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Buenos Aires, May 14, 1947

No. 2504

Subject: Observations With Reference to the Secret Policy and Information Statement on the Argentine Dated March 18, 1947, and Suggestions for Revision Thereof

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

Sir:

I have the honor to refer to a secret letter dated April 7, 1947, from then Acting Secretary Acheson enclosing a copy of the March 18, 1947 issue of the Policy and Information Statement on the Argentine which stated that this document had been revised in the light of recent events. The letter requested me to go over this document carefully and to transmit to the Department my frank comment and recommendations, as was done in the case of the first issue, and that this comment was to be submitted in triplicate. Mr. Acheson's letter states that it will be of interest for me to know that one of the most gratifying and productive features of this project has been the straightforward and vigorous comment from the field, including that from this Embassy, on the policy set forth in the Statements.

For some weeks I have had this Policy Statement before me and despite my many occupations have given it detailed and careful study and discussed it with some of my associates concerned in the Embassy. I should state at the outset that the circumstance that this Policy Statement is indicated as having been revised "in the light of recent events", and the fact that it does not seem to set forth really fundamental factors in the relationships between the two countries, has been a source of a good deal of concern to all of us here.

I would refer to the Policy Statement on the Argentine dated August 9, 1946, which was transmitted to this Embassy for comment. At that time, in view of the serious occupations which I had and which were absorbing all my time, I was not able to make the adequate comment on this Policy Statement which my associates and I at the time felt necessary and desirable. We did make comment but it was not detailed. Before proceeding with the consideration of the present Policy Statement dated March 18, 1947, I would like to make some preliminary remarks with reference to these Statements in general which may be of interest to the Department as they grow out of my long association with

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the Department and this deep and abiding interest which I have had in the conduct of our relations with other states as well as the interest which I have had in the administrative action within the Department from the point of view of its effectiveness. I believe that the initiative of the Department in preparing these Policy Statements with regard to all countries is an excellent and constructive one. In view of the increasing importance of our relationships with practically all countries and the position of leadership in world affairs which has been thrust upon us and which we cannot avoid, it is increasingly important that our policy should be clearly thought out and adequately clearly defined for the information of all these in our Government who need this information in the reaching of decisions and general attitudes on the many matters which require attention every day in the implementation or conduct of policy. I do not know to what degree these Policy Statements are made available to officers of the Department, but it is reasonable to assume that in addition to certain higher officers of the Department having access thereto, they are available also to high officials of the Army and Navy as well as to other Cabinet officers.

As the Department of State is the organism of our Government through which the President formulates and conducts our foreign policy these policy pronouncements of our Government in the form of these Statements revised from time to time have a very fundamental importance, because they give the orientation to many officers of our Government and to our policy in general in day-to-day practice. It is, therefore, of the most fundamental importance that these Policy Statements should be carefully considered documents and should be accurate and objective so far as the facts presented are concerned and on which policy is based. The statement of policy itself should represent the coordinated thought and decision of all those agencies of the Government which collaborate with the Department in the formulation of policy.

I can recall the time when policy was formed entirely in the Executive Branch of the Government by a few higher officials in the Department of State and when such a Policy Statement as that under reference was not necessary as the connection of our relationships with most countries was such that practically all decisions which involved policy were made by the higher officers of the Department. In view of the changed world situation and the tremendous responsibilities resting on our Government, policy decisions are of greater importance for the near- and long-range and, therefore, must be formulated on a coordinated basis taking into account the views of officers of our Government in other Departments as well as in the Department of State. While the Department of State has always been aware of the importance of public support of our people of its policies, developments in recent years and the tremendous responsibilities resting on us have made it necessary for the

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Legislative and the Executive Branches of the Government to work more closely together in the formulation and determination of policy, for the conduct of policy these days, no matter how sound it may be, would be impossible without the full collaboration of the Legislative Branch of our Government. These Policy Statements, therefore, have become necessary because of the very nature of the times in which we live, the character of our relationships, the tremendous responsibilities resting on our Government and because policy decisions, or rather decisions under policy, have to be taken in our Government every day by a much larger group of officers than heretofore. The adequate conduct of foreign policy, therefore, involves the necessity of such a policy document under discussion.

I was greatly concerned by the Policy Statement on the Argentine issued under date of March 18 which I felt in some respects was not altogether factual so far as certain statements were concerned, and, therefore, led to observations in the Policy Statement concerning our own policy and that of the Argentine which did not seem to be in accord with the actual facts and, therefore, not in the best interest of our country.

