

LATIN
AMERICA

OS Form 4151

16,247

Date 2/74

To: Colonel Doering

The attached may be of
general interest to you.

Mr. Rendon was interviewed
at the specific request of Rep.
Wadsworth.

EJP

(MAD) Jones

Office of the Executive Officer

(30449)

9 FEB 1945

16,247

Mr. Cheston: *CSC*

.....
Herewith a copy of the Rendon
notes which were prepared by Mr. M.
Halperin.

JM

✓ WJD

COPY

MOST SECRET

16, 2 47
L. A. T. A. M. S. S. S.
x Guatemala
x Kandelon, Joseph
x Ponce, Gen. Federico
7 February 1945

TO: Brig. Gen. John Magruder
Dr. W. L. Langer

FROM: Maurice Halperin

SUBJECT: Interview with Mr. Joseph Rendón

According to your instructions I interviewed Mr. Joseph Rendón during the afternoon of 3 February 1945 and found it desirable to continue the interview during the evening of 5 February. Mr. Rendón gave me a typewritten document signed by Gen. Federico Ponce, Provisional President of Guatemala, whose government was overthrown by an armed revolution on 20 October 1944. Mr. Rendón obtained these documents from General Ponce in Mexico City where the General and his wife now reside.

Mr. Rendón is a young man of neat appearance, probably in his late 20's or early 30's. He describes himself as a newspaperman, a writer, an artist, and a person of independent means. He says that he is a native-born New Mexican but for several years has made his residence in Mexico City. He maintains that he became interested in the Guatemalan situation as a newspaperman and that his efforts to present the case of General Ponce to the government of the United States stem solely from patriotic motives toward the United States. He claims to have obtained the sympathetic interest of several members of Congress, including Mr. Ploeser of St. Louis, Mr. Luther Johnson of Texas, Mr. Jonkman of Michigan, and Mr. Wadsworth of New York.

The documents turned over to me include copies of telegrams sent by General Ponce on 6 November 1944 and 23 December 1944 to President Roosevelt and of a telegram sent to President Vargas of Brazil on 7 November 1944. These telegrams express the sympathies of General Ponce for democracy and the United Nations, declare that the overthrow of his government was sponsored by the Nazis, and offer to provide the U. S. and Brazil with evidence to that effect. Mr. Rendón stated that he personally believes these telegrams were not permitted to leave Mexico.

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MOST SECRET

General Ponce's document, dated Mexico City, January 9, makes the following assertions:

1. His government was overthrown by a military plot and not by the mass of the people whose confidence he still has.
2. The leadership of the movement against General Ubico, who was forced to resign in June 1944, and his own government which succeeded that of General Ubico in a constitutional manner, consisted of members of the reactionary Conservative Party working closely with the Catholic clergy of Guatemala.
3. Other elements involved and which assumed the main role in overthrowing his government on 20 October 1944 included Nazis, Italian Fascists, Falangists, Argentine Nazi Fascists, and Communists.
4. Among the Nazis and Fascists named are Capt. Jacobo Arbenz, of the Guatemalan Army, "of German origin who lived many years in Germany", and Jorge Toriello, one of the leaders of the revolutionary movement, and "son of a Neopolitan and a Guatemalan woman and with clearly Fascist affiliations."
5. Argentine connections with the revolution are attributed to the "Argentine Nazi Fascist leader, Juan Jose Arévalo," now President of Guatemala.
6. Special attention is given to the alleged role in the revolution of a "major of the German General Staff who goes by the name of Ludwig Renn, but whose real name is Baron Von Goelaenau, President of the Latin (sic) Committee of Free Germans in Mexico, a known Nazi who operates freely in the Mexican Republic and who has just been in Cuba...in order to provoke agitation against the government of Grau San Martin. It is known that this individual sent various Nazi agents to Colombia, Venezuela, and the Island of Santo Domingo...."
7. Communist participation in the revolution is attributed to Acción Democrática Centro-Americana, with headquarters in Mexico City, and "under the masked protection of Lic. Ezequiel Padilla, Minister of Foreign Relations, and of Lic. Alemán, Minister of Interior and Justice, who maintains intimate contact with the Soviet Embassy by means of his private secretary, the

MOST SECRET

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MOST SECRET

Nicaraguan, Lic. Rogelio de la Selva." Baron Von Goelsenau is also declared to have intimate connections with Acción Democrática Centro-Americana.

General Ponce also states in a special addendum that Col. H. Henning of the U. S. Army, attached to the Military School of Guatemala, also participated in the revolution which overthrew him. In addition, General Ponce claims that in the "night of treason", 19-20 October 1944, the leaders of the revolt met in the American Embassy and used its telephone facilities in order to communicate with other members of the insurrectionary group.

Mr. Rendón stated that much more information and fuller documentation could be obtained directly from General Ponce. He also stated that General Ponce told him that he was preparing an armed movement to oust the present Guatemalan government and regain power. He would give Mr. Rendón no further details. Mr. Rendón expressed the opinion that General Ponce would perhaps be willing to give such details to a representative of the U. S. government.

Mr. Rendón stated emphatically that General Ponce only wished the U.S. government to be informed of his side of the case and his intentions and is not asking for more than a sympathetic understanding.

According to the information in our files and from what we know about the information in the possession of other agencies of the U.S. government, including the State Department, the charges of clerical, Nazi, Fascist, Falangist, Argentine, and Communist participation in the leadership of the revolution which ousted General Ponce are probably unfounded. In any case they would require further substantiation in view of information in our possession to the contrary. Nevertheless, further investigation of the charges is recommended inasmuch as they may reveal unknown factors in the revolution and serve to check upon the veracity and sincerity of General Ponce. It is further recommended that effort be made to ascertain the exact plans of General Ponce to overthrow the present government of Guatemala.

MOST SECRET

USS Form 4191

Date 30 Jan 45

To: Mr. Southgate

Mr. Cheston does not want to write another letter in regard to this matter but wondered if you could not mention the matter orally sometime when you are over in the State Department.

Alvan W. Sulloway
Alvan W. Sulloway

Please return file to me.

AWS

SECRET

Office of the Executive Officer

(30449)

SECRET

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

*B. 900
Latin America*

J. S.
25 January 1945

The Honorable Nelson Rockefeller
Assistant Secretary of State
Department of State
Washington, D. C.

Dear Nelson:

I am writing with regard to General
Donovan's letter of 16 December concerning a
possible reliable informant on Central America.

I will be interested in getting your
reactions to the possibility of using this
woman.

Sincerely,

Charles S. Cheston
Acting Director

*Letter not sent -
matter taken up with Mr. Smilgatz who
advises that The Dept of State has stated
that they have no interest in using
services of subject. This information
was relayed to Dr. Hargis 1/31/45*

SECRET

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



DEPARTMENT OF STATE
WASHINGTON

15, 900
Per Tin Central America
x Central America
x Honduras
CITTA

December 27, 1944

SECRET

Dear Bill:

Thank you very much for your letter of December
sixteenth transmitting a memorandum regarding a possible
reliable informant on Central America. I will look into this
and let you know promptly.

Sincerely,

Wilson
Wilson A. Rockefeller
Assistant Secretary

Brigadier General William J. Donovan
Director
Office of Strategic Services
Washington 25, D. C.



HOLD

FD

000 form 0000a

Date 14 Dec 67 at LA

To: General Donovan

The attached letter and memorandum to Mr. Nelson Rockefeller were prepared at your request.

John W. Auchincloss
John W. Auchincloss
1st Lt., JAGD
Secretariat

Office of the Secretariat

(9139)

616

SECRET

15,900
Latin America
x Int. Affairs
x Henderson x C.I.A.

16 December 1944

Mr. Nelson A. Rockefeller
Coordinator of Inter-American Affairs
Commerce Building
14th Street & Constitution Avenue, N.W.
Washington, D. C.

Dear Nelson:

I am enclosing a memorandum which
I think will be of interest to you.

Sincerely,

William J. Donovan
Director

Enclosure

SECRET

SECRET
MEMORANDUM

There is available a possible informant on matters in Central America. This individual is a colored woman approaching middle age, educated at Columbia University, an anthropologist and writer by profession. She is highly skilled in her profession, has done considerable field work in the West Indies, and has received substantial research fellowships from very reputable foundations. She is about to embark on a two-year field expedition to Honduras and has been awarded a fellowship for this purpose.

In order to facilitate problems of transportation and living, she is endeavoring to purchase a boat. She has located a seaworthy boat which can be purchased for \$5,000. She has already raised \$1800 and thus requires \$3200 to complete the purchase. If this amount were furnished to her, she might agree to send periodic reports on political and economic developments in Honduras and other Central American countries. She might well be able to provide firsthand information that could not be obtained in any other fashion.

There is believed to be no problem of communications, and it is said that plans for the purchase and use of the boat are reasonable and practical. It is thought that the woman is entirely reliable and well qualified for the work, and that the financial transaction can be handled in such a way as to provide excellent cover. **SECRET**

To: General Donovan

REMINDER

Take up with Nelson Rockefeller

*Please find this
up with
Army Bureau*

Director's Office

FORM 100-1054
(1908)

SECRET

Office Memorandum • UNITED STATES GOVERNMENT

Latin America 15,900
DATE: ~~4 December 1944~~

TO : *(S)* Dr. W. L. Langer
FROM : Maurice Halperin *M. H.*
SUBJECT: Possible informant in Central America.

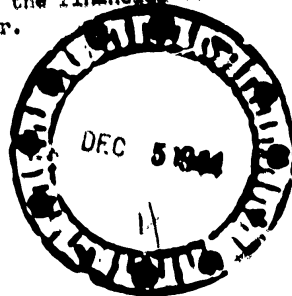
x Central America
x Honduras x C.I.A. A.

I have just returned from New York where I interviewed the person whom Mr. Edwin Merrill of our New York office had proposed to us as a possible informant in Central America. I believe that the subject is well qualified for the work, that excellent cover can be provided and that she would probably be willing to be of service. In terms of the needs of the Latin America Division, she could be exceedingly effective in providing first hand information which could not be obtained in any other fashion and which no other agency of the government could obtain. There would be no problem of communications. With respect to general OSS policy at this time, I suggest that the matter be referred to General Donovan.

The subject is a colored woman approaching middle age, educated at Columbia University, an anthropologist and writer by profession. She is highly skilled in her profession, has done considerable field work in the West Indies, and has received substantial research fellowships from very reputable foundations. She is about to embark on a two-year field expedition to Honduras and has been awarded a fellowship for this purpose.

In order to facilitate problems of transportation and living, she is endeavoring to purchase a boat. She has located a seaworthy boat which can be purchased for \$5,000. She has already raised \$1500 and thus requires \$3500 to complete the purchase. It is proposed that we supply this amount in return for which she would furnish us with periodic reports on political and economic developments in Honduras and other Central American countries. Since this area is now seething with unrest and revolt, these reports would be of great value for purposes of evaluation and analysis of the current Central American scene.

Both Mr. Merrill and I have checked into the background of the subject and believe her to be entirely reliable. Mr. Merrill, who has had some experience with boats, is of the opinion that her plans for the purchase and use of the boat are reasonable and practical. Mr. Merrill, who is known to the subject only as a director of the Phelps Stokes Foundation, can handle the financial transaction in such a way as to provide excellent cover.



SECRET

ADMINISTRATIVE OFFICIAL COMMUNICATIONS IN
THE SECRETARY OF STATE
WASHINGTON, D. C.



DEPARTMENT OF STATE
WASHINGTON

15 853 =
Latin America
✓ Sub. Logan is
✓ Argentine

SECRET

December 28, 1944

Dear Bill,

Thanks for your letter of the fourteenth with
the enclosed memo.

