

[c. 6-11-46]

ARGENTINA

June 6,7,8,9,10, 1946

Buenos Aires.

As I have said my main objective in going to South America was to stimulate food exports from the Argentine and from Brazil. The former country was greatly the most important.

As the relations of the United States Government with the Government of the Argentine were bitter and filled with hate, it seemed almost impossible to do anything, but the stakes were so important - a possible increase in supplies by 1,000,000 tons - that I felt I must try.

When discussing the idea with President Truman, Secretary Anderson urged that I should try. Truman accepted. Anderson said, "The State Department will protest against Mr. Hoover's going." Truman replied, "We won't give them a chance, I will announce it at once."

As Lucius Boomer had just been in the Argentine, I asked him about any helpful personalities there; he brought a cousin of his, Mr. Robert Boomer, in to see me who did a large business in Buenos Aires and who was an able fellow. They both agreed that their friend Alberto Dodero was the key man for me to see, and Boomer offered to send word to Dodero in the strongest terms. They informed me that Dodero was reserved in the presence of others but that they would arrange that I could talk to him alone with full confidence. They said that Dodero was an important shipping man of large wealth, a large financial backer of Peron, and that his wife was a former American actress. That Peron's wife was a former Argentine actress. That the wives were the most intimate of friends, that Peron's wife had great influence over him.

We had already arranged for the Vatican to pave the way.

When we arrived at Mexico City, Hugh and I suggested to President Camacho that in view of his known friendship with Peron, he could greatly help us if he would transmit word to Peron that he need have no fears of complications with me and that what I had to suggest might offer a great opportunity to Peron, and that I and my Party were opposed to intervention as an established principle. The Mexican President did all of this through the Mexican Ambassador in Buenos Aires.

On our arrival at Lima, Hugh contacted the Argentine Ambassador, an old friend, and suggested he aid us by clearing up any misimpressions in Peron's mind. He agreed to do so.

Although I was not able to confirm it until later, I was immediately suspicious that all was not well when I was met at the plane upon arrival at Buenos Aires by one secretary from the American Embassy, a clerk from the Foreign Office and a Captain from the President's staff. Inasmuch as ours was an official mission from the United States and as I was also a former President, it was the duty of the American Ambassador to meet me and it was also his duty to see that the Argentine authorities were properly represented. (Peron himself had gone to the airport to welcome Albert Higgins, a petty shipbuilder from New Orleans.).

No proper arrangements had been made for our accommodation but after we arrived at the hotel the Argentine Foreign Office representative telephoned that we were to be the guests of the Argentine Government.

I called Ambassador George Messersmith and asked him to arrange an appointment for me with Peron. He seemed to hesitate and said it would take a day or two. I called the Mexican Ambassador who arranged the meeting in twenty minutes.

Subsequently I learned from Dodero that Peron, despite our previous efforts, was disturbed that my mission might do something to further embarrass him. And I learned from Ambassador Dawson at Montevideo that Ambassador Messersmith was not only opposed to me personally but had objected to the whole Mission. He obviously sought to isolate himself from it in the eyes of the Argentines by not coming to receive me at the airport and by sending a boy instead.

Messersmith had made no move and was visibly embarrassed when we informed him of my appointment but we insisted that he and not the Mexican Ambassador should accompany me on my call on Peron.

One of Boomer's friends in the Argentine and a friend of Dannie Heinneman, Rene Brosens, the General Manager of The Argentine Electric Company, called upon me at Boomer's request and offered to arrange the meeting with Dodero. This man turned out to be a Belgian and an old CRB fellow. Dodero expressed a desire to see me alone and an hour was set, but when he came to the hotel, William Jassbone, a buyer of fats and oils for the Combined Food Board and connected with the Embassy, button-holed Dodero and brought him to my rooms and demanded to be present at the interview. This I point blankly refused. Dodero at once expressed his disgust with Jassbone in no uncertain terms and warned me to have no association with him as he had made himself obnoxious to many Argentines including himself (Dodero).