In this connection, I may say that I appreciated the letter of Mr. Acheson inviting my comment and that of other Chiefs of Mission on the respective Policy Statements. Just as Policy Statements cannot be formulated solely in the Department of State today without consultation with other agencies of our Government, so a Policy Statement cannot, I believe, be formulated without close contact with the Mission concerned and particularly with the Chief of Mission. If our Missions and our Chiefs of Mission are carrying through the responsibilities which are entrusted to them in an adequate manner, then due weight must be given in the Department and in other agencies of the Government to the considered reports and recommendations which are made by them, for they are the entrusted observers of our Government on the spot.

The Department is aware from the despatches and informal letters which I have addressed to it since I assumed charge of this Mission towards the end of May 1946 of my views with respect to the situation which has been created in United States-Argentine relationships and the necessity in our own interest and that of hemisphere security in its clarification. I believe I am correctly stating the fact when I state that it is the fundamental policy of our country in this hemisphere to maintain the closest and friendliest relationships with all of the American countries in the political, economic, social, and defense fields as of fundamental importance to us and to every one of these countries. If this has been true during more than 100 years of inter-American conferences and collaboration, I believe it is a correct statement of fact that our Government now recognizes that this collaboration is more vital

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and imperative than ever before, and I believe that this is recognized in the others of the American republics as well.

There has been an unhappy situation in some respects in United States-Argentine relationships over a long period of years, but it is interesting that this fact does not appear to be adequately taken into account in the Policy Statements of August 9, 1946 and March 18, 1947. That the difficulties which have arisen in the relationships between the two countries are not due solely to the one or to the other is known to our Government and is supported by the ample archives and records in the Department. But the Policy Statements under reference do not take this fundamental consideration into account, but seem to place the responsibility for the present unhappy situation entirely on the Argentine.

The present constitutional Government of the Argentine which took office in June of last year and which represents the will of the majority of the Argentine electorate has shown a marked desire to cooperate with us and with the other American republics in the inter-American picture, as well as a firm decision to endeavor to remove the obstacles which have hitherto prevented the closest and friendliest association which all thoughtful people hope for and realize has to be achieved. I hold no brief for the Argentine attitude at previous inter-American conferences during which the Argentine so often proved itself difficult and even arrogant, nor for the attitude or the acts of the de facto Government during the last World War. I do not wish to infer in anything that may be said in this despatch that there are not acts of the present Argentine Government which must not be followed very closely, which may not still be lacking in certain understanding, and which may give some cause for concern.

I do wish to emphasize, however, that the Policy Statements under reference do not take into account the fact that for the first time in decades, there is a government in the Argentine which has turned its eyes away from Europe and has directed them towards this hemisphere and which is desirous of establishing the closest friendly relations with the United States and with the other American republics. To fail to take this into account, as it is not taken into account adequately in the Policy Statements under reference, is to lose sight of the most important development in Argentine policy in many years. I may say that in making this statement, I am making a statement which is shared by my associates in the Embassy and is recognized by all thoughtful persons in this country. It is particularly necessary to emphasize that the present constitutional Government of the Argentine is fundamentally interested in close collaboration with the United States and the first government of the Argentine for a long time to take such definite an attitude with respect to us. This is, in some respects, a fundamental reorientation of Argentine policy of which inadequate note, if any, is taken in the Policy Statement of March 18, 1947.

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The Policy Statement does not recognize that the present Argentine Government through the action of the Executive and of the Congress in the ratification of the Acts of México City and San Francisco has oriented its policy into the inter-American system and into that of the United Nations. There has been a tendency in the Department to take the attitude that the ratification of the Acts of México City by the Congress, and the presentation thereof to the Congress for ratification was an indication of lack of good faith on the part of the Argentine when on the contrary, anyone familiar with the situation in the Argentine and with its constitutional structure is aware of the fact that any decision so fundamentally affecting foreign policy and which is in the nature of an international obligation of so broad a character has to be submitted to the Congress. The fact, therefore, that President Perón, immediately after his inauguration, submitted the Acts of México City to the Congress for ratification and that the Congress after very real deliberation and a good deal of discussion ratified them was, perhaps, one of the most important things which has happened in the Argentine for many years for this action involved the definite orientation into the American system.

There is no doubt that the present constitutional Government has shown good faith in carrying through its commitments under the Acts of México City. I will not go into detail here with respect to Argentine compliance as there are many despatches and reports in the Department on this matter giving all detail. It is sufficient to say here that in the matter of schools and institutions and propaganda, the Argentine has done a very thorough job and we have so recognized. I state here what I have stated in other despatches that in the matter of schools, institutions, and propaganda, an objective examination of the facts with regard to this matter in every one of the other American republics would show that the Argentine performance has been as satisfactory and complete as that of any and much better than in most.

