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Subject: British-Argentine agreement for the purchase of meat.

During the time that I was in the Argentine from May 1946 until June 1947 I was without any initiative on my part or on the part of our government drawn into the negotiation of the new agreement between the Argentine and England for the purchase of Argentine meat.

While the principal agricultural wealth of the Argentine lay in her exports of wheat and corn and linseed and other agricultural products, the exports of frozen and chilled meat were a very considerable part of the income of the Argentine economy. A good part of the vast pampas of the Argentine were devoted to pasture, and Argentine beef was of high quality. The so-called frigerificos were an important aspect of the agricultural economy of the Argentine, for in them the meat was dressed and chilled or frozen for exportation to foreign markets. We had had an embargo on Argentine meat in the United States for many years on the ground that foot and mouth disease existed in the country. The fact that we maintained this embargo in spite of the Argentine claim that no foot and mouth disease existed in the Argentine was one of the principal causes of friction between the two countries and one of the principal causes of considerable feeling against the United States in the Argentine. That foot and mouth disease existed in certain parts of the Argentine is I believe not questionable. On the other hand, that there were considerable areas of the country which were completely free of foot and mouth disease is I believe also unquestionable. There is I think no doubt that one of the principal reasons we maintained the embargo on Argentine meats was to protect our own cattle interests in the United States and our own price situation, for frozen and chilled beef could be produced at much lower cost in the Argentine than in our own country. Many ineffectual steps were taken to remove this cause of friction between the two countries. I recall that when President Hoover was elected President and decided to make this trip through the Latin American countries, or at least certain ones of them, before he assumed the presidency, that during his visit in the Argentine, which lasted only a few days, he discussed with President Irigoyen and other

officials of the Argentine government this question of our meat embargo. President Hoover, who was a very fair and just man in his appreciation of matters of this kind and who had, out of his experience as Secretary of Commerce, a good deal of knowledge of some of these quarantine problems, felt that something should be done about this matter as it was basic in the improvement of the relations between the two countries. He realized that it was not a question of the Argentine so much desiring to export meats to the United States as it was a question of what they considered an unnecessary and improper stigma placed by us on them and their agricultural and cattle economy through our quarantine measures. The Argentine in fact had an adequate market for its frozen and chilled beef in England and in certain other countries of Europe, so that there was very little question of Argentine meats being available for exportation to the United States market. In any event, in viewing the problem in a statesman like manner, and in a realistic manner, President Hoover while he was in the Argentine on this visit did make clear to the Argentine authorities that he would use his best efforts in order either to remove the quarantine or have some measures taken which would alleviate the situation so far as the relations between the two countries were concerned. When President Hoover returned to the United States and after taking the oath of office began to give thought to this particular problem, he found that the cattle and agriculture interests in the United States were so definitely opposed to the removal of the quarantine on meats and meat products that it would interfere with his legislative program in Congress if he pressed this matter at the time. As a matter of fact, in spite of these good intentions and there is no doubt of the good intentions, not only was nothing done about the quarantine, and this was eagerly expected by the Argentine government and public, but shortly after the President took office a new tariff bill was passed which placed heavier burdens on agricultural products from the Argentine entering the United States. It was a great disillusionment to the Argentine government and people and this sore which had been festering between the

Argentine and ourselves for so many years received no treatment.