I recounted to Dodero the purpose of my mission, asked his advice as to a discussion with Peron. I indicated that if Peron would take some dramatic action, such as declaring a 90-day emergency and appointing a special official to expedite exports, it would enable me to eulogize his actions, but more important it would give hope to the hungry nations ^{of Europe} and would stamp him as a man of good-will ^{over the whole of that hungry continent.}

Dodero agreed with me that that one of the brakes on exports was sheer red tape of some nine departments dealing with the problem. He told me he would see Peron immediately after my interview to see what impression I had made and to reinforce my suggestions and to clarify ~~to~~ Peron as to myself. He was not happy over Messersmith being present at my interview as he felt it would couple me with the State Department whom Peron hated bitterly.

My interview with Peron lasted 35 minutes. I apologized for coming in upon him forty-eight hours after he had taken office and explained that it was only the desperation of the situation that justified my doing so. I outlined the world situation, our "gap" in supplies, my hopes from the Argentine of an additional 1,500,000 tons to the ordinary routine exports. Leaving him with a simple presentation of the case and expressions of personal good will by way of sympathetic expressions on the difficulty of the tasks which confronted him.

Dodero reported that I had made a fine impression and that he had presented the additional points of the advantage to Peron of dramatic action and the nature of it.

Saturday and Sunday intervened and little could be done until Monday.

On Saturday, Messersmith gave a luncheon where the Minister of Industry (who had been present during the interview with Peron), the Foreign Minister, and the Minister of Agriculture were present. I outlined my plan of action to be taken by Peron and suggested that he was the man who ought to be given the powers to expedite exports. He was pleased at this idea. I received an invitation to attend a great State dinner by Peron to the delegates to his Inauguration on Sunday evening.

I had great doubts at accepting this invitation for fear of incidents by super-heated Argentines or by unfavorable publicity in the American anti-Argentine press that might interfere with my job. However, I went with Mr. and Mrs. Messersmith who was steadily losing his fears and becoming more friendly. I was placed at the 196th place in a dinner of 216 representatives of various governments and of Argentine officials. I was resolved however to eat even Argentine dirt if I could get the 1,600,000 tons. This seating was no doubt the work of some inor Argentine official, although Messersmith should have seen to it that I was properly placed. Hugh had also been invited but no seat was provided for him and after being insulted by an Argentine Army officer quietly left.

I telephoned Messersmith on Sunday to secure for me another meeting with President Peron on Monday, hoping to button up my proposals. Messersmith said that nothing could be done on Sundays in the Argentine, that the Argentines never did business then. I told him two of the Ministers had been working with me all morning on our plans. On Monday I telephoned Dodero, who called me back at once and said that President Peron wished me to come to luncheon alone for a confidential talk with him. He did not want Messersmith. Hugh took the message and suggested there would be a language difficulty if I came alone and suggested that Dr. Julius Klein come as interpreter, explaining that Klein was of my political party and had been Under Secretary of Commerce in my Administration. Dodero reported that this was agreeable and that he had been invited also. I squared the matter with Messersmith by proposing that in a meeting where he was not present I could better support his purposes.

Dr. Klein's note outlines the conversation fully on other subjects than food. In the food matter I outlined the plan agreed with the Ministers, and for speeding up exports, and stated that one of my purposes was the opportunity it gave him to impress the solicitude of the Argentines upon the starving nations. He told me he was going to issue the necessary decrees (regulations in American terms) at once. I asked if there were any objection to my commenting at a press conference I was having that evening upon the fine cooperation he was giving. Peron was pleased at this idea. And I did so in warm terms. Peron promised to telegraph me ^{at Rio} the text of the decree

Our major conversation was before lunch. At lunch Mrs. Peron was present. She is an intelligent woman and very cordial. After luncheon she insisted upon putting on my coat and both of them insisted upon accompanying me to the car.

Dodero reported Peron was very enthusiastic over my visit.

[c, 6-23-46]

The Argentine-United States situation is just bad. I spent much time between translations examining the furniture in Peron's mind - what kind of a person was he?