With respect to enemy property, through the decree of January 1947, the Argentine Government has made itself the sole owner of enemy property located or which may be located in the Argentine and the Government has deposited an initial payment of 100,000,000 pesos in the funds of the Junta de Vigilancia. The liquidation of former enemy firms has proceeded with considerable rapidity. The reorganization and the "Argentinization" of the more important firms is in progress through the Central Bank. An objective examination of the facts with regard to enemy property in the Argentine and in the other American republics will show that the program of the Argentine Government has now been more effective and has gone further at this date than that of any of the other American republics except the United States and Canada. In the matter of enemy aliens, the program of action and deportation went on steadily under the constitutional Government following

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action which had already been taken under the de facto Government and the decree of November 1946 listing 52 persons covered the remaining persons against whom there was adequate information of action against the state or the United Nations. Of these 52, 13 were deported in December 1946, a further group is about to be deported and a further number are known to have escaped to neighboring countries. The Argentine Government is continuing very broad and effective measures in order to eliminate from the country the last of these enemy agents and has shown by its declarations as well as by its acts that it has no interest whatever in these aliens.

So far as the Policy Statement of March 18, 1947 on Argentina is concerned, I find that it differs but slightly from the previous Statement. I am really concerned about this Statement with regard to the Argentine as it seems to indicate an attitude of hostility and intransigence towards the Argentine Government. Our relations with the Argentine are supposed to be normal in every respect except that we have indicated that we will not enter into a defense agreement with the Argentine or the Rio meeting until the Argentine has fulfilled her commitments under the Acts of Mexico City. There is, however, no basis for any feeling of hostility or enmity towards the Argentine, but such a feeling seems to permeate as background so much of the comment in the Policy Statement under discussion.

It is, therefore, my opinion and that of my associates that the entire Policy Statement should be rewritten. We had considered the advisability of offering the Department a redraft of this Statement, but as this seemed to be a presumption or rather an assumption of a function of the Department, I am transmitting our reactions and comment in the form of this despatch. I wish only to state that as long as we have within the Department and within other agencies of the Government the present Policy Statement with regard to the Argentine, it can result only in consolidating an unfriendly attitude towards a country which is of primary importance in this hemisphere and which is showing, without any question, a sincere desire to be friendly with us and to collaborate with us.

With specific reference to the Policy Statement, I would suggest that the section headed "A. GENERAL POLITICAL" on pages 1 and 2 should be rewritten.

With respect to the section headed "B. ECONOMIC" on pages 2-11, a good part of this should be rewritten. The references to "Axis Influence" should be rewritten in accord with the facts as they now stand. In implementation of the statement which I have already made that statements in the policy document are not factual, I would refer to the statement on page 3: "In addition to deporting some of the Graf Spee sailors . . .". As a matter of fact when this Policy Statement was written, at least 811 out of 1,041 had actually been deported.

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I will not go into detail with regard to the sections on agricultural exports, rubber, United States export controls, and Argentine economic policy, except to state that these should be revised in the interest of accuracy. These statements are most important, and there is adequate information in the despatches and reports of the Embassy to give the factual basis for such statements.

Under the section entitled "(b). Foreign", which refers to foreign economic policy, beginning on page 5, there appears a statement that "Of late Argentina apparently has been actively striving to attain an old dream of creating a 'southern bloc' of South American states to be under its leadership, if not domination". In this connection, I would refer those who prepare this Policy Statement to the despatches of the Embassy which have accurately reported on this situation which briefly is that over many years there have been elements in the Argentine Government which have fostered, at least quietly, such an idea. Undoubtedly a certain highly nationalistic group which is relatively small still holds to this idea. It will be recalled, however, that President Perón has stated to the various American countries at the time of his inauguration that he is not interested in such a southern bloc, either political or economic, as he considers it infeasible and inadvisable and not in accord with the broader idea of inter-American collaboration to which the Argentine Government is now committed.

As an example of this effort of the Argentine to establish a southern bloc, the Chile-Argentine commercial agreement negotiated recently is cited. The Department has full information with regard to all of the background of the above-mentioned agreement, and the facts do not bear out the implication in this statement in the policy document under reference.

Incidentally from the factual point of view, the Policy Statement states that the tariff concessions provided in the Chile-Argentine agreement were of an exclusive and preferential nature and were not to be generalized to third countries having most-favored-nation agreements with the signatory states. At the top of page 6, it is indicated that we took "action" against the inclusion of this provision in the agreement and that as a result, it was eliminated. Actually, of course, our argument was with Chile and not with Argentina, since so far as Argentina is concerned all of her most-favored-nation agreements contain a clause providing for an exception when an agreement is entered into with a neighboring country.