The British and the Americans had been most active in the establishments of the frigerificos which were in Buenos Aires and La Plata, as these were the two ports from which the meat could best be shipped to foreign countries. The American packing interests were really more important in the picture than the British, although the British were very considerable. Armour and Swift and Wilson and I believe several others had packing plants in either Buenos Aires or La Plata. While there is every reason to believe that the packing companies paid the best possible prices that they could pay to the cattle men, a certain amount of feeling had been growing up between the cattle interests and the frigerificos on the basis that the cattle men were claiming that the frigerificos were not paying enough for the cattle brought into the yards. President Peron, in his campaign for the presidency, had advocated the self sufficiency of the country and so far as possible the getting rid of foreign investments in the Argentine. It was a broad program to which he had not given very much thought, but it was a part of the demagogic approach which he took to the problems. It represented certainly the feeling of a good part of the Argentine people. To what degree it represented conviction on the part of President Peron I am unable to judge, but from later events after I went there as Ambassador it would seem that he had not given these economic problems much thought and had really very little knowledge of them. He learned slowly and the difficult way and it is only now in 1955 that he is endeavoring to really undo some of the things that brought the Argentine economy well on towards disaster. The nationalization of the frigerificos was not, so far as I can determine, a part of the program of President Peron when he came into the presidency in the middle of 1946, but there was, however, a strong feeling among members of the Congress, both of the Peronista party and of the radical party, in favor of the nationalization of the frigerificos and of this there is no doubt.

In the early days of the administration of President Peron the negotiation of a new meat agreement between Great Britain and the Argentine became indispensable.

While I shall have to consult my papers for certain facts in this respect, it is my understanding that the meat agreement which existed throughout the second World War had been negotiated shortly before the outbreak of the war. This agreement provided for prices which naturally were much below world market prices and the United States market prices during the period of the war, when the price of meats increased considerably. While there was considerable muttering and dissatisfaction in the Argentine with the meat agreement during the period of the war, and while it was obvious that something was building up which would require attention as soon as possible, the shipments from the Argentine to Great Britain continued throughout the period of the war and were of a tremendous value to the British people, who were so strongly rationed for food of so many kinds during the whole war. A good part of the meat supply of Britain came from the Argentine. The price of meat was kept down in Great Britain because of the low prices provided in the meat agreement existing between the two countries. The Argentine on the whole, while not happy over the agreement during the war, was quite satisfied that things should remain at status quo during the war period. The heavy balances which the Argentine government was building up in sterling in London were mostly made up of <sup>chilled and frozen</sup> meat shipments. There were of course other exports of the Argentine to Britain, but the meat exports were the backbone of the shipments.

It was quite inevitable that as soon as the war came to an end that this question of the meat price between Britain and the Argentine would have to be settled. The British government endeavored to evade the issue because it had its economic problems, and one of the principal preoccupations was to keep down the cost of living. It was natural therefore for the British government to use every possible effort to keep the price of meat from increasing, and any increase in the Argentine-British agreement would have had a serious repercussion on the cost of living in Britain. On the other hand, the Argentine government was under the necessity of seeking a better price for meat. It was making considerable imports of manufactured



goods from Britain. The cost of these manufactured goods had doubled and tripled and even quadrupled during the war, as had been the case of imports from the United States. The meat price was much too low. There was, in fact, every justification for the Argentine government insisting upon the negotiation of a new agreement which would involve a higher price for chilled and frozen meats.

The negotiation, that is to say the conversations, did not prosper. The Peron government began to use measures to facilitate the <sup>new</sup> agreement. The government began to limit the exportations of meat to Britain and it did not find too much difficulty in securing other markets in Europe. These decreased exportations to Britain caused really great consternation, for the British people were already on extremely limited meat rations. If I recall correctly, it was necessary to reduce the ration. Negotiations were begun on a serious basis and a mission was sent by the British government by the Argentine in order to negotiate a new agreement which of course would hinge almost entirely on price, although the British government was naturally interested in receiving the quantities of meat that it needed.

In the Argentine the mission was received somewhat coldly. It was headed by Sir Wilford Eady, a high official of the British Treasury I believe at the time. From the Argentine the negotiations were in charge of Mr. Miranda, who was in many ways, with the complacence of President Peron, the economic dictator of the country. He took from the outset a very arbitrary and difficult position. While the British mission undoubtedly had instructions to agree to an increase in the price of meats over that in the old agreement, they were not prepared to pay the price which the Argentines wanted.

