I spent in Washington last week, I saw most of the principal people whom I wanted and should see. I did not see Secretary Snyder, whom I wanted very much to see, as he is confined to his home as the result of an eye operation and the doctors did not permit him for the time being even to see friends at his home. I also did not see Mr. Martin, who as you may have read in the press is leaving the Treasury, where he has been as Under-Secretary, to head the Federal Reserve Board. He and Mr. Black, the President of the International Bank, left

Washington the day of my arrival, as both of them were taking a brief holiday together somewhere in the south, perhaps in Florida. While I would have liked very much to see them because of their friendly and understanding attitude towards these major problems connected with the American countries and also because of their understanding of the primary importance of the electricity situation, the fact that I did not see them did not have any real importance, for I am sure that their reactions would have been the same as I got from the other people whom I saw.

I am not going into detail with regard to the many conversations which I had in Washington, except to say that I saw among others Mr. Harriman, Mr. Miller and Mr. Gaston. I saw many others who work with them in matters of our relations with Latin America and in lending matters.

The net result of the conversations which I had in Washington I am going to try to give you in the briefest possible way, as to give you a full account would cover many pages. I may say that I found that everyone whom I saw had a continued full understanding of the importance of our relations with the Argentine and of course the other American republics. I found a full understanding of the importance of our relations with the Argentine. I found that the desire to do what we could to help the situation in the Argentine remained the same. I found that they realized as before and even more so after my conversations the fundamental significance of the electricity situation in the Argentine economic situation. I found they realized that the electricity situation would have to be settled before it would be possible to do anything useful in other fields of lending. I had the opportunity to explain to them fully my observations in the Argentine while I was there. They showed great eagerness as well as the greatest interest.

At the same time I found a great depression and the keenest disappointment over the developments in the Argentine. You will recall that when I went to the Argentine everyone was of the opinion that developments were proceeding satisfactorily and that the situation was improving and that the way would probably be open to doing some of the things which the Argentine most pressingly needed and which we in the United States very much wanted to do. I found that the action against La Prensa and the failure to settle satisfactorily this important matter had created a public opinion in the United States which is, I should say, practically unanimous. Even among those who are the best friends of the Argentine and most understanding of all the factors involved, there was the keenest disillusionment and disappointment. I have never seen the attitude of the press in this country so unanimous and so strong in a matter of this kind. They feel that the principal of the freedom of the press is of the most prima importance not only in the United States and in the Argentine but everywhere. As you know, in the United States the Government has to be and should be and is responsive to public opinion. It is impossible, with public opinion aroused as it is, for the State Department or the Exim Bank to move in any matter connected with credits for the Argentine. This is a fact which has to be accepted.

I wish I were able to describe to you adequately the deep disillusionment and disappointment which exists in Government circles and those friendly to the Argentine in the United States. Their hopes that the necessary things which should be done in the interest of both countries have been completely dashed to the ground for the time being. They appreciate the importance of this economic situation in the Argentine and the dangers and deterioration thereof for the Argentine and its reflexes in other countries. There was in my opinion no limit to what the United States would have been willing to do and able to do if it were not for these unhappy developments in the press situation. The situation, as you know, has been aggravated, so far as public opinion in the United States is concerned, by the events in connection with La Prensa which took place after I left Buenos Aires. The possibility, and what seems a probability, that La Prensa will die, or at least as an independent organ of

public opinion, is the conviction here. The opinion is that the acts of the Argentine Government show that it is out to destroy La Prensa and that La Nacion would soon follow. In other words, the opinion is that the Argentine Government is out to destroy any freedom of the press which was left. Whether this is the real situation or whether it is the real intention of the Argentine Government, the acts of the Argentine Government have led public opinion to this conclusion in the United States, and when the American people are making every effort to defend certain basic liberties which we believe are at the foundation of our national existence, it can be appreciated that public opinion makes it impossible for the United States Government to do the things in the way of concrete help which it had been disposed to do in the Argentine.

It is an unhappy situation that the real question at issue, in my opinion and in that of many others, is not really the freedom of the press but rather the prejudices and feelings which exist in certain quarters in the Argentine against La Prensa and its owner. Whether this be so or not and whether the freedom of the press is not at issue, no one can make the American people believe that and this is a great tragedy. I tried to make it clear to the President and Mrs. Peron, while I was in the Argentine, what the real situation was. They are apparently insisting in the position that what is happening in connection with La Prensa is a purely internal matter. The question of the freedom of the press of course is not a purely internal matter, just as the question of civil liberties and other basic factors are not purely internal matters. If any country chooses to consider these things as purely internal matters, then it must suffer in the society of nations the eventual consequences that grow out of such an attitude.