Peron is a naive person, ignorant of economics and governmental housekeeping, an opportunist, ambitious, with a pleasing personality, a good intellect and a man of courage. I am convinced that he is anxious to pursue two real policies. First, collaboration with the United States; and second, a real program of social reforms, which are badly needed. He is anti-Communist, anti-Socialist, he represents the military as against the social and landed aristocracy, the superficial elements of which are rotten. He is demagogic, but without any ideological philosophy, nor do his followers have much of any such philosophy. He is intensely nationalistic, but probably driven so, partly because of his demagogic personality but also partly from American intervention attitudes. He could with guidance be made into a constructive leader, as he is neither vindictive nor malicious, but very proud, being pure Spanish.

Spruille Braden convinced himself that he was the evangel to plant New Deal democracy and philosophy in the Argentine. He used the American Embassy as the headquarters for the organization of the so-called Union of Democratic Forces against the "Army contro;" but in reality his nightly cabals were mostly with the aristocracy with whom the American Embassy became promptly stamped by the Peron group. The net result of all of Braden's machinations in the Argentine and in Washington was to elect Peron. A

large group of patriotic and thoughtful Argentines supported Peron as a stop against American interference in domestic affairs. Peron said to me, "As an Argentine I resent Mr. Braden, but as Peron, I am grateful to him."

Braden's violation of 160 years of American tradition never to interfere in the domestic affairs of other nations has produced disastrous consequences not only to American relations with the Argentine, but in every other Latin American Government. Half of the Latin Governments half of the time are unconstitutional and of the dictator type, and every politician at once becomes fearful that he may become the victim of American interference. Never were our relations with Latin America so bad as they are today.

The opposition to Peron in the Argentine admits that the election was fair and honest. Peron is a truly elected President for the first time in years. There is only one course to pursue - and that is to end at once this interference and these American pressures. The seizure of their earmarked gold was not only illegal but unmoral. The blocking of their bank balances in the United States under the pretense that they may have German money is only a subterfuge. The continuation of this blockade and the combination of the black list one year after the Germans are licked is only for pressure. The whole of these actions, and others, were to force the opposition into power. In this we were rightly licked, and should properly realize it.

Metrie (Nacion), a leader of the opposition, deplored Braden's whole career and actions and said as an Argentine he resented it. That while he opposed Peron, he was now not sure he was serving his country when allied with American interference. If

the opposition had won it would have justified the United States interference in their elections. He said he resented the Blue Book as an attack on the Argentine people, whether it was true or untrue. He added it was like an interference in your family - it must be resisted.

Ambassador George Messersmith is a number-two caliber man; earnest; wants to restore relations; is a good deal confused as to how to move, and of course follows every whim of the State Department.

Peron has seized American bank deposits and the tire companies. He threatens to seize more in retaliation for our actions. My impression is that it is not socialism that is driving him, but a mixture of nationalism and resentment at our interference in their domestic life. The British have always used their railways and businesses in Argentine politics, and possibly our packers and bankers will have done so likewise. In any event, Peron believes and says that they have ample evidence of - and intends to get rid of-- that interference. If the United States reversed its policies, I am confident that Peron could be led away from his nationalization of foreign enterprises, as he has no ideological impulses.

Peron was very frank with me, no doubt believe me the leader of the opposition, but I assured him I had no influence in the Administration.

We are not here dealing with a plunder trend like that in Mexico. But the Argentines will use the Russian bogie in their blind striking out against wrong on our part.

On my return to Washington I sent out this whole situation to President Truman and urged him to release the gold and bank deposits at once and to cancel the black list. I stated that if this were done quickly, Peron would, I felt, respond to the gesture. Truman had not known the whole truth of our goings on in maintaining these pressures thirteen months after the war was over. When he confirmed my statement from the State Department (and had me repeat my statements to them), my recommendations were put into action within 48 hours. I sent a telegram to Peron through Doderer, saying that this was a gesture of personal good will from Truman and I hoped that he Peron might respond. Peron sent me a cordial reply.