The British Ambassador to the Argentine was Sir Reginald Leeper. He was a British civil servant of long experience and a man of broad vision and understanding. He had not had any service in Latin America before he undertook this post in Buenos Aires. He arrived in Buenos Aires the same day that I did. We became from the beginning very close friends. While the relations between the British Embassy in

Buenos Aires and our mission had been friendly, there had been over the years an undercurrent of antagonism and certainly a lack of real collaboration. The British trade interests in the Argentine were of very great importance. These interests in Argentina and their principals in London viewed with considerable concern the increasing inroads of American trade. That United States trade should increase with the Argentine was inevitable, but this did not change the fact that these feelings were there and in many ways made themselves obvious. During the period of the second world war the relations between the British Embassy and our mission had improved because of the common interest that we had in the war and in certain problems in the Argentine. As a matter of fact, the relationship was so much closer that on my arrival I found that there was a direct telephone and a direct wire between my desk and that of the British Ambassador. Sir Reginald and I soon abandoned this direct line because it was ridiculous to think that the government would not know of the existence of this line and would be aware of any conversations which took place over it. Leeper and I saw each other almost every day. The most pleasant collaboration which I had and the most effective with British colleagues during my many years of service was that which I had with Sir Walford Selby in Vienna elsewhere mentioned in these notes and with Sir Reginald Leeper in Buenos Aires.

Leeper appreciated the importance of this negotiation. He mentioned to me frequently the difficulties which were being experienced by the British negotiators in their conversations with Miranda. There was no doubt that Miranda was being not only too hard but that he was treating the members of the British mission in a cavalier and at times even discourteous manner. Miranda had the strange mentality of believing that this was the way of reaching his ends. The negotiation of this new meat agreement between the Argentine and Great Britain was naturally a matter of direct concern only to Great Britain and Argentina and our country did not have any direct interest. The information therefore which Leeper gave me as to the progress of the negotiations was merely a friendly exchange of opinions and because

he valued my reactions to many matters of interest to him, as I valued his reaction to many matters of interest to us.

One day Leeper came to see me and said that the negotiations were off. They, the British and Argentine negotiators, had had a meeting during which Miranda had been so rough and tough and in general in the last weeks had treated the mission with such discourtesy that there was only one thing for the mission to do, and that was to break off the conversations and return to London. He said as a matter of fact that the British mission had arranged for its air transportation to London the following day. He considered that this was a very serious matter. Once broken off it would be very difficult to start the negotiations again. The Argentine government was assuming on the whole such an intransigent attitude on the matter that once the negotiations were broken off, even though it meant great losses to the Argentine economy in the way of shipments of meat, he saw it a long time before the negotiations could be resumed. I told him that I completely agreed on this aspect of the matter. He then went on to say that he was confident that the British mission had exhausted every effort to try to reach an agreement. There was nothing really that he could do about it because the matter was in the hands of the mission, which had its instructions from the British government. Sir Wilford Eady was directly responsible for the negotiations. Leeper said that he saw only one possibility of getting out of the impasse, and that was that if I should have a talk with Peron. He knew of course that the President and I had many conversations. He knew that these conversations were carried on in a friendly atmosphere, although the ~~XXXXXXXX~~ substance of the conversations might be difficult. Leeper frankly said to me that if I could see my way clear to mentioning the matter to Peron he felt sure that a new basis could be found for the negotiations and an agreement arrived at. He could not propose to me that I do this because he knew that my country had no part in these negotiations. He knew that there was no time for me to secure instructions from my government as to whether I could mention this matter to President Peron. He said that he knew that

I risked even the possibility of a reprimand from my government for mentioning the agreement to President Peron without the specific authorization of the Department of State. He thought, however, that as the British government and ourselves had been working so closely together in these so many matters during the war and since, and as in many ways Britain's problems had become ours for the time being, he had at least to mention to me for my consideration the possibility of my saying something to the President.