The program of commercial agreements entered into by the Argentine while it does have some unwise aspects, which are not mentioned in the Policy Statement, is not directed at the formation of an economic bloc or a political bloc but is really the development of a program of commercial relations with her neighbors which has many constructive features and this is so recognized.

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With reference to the section headed "6. Aviation" on page 6, this should be completely rewritten in the light of the facts. A recent aviation agreement has been negotiated with the Argentine in which the Argentine has agreed to certain principles for which we have stood and has abandoned certain definite principles of her own in the agreement. In the paragraph on aviation and in connection with Argentine insistence on reciprocal rights from all countries whose airlines operate into Argentina, a somewhat extraneous sentence has been inserted. This sentence is: "Argentina has cancelled Panagra's cabotage rights effective in January". What the connection of this sentence has to the rest of the discussion on aviation in this particular section is not explained. The action, of course, was one which the Argentine had every sovereign right to take and which Panagra had long been expecting.

Section 7 on page 6 on petroleum should be rewritten in the light of the facts and developments.

The paragraph on shipping on page 8 should be rewritten and particular attention is called to the first paragraph on page 8 in which it is stated: "It is our policy to lend support to the other American republics in their desire to develop their merchant shipping". It may be noted that the Maritime Commission has recently stopped the sale of vessels to foreign countries and is not approving any further sales of vessels to the Argentine when it is obvious that these can be used to advantage in the development of a reasonable merchant marine by the Argentine. It is also clear that we gain nothing by this prohibition for solvent countries such as the Argentine can have ships built in foreign yards. In this connection very full despatches of this Embassy on this shipping matter and on ship sales policy are available for background.

The section headed "10. Motion Pictures" on page 8 states that: "...decree-laws have been issued which discriminate against the United States film trade in Argentina". This statement is factually incorrect as the decree-laws to which reference is made apply to all foreign films and not only American pictures.

Section 14. on page 10 under labor is a very important one and should, I believe, be rewritten keeping in mind developments in this matter and as basis for any statements in this action, there are available very full despatches of the Embassy on labor developments.

I believe that the section entitled "RELATIONS OF ARGENTINA WITH OTHER AMERICAN REPUBLICS . . .", beginning on page 14, should be revised in order to make the statement more accurate and objective. In the second paragraph of this statement, there appears a curious statement in parenthesis which reads: "(Argentina was, however, the only American Republic to submit the Chapultepec agreement to legislative ratification)". The inference left by this statement in parenthesis in the Policy Statement that this was an unnecessary or

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somehow an improper action, when as a matter of fact it is recognized in the other American republics that this action by the Argentine Government was one of the most definite and constructive steps the Argentine has taken in her relations with the other American states.

On page 16, there appears the comment "The Argentine Government is, of course, attempting to use the USSR as a counterpoise to us just as it uses the UK". This statement is not justified as the despatches of this Embassy with respect to Argentine-Soviet relations will show. The efforts of the Soviet Government to establish and strengthen its position in the Argentine have definitely failed.

There are other items such as the repeated references throughout the Policy Statement to Argentina's efforts to form a "bloque austral" and to expand its military machine which deserve comment, but they are repeated in so many different forms that I do not wish to comment on them here except to state that if Argentine governments have been interested, as they have, in a southern bloc, the present Government of the Argentine is certainly less interested in such a bloc than any previous government and it serves no useful purpose in inter-American relationships or for us to endeavor to give an improper slant to certain actions of the Argentine Government as proving her interest in such a bloc. This is particularly true with reference to the commercial agreements which the Argentine has entered into during the last year with others of the American republics and there have been any number of basic reasons which are entirely proper and constructive why such agreements should be mutually considered by the countries concerned. As a matter of fact, in some respects, the Argentine Government has shown a very proper interest in this matter of aiding in the economies of her neighbors.

I believe that exception should be taken with respect to the statements on others of the South American countries, especially those sections referring to Argentina such as "Brazil is desirous of consulting closely with the United States in regard to matters involving Argentina in the hope of following a common course; at the same time, however, it does not wish to endanger the friendly relations between the Brazilian and Argentine peoples". It would seem to me that the inference in this statement is too obvious to require comment. The fact is that there has been a certain situation existing between Brazil and the Argentine for many years which, in some respects, is quite a natural one growing out of the relative importance and geographic position of these countries. Although these situations have existed for years, there is no possible danger of these two countries getting to war with each other, and it is increasingly important that both Brazil and the Argentine examine the questions of common economic interest to them in a greater spirit of collaboration. Anyone who knows the situation so far as the economic relationships between Brazil and the Argentine is concerned knows that

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the situation is due as much to one country as it is to the other, and if there has been arbitrary action in the economic field, it has not been confined to one or the other. It serves no purpose for us to endeavor to emphasize these differences between the Argentine and Brazil or to take sides therein for they are not of the character to require such participation by us.