Memorandum of Mr. Hoover's luncheon conference with President Juan D. Peron, at the President's Residence - Buenos Aires
Monday, June 10, 1946

(also present Mr. Alberto Doderio and JK - later at luncheon joined by Mme. Peron and Minister of Commerce and Industry Lagomasinas)

President Peron said he wished to discuss Argentine relations with the United States fully and frankly. That he wished a restoration of good-will and wished to cooperate. Mr. Hoover said at once that he could not promise any influence on the Administration, since he was a leader of the Opposition in the United States. That he would like to indicate his good-will toward the Argentine by recounting that his Latin-American policy for years even preceding his Presidency had long been emphatically opposed to any interventions in Latin-American internal affairs, and that his Administration had reversed such previous policies and marked it by withdrawals of United States troops from various small Northern Republics. He felt that since the war was over, it was highly important that the relations between the two great democracies, Argentina and the United States - the two with the dominant influence in each of the Continents and the two with broadly stable economic bases - should be normalized as rapidly as possible, with the prompt removal of all abnormal, though doubtless once-necessary war-time controls. He stated that these matters should be pushed through the American Ambassador, whom he indicated was most desirous of securing solutions.

Peron then outlined the major complaints of the Argentine. He did not mention Braden or the personal campaign of the State Department.

He said that the freezing of Argentina's gold in the United States Federal Reserve Bank (approximately \$250,000,000), was perhaps the major embarrassment, as it disturbed their currency and credit. Added to this was the blocking of the balances of the Argentine banks in the United States, a further large sum. He said that all of their major sales of foods and other raw materials abroad had to be made on credit and payments were effected locally by the government through the expansion of currency, which had risen in volume from 2,500,000,000 pesos pre-war to 4,500,000,000 pesos at the present time, a dangerous inflationary trend. Prices were rising and the working people greatly hurt. He felt strongly that if any relief could be provided on this point, Argentina's economy would probably be put on a much sounder basis.

At the conclusion of the luncheon, Peron gave us a brief tabulation indicating that the British had frozen 127,000,000 pounds sterling of Argentine credits, and the freezing in the United States was 21,681,000 ounces of gold. These two sums totaled 4,270,000,000 Argentine pesos. (Current exchange value, one peso equals 24 U.S. cents).

Mr. Dodero had given to us just before the luncheon a four-page memorandum prepared on this subject by the Banco Centrale, which emphasized the great injustice of this situation, pointing out that Argentina had continued to sell to the United States without any restriction practically all products which we required, but that this could not continue much longer. The inference was that delay in the negotiation of sale of linseed and oil, among other products, was largely due to this obstacle. Practically the whole Argentine mercantile marine had been placed at the disposal of this outward-bound trend. In contrast with Argentina's whole-hearted collaboration in this respect, the United States - doubtless in part because of war-time necessities, which however were disappearing rapidly - had only been supplying to Argentina a small portion of the highly necessary mechanical and other requirements of Argentina. This very heavy unbalance of trade between the two countries has particularly distorted exchange and accumulated an increasing quantity of gold deposits in the United States.

President Peron later pointed out that they earnestly desire the earliest possible settlement of the linseed controversy, but that the above situation was a major obstacle in the way.

With reference to the transportation difficulties of the Argentine in expanding its exports, Mr. Hoover suggested that a large number of ships were available in the United States for purchase. This, however, did not seem to meet an immediate pressing requirement of the Argentine.

As regards internal transportation, Peron complained of the grave shortages of railway supplies, replacement of rolling stock, etc. He was reminded, however, that the British railways, even though desperately in need of such repairs, new cars, etc., refused to buy any such necessary supplies from the United States and were delaying the rebuilding of their equipment until supplies could be secured from England. Peron said this was regrettably true, and intimated that there might be an early move toward transference of control of the British lines.

In answer to a question, Peron said that the Argentine National Railways accounted for about 25 percent of the mileage, and for them the requested repairs, new cars, etc. was increasingly serious. He was told that such replacements could probably be secured more and more readily in the United States, and it was then indicated to Mr. Lagomasinas that it would be worth while for his Ministry to press at once for

the purchase of such equipment. The Minister said that the problem seemed to be more one of getting export clearances in Washington on equipment, rather than purchasing it, and asked what could be done to expedite such clearances by Washington officials, who apparently were still much embittered against the Argentine and were definitely impeding shipments of supplies. It was suggested to him that we might be able to help upon returning to Washington if the Argentine Embassy would keep in contact with us. Mr. Hoover especially urged that Argentina set up a competent buying mission in the United States, to which he would be glad to offer advice if needed.