I told Leeper that I of course had no instructions in the matter. It was useless to endeavor to secure instructions before talking with Peron and to avoid a rupture of the negotiations. The British mission had said to the Argentine government that it was leaving the following day. Unless a new basis of negotiation could be found, there was really no other course left than for the mission to leave. There wasn't any doubt that this was going to make trouble for Britain and for the Argentine. Feelings would be accentuated and the problems which we were dealing with in so many lines with the Argentine government would be accentuated. I said that if there was a friendly word that I could say to the President that would lead to a new basis of negotiations I thought it my duty to do so. The increasing of economic stresses of any kind in Britain would increase the problems of my country as well as his. I told him that I would endeavor to speak with the President that evening. I immediately got in touch with Mr. Alberto Dodero, a distinguished Argentine businessman who was a close friend of President Peron and of Mrs. Peron. He was one of the very few and certainly the most important of the Argentine businessmen who were in close touch with the President and Mrs. Peron. He belonged to one of the old and aristocratic families of the Argentine. He had lost a good deal of favor, if not almost all favor with his class and his friends by this close friendship with the President and his wife. We had known each other since my first tour of duty in the Argentine in 1928 and 1929. I told Dodero that I had a real desire to see the President that evening on a matter of urgency if the President's engagements permitted, and within

a very few moments Dodero told me that the President would be most happy to see me that evening at his home.

I told the President that I was going to speak to him about a matter which was not a matter of direct concern to my country. I told him that I was speaking in what I was going to say in a purely personal way and because of my friendly feelings for him and his country. I could not tell him that what I had to say was reflecting the opinions of the Department of State or of my government. I believed that it did. He would, however, have to understand that I was speaking entirely in this personal capacity. The President said that he was only too happy, as always, to talk to me in this way and that I should be entirely frank with him in the expression of my views, as he valued them so much.

I said I did not wish to go into the details of the meat agreement. I was not able to say what a fair price was for Britain to pay and I was not able to say what a fair price was for the Argentine to ask. I did believe that the Argentine government was correct in taking the position that it should have a higher price for its meats for export to Britain. So far as I could tell, however, from the information that I had been given, what Mr. Miranda was asking the British to pay was exaggerated and much too high. One could well understand why the British were making every effort to pay as little as possible, but they had shown a disposition to pay more. From what I could see the offers which they had made so far had not met sufficiently what might be considered a fair price. There should certainly be a way of finding a price on which the British and Argentine governments could agree.

I said that unfortunately it looked as though these negotiations had been accentuated by their being drawn out so long and feelings had developed. Mr. Miranda had been, I felt almost certain, very discourteous to the British negotiators. The British had a right to resent this. How would the President feel if he sent negotiators to London and they were treated in the way that Mr. Miranda had treated these people. This was entirely apart from the substance of the matters treated.



In these matters between governments there were certain procedures which had to be maintained.

At this point in the conversation the President asked me what I thought should be the price. It was of course like him to get to the essence of the matter. I had to repeat to him what I had said at the outset of the conversation, that I would not and could not discuss what should be the price. I did not have the competence to discuss that matter or even to express any views to him. All I knew was that it was obvious that the Argentine government was asking too much and the British were offering too little. I said that what I wished to talk with him about were the other major aspects of the matter. First of all, there was the question of the British workers and the great mass of the British people to consider. Britain was a country in this respect where the rich and the poor were on the same basis. This meat rationing had been a serious matter in England for so many years. The Argentine government had behaved very correctly with regard to the agreement during the long period of the war. The Argentine government had been patient with regard to the negotiation of a new agreement. It was still necessary to think what the consequences of arbitrary action would be for the British people. After all these sacrifices which Britain and the United States and some other countries had made, we now had before us a menace which was just as serious as that which the ambitions of the Nazi government had presented. The President knew what this meant. I knew that he was one of the heads of state who appreciated the dangers of the Soviet menace. The principal burden in so many ways these days was falling on the United States. He knew what sacrifices we were making. I said that there was not a man, woman or child in the United States who did not feel the burden of the expenditures which we were making in order to maintain stability in so many countries. We were doing everything we could to help Britain because as he looked at the world, he would realize as we did that Britain was one of the main bastions against Communism and the ambitions of Soviet world domination which there was. We could not do

anything to either decrease British resistance or British morale. I knew how much the President realized the importance of this from the many conversations which we had had. This matter of the meat agreement was one of the ways in which the Argentine government could show its real desire to collaborate in the world picture.