I shall look forward with a great deal of
interest to discussing this with you upon your return.

Sincerely,

Nelson A. Rockefeller
Nelson A. Rockefeller
Assistant Secretary

Brigadier General William J. Donovan
Director, Office of Strategic Services
Washington, D. C.

[Handwritten signature/initials]



1944
Latin America
Intelligence Service
Argentina

14 December 1944

SECRET

Mr. Nelson Rockefeller, Coordinator
Office of the Coordinator of Inter-American Affairs
Commerce Building
Washington, D. C.

Dear Nelson:

Here is the memorandum. I would be glad to make the man I discussed available to you if you are interested. Also, I think you might wish to have our man in charge of Research talk with you.

Sincerely,

William J. Donovan
Director

"The man in charge of Secret Intelligence"
in the document.

SECRET

MEMORANDUM FOR UNITED STATES SECRET INTELLIGENCE
BULLETIN AMERICA

LEGACY

The position of the United States in Latin America is rapidly deteriorating under the attack of ultra-nationalist movements spearheaded by Argentina and supported by surviving Axis political and economic interests.

In meeting this crisis, the United States is gravely handicapped by its lack of a well-organized, alert secret intelligence service for Latin America. Difficulties in past months in dealing with the Argentine and Bolivian regimes, Nazi economic holdings, and hostile organizations developing throughout Latin America demonstrate the need for such a service.

Pending a comprehensive solution of the intelligence requirements of the United States in Latin America, an effort should be made at once to obtain precise and full data on certain urgent problems: (a) Argentine military preparations, infiltration into neighboring countries, and the Argentine underground; (b) identification of Axis refugee personnel and funds and determination of channels and cloaking instrumentation used.

100-100000-10000

SECRET/CONTROL

SECRET

Along among the major powers, the United States has failed to develop the intelligence services necessary to back its position as a world power. This failure probably is most conspicuous in Latin America where the maintenance of the American position under the Good Neighbor policy depends upon political and economic diplomacy based upon adequate intelligence.

I. The Latin American Crisis

As the war in Europe draws to a close, the hard-won partial stability of Latin America, which guaranteed a secure and productive hemisphere, is rapidly and visibly disintegrating. The United States is thus faced by the paradox of achieving striking success in the theaters of war while at the same time its position in the Western Hemisphere becomes increasingly vulnerable.

A. The Offensive against the Inter-American Front

In recent months there has been an alarming upsurge of ultra-nationalist and anti-United States activity caused by a number of factors: wartime economic distress; fears that the defeat of the Axis would remove all limitations upon the predominance of the United States in this hemisphere and would encourage the outbreak of social revolutions; and the deliberate efforts of still powerful Axis and pro-Axis interests in the Western Hemisphere.

Ultra-nationalist and anti-United States movements have been able to acquire a considerable degree of mass support, and have been able to suborn significant numbers of younger army officers. As a result, there has arisen a new phenomenon in the Western Hemisphere: the totalitarian coup carried out by Axis-influenced army officers. These attempt to attract mass support by the use of racialist, anti-capitalist and anti-foreign slogans, and apply the techniques developed by European fascism for control of the state. Thus several recent revolutions have differed significantly from the traditional Latin American pattern of the palace revolt.

The most prominent and dangerous example of this new development is the military government in Argentina, which has become the spearhead of the attack upon the Inter-American front. It has fomented and continues to foment similar coups in neighboring countries with the aim of establishing an Argentine dominated bloc, powerful enough to challenge the United States. It is now arming with the obvious intention of using military force to carry out its plans.

B. Intensification of Social Forces

The serious hardships inflicted upon Latin Americans by wartime economic dislocation have brought about a mass feeling of resentment and desperation. As a result, there now exists a reservoir of explosive energy which can be harnessed to popular movements of either an extreme rightist or extreme leftist nature. Ultra-nationalists, among the least thus far have been directing this mass unrest against their governments and against the United States. Furthermore, the dangerous potentiality of an extreme leftist use of this unrest at some future date cannot be overlooked.

SECRET

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C. The Survival of Nazi and Nazi-affiliated Interests

Powerful German commercial and manufacturing interests, carefully integrated into the economy of Latin America, have been able to survive, with relatively little damage, the blacklist and other forms of Allied economic warfare. They are in a position to emerge into the open at the end of the war and secure their rapid progress of the pre-war period. They have consistently provided advice and assistance to movements hostile to the United States and governments cooperating with us.

The survival of these interests presents an even greater danger in that they provide an efficient mechanism for the reception and protection of refugee Nazi funds and personnel. Without effective counter-measures, there may well be created within our own hemisphere a surviving center of Nazi influence.

II. Unconscious Gaps in United States Intelligence

The development of the Latin American crisis has, in many aspects, been unavoidable. Higher and more pressing considerations of military supply, for example, have dictated the large-scale diversion of shipping and supplies to other areas. On the other hand, certain problems such as the effective cloaking of Nazi economic interests, might have been handled much more effectively if the United States had a well-organized, alert secret intelligence and intelligence analysis service for Latin America. Such a service, in addition, by indicating more accurately the extent, direction and probable effect of developing tendencies, would permit this government to anticipate the full extent of the problems it must deal with.

The experience of the past three years has amply demonstrated the need for a United States secret intelligence service in Latin America:

a. The 4 June 1943 coup d'etat in Argentina caught us unawares. Lacking facilities rapidly to determine the nature of the new regime, this government extended recognition, which it was forced to withdraw a year later. The interval of a year enabled the military regime to intransigent itself and to mobilize support in neighboring countries.

b. Similarly, although Allied reports of an impending Argentine-sponsored coup in Bolivia reached Washington some weeks before 20 December 1943, the United States had insufficient means to check the validity of these reports. As a result, our policy after the coup was a hasty improvisation, and United States prestige suffered, particularly because an Allied government had been ousted so easily with Argentine aid.

c. United States attempts to eradicate Nazi economic holdings in Latin America have been countered to a large extent by successful cloaking activities which our lack of adequate secret intelligence handicaps us from forestalling. Thus, of approximately 160 major enemy firms in Latin America, fewer than ten per cent have been eliminated. After three years of war we can only surmise the general pattern of German defense measures. We do not know, and neither do our British Allies know, the exact extent and nature of surviving German economic strength. This is one of the most deplorable gaps in our intelligence.

d. Despite the growing activity of secret officers' groups, ultra-nationalist organizations, mass movements of both rightist and leftist orientation and Communist-influenced trade unions throughout Latin America, the United States continues to be poorly informed concerning their origins, size, intentions, domestic and international affiliations, financial resources and potentialities. Among such groups whose existence must be taken into account in current policy decisions are the secret military elite in Bolivia, the Forces Armées Uruguayennes in Uruguay, the young officers groups in Chile and Peru, the Fuerzas Armadas in Paraguay, the pro-Communist Union Popular Yugoslava in Venezuela and Loebardo Toledano's Federation of Latin American Workers (CYAL), with branches in most countries of Latin America.

e. Just as prior to the present war the United States lacked the facilities to watch the extension of German influence in Latin America, it is still without the means to keep fully informed of the activities and influence of non-American powers in Latin America. A current conspicuous instance is the fact that the United States government still lacks a detailed and reliable description of the activities and connections of the Soviet Embassy in Mexico City.

III. Urgent Secret Intelligence Tasks

Pending a comprehensive solution of the intelligence requirement of the United States in Latin America, an effort should be made at once to obtain precise and full data on certain urgent problems:

A. The Argentine situation and its ramifications

1. Observation of military preparations and plans of the present regime.
2. Establishment of close contact with underground opposition movements, determine their strength and degree of preparation for revolt, and to enlist their aid in obtaining information concerning the activities of the regime.
3. A close watch on efforts of the Argentine regime to overthrow or enlist the support of neighboring governments. Particularly important in this regard is the need to investigate disquieting reports of an impending Argentine-Brazilian rapprochement.
4. Axis refuges, personnel and funds - Identification of individuals and assets and determination of channels and clothing instrumentalities used. This problem is made particularly urgent by the approaching end of the war in Europe.

SECRET/CONTROL

THE NEED FOR UNITED STATES SECRET INTELLIGENCE
IN LATIN AMERICA

SUMMARY

The position of the United States in Latin America is rapidly deteriorating under the attack of ultra-nationalist movements spearheaded by Argentina and supported by surviving Axis political and economic interests.

In meeting this crisis, the United States is gravely handicapped by its lack of a well-organized, alert secret intelligence service for Latin America. Difficulties in past months in dealing with the Argentine and Bolivian regimes, Nazi economic holdings, and hostile organizations developing throughout Latin America demonstrate the need for such a service.

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*original
sent to Adam Rodriguez*

6 December 1944

SECRET/CONTROL

SECRET

Alone among the major powers, the United States has failed to develop the intelligence services necessary to back its position as a world power. This failure probably is most conspicuous in Latin America where the maintenance of the American position under the Good Neighbor policy depends upon political and economic diplomacy based upon adequate intelligence.

I. The Latin American Crisis

As the war in Europe draws to a close, the hard-won partial stability of Latin America, which guaranteed a secure and productive hemisphere, is rapidly and visibly disintegrating. The United States is thus faced by the paradox of achieving striking success in the theaters of war while at the same time its position in the Western Hemisphere becomes increasingly vulnerable.

A. The Offensive against the Inter-American Front

In recent months there has been an alarming upsurge of ultra-nationalist and anti-United States activity caused by a number of wartime economic distress; fears that the defeat of the Axis would remove all limitations upon the predominance of the United States in this hemisphere and would encourage the outbreak of social revolution; and the deliberate efforts of still powerful Axis and pro-Axis interests in the Western Hemisphere.

Ultra-nationalist and anti-United States movements have been able to acquire a considerable degree of mass support, and have been able to suborn significant numbers of younger army officers. As a result, there has arisen a new phenomenon in the Western Hemisphere: the totalitarian coup carried out by Axis-influenced army officers. These attempt to attract mass support by the use of racialist, anti-capitalist and anti-foreign slogans, and apply the techniques developed by European fascism for control of the state. Thus several recent revolutions have differed significantly from the traditional Latin American pattern of the palace revolt.

The most prominent and dangerous example of this new development is the military government in Argentina, which has become the spearhead of the attack upon the Inter-American front. It has fomented and continues to foment similar coups in neighboring countries with the aim of establishing an Argentine dominated bloc, powerful enough to challenge the United States. It is now arming with the obvious intention of using military force to carry out its plans.

B. Intensification of Social Unrest

The serious hardships inflicted upon Latin Americans by wartime economic dislocation have brought about a mass feeling of resentment and desperation. As a result, there now exists a reservoir of explosive energy which can be harnessed to ~~produce a mass movement~~ an extreme rightist or extreme leftist nature. Ultra-nationalists, seizing the lead thus far have been directing this mass unrest against their governments and against the United States. Furthermore, the dangerous potentiality of an extreme leftist use of this unrest at some future date cannot be overlooked.

- 2 -

The Survival of Nazi and Nazi-affiliated Interests

Powerful German commercial and manufacturing interests, carefully integrated into the economy of Latin America, have been able to survive, with relatively little damage. The blockade and other forms of Allied economic warfare. They are in a position to emerge into the open at the end of the war and resume their rapid progress of the pre-war period. They have consistently provided advice and assistance to movements hostile to the United States and governments cooperating with us.

The survival of these interests presents an even greater danger in that they provide an efficient mechanism for the reception and protection of refugee Nazi funds and personnel. Without effective counter-measures, there may well be created within our own hemisphere a surviving center of Nazi influence.

