

1819

Buenos Aires, Argentina, November 22, 1946

No. 1309

Subject: With Further Reference to Arms Being Manufactured in Sweden for the Argentine Government, to the Supposed Interest of Bofors in Selling Arms to the Argentine and Others of the American Republics and General Observations in This Respect

TOP SECRET

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

I have the honor to acknowledge the receipt of the Department's telegram no. 1397 of November 21, 7 p.m., 1946, stating that the Washington Star carries a dispatch dated November 21, 1946, to the effect that Aftonbladet of Stockholm carries an item stating that the Swedish arms company Bofors is negotiating with the Argentine for the setting-up of an arms plant in the Argentine; that the article further expresses the hope that the Swedish Government will not embargo arms shipments to the Argentine. The Department asks for a report.

In a series of despatches since I assumed charge of this mission on May 22, 1946, I have kept the Department continuously informed with regard to the matter of Bofors and also with regard to the attitude of the Argentine Government respecting arms purchases. The last despatches which I have addressed to the Department on this subject are no. 1183 of November 8, 1946, entitled "With Further Reference to Arms being Manufactured in Sweden for the Argentine Government"; and no. 1250 of November 18, 1946, entitled "With Further Reference to Arms Being Manufactured in Sweden for the Argentine Government and to the Visit of Major Bertel Bostrom of Bofors to Rio de Janeiro".

In reply to the Department's telegram no. 1397 of November 21, I have replied today to the effect that this Embassy has no knowledge of negotiations between Bofors and the Argentine Government for the setting-up of an arms plant in the Argentine and that it has reason to believe that while Bofors may be interested in such

a project

a project, the Argentine Government has not so far expressed any interest therein.

It is not believed that the Argentine Government has any interest at this time in making any arrangements with Bofors for the establishment of an arms plant in the Argentine. There is no doubt that the Argentine Government is interested in increasing the capacity of the Government for the production of arms and ammunition. The present plants of the Argentine Government, according to the reports of our military and naval and air attachés, are very primitive and on a very small scale. The recent maneuvers of the Argentine Army showed conclusively that the Argentine Army is lacking in practically all modern equipment. The Air Force is practically without any planes which it can fly, and I have, in despatches to the Department, informed it of the effect on morale of the Air Force.

In conversations with the President of the Argentine, the Minister of War, the Minister of Marine, and the Minister of Aeronautics, as well as with the Minister of Communications and other high officials of the Argentine Government, including the Foreign Minister, they have made it very clear that the Argentine Government does not wish to buy any arms at this time from any country except the United States. This is in line with a definite policy of the present Government of the Argentine and which is the result of a secret meeting of the Cabinet in which this policy was given unanimous approval when proposed by the President. In his address to the Congress on assuming the Presidency and in presenting his legislative program immediately thereafter to the Congress, the President on both occasions indicated the desire of the Government of the Argentine to collaborate in the inter-American system and in the defense pact and the desire of the Argentine Government to join in standardization of organization, equipment, and training of the Armed Forces of the American Republics. In his speech before the Congress in June presenting the legislative program of the Government to the Congress, the President stated that only such equipment would be purchased now which was essential and that ultimate programs would depend upon the coordination of the Argentine program into that arrived at between the American Republics.

From conversations, which I have reported to the Department in previous despatches, with the Swedish Minister, the Department will recall that the Minister frankly stated that the Swedish Government was interested in maintaining the present capacity of Bofors in arms production, and in expanding it, as this was important in the Swedish economy, and he indicated the interest of the Swedish Government in selling arms to the Argentine and to other American Republics and showed preoccupation with regard to the proposed defense pact

under which

under which presumably the American countries will produce their own arms or secure them from the United States.

I have been informed that representatives of English concerns have informed Argentine officials that they are prepared to furnish planes to the Argentine Government, but so far as we have been able to ascertain, this has all been in the talking stage and that the initiative came from English producers.

I have, however, in previous despatches to the Department emphasized my opinion that unless we arrive at a defense pact which will standardize equipment, training, and organization in this hemisphere, and unless we, through Congressional action, make possible the supplying of arms under appropriate inter-American agreements to the American Republics, there will be an open arms race between various European producers to sell to the American countries and that a very unhappy and undesirable situation will arise which cannot be avoided through any other instrument than a defense pact.

Anyone, familiar with the situation prevailing before the last World War, realizes the efforts which were made by European arms producers to sell arms to the American Republics and the interest which some of these Republics showed in buying arms, in many cases because it involved considerable payments to Government officials who profited by these transactions. Anyone who is familiar with this situation realizes to what degree such purchases of arms became a burden on some of the American countries.

