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STRICTLY CONFIDENTIAL

México, D.F., January 25, 1945.

Dear Ed:

I took the liberty of writing you a very long strictly confidential letter on January 8, I believe of 12 pages, in which I stressed certain phases and aspects of the Mexico City meeting in February and in which I offered certain observations, particularly in the economic field, which I thought would be helpful to you and the Department. While I have not had any acknowledgment of this letter and have not expected one from you, I am hopeful that in spite of your occupations you have been able to read it.

I was particularly interested in your reading the last pages of this letter which have to do with the activities of our British friends and what is, in my opinion, the necessity of the President and you bringing to the attention of Mr. Churchill and the British Government the necessity of the British Government and its representatives in this hemisphere assuming a more understanding and collaborative attitude with regard to American unity and particularly with respect to the necessity of the British Government not giving this active support to the Argentine regime.

I have been giving a great deal of thought to this meeting which has such unquestioned importance for us and I think I should offer some further observations which may be of interest to you and to the Department and particularly to those who are working on the preparation for this meeting from the high policy plane.

In the first place, I do not think that we should approach this meeting with overconfidence nor take it for granted that inter-American unity is an established fact or will be something on which we can definitely count. I think it is in our grasp not only to consolidate the unity of the twenty Republics in the political and economic field

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The Honorable  
Edward R. Stettinius, Jr.,  
Secretary of State,  
Washington, D.C.

as well<sup>as</sup> in defense and I think it is also within our grasp to establish a situation which will bring about the appropriate changes in the Argentine and bring her back into the fold. Neither of these objectives can be reached without a most realistic approach and that approach cannot involve overconfidence on our part for taking things for granted.

I believe that everyone of the American States, and twenty of them have indicated they are coming, will come to this meeting with a deeper realization than heretofore of the vital necessity to them of complete collaboration between all of the American States and therefore with a sincere desire to work towards that end. They are, however, as I said in my letter of January 8, viewing this situation in America and in the world picture with realism. Our Latin friends we are inclined to think are idealistic and unrealistic and in many respects they are. At this particular juncture of world events, I believe that some of them are thinking more realistically and in more practical terms than some of our people at home. Just because they are weaker and because they realize their weakness this deep sense of the importance of events that are developing in the world has possessed them. It will depend upon the way in which we approach these problems at the meeting in Mexico City that in many respects the future of inter-American unity and real collaboration will depend.

For this reason I have tried to emphasize in my letter of January 8 that we have got to come prepared to approach the problems of this hemisphere in a realistic way and that we cannot merely talk about general principles which we hope will apply in the world, and which should apply, but that we will talk in terms which will indicate that we appreciate the fears and doubts of these weaker countries and that we understand their knowledge of their complete dependence on us in the postwar world as they see it developing.

To be brutally frank, and this is the way we have to face it for it is the way our Latin friends are facing it, they see Russia definitely bent on establishing spheres of influence within which her political and economic principles and practices will apply and control. They see Britain not only bent on maintaining the Empire and Empire preferences but extending their field of influence over a good part of Western and Northern Europe. In this situation the Latin American Republics at present see us endeavoring

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to maintain certain principles in the political and economic field with little chance of immediate success of carrying them through. They are interested, as we, that these principles to which we are attached in the political and economic field should control in this hemisphere as well as in the rest of the world but they see the future, particularly the immediate future after the war, rather darkly. As I see it their conception is that without definitely forming what may be called an American bloc, for this would be merely following the line of England and Russia, that if this hemisphere is to have any chance of having the ideas to which it is attached control it must work together very closely now and in the postwar period. Without therefore necessarily thinking in terms of a hemisphere bloc, although some of them will think of it in those terms, they will be interested to see whether we are really prepared to consider collaboration among the American States in the political and economic field as of primary importance.

There is a feeling among these states that during the last year or so we have become more interested in the world picture and become less interested in the American picture. It is necessary for us to dispel this doubt. It is true that from the purely statistical point of view our world trade with other regions of the world is in volume and value considerably greater than that of our trade with Latin America. They think, however, in terms of their security, political and economic, and they want to find it in this hemisphere and if we cannot guarantee it to them in this hemisphere they will look to those countries which can keep their economies going. After all, in many respects the Far East and this hemisphere will be the principal outlet in the years immediately following the postwar period for our goods. The demand from Europe will be tremendous in the immediate postwar period but when we look a little further into the future it is obvious that it is in the Far East and in this hemisphere that the mainstay of our markets abroad will lie. This is looking at it only from the purely commercial point of view. Viewed from the political and defense point of view the collaboration among all of the American States in the most intimate fashion is even more important.