I told the President that while the Argentine gold reserves and her sterling balances were considerable, that heavy inroads had already been made on them. If some agreement was not reached on this meat matter with Britain it would mean that the Argentine economy would be seriously damaged. It would increase his own problems at home. I doubted whether he wished to accentuate these problems. The British mission was leaving the next day. It would be very difficult to renew the negotiations. Could he not find a way to reopen the negotiations and to find an agreement.

The foregoing is a very sketchy outline of the various points which were raised in the conversation. The President said that he had just learned that Miranda had been very discourteous in his treatment of the British mission at times. This was very wrong. Miranda had been correct in endeavoring to get an increase and an adequate increase in the meat price. The British negotiators had not been as forthcoming as they should have been. He was convinced that there was blame on both sides for the way things had gone. With regard to the major considerations which I had mentioned, he was in complete agreement. It was one way in which he could show his interest in collaborating in the world picture. He would call Miranda and he would find a way to reopen the negotiations and he would see to it that an agreement was reached if the British negotiators and the British government were in any way reasonable. He thanked me for having come in to see him about this matter.

I informed Leeper of the fact that the President was going to give instructions to Miranda. Early the next morning Leeper told me that the negotiators had had word from Miranda that he wished to reopen negotiations and had already had an early morning conversation with him, and that the British group had cancelled their

reservations for return to England. I think it was the day following that an agreement was reached.

Leeper came in to see me to express his appreciation of what I had done in this matter. He asked that I permit him to say to Sir Wilford Eady what I had done ~~him~~ in the matter. I reminded Leeper that it was much better in every way that no one know of the conversation except he and I. He reluctantly agreed. He said the British negotiators were completely nonplused by the change in attitude of Miranda and of the Argentine government, and could find no explanation of it. He really would like to tell Eady something about it, and I told him that ~~it was essential that he should not~~ he would appreciate why I had to ask him to refrain from doing so.

A few days later Leeper came in to see me to say that the Foreign Office and the appropriate ministries of the British government were making inquiries as to why there had been this change in the British position, and he was very embarrassed that he could not give any explanation. He felt he had to say something at least to Mr. Bevin. Mr. Bevin was a friend of his and he was sure that whatever he, Leeper, would say to Mr. Bevin would not go any further. Leeper said he had a further reason for insisting that he be permitted to say to the Foreign Minister, Mr. Bevin, that I had had this conversation with Peron which had been the turning point in the negotiations. He said that it would appear to members of his government that he had done something in the matter which he had not done, and that placed him in a position which I could understand for him was not a correct one nor a pleasing one. It was with a good deal of reluctance that I agreed that he could say something to the Foreign Minister, but I said that I must really ask and insist that he ask the Foreign Minister not to say anything about it to anyone else. On the evening of the following day Leeper came in to see me and had a telegram from the Foreign Minister in which he was informed that he felt he had to tell Mr. Attlee, his colleague in the government, as to what had happened. This meat agreement of course was a very important matter for Britain. It meant something really to practically everybody living in the British Isles. The