I have ventured to express the opinion to the Department, which I repeat again, that unless a defense pact is negotiated in the next three or four months among the American Republics, some of these countries will give way to the pressures which are put on them by European countries for the sale of arms. These pressures are just beginning. Last evening I called on the Foreign Minister to discuss with him some current matters. In the waiting room, I found the Swedish and the Czechoslovak Ministers. They seemed to be not too happy to be in the same room and, although I am on friendly terms with both, they seemed not to be too happy to have me in the room, and I felt that they had something on their souls, but what it was I did not know.

The Foreign Minister saw the Swedish Minister, and afterwards the Czechoslovak Minister. When I went in to see him, he expressed his regret that I had been kept waiting and stated that both the Swedish and the Czechoslovak Ministers had been in to offer arms. So far as the Swedish offer is concerned, he did not go into any detail. So far as the Czechoslovak Minister

is concerned

is concerned, he stated that there were some trade conversations going on between the Argentine and Czechoslovakia and that the Czechoslovak Minister had stated to him that Czechoslovakia wished to buy a great deal in the Argentine but had very little to sell to the Argentine that the Argentine wanted and, therefore, offered arms from Skoda. I observed to the Foreign Minister that the Czechoslovak Minister was probably acting under instructions and that these instructions from Prague may have been inspired by the Soviet Government which knows of the keen interest which the Argentine Government has in arms. There is no doubt that the Soviet Ambassador here and the Soviet trade mission have reported to the Soviet Government in Moscow the fact that we are not selling arms to the Argentine and that the Argentine Armed Forces are very much in need of equipment.

The Foreign Minister replied that he had little doubt that the Czechoslovak offer was prompted by the Soviet who wished to exploit a situation which they knew existed in the Argentine.

As I had immediate matters to discuss with the Minister and as he offered this information above-given on his own, and as there were other persons with appointments with the Minister, I did not deem it proper to take his time to explore this matter but intended to do so this coming week; and I shall, during the next week, endeavor to secure from the Minister more precise information as to the conversation which the Swedish Minister and the Czechoslovak Minister had with him.

I think we will find that the Swedish Minister was endeavoring to prepare the way for the visit of Major BOSTROM of Bofors, who is now in Rio de Janeiro, and it is altogether possible that Bofors may be interested in establishing an arms plant in the Argentine for the Argentine Army and Armed Forces.

So far as the offer from Skoda is concerned, this was to be foreseen and there is no doubt that continuous offers will be made by Skoda. Up to now, British arms manufacturers have not, so far as I know, made direct offer of arms and their interest has been confined to planes. This is undoubtedly due to the Gentlemen's Agreement which we still have with Britain. I think no informed person has any doubt that relatively soon the Belgian arms work manufacturers at Liège and Herstal, French arms manufacturers as well as possibly those in Spain will offer arms to the Argentine Government as well as to others of the American Republics.

There are those who object to a defense pact among the American Republics on the ground that it will mean that we shall be aiding these Republics to arm themselves and become a menace to their neighbors. As I

understand it

understand it, we and the other American Republics all conceive the defense pact to be negotiated as one not only for the security of this hemisphere against attack from outside but also to assure the American Republics against attack from their neighbors. I think there is not a single one of these American Republics which is not interested in this defense pact and considers it fundamental for hemispheric defense and for themselves. It is interesting that the Argentine, which from time to time has nourished this idea of a Southern bloc and which has shown a decided tendency not to collaborate fully in the American picture, under the present Government of the Argentine has shown this definite interest in the defense pact which excludes any pressures on its neighbors and any consideration of a Southern bloc which the President of the Argentine has repeatedly declared he considers as politically and economically as undesirable as it is infeasible. He made this statement to practically every Special Chief of Mission who attended his inauguration as President. That the Argentine Government is endeavoring to implement this policy is shown by the sincere effort which it is making to carry through its inter-American commitments to open the way for the defense pact and by the fact that it has not increased its orders in Sweden for arms and has refused consistently to consider offers of arms from other sources. In view of the pressing need of the Argentine Armed Forces and particularly the Air Force for the most elementary equipment, the Argentine Government has received so far little recognition from any source of its restraint in this matter and for its sincere desire to collaborate in an inter-American defense system with all that that implies.

Naturally this situation will not continue indefinitely either so far as the Argentine or other American countries are concerned. If the Argentine and the other American countries cannot get from us the reasonable quantities of arms and equipment which they need for their Armed Forces, they will secure them elsewhere with all the unhappy consequences that this will have in the political and economic field.

I shall explore with the Foreign Minister this matter of the Swedish and Czechoslovak offers to which he referred and keep the Department informed.

Respectfully yours,

George S. Messersmith

To the Department in quintuplicate
Copy to Chief, Division of River Plate Affairs
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A true copy of
the signed original.
olp