IX. Omissions Due to United States Intelligence

The development of the Latin American crisis has, in many aspects, been unavoidable. Higher and more pressing considerations of military supply, for example, have dictated the large-scale diversion of shipping and supplies to other areas. On the other hand, certain problems such as the effective blocking of Nazi economic interests, might have been handled much more effectively if the United States had a well-organized, alert secret intelligence and intelligence analysis service for Latin America. Such a service, in addition, by indicating more accurately the extent, direction and probable effect of developing tendencies, would permit this government to anticipate the full extent of the problems it must deal with.

The experience of the past three years has amply demonstrated the need for a United States secret intelligence service in Latin America:

a. The 4 June 1943 coup d'etat in Argentina caught us unawares. Looking facilities rapidly to determine the nature of the new regime, this government extended recognition, which it was forced to withdraw a year later. The interval of a year enabled the military regime to entrench itself and to mobilize support in neighboring countries.

b. Similarly, although listed reports of an impending Argentine-sponsored coup in Bolivia reached Washington some weeks before 20 November 1943, the United States had insufficient means to check the validity of these reports. As a result, our policy after the coup was a hasty improvisation, and United States prestige suffered, particularly because an Allied government had been ousted so easily with Argentine aid.

c. United States attempts to eradicate Nazi economic holdings in Latin America have been countered to a large extent by successful blocking activities which our lack of adequate secret intelligence handicaps us from forestalling. Thus, of approximately 160 major enemy firms in Latin America, fewer than ten per cent have been eliminated. After three years of war we can only surmise the general pattern of German defense measures. We do not know, and neither do our British Allies know, the exact extent and nature of surviving German economic strength. This is one of the most deplorable gaps in our intelligence.

SECRET

- 3 -

d. Despite the growing activity of secret officers' groups, ultra-nationalist organizations, mass movements of both rightist and leftist orientation and Communist-influenced trade unions throughout Latin America, the United States continues to be poorly informed concerning their origins, aims, intentions, domestic and international affiliations, financial resources and potentialities. Among such groups whose existence must be taken into account in current policy decisions are the secret military cliques in Bolivia, the Organización in Uruguay, the young officers groups in Chile and Peru, the Grupos de Oficiales in Paraguay, the pro-Communist Unión Popular Venezolana in Venezuela and Lombardo Toledano's Federation of Latin American Workers (CYAL), with branches in most countries of Latin America.

e. Just as prior to the present war the United States lacked the facilities to watch the extension of German influence in Latin America, it is still without the means to keep fully informed of the activities and influence of non-American powers in Latin America. A current conspicuous instance is the fact that the United States government still lacks a detailed and reliable description of the activities and connections of the Soviet Embassy in Mexico City.

III. Urgent Secret Intelligence Tasks

Pending a comprehensive solution of the intelligence requirement of the United States in Latin America, an effort should be made at once to obtain precise and full data on certain urgent problems:

A. The Argentine situation and its ramifications

1. Observation of military preparations and plans of the present regime.

2. Establishment of close contact with underground opposition movements, determine their strength and degree of preparation for revolt, and to enlist their aid in obtaining information concerning the activities of the regime.

3. A close watch on efforts of the Argentine regime to overthrow or enlist the support of neighboring governments. Particularly important in this regard is the need to investigate disquieting reports of an impending Argentine-Brazilian rapprochement.

B. Air reference personnel and funds - identification of individuals and assets and determination of channels and clearing instrumentalities used. This problem is made particularly urgent by the approaching end of the war in Europe.

CONFIDENTIAL

15, 75-7
Latin America
x Argentina x Mexico
12 December 1944 x Landau J.

Mr. Nelson A. Rockefeller
Coordinator of Inter-American Affairs
Commerce Building
14th Street and Constitution Avenue
Washington, D. C.

Dear Nelson:

I enclose a copy of a report concerning South America which was obtained from Mr. Jacob Landau, Secretary and Managing Director of Overseas News Agency, Inc. I had sent the report to the White House and the Secretary of State. The President asked that a copy be shown to the Secretary and to you.

Sincerely,

William J. Donovan
Director

Enc.

CONFIDENTIAL

To: GENERAL

Mr. Landau's report has been sent to Mr. Stettinius and been acknowledged by him. I am attaching a copy for Mr. Rockefeller in case you wish to send him one.

M.O'D.

Director's Office

(3308)

157, 73-7
Latin American
1000 Study in D.

THE WHITE HOUSE
WASHINGTON

December 5, 1944.

MEMORANDUM FOR
BILL DONOVAN

I think you should show
Mr. Landau's report on Latin
America to Ad Stettinius and
Nelson Rockefeller.

F. D. R.



12/5/44
Mr. [unclear]
[unclear]
[unclear]
[unclear]

THE SECRETARY OF STATE
WASHINGTON

December 4, 1944

Dear Bill,

Thank you for your letter of November 30th enclosing a copy of the report on Latin America by Mr. Jacob Landau of the Overseas News Agency, Inc. I shall review it with interest.

With best wishes,

Sincerely yours,

Mr. William J. Donovan
Director
Office of Strategic Services
Washington, D. C.

15757
Latin America
CONFIDENTIAL

30 November 1944

Miss Grace Tully
The White House
Washington, D. C.

Dear Grace :

I believe the President will find of
interest the attached report. Will you kindly see
that it reaches his desk.

Thank you.

Sincerely,

William J. Donovan
Director

CAB/ea Report on Latin America

CONFIDENTIAL

15757

CONFIDENTIAL

30 November 1942

MEMORANDUM FOR THE PRESIDENT

There is attached a report on Latin America which has been made available to us by Mr. Jacob Landau, Secretary and Managing Director of Overseas News Agency, Inc. I think it may be of interest to you.

W. L. Leno
Director

CONFIDENTIAL

CONFIDENTIAL

11,757
Latin America

20 November 1944

Mr. Edward R. Stettinius, Jr.
Acting Secretary of State
Department of State
Washington, D. C.

Dear Ed:

I am attaching a report on Latin America
which has been made available to us by Mr. Jacob
Landau, Secretary and Managing Director of Overseas
News Agency, Inc. I think it may be of interest to
you.

Sincerely yours,

William J. Donovan
Director

Enclosure

CAB/ea

CONFIDENTIAL

Mr. Halperin says you want this
to go to the President tonight.

One copy
* Pres.

One copy
* Long Staff
STP
Photostat copies
attached

DR. FRANK AYDELOTTE
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HAROLD K. GUINEBURG, VICE-PRESIDENT
JACOB LANDAU, SECRETARY AND
MANAGING DIRECTOR

Nov. 27th 1944.

Dear General Donovan,

I have just returned from
an extended trip to Latin America and
I am enclosing a memorandum, which
I hope will prove of interest to you.

Yours very faithfully
Jacob Landau

15,757

STRICTLY CONFIDENTIALSUMMARY

United States prestige in Latin America is presently at its lowest ebb due to its own lack of a clearly conceived policy and to the adverse effect exercised by the Hispanidad or Latinidad movement, Spanish Falange-inspired clerical influences, the Nazi Fifth Column and the British.

The crux of the situation in Latin America is Argentina. Unless the Argentinian situation is changed, the United States is bound not only to lose its last shred of influence in Latin America, but its position in world affairs will be weakened as well. A Latin American bloc independent of the U. S. appears in the process of formation.

There is today in Latin America not a single organized group which is pro-United States. Our policy has alienated the democratic groups throughout Latin America. An anti-Yankee drive, as the United States reduces its purchases in Latin America, is in the offing. Unless the present trend in Latin America be reversed, it may find its position in world councils jeopardized by lack of the supporting vote of the 20 American Republics.

Of the three larger powers: Argentina, Brazil and Mexico, Mexico can be the only effective instrumentality for winning Latin American sympathies. If the United States antagonizes Mexico, we stand to lose out in all of Latin America.

CONCLUSIONS

- 1) Under no circumstances can we sit down with the present Argentine government at any Pan American Conference.
- 2) An early change in the Argentine situation is imperative and ought to be brought about by any of the methods outlined in the memorandum.
- 3) Mexico should be our main instrumentality in fostering a more friendly sentiment toward the United States in Latin America.

Strictly Confidential

- 1 -

Nov. 22, 1944.

Re: Latin America

After visiting all of Latin America with the exception of Paraguay, Bolivia and Honduras and on the basis of previous visits to Mexico, Argentina, and Brazil, the writer has reached the conclusion that the United States is in real and immediate danger of losing whatever influence it has thus far exercised in Latin America.

United States influence has reached an all time low ebb in Latin America. However, much more than our influence in Latin America is at stake. The United States position in world politics will suffer unless the present trend is reversed. The United States may find itself isolated at the international councils and compelled to play a lone hand for lack of the supporting vote of the 20 American republics. Thus, our bargaining strength vis a vis Britain and Russia may be impaired.

A Latin American bloc - not guided by the U.S. - but independent and even to some extent hostile to the U.S. is in the process of formation - if not already existent.

There is concrete evidence for this assertion. The alacrity with which some Latin American governments welcomed the Argentine proposal for a conference, the united action taken by all Latin American representatives at the Chicago Aviation Conference, the opposition openly voiced by various Latin American governments to the decisions taken at Dumbarton Oaks offer abundant proof of the seriousness of the situation we face.

A good deal of whispering has gone on between various Latin American governments during the last six months. There can be hardly any doubt that at least some of them are acting in collusion.

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No matter what the sentiments of Latin American governments and nations be regarding the Argentine situation, some of them enjoyed the spectacle of a Latin American government defying the U.S.A. and getting away with it. Even if some of them disapprove of the present Argentine regime they hope that Argentina will win in her struggle with the U.S. It would create a precedent they all desire. The resignation of Aranha, the premature action taken by Colombia - publicly announcing its consent to the Argentine proposal, the recognition of the Aguirre regime of El Salvador by Nicaragua and Honduras without prior consultation with the U. S. and the other governments, would not have occurred without the example set by Argentina.

We shall lose the last shred of influence and prestige we have in Latin America if the diplomatic offensive undertaken by Argentina proves... unsuccessful. We cannot afford to accept the Argentine proposal after all the strong public statements we have made. The position of the Argentine Government has been already strengthened by the reception its proposal has received.

Sentiment against the U.S. in almost all countries is stronger today than a year or two ago. As we approach the end of the war we are facing the definite danger of an out and out anti-Yankee drive in Latin America.

The reasons are manifold. Nazi propaganda has been effective. Our counter-effort has not been as effective. The fear of the "colossus in the North" has been assiduously stimulated. Germany has not confined itself to press and radio propaganda. It has created a strong fifth column. Nazi influence even today still exists - and not only in Argentina. (In Caracas, for example, the crown and sceptre for the queen elected to preside over the International Baseball Series were purchased at the store of Johan Othman and

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exhibited in his show windows. J.C. is a well-known Nazi who subsidized Nazi propaganda.)

Germany pursued a different method than ours. Germany placed any number of officials in the various government departments, members of the cabinets, relatives of the presidents, persons in the army, navy, air force, and, invariably, the police on its payroll. In some countries, this was tantamount to taking over part of the administration. The German method was cheap and very effective. Our method was expensive and ineffective. We spent twenty times the German sum in impersonal credits, part of which disappeared in the pockets of politicians, but nobody was under specific obligations to the U.S. No one had to work overtime for the U.S. as many did for Germany.

Anti-U.S. propaganda has been greatly aided by Spain and by Spanish-influenced clerical forces. Many hundreds of pro-Falange priests have arrived in Latin America from Europe in recent years, many of them devoting themselves to propaganda against our country. Unfortunately the British also have done their bit in weakening our position. Their attitude is particularly surprising and shortsighted. The British spent less than ten percent of what we expended in Latin America. They have been sitting back, enjoying our blunders and profiting by them.