I realize that the rights and wrongs in the matter of this press situation are not wholly on one side or the other. That is usually the case when important issues are at stake. My own opinion is, for example, Mr. Guinza Paz left Buenos Aires not because he feared his life was in danger, etc., but because he thought that would have a powerful effect abroad; but in view of the previous acts of the Argentine Government, public opinion not only in the United States but elsewhere will remain convinced that Mr. Guinza Paz fled because he was not safe.

One important official in Washington, when I asked him whether it was opportune for the Cade and the Government to present these separate but coordinated applications for credits for the electricity programs, replied, "If they can find a way for Guinza Paz to return to the Argentine unmolested and for La Prensa to operate in a decent and proper way, then we can again begin to talk and think about such things as credits."

I can appreciate one factor; I knew how eagerly President and Mrs. Peron were looking forward to the visit of Mr. Miller. I think there were really all sorts of things they wanted to talk over with him and could have done so to great mutual advantage. While still in Buenos Aires, when I saw the statement which Mr. Miller had made in Rio in the matter of La Prensa, I knew that President and Mrs. Peron would resent it. I felt that it was a mistake that he should make such a statement in Rio in particular, and in all events before coming to Buenos Aires. Then when he made a similar statement in Montevideo, I was deeply depressed because I felt the President and Mrs. Peron would resent that even more. They were looking forward to seeing Mr. Miller and I think would have been willing to talk over the question of La Prensa and other things with him and perhaps a solution could have been found; but I think when he actually arrived in Buenos Aires they felt that his having made these statements in Rio and Montevideo was a grave discourtesy and that they resented it. I feel therefore that Mr. Miller, during his stay in Buenos Aires was not able to talk things over in the atmosphere which had existed and which I had helped to facilitate and which would have existed had he not made these statements

in Rio and in Montevideo. I make reference to this because I said above that the rights and wrongs are not always on one side, and while I feel that the President and Mrs. Peron have made very grave errors, grave errors have also been made in the United States and by others.

I do not know who advised the President to have this statement made with regard to atomic research. It was of course most unwise to make such a statement at the time that he made it — just before the opening of this conference — because it was interpreted not only in the United States but elsewhere as a most unwisely timed statement, and of course it affected very much the prestige and judgment of the President. So far as what has actually happened in the way of atomic research in the Argentine, I am not a scientist and am not able to judge, but neither is the President nor I believe anyone in the Argentine. In view of what has been done in the United States and in England and elsewhere by so many of the world's greatest scientists and physicists over a period of years, it is of course rather incredible and somewhat doubtful that a very small group of scientists in the Argentine should have been able to accomplish in so short a time and with the means at their disposal what Richter claimed they had done. In any event, it would have been so much better if the President had asked some of the atomic scientists in the United States and Great Britain to come down there to talk with his people before making any statement, and if any actually useful work has been and is being done in the Argentine it would have been welcomed by the United States and England, and the fact that such work is usefully being done in the Argentine would have added to the President's prestige for his initiative and some useful things could have come out of it. I quite appreciate that the President was resentful of some of the comment of the scientists in the United States and in England after this announcement had been made in Buenos Aires, but he had really provoked it by his untimely announcement, and then the President must have lost patience in his irritation and he is reported in the press here as having said that he did not care what they thought in the United States or elsewhere. All that of course did not help the situation with respect to credits or the conference or relations in general.

We all feel it is a great tragedy that the situation is the way it is today because there is really nothing but good feeling here for the Argentine and a great majority of people would like to have good feeling for the President. Under the circumstances created by the Argentine Government, there is only one attitude that the United States Government can take at this time and that is of not saying anything, refraining from all public comment or statements, trying to keep down as much as possible any unfavorable comment, treating the Argentine with the utmost courtesy and understanding but at the same time not making any moves of any kind. Dreadful as I feel about this whole situation which is so tragic, I am one of the first to appreciate that the State Department cannot at this time initiate any moves towards credits for the Argentine nor can the Exim Bank do so. Both the State Department and the Exim Bank would like to do something to help the Argentine and especially in this electricity situation, but if there were to be any move made in that direction at this time either by the State Department or by the Exim Bank, it would in their opinion, and I am in complete agreement, utterly destroy any possibility of doing anything later, for public opinion would be so aroused against the State Department and the Bank that they would be estopped from doing anything for a long time.

