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ADDRESS OFFICIAL COMMUNICATIONS TO  
THE SECRETARY OF STATE  
WASHINGTON, D. C.



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DEPARTMENT OF STATE	
WASHINGTON	
March 16, 1939.	
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Personal *Impudential*

Dear Friend:

I have your letter of March 1 and am delighted to note at the end that, while the time of your contemplated trip to this country is still uncertain, you still have it very much in mind. I quite understand that in the state of affairs in Europe there may be much that holds you there, but I need not tell you that we look forward to seeing you and Mrs. Heineman here.

I have noted your further comment with regard to gold deposits in this country. I have been wanting to take up this matter with Mr. Morgenthau directly, but have not been able to find a convenient opportunity to do so. I need not tell you that most of us here are very much occupied these days and there are many problems pressing in on us every day. Mr. Morgenthau has many pressing problems before him, including questions of tax revision in this country. He also has been very busy in connection with the visit of the Brazilian Foreign Minister and the discussion of the arrangements which we have made with Brazil. As of interest to you, I am sending you herewith a copy of a Departmental Press Release covering a press conference of Acting Secretary Welles, which gives you the details of the Brazilian arrangements. I have under the circumstances hesitated to take up this matter with Mr. Morgenthau hoping to be able to see him alone one evening and now that the pressure of some of these things is relaxed, I think I will be able to do this within the next week. I shall not fail to discuss this problem with him and will write you. I am not very hopeful with regard to the question of gold deposits under the circumstances you have in mind for there are many difficulties which would have to be overcome.

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D. N. Heineman, Esquire,  
38, Rue de Naples,  
Brussels, Belgium.

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I have noted carefully what you say in your letter of March 1 with regard to our commercial relations with the Argentine. I need not tell you that this whole problem is giving us very grave concern. The problem which the Sofina has in connection with its orders for electric equipment is the problem which other American firms and Argentine and foreign firms in the Argentine are meeting. The experience you are having with respect to turbines, electric equipment and replacement parts is characteristic of the problem which other firms are meeting. What is basically behind this attitude of the Argentine, it is difficult to say. We here, of course, think that she is very definitely disregarding her long-range interests. Whether these discriminations against American firms and American goods are being carried through in order to bring pressure upon us or whether it is just the result of a desire to make difficulties for us, it is impossible to say. That the situation exists is, however, clear.

We have been prepared and are prepared to make a trade agreement with the Argentine. We have been prepared to discuss this with the Argentine for well over a year. We have carried on all sorts of exploratory conversations. I do not say that the difficulties are all on the side of the Argentines. The inability which we have had so far of ratifying the Sanitary Convention between Argentina and the United States is naturally a thorn in the flesh of the Argentines. This is a matter, however, I am sure on which some accord could be reached. The Argentines still seem to lack basically the desire to reach an agreement with us. That seems to be the root of the difficulty. Among the younger and the more intelligent business men in the Argentine there is a realization that it would be to Argentina's advantage to make an agreement with us. There are, however, certain circles in business and in Government there which continue to raise so far insuperable obstacles. We are not discouraged and we are continuing our efforts to reach a trade agreement. This, of course, is fundamental and we must have such an agreement if other arrangements are to be possible.

With respect to the credits by the Export-Import Bank to facilitate American exports to the Argentine, we are quite prepared to make the facilities of the bank available to the Argentines as we have to the Brazilians.

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There must, however, be a fundamental basis of good will and desire to cooperate for such arrangements. So far as I know the Argentines have not approached the Export-Import Bank and I can assure you that that organization will be always very glad to talk with the Argentines and to consider carefully any constructive program.

So far as the Argentine getting a loan in this country, public or private, there is no doubt but that our markets are open to them. There is nothing that I know of to prevent loans. It is a question of proper approach by the Argentine Government or private interests. Certainly we have nothing but the most friendly feelings and the deepest desire to cooperate. We can, however, not merely be forced into doing things or into making gifts.

The recent events in Czechoslovakia are keeping us busy here night as well as day and I was up most of last night. It seems to me that the time has come when it is almost impossible for decent countries to maintain any kind of relations with Germany. She is committing these acts of international and national piracy and yet wishes to be treated as a decent member of international society. My own feeling is that we are stultifying ourselves by giving these acts de facto recognition. It seems to me that we are rapidly getting to the point where real action has to be taken. Certainly nothing is gained and a good deal is lost by the way England and France are reacting.

I hope to write you again in the very near future.  
With all good wishes,

Cordially yours,

A handwritten signature in dark ink, appearing to be 'L. Smith' or similar, written in a cursive style.