This is a very difficult letter to write because there is so much to be said.

I have the unhappy feeling which may be altogether unjustified that some of our people are thinking almost

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entirely in terms of Europe and the Far East and are taking the rest of this hemisphere for granted. We wish to have certain principles apply throughout the world to which we are deeply attached and to which I hope we will remain attached. These principles, however, are being disputed today. They are being disputed by two strong powers; one seeing its power in the future greatly increase and the other struggling to maintain its place in the world. They are going to face this situation in the most realistic terms and they will be interested in practice rather than in principle. This, I believe, means that we while not abandoning in any way any of our principles, must in practice consider the realities of the situation which we have to face and I think when we get down to those terms we will realize that in the postwar world if we have this whole hemisphere behind us we are in a position to make a real fight for these principles for which we stand. If we don't have this hemisphere behind us and Russia struggling for position in the other American Republics, both in the political and economic field, our position will be tremendously weakened. This, I think, is the fundamental factor we have to keep in mind and I fear that some of our people are not being adequately practical about this American problem which in my conception is for us just as important as any other phase of the world problem and that if we do not maintain this American position our position in the world picture will be tremendously weakened.

It is all the more important that we take this position so far as this hemisphere is concerned because it is one point on which we can force acceptance of our position by Britain and by Russia. We are not interested in establishing a closed economy in this hemisphere such as Britain and Russia are endeavoring to establish in their countries and in certain spheres of influence. We are not planning a political bloc in this hemisphere to use it as a political weapon to browbeat others. We are planning an American picture in which certain political principles and ideals and certain economic practices will control because all of these States believe in them and that is something to which Britain and Russia cannot object. We are planning to keep the markets of this hemisphere open to all. Russia and Britain are planning economies which will be open only to those whom they choose to admit. The Latin American States are deeply conscious of this. For this reason the atmosphere for establishing real American unity and co-operation is better than it has been at any time. Again

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I take the liberty of saying that it depends upon us to know how to grasp this opportunity to the common advantage of all of us.

The greatest danger we have is that if we do not approach this American problem with adequate realism, we will leave after this meeting in Mexico City a sense of deception and disappointment which will bear very bitter and very definite fruits. This is what I think we must have constantly in mind and it is my greatest preoccupation so far as the American picture is concerned.

It is interesting that all of those of my Latin friends with whom I have talked have indicated to me that they think any political questions which may come before the Mexico City meeting can easily be resolved with unanimity if there is a feeling on the part of these states that we are realistically facing the question of economic collaboration. By this I do not mean to say that these American States are coming to us in Mexico City or after this meeting with their hands out either for loans or for gifts. I do not think that that is their attitude at all. I know that there are some at home who are taking this attitude. I think it is a mistake to expect that kind of an approach. That we will have to make sound loans to some of the American countries and perhaps to most of them for sound development projects to help them to improve their industrial and agricultural economy, is without question but they need these loans just as much as we needed them some sixty to seventy or more years back and when we got them from Europe. There isn't any shadow of a doubt that these American countries want to make their loans from us rather than from any other country. It is to every advantage for us that we should make these loans and this does not mean that we have to make bad loans as a Government, such as our bankers made in the twenties, not only in the Americas but in other parts of the world. During my last talk with the President in December he stated that he fully appreciated, as I was sure he did, the necessity for our making sound loans to these Latin American Governments for sound projects and I think this is all that these countries want. Many projects which they will have in mind and with all good intent will not really be sound but if we sit down together and examine them the bad projects will be discarded for good and we are in a position in the postwar to give them the technical and practical assistance which is necessary to make these loans and projects really productive.