On all of these problems, however, (earmarked gold, United States export licensing, etc.), Mr. Hoover urged that the Argentines maintain close contact with the United States Ambassador and not be diverted by unauthorized parties. Our official representative was not only very competent, but most eager to advance Argentina's best interests. Peron said he shared this high opinion and would be guided by it.

Peron brought up the very grave need for oil drilling machinery as a means of avoiding the burning of large quantities of linseed, corn, and wheat for fuel. He estimated that at least half of the crop of linseed and corn had been thus consumed in the last two harvest years. He stated that if one shipload of oil drilling machinery had been permitted to Argentina (although he fully appreciated the extreme scarcity of such equipment in war-time), it would have been possible to have Argentina participate very heavily in the current drive against the famine. In fact, he felt that all of the deficit in food supplies mentioned by Mr. Hoover could have been met by his country.

Peron then brought up the question of the black list and emphatically insisted that his Government had been ready to take any steps against German houses if the United States Embassy had indicated from time to time during the war exactly who the offenders were and what their offenses might have been. He said that the Supreme Court of his country was very meticulous in such matters and would proceed promptly if adequate evidence were forthcoming. He said there were several instances which came to his personal knowledge of flagrantly offensive German firms, which the Argentine authorities had reported to the American Embassy for black listing but that nothing had been done, intimating that the handling of the matter by at least one of the officials in the American Embassy was not quite ethical. Now that peace was established, he said he was mystified by the continuance of the black list.

A further embarrassment mentioned by Peron was our restriction upon shipments of rubber from Brazil and Bolivia to the Argentine. Our controls over the rubber supplies of those two neighbors was being handled, he felt, in a rather

inimical manner, and earnestly recommended that we look into this when we return to Washington. He said there had been an arrangement with Brazil for exchanges of Argentine wheat for flour, but that Brazil had, for one reason or another, not shipped any rubber whatsoever since the first of the year. This shortage had greatly impaired the small Argentine tire industry and had in turn thus paralyzed much of the transportation of grain from the interior. Mr. Hoover mentioned that there were reports of some 30,000 to 40,000 tires now in warehouses in Buenos Aires and that only 500 had been licensed. Lagomasinas commented on this by saying that licensing had been strictly controlled since we required them to show that the tires were going to be used only for the hauling of foodstuffs, and that this was sometimes difficult to establish. He also said that, according to his information, at least 10,000 of these tires had been cleared, and that arrangements were being made to expedite clearance of the remainder.

On the food situation, Peron said that they wished to do everything possible. That they had made outright gifts of some 400,000 tons to Italy, Greece, the Vatican, etc. That they were selling on credit to other nations, and receiving but little goods in return. Their meat shipments, of course, were committed almost entirely to the British, and in answer to Mr. Hoover's question, Peron felt that some measures should be taken to get diversion, especially of mutton shipments to France and other meat-shortage countries. He asked Lagomasinas to look into this. He said they were making considerable shipments to South American neighbors, which Mr. Hoover thoroughly recommended as an indirect relief for our own commitments.

Mr. Hoover then suggested the desirability of some official announcement of Argentina's intention to make every effort to increase its exports during the present critical months. In reply, Peron, after referring again to the often-mentioned obstacles (shortages of trucks, tires, etc.) offered to issue a special decree announcing Argentina's purpose to speed up exports in every possible way during the emergency. This, he hoped, might be helpful "psychologically as well as materially", and he authorized Mr. Hoover to announce this impending edict.

As we were leaving, Peron brought up the question of shortage of agricultural help, and Mr. Hoover urged that he look into the possibilities of bringing in some of the 300,000 displaced Poles, who would be thoroughly acceptable as farm hands and co-religionists of the Argentine. This seemed to interest Peron particularly and he said he would follow it up promptly.

In conclusion, Peron urged that Mr. Hoover write to him personally after having checked up on some of the above situations on his return to the United States. He said he would greatly value Mr. Hoover's expert views on the possible solution of these difficulties.