Likewise, in the statement on Argentina in the Policy Statement on Paraguay, the reference is not objective in that it says that Paraguay's dependence on Argentina is "a deterrent in the way of the development of democratic practices and representative government". As a matter of fact, Paraguay has been, because of her position, in a difficult economic situation for many years, and it would be improper to place this economic situation in Paraguay on the Argentine. From time to time it is true that private interests in the Argentine have taken advantage of the geographic position of Paraguay, but so far as the Argentine Government is concerned, and certainly since the present constitutional Government took office in June 1946, the attitude of the Argentine Government towards Paraguay and its problems has been exemplary and marked by an endeavor to be helpful.

I have not gone into greater detail in commenting on this Policy Statement on the Argentine as I believe the factual information in the possession of the Department from our despatches is adequate for the purpose of a revision of the Statement. I have expressed the opinion that these Policy Statements are of fundamental importance, and I believe all of us who have knowledge of the problems involved in the conduct of foreign relations realize how important these Statements are. The Statement on the Argentine is of particular importance because of the relative position and strength of the Argentine among the American states. It is, therefore, of the most fundamental importance that such a Policy Statement on the Argentine must be factual so far as the presentation of facts is concerned and that the policy laid down is sound and in line with the major objectives of our Government in the hemisphere. There is a curious situation with reference to this Policy Statement which indicates at the outset that our objective is to enlist Argentina's bona fide collaboration in the American system. This is our objective, but if we are to do this then the policy officers and the administrative officers of the Department of State and of other agencies of our Government and our Missions abroad must have a Policy Statement which presents the real salient facts with regard to the actual situation in the Argentine. I have read many of the Policy Statements which have been prepared in the Department, since this constructive initiative was undertaken, on others of the American countries and European countries. I have been struck by the objective manner in which these Statements have been prepared. As a matter of fact, the Argentine Statement is the only one which I find lacking in this

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factual correctness and in objective statement. Any person not fully familiar with the situation would assume from this Policy Statement that the Argentine is a country which is basically hostile to us and that we are, in some respects, hostile to it and that a state of semi-war exists between the two countries.

I am sure the Department will agree that until such thinking is done away with, and for which there is no basis, there cannot be any possible hope for a real composition of the situation or for the complete consolidation of the relationships among the American republics.

So far as the present Argentine Government is concerned, it has demonstrated its good will and desire for friendly collaboration since it took office. It is our declared policy to maintain this spirit of collaboration and friendship with the Argentine. I will not enter into detail with regard to factors which could properly be brought within the discussion in this despatch except to state that one of the steps which is necessary in order to bring about a proper situation between the two countries is a revision of this Policy Statement in order to bring it in line with the facts as they are and to leave out any observations of any slant which is not in accord with complete objectivity.

I have written this despatch with the hope that it may be helpful in the revision of the Policy Statement. I realize that the writing of such a Policy Statement involves examination of many documents so far as the factual part is concerned, and if the Department so wishes, we are quite prepared in this Embassy to take the Policy Statement of March 18 and to rewrite it as a basis for the Department's further consideration of a final draft. I do not wish to presume to do this, however, as a preparation of such a Statement is primarily a function of the Department and not of the Embassy, but I wish again to state that we will be glad to collaborate in any way in the preparation of a revision of the Statement.

I venture to close this despatch with the observation that the present Policy Statement on the Argentine under reference and the comment which this Embassy has made on an entirely factual basis indicate how important these Statements are and that before being issued they must be given the most careful examination in the Department. I do not know to what review such Policy Statements are subjected in the Department before they are put out in final form, but I would strongly suggest the necessity for such careful attention to all Policy Statements by officers on an adequately high level in the Department before final approval is given thereto. The issues at

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stake for us in our relationships with so many countries in the world today, such as the Argentine, are too great to permit any distortion or inaccuracy of any kind, no matter how unintentional it may be.

Respectfully yours,

George S. Messersmith

To Department in triplicate
Copy, Chief, Division of River Plate Affairs
File No.: 700
GSMessersmith:clp

A true copy of
the signed original.
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