situation had changed so abruptly, Mr. Bevin said, that he had to be able to give an explanation to Mr. Attlee. Would Leeper see me to request my agreement that the matter be mentioned to Attlee. There was of course nothing for me to do except to agree, but I did ask Leeper to express the hope that the matter would not go any further. A few days later Leeper came in and said, with a big grin on his face, that he had had another telegram from Mr. Bevin stating that he and Attlee were of the opinion that Sir Stafford Cripps, their colleague in the Cabinet, would have to be informed. The matter would not go any further. I told Leeper that there wasn't anything to do except to agree, but that the matter was rapidly becoming, as the French say, *secret de polichinelle*. Leeper and I fully understood the circumstances. A few days afterwards there came an <sup>official</sup> telegram from Bevin to Leeper asking him to call on me and to convey to me on behalf of the British government its appreciation of the assistance which I had given in this matter of the meat agreement. It was now my turn to have to tell Leeper that I had to say something to my government, as the matter might be mentioned at some time when there were high level conversations in Washington between his people and ours, and unless I informed the Department of what I had done it might lead to some misunderstandings. I therefore wrote either a confidential dispatch or a private letter to the Secretary informing him of the whole matter and stating that I had gone ahead, feeling entirely confident that the Department would approve of my taking this entirely informal and personal step.

The meat agreement with the Argentine has suffered revisions in the meantime. The Argentine government was never satisfied with the price fixed in these agreements and began to seek markets in Germany and other European countries.

When I was in the Argentine in 1928 and 1929 as Consul General, the average per capita consumption of meat in the Argentine was three pounds a day. It was I believe the highest meat consumption in any country in the world. Meat was the principal item in the diet of the Argentine. With the increased wages which became effective so rapidly during the first years of the administration of President Peron,

the Argentine consumption of meat increased further. I do not have statistics available but I think it is correct that on several occasions during the past few years there was very little excess of Argentine meat production available for export.

Although what I am about to recount now has no direct relation to the negotiations of these meat agreements, I think it is opportune here to mention the movement which gathered impetus in certain quarters in the Argentine for the nationalization of the frigerificos. These were almost entirely foreign owned, either British or American. This wave of nationalism had reached such proportions in the Argentine that there were influential members of the Peronista party, as well as the Radical party which was in opposition to the government, who were advocating the nationalization of the frigerificos. They said that they were an integral part of the agricultural economy of the country. They argued that it was an altogether improper situation that the shipment of Argentine meats to foreign markets should be in the hands almost one hundred percent of foreign firms. The American owned telephone company had already been purchased by the Argentine government and was being operated by the government as a government monopoly and operation. The British owned railways in the Argentine had been bought from the British government and paid for as was the telephone company, and they were being operated as a single railway system by the Argentine government. It was quite natural that these two events should give impetus to the movement towards further nationalization. As I have mentioned in another part of these notes, the President was no longer so keen on proceeding with this program. He began to realize its disadvantages. I think that the chances are that he was a good deal embarrassed by this movement for the nationalization of the frigerificos. That this was most likely the attitude of the President is apparent from the fact that there was little mention of this movement in the press.

Nevertheless, the frigerificos, British and American, were having increasing difficulties in their operations. The government was intervening more directly and



more definitely in the price paid for the cattle to the estancieros. Whatever margin of profit the frigerificos had was rapidly disappearing under these price controls and the interventions on the part of the government in their operations in many other respects. The representatives in the Argentine of the American frigerificos came to see me from time to time to inform me of developments in their situation and of their increasing problems. They told me that they were reaching the point of operating at a loss and that this could not continue very long. I found that there was no doubt but that this was correct. They said that a situation was gradually being forced towards nationalization.

As has always been my practice in the countries in which I served, I kept in close touch with all developments possible in the Argentine economy. I had an able staff of assistants in the Embassy. I was therefore in a position to verify statements made to me by interested parties. I realized that the fears of the owners of the frigerificos were well founded. It was obvious that a situation was arising that even if the government did not wish to nationalize the frigerificos, it might be under the necessity of doing so because the owners of these establishments could not continue to operate them indefinitely at a loss. There had been so many dislocations already in the Argentine economy, due largely to various acts of the government in the field of price controls and export controls, etc., that it was quite apparent to me and to my associates in the Embassy that if nationalization of the frigerificos became a fact in one way or another, it would be another serious blow to the Argentine economy from which it would not recover. It would be a serious blow to the cattle industry in the Argentine and the meat trade of the Argentine, which had been so important a factor in its foreign trade, would practically disappear. I therefore decided to talk the matter over with the President in an informal way.