After the Revolution of 1913, French revolutionary ideas and British and American influence were dominant in Latin America. Today Latin America concentrates on one aim: to emerge from its semi-colonial status. The drive is directed not only against the U.S. but against the Anglo-Saxon world in general. (Argentina knows it is not strong enough to face both the U.S. and Britain at

- 4 -

the same time. But sooner or later it will inevitably turn against Great Britain as well. I pointed this out to Mr. Erwin, the British Minister in Panama, whose reluctant reply was "Perhaps you are right.")

What powers aim to replace the Anglo-Saxon influence? Hispanidad and Latinidad! A Latin bloc - Latin America linking herself with Spain, France, and Italy seems to be in the offing, and which Britain will attempt to manipulate.

This development can seriously affect the U.S. If, in the international organization which is to be set up, the countries in this hemisphere do not join us, our influence and prestige will be seriously reduced.

In addition to the array of powerful outside influences which are consistently working against us, we have weakened our own position because we have no policy. Not a single organized group in Latin America stands solidly with us. The Good Neighbor Policy has become identified with our non-intervention policy as practiced toward Spain. It has been a Good Neighbor Policy between governments and not between the peoples of this hemisphere. We are a good neighbor to quite a few fascist and reactionary governments. We have thus antagonized the liberal and democratic elements in a number of countries.

Our only sincere and reliable allies can and will be only those progressive elements. Latin America tends to extremes. Latin American conservatives will be our ardent allies if we wish to be guided by fear of bolshevist tendencies. They will never cooperate with us in fighting reactionary or fascist tendencies.

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The danger in Latin America today is not from the Left but from the Right. The progressive element in Latin America, if enjoying our friendship, will allow itself to be influenced and restrained by us. We will be aided in this by the growing middle class and the progressive industrialists.

A liberal Argentinian pointed out to me how weak American policy towards Argentina has been thus far. "The U.S. has made strong statements," he said, "but it has not followed through with action. On the same day Hull announced that our government would not be recognized, we read in our papers that the U.S. had bought 10 million pounds of our corn. As a matter of fact even your latest decision not to permit U.S. ships to dock in Argentine ports is not very impressive. You have continued to buy from Argentina. Your purchases will amount to two hundred million dollars this year - sixty million dollars more than in 1941. On the other hand, you have reduced U.S. exports to us from one hundred million dollars to twenty-five million, thus punishing only the American exporter. We would know that you meant business had you stopped all purchases; if you would not allow a single letter to or from the United States to cross our borders; if you would not allow a single plane to land on our territory. Such an economic blockade on the part of the U.S. alone - even without the participation of England - would have made a deep impression. In all likelihood it would have brought about the overthrow of the present government."

Our economic policy throughout Latin America has further entrenched our difficulties. Because of it, the rich in Latin America are richer and the poor are poorer. Because of this policy, antagonism to the U.S. has been

- 6 -

intensified. Take Brazil as an example. For no country have we done so much. Nevertheless anti-American sentiment there today is stronger than before. (I was told by an important industrialist that the Brazilian would prefer to buy from the English if their prices equalled ours.) The reasons are very illuminating. As in most other countries there is inflation in Brazil. Prices have climbed three to four hundred percent - creating grave hardships for the masses. The American who buys in Brazil is compelled to pay three or four times more than he did before but the Brazilian who imports U.S. goods is protected by a rate of exchange which we have pegged and by our price ceilings. Whatever he imports he sells at a profit of a thousand or twelve hundred percent, or more. Assiduous propaganda has been drilling into the Brazilian the idea that the U.S. is responsible for the terrific price rises. Thus we are the suckers and at the same time we are blamed and heartily criticized. This is one example out of many. (A real estate crash in Brazil appears to be inevitable. Real estate prices have mounted beyond reason largely due to insurance companies, whose coffers are bulging with new revenues obtained from the Social Security program, and by importers who, unable to do business with Europe, have invested heavily in real estate. The banks seem to be less involved, but nevertheless the real estate crash may lead to a serious economic crisis.)

We are now reducing our purchases in Latin America and in the future we will certainly not buy at the same high prices we paid during the war. When Latin America's economic difficulties will thus be further increased, anti-American sentiment will inevitably rise - particularly if an impoverished

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Europe - unless financed by the U.S. - will not be able to replace American purchases.

The time has come when we can no longer afford to drift. We must take a position if we don't want to see all Latin America gang up on us.

The Argentine Government can and must be overthrown. This is imperative if we wish to regain our prestige and influence in Latin America. The situation is growing worse every day. Argentina's immediate neighbors live under constant economic and political pressure, and military threats on the part of Argentina.

Intervention decades ago may have been a reactionary policy. Today non-intervention against a fascist regime in the midst of a war against fascism in Europe is a reactionary policy for which the democratic and liberal elements are not grateful to us. Intervention if not in the interest of the U.S., but in order to help the people to choose their own government is an entirely different matter. It would be a deed of liberation. We cannot continue our policy of appeasement or Chamberlainism.

The democratic elements are not strong enough to overthrow their fascist governments, some of which have received tanks and planes from the U. S. with which they are holding down their people. Foreign assistance is indispensable. This is true not only of Latin American countries but even of Spain, whose entire history is one of governments being overthrown by foreign intervention, and which today will be hardly able to rid itself of Franco without foreign help. However, open intervention may not be necessary. The Argentine Government is very weak. It is divided. Foran, Palaffe and Farrell

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are rivals for power. (By the way, Farrell is not a dummy. He is pro-Nazi and exercises quite some influence.) The Government is not backed by a single political party - not even by the Nationalists for whom this Government is too moderate. The army too is divided in not less than six groups. The first is for Peron, the second is for Peluffo, the third is for Farrell, the fourth is for the Nationalists, the fifth is indifferent, (or rather wishes to see the army get out of the government - believing that the army is being discredited by the Government; this group wants all generals to get out, including Peron), the sixth sympathizes with the opposition. However the opposition too - and this is one of the main difficulties - is divided. Argentina's Radicals - the country's most important party - have not joined the opposition. They believe the Government's assurances that elections will be held. For this reason the Radicals, who have won all elections since 1916 which were not manipulated by the Government, do not see any reason to share the power with other parties.

The opposition today consists of Conservatives, Socialists, Communists and a sprinkling of Radicals. The Government is aware of its weakness since the demonstration on the day Paris fell. This is the main reason why it is trying to retrace its steps. Unless we strengthen this Government by sitting down with it at a Pan-American Conference it may be overthrown by the huge demonstration to be expected on the day Germany breaks down. Today the opposition is collecting funds in Argentina in order to buy arms. Seven to eight thousand people going into the streets with arms could, in my opinion, overthrow the regime. The military force at Campo de Mayo is only ten thousand strong and is divided. The soldiers stationed there will not be keen to shoot their

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countrymen. However, private fund-raising can not be relied upon to furnish the supplies of arms which the opposition requires.

Argentina is better prepared than any other Latin American country for a democratic regime. Seventy-five percent of her people belong to the middle class. There is no other Latin American country with such a large one. Nor has any other Latin American country as independent and powerful a press - comparatively free from corruption - as has Argentina. The middle class is the backbone and the greatest source of strength for an existing democracy. But the middle class is not a revolutionary class which creates a democracy. If we go ahead and sit down at one table with the Argentine Government, thus strengthening its fascist regime - we will antagonise every liberal-minded Argentine citizen who today hopefully looks to the U.S.

There is more than one way of overthrowing the present Argentine government:

- 1) Joint American British action. An economic blockade effected by the United States and Britain would bring about the overthrow of the government in very few weeks. The economic help Britain receives, and further help it expects from us, is not the only argument. Britain is busy establishing a west European bloc, which may afford the British a stronghold on all undeveloped territories of the world and weaken our possibilities. If it desires our cooperation or acquiescence it should give us full cooperation in our hemisphere - though this would hardly be a sufficient quid pro quo.

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- 2) Collective action by all American republics. This will be more difficult now than a year ago. It would mean supplying Chile, Paraguay, Uruguay, Bolivia and Brazil with all the necessities they receive today from Argentina, and at the same prices. This would be a protracted and costly process.
- 3) Encouraging the opposition within Argentina by supplying it with funds and arms. Committees "to help free Argentina" should be established in various Latin American countries, and a considerable part of the support should reach the opposition from the various Latin American countries. This movement could be quickly and effectively organized. This movement would create, for the first time in years, an intimate bond between all democratic elements in Latin America and the United States.

We can not look on passively while within our hemisphere a fascist country arms herself to the teeth constituting an ever-increasing threat to her neighbors.

We must cease playing the sucker. Latin American politics are full of subtleties and subject to intricate thinking. Let us take Brazil again as an example. I have it from an excellent source that on the day Hull announced the U.S. would not recognize the Argentine regime Vargas told a friend of his, "Hull is going too far. His policy is too harsh. If he had asked me to, I could have straightened out the difficulties with Argentina." With this remark Vargas betrayed his true sentiments. He prefers a dictatorship in Argentina to a democracy. The reason is obvious. If, with Germany's defeat, a democratic

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wave should sweep the world, the Vargas regime would be more isolated and endangered if Argentina becomes a democracy. Nevertheless, Vargas does not see any reason why he should not exploit the Argentine situation to the fullest extent. With the Argentine situation remaining unsettled Brazil is more important than ever for us. Vargas sees no reason why he should not obtain from us additional arms supplies as well as commercial and political benefits. There is another thought in his mind. Opposition against him is today stronger than ever. Even many industrialists and landowners are against Vargas because of higher taxes and of course they would prefer a more secure legal system. If the opposition should reach a dangerous degree, a war against Argentina would divert attention from internal difficulties; consolidate his regime. If Vargas sends troops to Southern Brazil they are not necessarily intended for protection of his frontiers but for his own protection. Most uprisings in Brazil originate in the South. At the same time - while Brazil is protesting her friendship for the U.S. and clamoring for further assistance - prominent Brazilians are assuring their Argentine friends, "You know we are with you. We share your ideology; you have all our sympathies but we are being possessed by the U.S."

Such a policy of insincerity and inner contradictions is nothing new in Latin America. To some extent we have ourselves worsened the situation by paying excessive attention to every gesture made by Latin American governments. We are making too much noise and appear to be too preoccupied with Latin American problems. Latin American countries today are suffering from a highly inflated feeling of self importance.

The longer we delay taking a position the more hopeless the situation grows. We must make up our minds who are our real friends and we must work

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with them. We cannot continue in a political vacuum. Our present policy of neutrality merely alienates those who base their hopes on us. This was forcefully demonstrated to me when I visited El Salvador. That country's police chief installed himself as its president after forcing out former President Menéndez at pistol point. The head of the Supreme Court, Dr. Molina, is, according to all indications, the legitimate and constitutional provisional president. The U.S. Embassy in El Salvador received petitions signed by not less than twenty-five thousand Salvadoreans repudiating Aguirre and asking for U.S. recognition of Molina as President. The Salvadorean people do not understand why we have not done so and why their legitimate government receives no encouragement from us. We are quickly losing the sympathy of these people to whom our policy is a source of great disillusionment.

Just as unpopular as the U.S. is making herself with her aloof and indifferent attitude towards the keyed-up, passionate sentiment of the democratic element - just as popular in Mexico. Mexico because of her consistent policy with regard to Franco has won the heart of all liberal-minded people in Latin America. The Mexican Embassy in El Salvador is crowded with political opponents of Aguirre to whom it is affording asylum. Mexican popularity in all parts of Central and South America is very strong. Mexico has become the focal hope of the suppressed masses in all Latin America.