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I do not believe that the American States will come to Mexico City with their hands out nor do I believe that they will come with the idea that actual agreements and understandings can be worked out in so short a time for economic cooperation of a concrete type. What they do and will want to know at this meeting is that we are prepared to collaborate in the improvement of their industrial and agricultural economies. They will want to know that we are thinking in realistic terms. They will want to know that so far as trade is concerned and shipping that we will be ready to talk about these things in due course in concrete terms but what they will be eager and very definitely looking for is our attitude at this meeting for if they see us merely willing to talk about generalities and expressing pious good wishes and hopes, we will create this deception and disappointment which I have been indicating in my opinion will bear such disastrous and bitter fruit.

Dr. Padilla in some of our conversations has indicated to me that it would be interesting for the Mexican Government to know whether at this meeting we intend to talk about principles or about texts. What he really has in mind is whether we have in mind definite concrete understandings and arrangements. I have told him that in my opinion the time is too short to work out texts, that is actual agreements, but that we must lay the basis at this meeting for such agreements and understandings which will be worked out after the meeting on the basis of general principles accepted by the American States. I think Dr. Padilla is in agreement with this idea but this does not mean that he thinks we can talk only in terms of principles without laying the beginnings of the foundation of practice.

I am going to be very frank again and to say that one of the things which I think some of our policy people will have to take into account is this. We have been dreadfully afraid of doing anything which might injure the feelings of our British and Russian friends. We have been dreadfully fearful of taking any step with our American friends which may not be in complete accord with our broad economic principles. We have hesitated to show any preferential treatment at all. On the other hand, our

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Russian friends are not going to hesitate to show preferences. Our British friends have not and will increasingly less hesitate, at least for the foreseeable future, to show preferences. If in face of this situation which these Latin American States fully realize we merely insist on talking about principles of altogether general application and which do not admit of any preferential treatment whatever in this hemisphere, they will feel that the fight is lost from the beginning and they will unquestionably look for friends elsewhere and certainly all of them will feel that the Argentine has been justified in the utterly egotistic attitude which she has taken during the course of this terrible war. I believe therefore that some of our people who formulate policy for us will have to change some of their ideas in the sense that they will be more flexible in the economic field and more ready to consider the immediate problems of this hemisphere and less hesitant about injuring the feelings of some of our friends across the water who do not hesitate to work to their own advantage whenever they see fit.

To bring this down to concrete terms, these American States are going to be interested in seeing what we are prepared to do with regard to the basic products in which they are interested and on which their whole political and economic structure depends. They will be interested in minerals and metals and rubber and cotton and coffee and any number of articles. I do not think they are expecting us to guarantee their economies but they do want to know whether in the Americas there are going to be special arrangements tending towards taking care of the markets for these products. They will be interested to know whether the shipping facilities will be available in order to market these products and whether they are going to be dependent completely on others to move their goods or whether they can hope to build up a merchant marine of a suitable scale or at least whether arrangements will be made which will assure that they will not be starved at the wrong moment for shipping. This is the sort of practical problem which will arise.

Fortunately for the immediate future we are prepared to maintain our purchase program of certain strategic materials which we have been absorbing. These arrangements we have will have to be replaced for the long-range with something else and it is of that which these states are thinking and of which we have to be thinking and along

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which line we have got to be prepared to talk to our friends while they are here even though it may be still in terms which are not in the form of specific agreements.

As our political position in the world and in this hemisphere and so large a part of our trade and what is even more important our defense in an uncertain world will so much depend upon the procedures which we follow and the realism with which we face these problems, I feel myself very confident that we are prepared to see this American picture in adequate perspective in the world picture with which we also have to deal.

There is very much more on the economic line that I would like to say but this letter already is too long and I have tried to press home the principal point which I think we have to keep in mind and that is that we shall have to have an altogether realistic approach to these American problems and that our approach will not have to be controlled altogether by our consideration of other factors in the world picture.

With respect to the Argentine, it presents a much more serious problem than some of these American States realize and a much more serious problem than some of our people at home realize. Some of our traders and manufacturers at home are becoming disturbed about what may be a stronger position of Britain in the Argentine after the war. This is a very shortsighted and very narrow attitude but it is characteristic of the attitude which certain traders, manufacturers and bankers are likely to take. It is an attitude, which, I hope, will make no impression whatever on the Department for in my opinion it would be fatal.

