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AIR MAIL

SECRET

Buenos Aires, Argentina  
September 25, 1946

Dear Will:

I have to refer to my secret letters of September 3, September 5, and September 19 with regard to the negotiations which the British were carrying through and which now have been successfully concluded on the question of the Argentine sterling credits in Britain, the meat prices, and the status of the British railways in the Argentine. In my letter of September 3 I informed you that I had taken the opportunity during a private conversation with President Perón and the Foreign Minister, Bramuglia, to speak at length of the importance of these negotiations and the hope that a mutually satisfactory arrangement would be arrived at. In that letter I informed you that I had told the British Ambassador in confidence immediately thereafter what I had done and asked him not to mention what I had done except to Mr. Bevin. In my secret letter of September 5 I informed you that the British Ambassador had told me that the Foreign Minister, Dr. Bramuglia, had told him of my conversation with the President and with him, and that, therefore, the British Ambassador had felt free to inform the head of the British Mission, Sir Wilfred Eady, of what I had done for his background.

There have been developments in this connection which make it desirable that I should bring my whole procedure in this connection to your further attention. I had a telegram dated September 19, 5:00 P.M., from Ambassador Harriman in London stating that in a conversation with Sir Stafford Cripps on September 18, Cripps had expressed "warm appreciation for the assistance I had given the British in connection with their recent trade and financial negotiations with the Argentine Government."

The

The Honorable  
W. L. Clayton,  
Acting Secretary of State,  
Washington.

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The same day the British Ambassador informed me he had received a telegram from the Prime Minister, I believe, stating that the British Government appreciated most warmly the great help I had been in the British negotiations with the Argentine and asked the British Ambassador here in what form this appreciation should be expressed--and whether it should be expressed through Washington or through the British Ambassador here. The British Ambassador replied to his Government that I had informed him that my action had been taken entirely on my own initiative and without instructions from my Government, and for this reason he thought the thanks should be expressed through him to me here. I told the British Ambassador that I thought this was the better procedure although I was not expecting any expression of thanks for what I had done as what I had done, I felt, was essential in the interests of the Argentine and of Britain and of ourselves. The British Ambassador's reply was that my conversation with the President and the Foreign Minister had made possible the success of the negotiations.

I now have a letter from the British Ambassador dated September 21, 1946 of which I enclose a copy in which he states that he has been asked by the British Government to thank me most warmly for the help which I gave at the time when the negotiations were in a particularly difficult stage, and that Sir Wilfred Eady and he both felt that what I had said at the time had made a very definite impression and that he knew this from what the Foreign Minister, Dr. Bramuglia, later informed him.

I am naturally appreciative of this gesture on the part of Sir Stafford Cripps and of the British Government and of the generous attitude shown by the British Ambassador here and Sir Wilfred Eady, the head of the British Mission. In order, however, that it may be entirely clear what my actuation was in this matter, I wish to put the following into the record.

I realized from the outset, as I am sure you all did in Washington, that these negotiations which the British would carry on with the Argentines were of great importance, not only to those two countries but to us, and that it was highly desirable that a successful and equitable arrange-

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ment be reached. Sir Reginald Leeper kept me fully informed of the progress of the negotiations which for almost two months went about as badly as any negotiation could proceed, and as I reported in my letters and despatches to the Department.

After about two months I knew from my close contact with members of the Government here that the negotiations were going to fail. The British were so hopeless that they asked for a plane from London to take the Mission back. I felt that a breakdown of the negotiations would have very unhappy consequences, not only for the Argentine and for Britain. I knew that the deception in Britain would be so great that tremendous resentments would arise and that the British press would become very vocal and that this would arouse here in the Argentine not only resentment in Government circles but in circles outside of the Government which would be immediately affected by any breakdown, and in a most disastrous manner. I realized, therefore, that the resentment in the Argentine in all circles, in and outside of the Government, would be so great that it would create a tremendous wave of feeling, not only against British interests here but against all foreign interests including us. I knew too that the British would necessarily have to take some retaliatory measures in the way of taking refrigerator ships, etc., out of the trade and that this would cause an economic crisis here which would have for its immediate effect this tremendous resentment against all foreign interests which could easily be translated into some violent acts of expropriation and others against foreign interests and at a time when I knew that the program of the Argentine Government was one of respecting private property and encouraging private initiative and acquiring any foreign owned public utilities on the basis of negotiation and at fair price and without coercion.

At an earlier stage in the negotiations I had taken the opportunity during a conversation with the President to express to him as well as to the Foreign Minister my very real hope that in spite of the difficulties in the negotiation a satisfactory solution would be found, and I had told the British Ambassador of this step which I had taken.

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When, however, I saw that the negotiations were definitely going to fail and that a serious situation would be created thereby for all of us, I seized the opportunity of a supper which I had with the President and the Foreign Minister in the home of the President to speak to him about the negotiations. As I have reported that conversation in my secret letter of September 3 to you, I will not go into further detail concerning what I said, but wish to recall that I made it very clear in my conversation with the President and the Foreign Minister that I was speaking without instructions of my Government and on my own initiative and also not at the request of the British Government or the British Ambassador. You will recall that I said I was speaking in a purely friendly way.