Another important point in the Latin American situation - we must decide which of the Latin American countries can be our most important ally and whose influence in Latin American affairs we are prepared to strengthen. Of the three major countries, Argentina, Brazil and Mexico, Mexico is the only possible choice. We cannot choose Argentina even if it were a democracy because

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of the predominating British influence. We cannot choose Brazil because of the type of regime it possesses - unless we wish to further antagonize the democratic elements in all Latin America. (Also because of her different language, Brazil exercises little influence in Spanish-speaking Latin America.)

If we lose Mexico, instead of more firmly than ever attracting it to our side, all of Latin America will be lost to us. As the situation now is, should Mexico be estranged from us, we would precipitate a development which would hasten the process we are now witnessing: that of a Latin America turning away from the U.S. and even adopting an antagonistic attitude. This under all circumstances must be avoided.

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Report on the situation in

157

Latin America

STRICTLY CONFIDENTIAL

Holmes 12/12A

*x London, great
x Argentina x Mexico*

SUMMARY

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The crux of the situation in Latin America is Argentina. Unless the Argentinian situation is changed, the United States is bound not only to lose its last shred of influence in Latin America but its position in world affairs will be weakened as well. A Latin American bloc independent of the U. S. appears in the process of formation.

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CONCLUSIONS

- 1) Under no circumstances can we sit down with the present Argentinian

government at any Pan American Conference.

- 2) An early change in the Argentine situation is imperative and ought to be brought about by any of the methods outlined in the memorandum.
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Nov. 22, 1944.

Re: Latin America

After visiting all of Latin America with the exception of Paraguay, Bolivia and Honduras and on the basis of previous visits to Mexico, Argentina and Brazil, the writer has reached the conclusion that the United States is in real and immediate danger of losing whatever influence it has thus far exercised in Latin America.

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There is concrete evidence for this assertion. The alacrity with which some Latin American governments welcomed the Argentine proposal for a conference, the united action taken by all Latin American representatives at the Chicago Aviation Conference, the opposition openly voiced by various Latin American governments to the decisions taken at Dumbarton Oaks offer abundant proof of the seriousness of the situation we face.

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No matter what the sentiments of Latin American governments and nations may be

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regarding the Argentine situation, some of them enjoyed the spectacle of a Latin American government defying the U.S.A. and getting away with it. Even if some of them disapprove of the present Argentine regime they hope that Argentina will win in her struggle with the U.S. It would create a precedent they all desire. The resignation of Aramba, the premature action taken by Colombia - publicly announcing its consent to the Argentine proposal, the recognition of the Aguirre regime of El Salvador by Nicaragua and Honduras without prior consultation with the U.S. and the other governments, would not have occurred without the example set by Argentina.

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Sentiment against the U.S. in almost all countries is stronger today than a year or two ago. As we approach the end of the war we are facing the definite danger of an out and out anti-Yankee drive in Latin America.

The reasons are manifold. Nazi propaganda has been effective. Our counter-effort has not been as effective. The fear of the "colossus in the North" has been assiduously stimulated. Germany has not confined itself to press and radio propaganda. It has created a strong fifth column. Nazi influence even today still exists - and not only in Argentina. (In Caracas, for example, the crown and sceptre for the queen elected to preside over the International Baseball Series were purchased at the store of Jehan Cathman and

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sooner or later it will inevitably turn against Great Britain as well. I pointed this out to Mr. Erwin, the British Minister in Panama, whose reluctant reply was "Perhaps you are right.")

What powers aim to replace the Anglo-Saxon influence? Hispanized and Latinidad! A Latin bloc - Latin America linking her self with Spain, France and Italy seems to be in the offing and which Britain will attempt to manipulate.

This development can seriously affect the U.S. If, in the international organization which is to be set up, the countries in this hemisphere do not join us, our influence and prestige will be seriously reduced.

In addition to the array of powerful outside influences which are consistently working against us, we have weakened our own position because we have no policy. Not a single organized group in Latin America stands solidly with us. The Good Neighbor Policy has become identified with our non-intervention policy as practised toward Spain. It has been a Good Neighbor Policy between governments and not between the peoples of this hemisphere. We are a good neighbor to quite a few fascist and reactionary governments. We have thus antagonized the liberal and democratic elements in a number of countries.

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The danger in Latin America today is not from the Left but from the Right. The progressive element in Latin America, enjoying our friendship, will allow itself to be influenced and restrained by us. We will be aided in this by the growing middle class and the progressive industrialists.

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Our economic policy throughout Latin America has further entrenched our difficulties. Because of it, the rich in Latin America are richer and the poor are poorer. Because of this policy, antagonism to the U.S. has been intensified. Take Brazil as an example.

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For no country have we done so much. Nevertheless anti-American sentiment there today is stronger than before. (I was told by an important industrialist that the Brazilians would prefer to buy from the English if their prices equalled ours.) The reasons are very illuminating. As in most other countries there is inflation in Brazil. Prices have climbed three to four hundred percent - creating grave hardships for the masses. The American who buys in Brazil is compelled to pay three or four times more than he did before but the Brazilian who imports U.S. goods is protected by a rate of exchange which we have pegged and by our price ceilings. Whatever he imports he sells at a profit of a thousand or twelve hundred percent, or more. Assiduous propaganda has been drilled into the Brazilian the idea that the U.S. is responsible for the terrific price rises. Thus we are the suckers and at the same time we are blamed and heartily criticized. This is one example out of many. (A real estate crash in Brazil appears to be inevitable. Real estate prices have mounted beyond reason largely due to insurance companies, whose coffers are bulging with new revenues obtained from the Social Security program, and by importers who, unable to do business with Europe, have invested heavily in real estate. The banks seem to be less involved, but nevertheless the real estate crash may lead to a serious economic crisis.)

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the future we will certainly not buy at the same high prices we paid during the war. When Latin America's economic difficulties will thus be further increased, anti-American sentiment will inevitably rise - particularly if an impoverished Europe - unless financed by the U.S. - will not be able to replace American purchases.

The time has come when we can no longer afford to drift. We must take a position if we don't want to see all Latin America gang up on us.

The Argentine Government can and must be overthrown. This is imperative if we wish to regain our prestige and influence in Latin America. The situation is growing worse every day. Argentina's immediate neighbors live under constant economic and political pressure, and military threats on the part of Argentina.

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The democratic elements are not strong enough to overthrow their fascist governments, some of which have received tanks and planes from the U.S. with which they are holding down their people. Foreign assistance is indispensable. This is true not only of Latin American countries but even of Spain, whose entire history is one of governments being overthrown by foreign intervention, and which today will be hardly able to rid itself of France without

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foreign help. However, open intervention may not be necessary. The Argentine Government is very weak. It is divided. Peron, Faluffe and Farrell are rivals for power. (By the way, Farrell is not a dummy. He is pro-Nazi and exercises quite some influence.) The Government is not backed by a single political party - not even by the Nationalists for whom this Government is too moderate. The army too is divided in not less than six groups. The first is for Peron, the second is for Faluffe, the third is for Farrell, the fourth is for the Nationalists, the fifth is indifferent, (or rather wishes to see the army get out of the government - believing that the army is being discredited by the Government; this group wants all generals to get out, including Peron) the sixth sympathizes with the opposition. Moreover the opposition too - and this is one of the main difficulties - is divided. Argentina's Radicals - the country's most important party - have not joined the opposition. They believe the Government's assurances that elections will be held. For this reason the Radicals, who have won all elections since 1916 which were not manipulated by the Government, do not see any reason to share the power with other parties.

The opposition today consists of Conservatives, Socialists, Communists and a sprinkling of Radicals. The Government is aware of its weakness since the demonstration on the day Paris fell. This is the main reason why it is trying to retrace its steps. Unless we strengthen this Government by sitting down with it at a Pan-American Conference it may be overthrown by the huge demonstration to be expected on the day Germany breaks down. Today the opposition is collecting funds in Argentina in order to buy arms. Seven to eight thousand people going into the streets with arms could, in my opinion, overthrow the regime. The military force at Campo de Mayo

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is only ten thousand strong and is divided. The soldiers stationed there will not be keen to shoot their countrymen. However private fund-raising can not be relied upon to furnish the supplies of arms which the opposition requires.

Argentina is better prepared than any other Latin American country for a democratic regime. Seventy-five percent of her people belong to the middle class. There is no other Latin American country with such a large one. Nor has any other Latin American country as independent and powerful a press - comparatively free from corruption - as has Argentina. The middle class is the backbone and the greatest source of strength for an existing democracy. But the middle class is not a revolutionary class which creates a democracy. If we go ahead and sit down at one table with the Argentine Government, thus strengthening its fascist regime - we will antagonize every liberal-minded Argentine citizen who today hopefully looks to the U.S.

There is more than one way of overthrowing the present Argentine government:

- 1) Joint American British action. An economic blockade effected by the United States and Britain would bring about the overthrow of the government in very few weeks. The economic help Britain receives, and further help it expects from us, is not the only argument. Britain is busy establishing a west European bloc, which may afford the British a stronghold on all undeveloped territories of the world and weaken our possibilities. If it desires our cooperation or acquiescence it should give us full cooperation in our hemisphere - though this would hardly be a sufficient quid pro quo.
- 2) Collective action by all American republics. This will be more difficult now than a year ago. It would mean supplying

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(Chile, Paraguay, Uruguay, Bolivia and Brazil with all the necessities they receive today from Argentina, and at the same prices. This would be a protracted and costly process.

3) Encouraging the opposition within Argentina by supplying it with funds and arms. Committees "to help free Argentina" should be established in various Latin American countries, and a considerable part of the support should reach the opposition from the various Latin American countries. This movement could be quickly and effectively organized. This movement would create, for the first time in years, an intimate bond between all democratic elements in Latin America and the United States.

We can not look on passively while within our hemisphere a fascist country arms herself to the teeth constituting an ever-increasing threat to her neighbors.

We must cease playing the sucker. Latin American politics are full of subtleties and subject to intricate thinking. Let us take Brazil/^{again} as an example. I have it from an excellent source that on the day Mull announced the U.S. would not recognize the Argentine regime Vargas told a friend of his, "Mull is going too far. His policy is too harsh. If he had asked me to, I could have straightened out the difficulties with Argentina." With this remark Vargas betrayed his true sentiments. He prefers a dictatorship in Argentina to a democracy. The reason is obvious. If, with Germany's defeat, a democratic wave should sweep the world, the Vargas regime would be more isolated and emmargared if Argentina becomes a democracy. Nevertheless, Vargas does not see any reason why he should not exploit the Argentine situation to the fullest extent. With the Argentine situation remaining unsettled Brazil is more important

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than ever for us. Vargas sees no reason why he should not obtain from us additional arms supplies as well as commercial and political benefits. There is another thought in his mind. Opposition against him is today stronger than ever. Even many industrialists and land-owners are against Vargas because of higher taxes and of course they would prefer a more secure legal system. If the opposition should reach a dangerous degree, a war against Argentina would divert attention from internal difficulties; consolidate his regime. If Vargas sends troops to Southern Brazil they are not necessarily intended for protection of his frontiers but for his own protection. Most uprisings in Brazil originate in the South. At the same time - while Brazil is protesting her friendship for the U.S. and clamoring for further assistance - prominent Brazilians are assuring their Argentine friends, "You know we are with you. We share your ideology; you have all our sympathies but we are being pressed by the U.S."

Such a policy of insincerity and inner contradictions is nothing new in Latin America. To some extent we have ourselves worsened the situation by paying excessive attention to every gesture made by Latin American governments. We are making too much noise and appear to be no end pre-occupied with Latin American problems. Latin American countries today are suffering from a highly inflated feeling of self importance.