It is an interesting thing that while there seems to be a tendency on the part of some at home to soften with respect to this Argentine regime, in the Latin American States there is a definitely increasing understanding of the seriousness of this situation. For this reason I believe the American States will come prepared to treat with the Argentine question in an entirely realistic way. They have increasingly come to the realization that if the Argentine regime is permitted to consolidate itself

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and to consolidate certain practices in the Argentine, and practices which are obnoxious not only to our own ideas but to theirs, the Argentine will become a permanent danger not only to us but to them.

While there is a deep desire on the part of all of the American States to bring the Argentine back into the community of American States, I think they all realize increasingly and most of them now definitely that there can be no compromise with the present Argentine regime. They feel that it would be a blow not only to the Democratic systems which they are attempting to establish and in some cases a fatal blow and set them back for many years, but they feel that it would lead to an arrogant Argentine regime making all sorts of economic difficulties for them and for the Argentine becoming a haven for Fascist doctrine and practice.

I was talking with a very well informed and sound Latin the other day and he said that it was not only a question of the twenty Republics forcing this Argentine regime out but also of giving the Argentine an opportunity to educate herself so as to fit into the American picture. The American States are increasingly realizing that the Argentine has never really been a part of the American picture and has never really collaborated in the inter-American picture. They realize that she has always looked to Europe. They increasingly realize that the Argentine has looked down upon them just as she has opposed the United States.

The present attitude of the American Republics is having a very profound influence in the Argentine. If the twenty Republics maintain the stand which they have taken with respect to the present Argentine regime, it will force a change in that situation so that there will be a Government which will at least begin to cooperate in the American picture. If the twenty American Republics show that they are definitely committed to certain ideas and will not permit Argentine domination, then certain changes will gradually but definitely take place in the Argentine which will really make her a part of the American picture, which is so fundamentally necessary.

For this reason it is my conviction that we cannot come to this meeting to try to find some formula through which the Argentine can be brought back now. I think we

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must definitely maintain the stand which we have for it is the only safe thing for us and for the other American Republics. If we fail the other American Republics now, it will mean that they will lose faith in us for the future. There are some principles with which one cannot play and on which one cannot waver and our attitude with respect to the Argentine is one of those situations. Far better that this situation in the Argentine should continue for sometime longer than to compromise with it.

There is no doubt that there will be a few countries which will come to this meeting with a desire to find some kind of a formula. Some of them will hope to expect some sympathy from us. These same countries, however, would be in reality the most disappointed if they should find such sympathy. Some of these countries are obliged, or believe themselves obliged, to take some of these stands for their own purposes and because of certain internal conditions with which they have immediately to deal. But they know that the attitude which the twenty Republics have assumed is sound and essential and must be maintained until an adequate change in the Argentine situation can be secured.

I believe therefore that the worst mistake which we could make of all at this meeting is to come prepared to have a softened attitude with respect to the present Argentine regime or to give any encouragement to a few of the countries which may seek to try to find a formula which would bring such a regime into the American picture. It would be a farce which would have a disastrous end for most of these American States and would create for us a problem in comparison with which the Argentine problem in the past would be very small indeed. And, some of us know how difficult this Argentine problem has been over so many years. If some of us do not remember it, most of these other American countries know how they have suffered from the arrogance of the Argentine Governments in the past.

I have written so strongly about this because if there is one thing that my experience has taught me it is that there are certain lessons of history and experience which we cannot disregard. There are some illusions which are fatal. The Argentine situation with which we have to deal is a very serious one. If we fail to deal with it strongly we will create a problem for us in this hemisphere and

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in the world picture which will create for us the most serious difficulties and will make anything like inter-American unity or development of Democracy in most of the other American Republics impossible for generations. There is no need for any face-saving formula because a country with the political, military and economic power that we have does not have to compromise with such a military regime. We would be strong enough to make certain compromises but even we cannot take that risk and so far as these other American States are concerned, they can't afford the risk. In a juncture such as this we cannot afford to fail them.

I hope you will forgive me for the length of this letter and for what may seem a categoric statement of my point of view but I have felt that it was my duty to present these ideas to you and to the Department because like you and the rest of us I have this deep fundamental interest in the welfare of our country and because I cannot disregard the lessons which I have learned out of practice and experience.

With all good wishes,

Cordially and faithfully yours,

GSM:NA

G. S. Messersmith