I told the President that I wished to discuss this matter of the movement towards nationalization of the frigerificos with him, but that it would take a good

deal of time. I asked him if he would have the time to devote to it. He said that he was very much concerned about the whole matter and that he wished very much to talk it over with me. We then had some general conversation about the matter and I realized that although he himself had already reached the conclusion that the nationalization of the frigorificos would be an unwise and uneconomic move, that he was feeling these pressures very strongly and that they were becoming greater on him every day.

It would be overburdening these notes in order to go into detail on the conversations which we had. We talked it over the first evening for several hours. We continued the conversation the next evening for several hours, and we did not finish the conversations until the third evening. I mention the time which the President gave to this because he is so often pictured as an arbitrary and unreasonable man and purely demagogic in his attitudes. There is no doubt that the President took demagogic attitudes before and after his election. There is, however, also not any doubt that when he had the responsibilities of the presidency upon him he began to go into these matters in a more fundamental way. The President had been trained as a purely military man. His whole life had been that of a military man. He had specialized in strategy and written books on that subject. He had served as military attaché in several countries in Europe. He had been an instructor in the War College in Buenos Aires. It is true that he had this interest in social problems. As a matter of fact, some of his colleagues in the army felt that he would not make the adequate progress in the army that he should for a man of his capacities and industry because they felt he had this exaggerated interest in social problems which would interfere with his advancement. The interest which President Peron showed, therefore, in social problems when he became president was not really a new thing, as the world was so commonly led to believe. This was one respect in which the writers and commentators and correspondents dealing with developments in the Argentine did not adequately appreciate the situation in the Argentine nor have adequate knowledge of

certain fundamental facts.

During these conversations with the President on the proposed nationalization of the frigerificos, or rather the movement which existed among certain people in both the Peronista party and the opposition party to bring about such nationalization, the President showed that he had become much more moderate and wished to go into the facts.

I think that the principal factor which finally convinced the President that it would be inadvisable for the Argentine government to proceed with nationalization and in fact a disastrous thing to do, was that he came to a realization that the chilled and frozen meats which were sent out of the country represented only a ~~relatively~~ part of the work of the frigerifico. I explained to him that as time had gone on the by-products of the frigerificos had come to have almost as much importance as the chilled and frozen beef. I said that the marketing of the chilled and frozen beef itself was a relatively simple matter. It was a matter which the Argentine government, if it established a government monopoly and nationalized the frigerificos would probably be able to take care of. Whether such a government monopoly in the frigerificos could sell the Argentine excess production of frozen and chilled beefs would depend upon the price/<sup>at</sup> which the Argentine government could sell in various world markets. This, however, was only a small part of the problem. The marketing of the by-products which had now become so numerous was entirely a different matter. In many cases markets had to be created for these by-products and this could only be done by companies which had a world-wide organization built up over the years. I explained to the President the character of the organization of companies like Armour, Swift, Wilson, Cudahay and others in this business. They had representatives, offices, warehouses in all parts of the world. They maintained research laboratories to find new uses and better uses of the by-products of the frigerificos. They had to carry out broad advertising and propaganda campaigns in order to create markets throughout the world for these by-products. The Argentine government could not hope to do this.

To export chilled and frozen meat, yes, but to continue this research work, create markets, distribute <sup>and meet</sup> ~~meat~~ competition here and there were problems which could only be taken care of by a private enterprise which had such widespread organization as the frigerificos had. The President had looked upon this problem largely as a matter of exporting chilled and frozen meats. When he found that the problem involved so many other products and what a tremendous percentage they represented of the value of the steer which went into the frigerifico from the estancias, he began to have a real concept of the problem. He realized from the detailed explanations which I gave him concerning the business, that the Argentine government would have to end up, if it nationalized, in subsidizing the exports of chilled and frozen beef instead of finding them a source of income for the economy of the country.