The longer we delay taking a position the more hopeless the situation grows. We must make up our minds who are our real friends and we must work with them. We cannot continue in a political vacuum. Our present policy of neutrality merely alienates those who base their hopes on us. This was forcefully demonstrated to me when I visited El Salvador. That country's police chief

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installed himself as its president after forcing out former President Menendez at pistol point. The head of the Supreme Court, Dr. Molina, is, according to all indications, the legitimate and constitutional provisional president. The U.S. Embassy in El Salvador received petitions signed by not less than twenty-five thousand Salvadoreans repudiating Aguirre and asking for U.S. recognition of Molina as President. The Salvadorean people do not understand why we have not done so and why their legitimate government receives no encouragement from us. We are quickly losing the sympathy of these people to whom our policy is a source of great disillusionment.

Just as unpopular as the U.S. is making herself with her aloof and indifferent attitude towards the keyed-up, passionate sentiment of the democratic element - just as popular is Mexico. Mexico because of her consistent policy with regard to France has won the heart of all liberal-minded people in Latin America. The Mexican Embassy in El Salvador is crowded with political opponents of Aguirre to whom it is affording asylum. Mexican popularity in all parts of Central and South America is very strong. Mexico has become the focal hope of the suppressed masses in all Latin America.

Another important point in the Latin American situation - we must decide which of the Latin American countries can be our most important ally and whose influence in Latin American affairs we are prepared to strengthen. Of the three major countries, Argentina, Brazil and Mexico, Mexico is the only possible choice. We cannot choose Argentina even if it were a democracy because of the predominating British influence. We cannot choose Brazil because of the type of regime it possesses - unless we wish to further antagonize the democratic elements in all Latin America. (Also because of her different language, Brazil exercises little influence

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in Spanish-speaking Latin America.)

If we lose Mexico, instead of more firmly than ever attracting it to our side, all of Latin America will be lost to us. As the situation now is, should Mexico be estranged from us, we would precipitate a development which would hasten the process we are now witnessing: that of a Latin America turning away from the U.S. and even adopting an antagonistic attitude. This under all circumstances must be avoided.

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SIGNIFICANCE AND DEVELOPMENT OF THE
"HISPANIDAD" MOVEMENT IN AMERICA

Buenos Aires 15 September 1944

Hispanidad

On the one hand Hispanidad is the Hispanic spirit - language, religion, culture, race, customs, history and manner of life; on the other it is the union of nations formed by this spirit.

It should be noted that in the nations called "Hispano-American" one finds the language and religion of Spain, but not the culture, race, customs, history or Spanish manner of life.

It is evident that the present "Hispanidad" movement does not correspond to the definition given above. Its significance has been lessened. Today it has the character of power, of political expansion of Empire.

Antecedents

We emphasize that this expansive doctrinal and political movement reaches its supreme height in the Spanish-American nations, and in the Argentine in particular, at periods corresponding with periods of dictatorship in Spain, that is, from 1925-1930 with Primo de Rivera and at the present time with Franco.

Management of the present movement

It responds to an internal Spanish phenomenon and is like one of a series of geared wheels; it must not be disregarded. "Cultural collaboration" between Germany and Spain was agreed to in 1938 by a treaty providing for a frequent interchange of teachers, students, artists, etc. Soon thereafter the Hispano-German Association was established in Madrid to promote friendships between Nazi Germany and Falangist Spain. The president is General Mugaedo.

Under the law of 20 May 1941 the propaganda and press services of the Franco government theretofore under the Ministry of the Interior were

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transferred to a "Vice-secretary of Popular Education" of the Spanish Falange. The close relation between this Party and National Socialism is no secret to anyone.

And it is in this atmosphere of Nazi power and through the Falange organization that the Hispanidad Council appears with its headquarters in Madrid and with agencies for action in the American countries through the propaganda and press services attached to the various Embassies.

Points of support in America

From the beginning it has relied on the collaboration of Spanish entities which were on the side of Franco during the Civil War; it has met with strong support from groups called Nationalist holding totalitarian views, from centers and organizations which directly or indirectly have adopted an attitude favorable to the Axis powers in the European war, from the clergy and representatives of the Church in general, from naturally the press which, during the Spanish Civil War favored Franco and then the Axis, and from those who for one reason or another felt dislike for the United States of North America.

The interest of those who support it

They are interested in the Spanish Falange for doctrinal reasons. We do not forget the second point of its political program: "With relation to the Spanish-American countries we seek unification of culture, of economic interests, of POWER. Spain derives its claim to pre-eminence in world-wide undertakings from its position as the axis of the Hispanic world."

It is very clear they seek spiritual, political and economic influence. It certainly suits France to find support in these countries and to realize, even if in a purely nominal manner, his vision of Empire.

Germany encourages this "Hispanidad" with enthusiasm because it suits its purpose to destroy the influence of the United States in the South American countries, an influence which could be replaced by German influence should Germany win the war, because without this movement its expanding doctrinal strength would be seriously diminished, because it has been able to penetrate Catholic circles with relative discretion by means of "Hispanidad", because it has established an information and espionage service under its protection which is hard to uncover, and because raising the flag of anti-communism which served

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Franco so well in his "crusade" has been the most effective measure of Nazi propaganda.

It interests the nationalistic movements because of ideological affinity and because of its hostility to democracy, also because they aspired to be the directors of Spanish America and seek to destroy in that area Yankee influence of every kind.

It interests the Catholics because they believe that Hispanidad and Catholicism are one and the same just as they believe that Franco and the Church are likewise the same. Past error has not served as experience for them.

What is sought

The program of the "Council of Hispanidad" is not exactly known. Until now it has been discreetly concealed. From its activities we can assert:

Hispanidad seeks to create in the South American countries a political sentiment which shapes itself along these basic lines

- (a) dictatorial regimes, preferably military
- (b) anti-North American orientation
- (c) anti-communist position
- (d) proclamation of Catholicism

Two facts are evident: the Hispanidad movement is absolutely anti-democratic, due to the doctrine which inspires it and the mentality of those who preach it, and it is the opposite of Pan-Americanism as was stated a few days ago in the columns of the Nazi paper "Cabilido" by the Reverend Father Leonardo Castellani, a Jesuit, namely, that "Hispanidad and Pan-Americanism are antithetical". For that reason likewise the Argentinian Nationalists oppose Pan-Americanism with the slogan "Argentinism". The well known Nationalist and Hispanist Frederico Ibarburen wrote in "Orientacion Espanola" that "Hispanism is truly the legitimate affiliate of Argentinism".

Action of the Spanish Embassy

It is the Embassy which maintains the spirit of the movement through the propaganda and press chief, the author Sr. Ramos.

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The visible moving power was the review entitled "Orientacion Espanola" directed by the above mentioned Embassy official. Well known nationalists have collaborated in it as well as some Catholics who have distinguished themselves by their pro-Axis activities.

This review published the voluminous work of the author, Vicente D. Sierra, editor of "Cabildo", entitled "El Sentido Nacional de la Conquista de America" which is a song to Hispanidad and a bitter criticism of England. For this work he was decorated by the Franco government with the "Orden de la Encomienda de Isabel la Catolica". The Council of Hispanidad has published the same work through Espasa-Calpe of Madrid for distribution in America.

Intensive work is carried on through the Falangist organization "Legionarios Civiles de Franco" which continues today but under the name of "Hogar para la Formacion de la Juventud" (Avenida 20, Pasa 570-8). On the same Avenida (#651, 3rd floor, Room 85) the Embassy has another branch which publishes a periodical named "Juan Espanol" which in Falangist and Hispanidad propaganda; pamphlets containing Hispanist lectures are also distributed.

The Embassy also controls the Spanish organizations called "Asociacion Patriotica Espanola" and "Centro Espanol" both of Nazi tendencies. The first also carries on an active Hispanist propaganda; courses of lectures are also conducted by it.

All these organizations maintain close contact with the Nationalists and previously did so with pro-Axis groups.

Penetration of Catholic circles

In general the clergy do not conceal their sympathy with all that Hispanidad stands for; this sentiment can be found in their sermons, lectures and radio talks and in their public and official acts.

But we are interested in concrete data. We begin with the press. Without exception all the Catholic papers, or those that pass as Catholic, are Hispanist and to a greater or less degree are favorable to the Axis. Conspicuous among them is "El Pueblo".

"El Federal" and "Cabildo" do not call themselves Catholic papers but it is certain that various priests collaborate assiduously with their names and rank (among others, Leonardo Castellani, a Jesuit; Dr. J. B. Lartora, clergyman in Quilman; Amancio Gonzalez Paz, military chaplain; Rodolfo Carboni; a few days ago two Dominicans have done so to install a priest of the same order.) Well, both papers are openly Nazi, fiercely anti-North American and champions of

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Hispanidad and Falangism.

The reviews or weeklies called "Catholic" such as "Numero", "Sol y Luna", and "Nueva Politica", now disappeared, were Hispanist. "Nueva Politica" was accused of Nazism by the Parliamentary investigating committee. Well, those who collaborated with it were the same who next did it in "Orientacion Espanola" and who now collaborate in the successor weekly called "Nuestro Tiempo", directed by the priest Julio Meinville who is Hispanist, anti-North American and anti-semitic.

The Catholic review "Solidaridad", edited principally by Father Enrique Benitez de Aldana, is also Hispanist. The Catholic review "Criterio" directed by Monsenor Gustavo Franceschi, is unconditionally favorable to the Spanish Falange.

The Hispanidad movement has penetrated deeply into the secular organs of the Church such as "Accion Catolica Argentina" and the youth sections in general. Its tendency favorable to the Axis, cannot be denied, and that in its more distinguished members and in its works. We know the bitterness and estrangement of many Catholics. Recently the directors of the "Union Democrita Cristiana", the only confessional party in Cordoba acknowledged to us that, suffocated by the Nazi atmosphere, they had been obliged to resign from Accion Catolica of that province; they stated that more than one Catholic refugee from Europe is not attending religious services because they had heard unpleasant things of a political nature in them. There are many who are close to the edge because of the attitude and position of the clergy established from the time of the Spanish civil war.

In speaking of such attitudes one cannot be silent regarding the work carried on by the priest of Balgrano, Father Virgilio Filippo, from the pulpit, on the radio and in books. It is enough to read any of his writings or listen to a sermon to be ashamed that such things could be said or written by a priest. All his works are violent, anti-democratic, Hispanist, Falangist.

"Cursos de Cultura Catolica" (Reconquista 572) is perhaps the most important Catholic intellectual center. It publishes three times a year the review "Ortodoxia" in which well known Hispanists and anti-democrats collaborate. This center received the special delegate from the Franco government, D. Eduardo Aunos, and he delivered a lecture on Hispanidad in its rooms.

In the library of the center, which also has a publishing unit, Spanish Falangist and Hispanidad propaganda and publicity works are for sale; in it one can likewise obtain the works of the Nazi publishers "La Masorca", works of nationalist publicity, etc.

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The same is true of "Editoriales Catolicas Reunidas" which distributes works like that of de Ansoategui (Under-secretary of Justice and Culture) entitled "Vida de Muertos" whose suppression has been requested allegedly because of its insults to prominent Argentines. And similarly with the Catholic "La Cruz y la Espada" which publishes Hispanist pamphlets and books like that of the military chaplain Gonzalez Paz entitled "Fray Patricio y Yo" which is anti-democratic, Hispanist and anti-North American in trend.

