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Buenos Aires, February 21, 1947

No. 1883

Subject: With Further Reference to the Progress by the
Argentine Government in Compliance with its
Commitments under the Acts of Mexico City

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

Sir:

I have the honor to refer to my top secret telegram no. 134 of February 7, 4 p.m., 1947, in which I made a number of observations with reference to the progress of the Argentine Government in its program of compliance under the Acts of Mexico City. I also have to refer to the Department's secret telegram no. 112 of February 12, 8 p.m., 1947, to the effect that the Department does not understand that Argentina has yet met the test and that the Department accordingly will await developments. In this telegram, the Department requests a report on the names of firms actually taken over under the January 1947 decree and the steps taken to assume full control of these firms.

I also have to refer to my secret despatch no. 1850 of February 13, 1947, entitled "Argentine Performance to Date under its inter-American Commitments in the Field of Enemy Aliens Who Committed Acts Against the State or the United Nations".

With reference to the Department's request that a report be forwarded on the names of the firms actually taken over under the January 1947 decree I have to refer to this Embassy's confidential despatch no. 1779-A dated January 31, 1947, in which information is given with respect to 109 firms which according to the information given to us by the Foreign Office are included under the decree. In this despatch the Department is informed that should any evidence of enemy interest be found by the Argentine Government in any other property the decree covers the taking over automatically of such interest by the Argentine Government.

I believe that the above-mentioned despatch will give to the Department the information which it desires.

With respect to the steps taken by the Argentine Government to assume full control the Embassy can report that the Argentine Government is continuing to exercise the control which already existed over some of these firms and the Central Bank is proceeding with the liquidation

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and/or reorganization thereof so as to eliminate all enemy interest. Where the firm has not been intervened but enemy interest has been found therein, which is the case in a few, the Government is taking the necessary steps to take possession of the enemy interest and either dispose of it to Argentine interests or to remain for the present and probably for the future in possession thereof.

I am sure that the Department will agree that in view of the character of the January 1947 decree, the manner in which the Argentine Government handles this matter of enemy property now becomes a purely internal concern of the Argentine just as the way in which we handle property under the Alien Property Custodian in the United States is a matter solely of our concern. The Argentine Government has made itself responsible. In this connection, I am sure that the Department will not assume an attitude that we can expect more rapid progress in so difficult a matter as final disposition of some of these firms than we can take at home through the Alien Property Custodian. I will not enter into any details but I am sure the Department is aware that the Alien Property Custodian while having taken possession in the name of our Government of certain German-owned firms has not yet proceeded with the liquidation of some of them. This does not mean that the Alien Property Custodian will not eventually proceed with the liquidation or adequate reorganization of such firms.

It has been my understanding as stated in my telegram no. 134 of February 7, 4 p.m., 1947, and in my despatch no. 1850 of February 13, 1947, that so far as schools, institutions, and propaganda, and enemy property are concerned, that we consider that the Argentine Government has taken adequate action. In this connection, I would refer to the memorandum of conversation in the Department dated January 21, 1947, which covers a conversation in which Assistant Secretary Braden, Mr. Briggs, Mr. Wright, and Mr. Mann participated as well as myself. It is my understanding from that conversation and the memorandum of conversation reporting it dated January 21, 1947, that there was full agreement that with respect to these two items of compliance the commitments of the Argentine Government had been adequately met.

There remains, therefore, only the completion of the program with respect to enemy aliens on which program the Argentine Government is energetically engaged. The Embassy will keep the Department fully informed of further concrete action of the Argentine Government in this matter.

It is not clear to me what it is desired to convey by the sentence in the Department's telegram no. 112 of February 12, 8 p.m., 1947, to the effect that "we do not understand that Argentina has yet met the test". I thoroughly appreciate that so far as the program of enemy aliens is concerned, there are further steps which the

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Argentine Government should and must take. I do not know whether the sentence quoted refers to the completion of the program of enemy aliens. I would appreciate any clarification which the Department can give me as it is desirable for my guidance here.

Respectfully yours,

George S. Messersmith

To the Department in quintuplicate
Copy, Chief, Division of River Plate Affairs
File No.: 800/500/710
GSMessersmith:clp

A true copy of
the signed original.
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