At the end of the third evening of discussion of this matter the President said to me that there was going to be no question of nationalization of the frigerificos. He was convinced that it would not be in the interests of the country nor of the cattle raisers. It was going to be a difficult problem to handle because this movement towards nationalization had taken so much hold in certain quarters. It would have to be stopped. There was a limit to what a government could do in the way of subsidies and why create a situation in which an industry had to be subsidized by the government when it should be a source of revenue to the government. The President said to me that undoubtedly I would continue to hear more about this matter because the efforts towards nationalization would not disappear too rapidly. I could, however, be entirely tranquil on one point and that was that as long as he was President of the Argentine there would be no nationalization of the frigerificos. I said to the President that I was very happy that he had reached this conclusion, because I was convinced it was in the interest of his country. On the other hand, I said that I had to point out that having reached this decision it would also be necessary for him to see that the frigerificos were given ~~competition~~ treatment under which they could really make a reasonable profit. I said that no private investment



could operate without some reasonable profit. I said that the situation was rapidly approaching when the government might be obliged to take over the frigorificos and nationalize them because under the present treatment given these enterprises by the government, they would not be able to continue to operate. Then the government would really be in the soup because it would be obliged to do something which it had no desire to do and which it knew to be uneconomic. The President realized, he said, that more equitable treatment of the frigorificos was a natural corollary of the decision not to nationalize and that this proper treatment would have to be given. A good deal of water has gone under the bridge since these conversations took place, but the frigorificos have not been nationalized. These enterprises like so many other enterprises in the Argentine have had to go through bitter days and have suffered from many frustrations and difficulties, but they have been given more adequate treatment and they have survived. It is to be hoped that the days are not far distant when the cattle industry in the Argentine will again be the great source of revenue that it was to the economy of the country.

In an earlier part of this memorandum I stated that during the visit of President-elect Hoover to Buenos Aires he discussed with the Argentine authorities the question of the quarantine we exercised in the United States against Argentine meat products. I have to consult my notes to be absolutely sure that I am not making any confusion whatever. President Roosevelt had been in Buenos Aires years before for a meeting of one of the inter-American conferences. During that conference the Argentine government naturally took the opportunity to bring to the attention of the President what it thought about this meat quarantine. The President realized how sore a spot this was in the relationships between the two countries. He gave the matter a good deal of attention, I understand, while he was there. I was neither stationed in the Argentine at that time nor was I at the conference, but I know from the records that the President did indicate to the Argentine authorities that he would make every effort when he returned to the United States to bring about some



1947

- 20 -

alleviating measures. He did so. He was really set on doing something about this matter. He found there was nothing he could do about it. There was so much opposition on the part of interests in the United States to any change in the quarantine measures that the President had to abandon his efforts.

The confusion to which I have reference may lie in the fact that President-elect Hoover when he was in the Argentine later may not have discussed so much the question of the quarantine as the probabilities that there would be an increase in the tariffs on some Argentine agricultural products. It was well understood that the President-elect was in favor of higher tariffs and that new tariff legislation would be enacted during the early stages of his administration. I will have to examine the records and it is possible that they may show that the promises, or rather the assurances which the President gave to the Argentine authorities had more to do in the sense that there would be no increase in the duties on Argentine agricultural products rather than with reference to the quarantine. In any event, shortly after the Congress met after the President's inauguration, the new tariff act placed higher duties on Argentine agricultural products. I will elsewhere in these notes refer to some of these sources of friction between the two countries. We have much to be unhappy about with regard to certain actions of the Argentine. The Argentines have considerable reason to be unhappy about some actions of ours. These basic problems really require consideration and settlement in the interest of both countries.