Finally, we do not forget the Congress of Hispanidad, held in the Province of Salta on 10 September 1942, in which the Archbishop Mons. Roberto J. Tavella took so prominent a part being charged with being its principal inspirer. The assistance of many clergy was imputed to it. Certain it is that in the official publication of the Spanish Embassy "Orientacion Espanola" (December 1942) this Congress is referred to as follows: "None of the speakers made profession of Catholic faith inasmuch as the object of this Congress is on the edge of that activity". Undoubtedly the coldness shown by the people and the complete failure of the meeting are due to the participation by the Hierarchy in this type of public functions "on the edge of Catholicism"; perhaps this same phenomenon is the cause of the hostile demonstration against the Archbishop a few days ago during my stay in that city when he was loudly hissed by the crowd of people which attended the ceremony of taking office by the new Interventor of the Province.

Penetration into Argentine culture and education

The positions occupied by Hispanists in official organizations are important.

The "Comision Nacional de Cultura" accused in Congress of carrying on totalitarian and nationalistic activities is headed by Carlos Ibarguren; associated with him are Gustavo Martinez Zuviria (better known as "Hugo Wast", the novelist), Carlos Obligado, Leonardi Castellani, S.J., all of whom are well known nationalists and Hispanists.

Until a few days ago, Alberto Baldrich held the office of Minister of Justice and Public Instruction. He, like his Under-secretary Ignacio B. Ansoategui and Ricardo Font Escurrea and the Interventor of the National Council of Education, J. Ignacio Olmedo and the secretaries thereof, Chavez, Lambias and Lorenzo Bo, are all well known for their nationalist actions and to be favorable to the Hispanist work.

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Jordan Bruno Genta is at the head of the "Escuela Superior del Magisterio". He and his associates Vicente D. Sierra, Ninio Anguin, Jorge J. Liambias are nationalists and furious Hispanists.

More offices in the hands of such men are:

Secretary of Public Instruction in Santa Fe, Carlos Steffens Solar

Interventor of the University of Cuyo, Ramon Dolle

Interventor of the University of Cordoba, Lisardo Novillo Saravia

Interventor of the Faculty of Law, Hector Canes de Quesada

Rector of the College University San Carlos, Presbitero Juan R. Sepich

In the school of Law under the control of Hector Canes de Quesada are also Juan Pablo Oliver, Raul de Labougle and Hector Bernardo

It is a racist movement:

Speeches of Eduardo Aunos in the Argentine (from "Orden Cristiano" No. 28)

"The race which has written the epics of Colon, Hernar Cortes and Pizarro...San Martin and Bolivar has reserved for it a future of transcendental enterprises".

"We seek to re-value the living and perpetual forces of our culture in their original sources, RACE, BLOOD, and SOIL".

From "Bajo el Signo Nacionalista" (on sale in the Catholic publishing houses) by Dr. Bonifacio Lastra, prominent nationalist:

"Thus our race commences to develop itself. Our Spanish race, Spanish in blood, Spanish in language, Spanish in religion, Spanish in customs and virtues and Spanish even in its defects".

"It is clear that this race received other contributions, some good, others very bad, so bad that they have endangered the purity of the germ. And we do not permit this germ to be contaminated. We do not permit it to be diluted or lost. The common saying that America is and will be a melting pot of races is a stupendous foolishness which we cannot accept because our blood, our spirit and our consciousness of Hispanidad rise in rebellion."

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"We must accomplish our mission in America, and some day we shall spread out likewise in the world, together with Spain". "This mission requires that we exult above everything our Country, that we liberate it, that we spiritualize it. And then? Afterwards? To watch over Latin America. To watch over the America discovered by Columbus, that it may live in freedom with dignity and "Hispanically".

"The immigrant adds himself to the native and his descendants become native by contact and assimilation or are left behind because they are unadaptable or not assimilable. The assimilated ones are ours. The others are foreigners even though they have civil documentation and speak of their fatherland. With the tradition of our race, we honor foreigners as guests, but only provided they behave as such and deliver to us their sons and grandsons".

From the review, "Orientacion Espanola", official organ of the Embassy in its Number 11 (July, 1947), arguing with the Catholic democratic review "Ordon Cristiano":

"Argentina decided to be loyal to its destiny and holds fast to its blood; in its blood which is also religion and culture and customs; religion and culture and customs are the three forms of love for, thinking of and realizing Hispanidad. May we let Argentina be Argentina. May we let her triumph over her enemies as God decrees and orders, with the pride of her blood. Because God created the peoples for something: to give them their racial sense of their mission on the earth. God wills that Spain should flower in the American land and desires that the flower should bear its fruit. And that the American fruit be and continue to be from the flower of Hispanidad".

"Hispanidad cannot be understood without Christ because Spanish blood is the best in the world".

Anti-Semitism

From "Orientacion Espanola" (No. 17, February 1948), commenting on "Salmon" by Gabriel Mendez Plancarte:

"One cannot but regret the idea of introducing the impugnation note with which the author states his opinion on the Jewish people and his repudiation of every form of anti-Semitism. We are not going to discuss with him the problem which the Jews create and have created in history, but we do deplore his "Maritainiano" Semitism which is so

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dangerous in these times of spiritual confusion in which we are living".

From the weekly "Ofensiva" (1941) organ of Hispanidad, published in Buenos Aires:

"We deny the privilege of Hispanidad only to the Jew".

Anti-North Americanism

From "Orientacion Espanola" (No. 12, August 1942), article by the Falangist Jose Maria Pemau, member of the National Assembly:

"And for that reason, in this hour of great dilemma and perplexity is the time when Spain likewise makes its maternal appeal to you. From the North they are going to call you for a work of death, to attach you to all that is feeble, old and discarded. From the East, Spain calls you for a work of life and youth, to attach you to all that is new and rose-colored. You will say in what work you wish to utilize your strength and youth - whether to prolong a defeat or to lead a victory".

"Spain calls you for this great task. Compare it yourselves with the other call which North America sends you to enter into the orbit of intercontinental fears, to break the tie which binds you to the European civilization which created and dignified your countries. Look well at what is asked of you. See that the material civilization, dazzling as it may be, is always supported by an oppressed hidden layer of spiritual attitudes. See that four centuries of civilization can be undone more quickly than twenty. And that because of Europe's great suffering, early history is always nearer you than us".

"Spain requires of you, brothers of America, that your voice have sufficient breadth and volume to be heard in the Europe that gave you birth, which certainly will not be a Europe of little States. You need Spain to cement you together to confront the voracities which surround you with a breadth and weight which will make it difficult to swallow you".

From the same review (No. 15, December, 1942) commenting on the Hispanist Congress of Saltar:

"The speeches delivered at the opening of the Congress left clearly established the motives which animated its

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organizers and the fervent desire to activate, reanimate and invigorate the Hispanic tradition which, with the appearance of pacifist ideology and also of the "good neighbor" policy, seeks to displace the Hispanism which lives and breathes in Spanish America".

From the Catholic weekly "Nuestro Tiempo" (No. 7):

"Given the fact of Pearl Harbor, the South American republics were forced, one after another, to mark time as they were told, and all of them without national will, were bent to the "diktat" of the powerful one which imposed on each one, not without a gesture of magnanimity, the price of its own surrender".

"Likewise has all Latin America been reminded. Because here it is not simply the Argentine which confronts the United States. It is one America confronting another America. And, extending the historical projection, one culture against another, one scale of values against another. A materialistic and predominant world grown out of Anglo-Saxon calvinism against the humility of the Hispanic and Latin culture formed by the Church".

From the book "Fray Patricio y Yo" by the army chaplain D. Amancio Gonzalez Paz:

"We are born at the gateway of all the sacrifices, sounding the glory of the spirit. We are not born in a safe deposit box praising the dollar or the pound sterling".

"...our soldiers go to Spain to develop themselves, to suckle and they return made and upright. Our statesmen go to France, England, the United States to be born again.... The former are in harmony with the Nation, the latter are out of tune with it. The former unify with their blood, the latter separate it with their discussions and nonsense. The former serve it, the latter serve themselves...."

The Spaniards and Hispanidad

The Spaniards who support the Hispanidad movement in America are a very small minority; a larger number is found among the Americans. In the Argentine, none of the existing organizations, Basque, Catalan

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and Jallolan, belongs to this movement. On the contrary, all of them have a democratic coloration which is very marked and anti-Falange.

This is so evident that the review "Orientacion Espanola" (No. 15, December 1942) admitted the following in its comment on the unsuccessful Congress of Hispanidad:

"Salta "society" lent its aid to all these public functions but not so the Spanish element as a whole, a majority of which in Salta, as in the rest of the country, is leftist and confuses Hispanicism with contemporary politics".

As a result, it is difficult in effect to distinguish among Hispanicism, Falangism and National Socialism, since they are members of a single body and are animated by the identical spirit.

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**SIGNIFICANCE AND DEVELOPMENT OF THE
"HISPANIDAD" MOVEMENT IN AMERICA**

Buenos Aires 15 September 1944

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It responds to an internal Spanish phenomenon and is like one of those a series of geared wheels; it must not be disregarded. "Cultural collaboration" between Germany and Spain was agreed to in 1936 by a treaty providing for a frequent interchange of teachers, students, artists, etc. Soon thereafter the Hispano-German Association was established in Madrid to promote friendships between Nazi Germany and Falangist Spain. The president is General Mecaeta.

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Germany encourages this "Hispanidad" with enthusiasm because it suits its purpose to destroy the influence of the United States in the South American countries, an influence which could be replaced by German influence should Germany win the war, because without this movement its expanding doctrinal strength would be seriously diminished, because it has been able to penetrate Catholic circles with relative discretion by means of "Hispanidad", because it has established an information and espionage service under its protection which is hard to uncover, and because raising the flag of anti-communism which served

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What is sought

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- (c) anti-communist position
- (d) proclamation of Catholicism

Two facts are evident: the Hispanidad movement is absolutely anti-democratic, due to the doctrine which inspires it and the mentality of those who preach it, and it is the opposite of Pan-Americanism as was stated a few days ago in the columns of the Nazi paper "Cabildo" by the Reverend Father Leonardo Castellani, a Jesuit, namely, that "Hispanidad and Pan-Americanism are antithetical". For that reason likewise the Argentinian Nationalists oppose Pan-Americanism with the slogan "Argentinism". The well known Nationalist and Hispanist Frederico Iberguren wrote in "Orientacion Espanola" that "Hispanism is truly the legitimate affiliate of Argentinism".

Action of the Spanish Embassy

It is the Embassy which maintains the spirit of the movement through the propaganda and press chief, the author Sr. Casas.

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The visible moving power was the review entitled "Orientacion Espanola" directed by the above mentioned Embassy official. Well known nationalists have collaborated in it as well as some Catholics who have distinguished themselves by their pro-Axis activities.

This review published the voluminous work of the author, Vicente D. Sierra, editor of "Cabilde", entitled "El Sentido Misional de la Conquista de America" which is a song to Hispanidad and a bitter criticism of England. For this work he was decorated by the Franco government with the "Orden de la Merced de Isabel la Catolica". The Council of Hispanidad has published the same work through Espasa-Calpe of Madrid for distribution in America.

Intensive work is carried on through the Falangist organization "Legionarios Civiles de Franco" which continues today but under the name of "Hogar para la Formacion de la Juventud" (Avenida M. Para 570-5). On the same Avenue (#851, 3rd floor, Room 55) the Embassy has another branch which publishes a periodical named "Pena Espanol" which is Falangist and Hispanist propaganda; pamphlets containing Hispanist lectures are also distributed.

The Embassy also controls the Spanish organizations called "Asociacion Patriotica Espanola" and "Centro Espanol" both of Nazi tendencies. The first also carries on an active Hispanist propaganda; courses of lectures are also conducted by it.