The foregoing is the substance of the situation. Everybody feels terrible about it in Washington. There is no resentment and there is no feeling against the Argentine or against the President, but there is deep disappointment and a feeling of helplessness at this moment. The next moves are really up to the Argentine. My own opinion is, from what I have heard in so many responsible sources, that unless

this question of the freedom of the press and of La Prensa is some way satisfactorily settled, there is little that can be done for the foreseeable future. The friends of the Argentine in Washington are not hopeless, but they feel nothing can be done for the immediate present.

It was for these reasons, which I gave fully to Mr. Heineman, that I suggested that it would be inadvisable, in fact impossible, to present the application of the Cade and of the Direccion Nacional de la Energia at this time as we had planned. I also said that I thought and was convinced that it would be undesirable for you to come up here because it could possibly create a wrong impression in the Argentine and there might be suspicions and ideas which would totally be unjustified and which could do harm. In the same way, I feel sure that our friends in Washington feel that it would be imprudent and not helpful to make the application in Washington at this time or even to talk about it concretely.

This does not mean that we must not proceed with the putting of the applications of the Cade and of the Direccion de la Energia in the best possible shape so that they can be presented at the opportune moment. Colinet will be sending you some suggestions for improvements and additions to the Cade brief, which I am sure you will be glad to have and which seem to me good. The brief as we now have it is good, but it is not sufficiently adequate and there must be more economic justification of the projects because of their importance in the Argentine economy. This is basic information which is essential for the Bank to take action. I will not explain at this point as to the Cade brief because I am sure Mr. Heineman and Mr. Colinet will be writing you and that the Cade brief can be made into a really wonderful document.

So far as the brief of the Direccion de la Energia is concerned, I am convinced that nothing will happen there unless you give them all the help which they need, and they will need a lot. I know the President realizes this and I hope the people in the Direccion still understand this. The brief of the Direccion should be as good as it can be possibly made. It will not of course be as good as the Cade brief because they have not got the same case and one cannot make up for the failure of not making studies, in a short time. Whatever can be done to get the Direccion's brief into the best possible shape as soon as possible should be done.

I am returning to Mexico City tomorrow evening as I cannot stay away longer. I will be in touch with Washington and with Mr. Heineman and he will keep you informed. I cannot at this moment foresee when we can present the brief because this really depends on the development in Argentine-United States relationships. The next steps are really up to the Argentine because for the time being it has estopped, through the creation of adverse public opinion in the United States, any steps the United States Government has wished and still wishes to take. It is difficult to get over to some governments how some governments are responsive to public opinion and must be, and with the responsibilities which the United States has at this time at home and in the world picture and in the hemisphere picture, the United States Government and the State Department can take no steps which prejudice their capacity to do the useful things in every part of the world which the world situation requires them to do.

I hope this letter will give you at least some of the picture which I should like to convey to you. I think we must not be discouraged; we must keep on working. I personally have every confidence that things will work out. I have this basic confidence in President Peron and I am sure he is understanding of the difficult problems which in any event he has to face and which he cannot solve alone.

I am still not feeling very fit because the effects of this grippe are hanging on, but I think when I get to Mexico City and can take things a little easier, I shall get over it more rapidly and very quickly. My wife and I are deeply grateful for all the courtesies you showed us in Buenos Aires. We enjoyed our stay very much and I need not tell you how happy I was to see you. I want to be helpful in any way that I can and I want to assure you again that I feel that with patience and understanding these problems will be solved, but for the time being the solution is outside of our hands and is in the hands of governments over the acts of which we have no control. The important thing is that the attitude here is really friendly and understanding and there is every desire to be helpful when the circumstances permit. I know you will not be discouraged for your understanding of all these factors is great.

My wife joins me in all good wishes to you and Mrs. Brosens, and I hope that you will give my very good wishes to your associates in the Company whom I had the pleasure of seeing while I was in Buenos Aires.

I am giving this letter to Mr. Heineman, who will send it to you undoubtedly with some comments of his own, which he may not be able to prepare until after I have left New York; but he will undoubtedly send you this letter with such comment as he may wish to make and such further information he may be able to give you.

Cordially and faithfully yours,

George S. Messersmith

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