That particular evening the Foreign Minister, Dr. Bramuglia, took me to my home in his car after the supper with the President, and expressed in very warm terms appreciation of what I had said to the President and to him concerning the British negotiations. The Foreign Minister said that I did not probably realize how helpful what I had said was. I said to him that I had permitted myself to say what I did because I knew that the President and he were understanding of the importance of the negotiations but that I thought there were certain considerations which I might usefully bring to their attention. The Foreign Minister reiterated that what I had said could not have been more useful.

It was the day following my conversation with the President and the Foreign Minister, reported in my letter of September 3 to you, that the change in the atmosphere with respect to the negotiations came. President Perón and Foreign Minister Bramuglia discussed the matter with the Cabinet and with Miranda, President of the Central Bank, who was negotiating for the Argentines, and new instructions were issued to Miranda. In the meantime the British realized that they also would have to be more flexible and Sir Wilfred Eady sought new instructions from his Government and got them. From that time on the negotiations developed in an altogether different atmosphere and led to the constructive solution with which you are familiar and which we have fully reported to the Department by despatches.

Day



Day before yesterday I called on the Foreign Minister to discuss questions of enemy property and aliens with him, and as I had not seen him for a week, I took occasion to say to him at the outset of our conversation that I thought his actuation and that of President Perón in these negotiations had been most helpful and constructive. I said to the Minister that I knew from the very outset he had worked most constructively in this matter and I thought he could take a great deal of satisfaction in having done a very constructive piece of work and in which he had played such a major role. The Minister to my surprise replied something as follows: "You are quite right, my friend. From the very start I wanted to see these negotiations a success and worked hard to that end. I realized how important they were as did President Perón. You are wrong, however, about one thing you say, and I would like to tell you that you are the one who is the most responsible for the successful turn of the negotiations. What you said to President Perón and me showed us broader aspects of this problem and convinced us that the stand which we were taking for a constructive solution was one which we had to maintain, and that conversation was the turning point in the negotiations."

The Foreign Minister here is a very honest and sincere person and who, while he is in many ways new to the work of the Ministry, has shown unusual intelligence and capacity and comprehension, as I have pointed out consistently to the Department. His actuation in the negotiations with the British has shown this conclusively, just as his actuation in connection with the ratification of the Acts of Mexico City and San Francisco and in the action against Axis schools and institutions has shown. Similarly, the whole responsibility for the program against enemy property and aliens is falling on him, and he is showing the same zeal and understanding in carrying through this important task.

I made it clear to the British Ambassador that I did not think my conversation in connection with the British negotiations should be known except to him and to Mr. Bevin. It was perfectly proper later, of course, after the Foreign Minister himself informed him, for him to in-

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form Sir Wilfred Eady, the head of the British Mission. It is, I believe, important that my action in this respect which I took at my own initiative should remain confidential for it would do no good to the Argentines or to the President here or to me or to the British and American interests if it were known that I had taken any part in this matter. The enemies of the Government would seize upon it to attack the administration. It was fortunate that the relationship which I have with the President and the Foreign Minister here is such that I could talk with them about a matter which affected our common interests in the frank and informal and private manner which I did, but it would destroy that relationship which, I believe, is so helpful to our interests, if it should become known that I had these conversations with regard to the British negotiations and that I may have been helpful at the crucial moment.

I am happy to say that the British Ambassador in Buenos Aires is understanding of the importance of inter-American collaboration and he is, so far as I know, the first British Chief of Mission for a long time in Latin America who is fully understanding of all these problems and who realizes the importance of collaboration with us. His work here has already had a very real effect in the British community in Buenos Aires which has always been more or less difficult and resentful of us. The British Ambassador's intervention in the British negotiations with the Argentines was most constructive, and I think he has to have a great part of the credit for the success thereof.

I have wanted you to have this background. I have not written this letter to try to tell you how helpful my conversation in connection with the British negotiations may have been; I was only doing what I knew the Department would wish me to do if I could do it in a private and informal way for the Department recognizes, as I do, the importance which these negotiations had, not only for the British and the Argentines but for us. The repercussions of failure would have been tremendous and would have covered a wide field. I have only told you about this matter because the British Government has seen fit to express its thanks in this formal way, but

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I still think it would be unhappy if more than a few people have knowledge of this matter, and so far as I am concerned, I am not mentioning it to any one here except to the Counselor and Economic Counselor of the Embassy.

I am sending a copy of this letter to the Secretary in Paris, and am also sending a copy to Dean Acheson for his perusal on his return to Washington. I will also appreciate your bringing the substance of this letter to the attention of Spruille Braden. Otherwise, I think it should have very restricted circulation in the Department.

With all good wishes,

Cordially and faithfully yours,

George S. Messersmith

Enclosure:

Letter from British Ambassador in Buenos Aires  
dated September 21, 1946