All these organizations maintain close contact with the Nationalists and previously did so with pro-Axis groups.

Penetration of Catholic circles

In general the clergy do not conceal their sympathy with all that Hispanidad stands for; this sentiment can be found in their sermons, lectures and radio talks and in their public and official acts.

But we are interested in concrete data. We begin with the press. Without exception all the Catholic papers, or those that pass as Catholic, are Hispanist and to a greater or less degree are favorable to the Axis. Conspicuous among them is "El Pueblo".

"El Federal" and "Cabilde" do not call themselves Catholic papers but it is certain that various priests collaborate assiduously with their names and rank (among others, Leonardo Castellani, a Jesuit; Dr. J. B. Lertora, clergyman in Quilmes; Amancio Gonzalez Pan, military chaplain; Rodolfo Carboni; a few days ago two Dominicans have done so to insult a priest of the same order.) Well, both papers are openly Nazi, fiercely anti-North American and champions of

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Hispanidad and Falangism.

The reviews or weeklies called "Catholic" such as "Numero", "Sol y Luna", and "Nueva Politica", now disappeared, were Hispanist. "Nueva Politica" was accused of Nazism by the Parliamentary investigating committee. Well, those who collaborated with it were the same who next did it in "Orientacion Espanola" and who now collaborate in the successor weekly called "Nuestro Tiempo", directed by the priest Julie Meinville who is Hispanist, anti-North American and anti-semitic.

The Catholic review "Solidaridad", edited principally by Father Enrique Benites de Aldama, is also Hispanist. The Catholic review "Criterio" directed by Monsenor Gustavo Franceschi, is unconditionally favorable to the Spanish Falange.

The Hispanidad movement has penetrated deeply into the secular organs of the Church such as "Accion Catolica Argentina" and the youth sections in general. Its tendency favorable to the Axis, cannot be denied, and that in its more distinguished members and in its works. We know the bitterness and estrangement of many Catholics. Recently the directors of the "Union Democrita Cristiana", the only confessional party in Cordoba acknowledged to us that, suffocated by the Nazi atmosphere, they had been obliged to resign from Accion Catolica of that province; they stated that more than one Catholic refugee from Europe is not attending religious services because they had heard unpleasant things of a political nature in them. There are many who are close to the edge because of the attitude and position of the clergy established from the time of the Spanish civil war.

In speaking of such attitudes one cannot be silent regarding the work carried on by the priest of Belgrano, Father Virgilio Filippo, from the pulpit, on the radio and in books. It is enough to read any of his writings or listen to a sermon to be ashamed that such things could be said or written by a priest. All his works are violent, anti-democratic, Hispanist, Falangist.

"Cursos de Cultura Catolica" (Reconquista 572) is perhaps the most important Catholic intellectual center. It publishes three times a year the review "Ortodoxia" in which well known Hispanists and anti-democrats collaborate. This center received the special delegate from the France government, D. Eduardo Aunoe, and he delivered a lecture on Hispanidad in its rooms.

In the library of the center, which also has a publishing unit, Spanish Falangist and Hispanidad propaganda and publicity works are for sale; in it one can likewise obtain the works of the Nazi publishers "La Masorca", works of Nazi Falangist publicity, etc.

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The same is true of "Editoriales Catolicas Reunidas" which distributes works like that of de Ancoategui (Under-secretary of Justice and Culture) entitled "Vida de Muertos" whose suppression has been requested allegedly because of its insults to prominent Argentines. And similarly with the Catholic "La Cruz y la Espada" which publishes Hispanist pamphlets and books like that of the military chaplain Gonzalez Paz entitled "Fray Patricio y Yo" which is anti-democratic, Hispanist and anti-North American in trend.

Finally, we do not forget the Congress of Hispanidad, held in the Province of Salta on 18 September 1942, in which the Archbishop Mons. Roberto J. Tavella took so prominent a part being charged with being its principal inspirer. The assistance of many clergy was imputed to it. Certain it is that in the official publication of the Spanish Embassy "Orientacion Espanola" (December 1942) this Congress is referred to as follows: "None of the speakers made profession of Catholic faith inasmuch as the object of this Congress is on the edge of that activity". Undoubtedly the coldness shown by the people and the complete failure of the meeting are due to the participation by the Hierarchy in this type of public functions "on the edge of Catholicism": perhaps this same phenomenon is the cause of the hostile demonstration against the Archbishop a few days ago during my stay in that city when he was loudly hissed by the crowd of people which attended the ceremony of taking office by the new Interventor of the Province.

Penetration into Argentine culture and education

The positions occupied by Hispanists in official organisations are important.

The "Comision Nacional de Cultura" accused in Congress of carrying on totalitarian and nationalistic activities is headed by Carlos Ibariguren; associated with him are Gustavo Martinez Euvria (better known as "Hugo West", the novelist), Carlos Olligado, Leonardi Castellani, S.J., all of whom are well known nationalists and Hispanists.

Until a few days ago, Alberto Baldrich held the office of Minister of Justice and Public Instruction. He, like his Under-secretary Ignacio B. Ancoategui and Ricardo Font Escarra and the Interventor of the National Council of Education, J. Ignacio Olmedo and the secretaries thereof, Chaves, Lambias and Lorenzo Be, are all well known for their nationalist actions and to be favorable to the Hispanist work.

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Jordan Bruno Genta is at the head of the "Escuela Superior del Magisterio". He and his associates Vicente D. Sierra, Nino Anquin, Jorge J. Llamas are nationalists and furious Hispanists.

More offices in the hands of such men are:

Secretary of Public Instruction in Santa Fe, Carlos Steffens
 Roler
 Interventor of the University of Cuyo, Ramon Dolle
 Interventor of the University of Cordoba, Lisardo Novillo
 Baravia
 Interventor of the Faculty of Law, Hector Sances de Quesada
 Rector of the College University San Carlos, Presbitero
 Juan R. Sepich
 In the school of Law under the control of Hector Sances de
 Quesada are also Juan Pablo Oliver, Raul de Labuglio
 and Hector Bernardo

It is a racist movement:

Speeches of Eduardo Aunos in the Argentine (from "Orden Cristiano" No. 28)

"The race which has written the epics of Colon, Hernan Cortes and Pizarro...San Martin and Bolivar has reserved for it a future of transcendental enterprises".

"We seek to re-value the living and perpetual forces of our culture in their original sources, RACE, BLOOD, and SOIL".

From "Hajo el Signo Nacionalista" (on sale in the Catholic publishing houses) by Dr. Monifacio Lastra, prominent nationalist:

"Thus our race commences to develop itself. Our Spanish race, Spanish in blood, Spanish in language, Spanish in religion, Spanish in custom and virtues and Spanish even in its defects".

"It is clear that this race received other contributions, some good, others very bad, so bad that they have endangered the purity of the germ. And we do not permit this germ to be contaminated. We do not permit it to be diluted or lost. The common saying that America is and will be a melting pot of races is a stuporous foolishness which we cannot accept because our blood, our spirit and our consciousness of Hispanidad rise in rebellion."

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"We must accomplish our mission in America, and some day we shall spread out likewise in the world, together with Spain". "This mission requires that we smelt above everything our Country, that we liberate it, that we spiritualize it. And then? Afterwards? To watch over Latin America. To watch over the America discovered by Columbus, that it may live in freedom with dignity and "Hispanically".

"The immigrant adds himself to the native and his descendants become native by contact and assimilation or are left behind because they are unadaptable or not assimilable. The assimilated ones are ours. The others are foreigners even though they have civil documentation and speak of their fatherland. With the tradition of our race, we honor foreigners as guests, but only provided they behave as such and deliver to us their sons and grandsons".

From the review, "Orientacion Espanola", official organ of the Embassy in its Number 11 (July, 1942), arguing with the Catholic democratic review "Orden Cristiano":

"Argentine decided to be loyal to its destiny and holds fast to its blood; in its blood which is also religion and culture and customs; religion and culture and customs are the three forms of love for, thinking of and realizing Hispanidad. May we let Argentina be Argentina. May we let her triumph over her enemies as God decrees and orders, with the pride of her blood. Because God created the peoples for something to give them their racial sense of their mission on the earth. God wills that Spain should flower in the American land and desires that the flower should bear its fruit. And that the American fruit be and continue to be from the flower of Hispanidad".

"Hispanidad cannot be understood without Christ because Spanish blood is the best in the world".

Antisemitism

From "Orientacion Espanola" (No. 17, February 1945), commenting on "Salmo" by Gabriel Mendon Plancoartes

"One cannot but regret the idea of introducing the impassioned note with which the author states his opinion on the Jewish people and his repudiation of every form of antisemitism. We are not going to discuss with him the problem which the Jews create and have created in history, but we do deplore his "Maritainiano" fanaticism which is so

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dangerous in these times of spiritual confusion in which we are living".

From the weekly "Ofensiva" (1941) organ of Hispanidad, published in Buenos Aires:

"We deny the privilege of Hispanidad only to the Jew".

Anti-North Americanism

From "Orientacion Espanola" (No. 12, August 1942), article by the Falangist Jose Maria Pemán, member of the National Assembly:

"And for that reason, in this hour of great dilemma and perplexity is the time when Spain likewise makes its maternal appeal to you. From the North they are going to call you for a work of death, to attach you to all that is feeble, old and discouraged. From the East, Spain calls you for a work of life and youth, to attach you to all that is new and rose-colored. You will say in what work you wish to utilize your strength and youth - whether to prolong a defeat or to lead a victory".

"Spain calls you for this great task. Compare it yourselves with the other call which North America sends you to enter into the orbit of intercontinental fears, to break the tie which binds you to the European civilization which created and dignified your countries. Look well at what is asked of you. See that the material civilization, dazzling as it may be, is always supported by an oppressed hidden layer of spiritual attitudes. See that four centuries of civilization can be undone more quickly than twenty. And that because of Europe's great suffering, early history is always nearer you than us".

"Spain requires of you, brothers of America, that your voice have sufficient breadth and volume to be heard in the Europe that gave you birth, which certainly will not be a Europe of little States. You need Spain to cement you together to confront the veracities which surround you with a breadth and weight which will make it difficult to swallow you".

From the same review (No. 13, December, 1942) commenting on the Hispanic Congress of Salta:

"The speeches delivered at the opening of the Congress left clearly established the motives which animated its

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organizers and the fervent desire to activate, reanimate and invigorate the Hispanic tradition which, with the appearance of pacifist ideology and also of the "good neighbor" policy, seeks to displace the Hispanism which lives and breathes in Spanish America".

From the Catholic weekly "Nuestro Tiempo" (No. 7):

"Given the fact of Pearl Harbor, the South American republics were forced, one after another, to mark time as they were told, and all of them without national will, were bent to the "dictat" of the powerful one which imposed on each one, not without a gesture of magnanimity, the price of its own surrender".

"Likewise has all Latin America been reminded. Because here it is not simply the Argentine which confronts the United States. It is one America confronting another America. And, extending the historical projection, one culture against another, one scale of values against another. A materialistic and predominant world grown out of Anglo-Saxon calvinism against the humility of the Hispanic and Latin culture formed by the Church".

From the book "Fray Patricio y Yo" by the army chaplain D. Amancio Gonzalez Past:

"We are born at the gateway of all the sacrifices, sounding the glory of the spirit. We are not born in a safe deposit box praising the dollar or the pound sterling".

"....our soldiers go to Spain to develop themselves, to suckle and they return made and upright. Our statesmen go to France, England, the United States to be born again.... The former are in harmony with the Nation, the latter are out of tune with it. The former unify with their blood, the latter separate it with their discussions and nonsense. The former serve it, the latter serve themselves...."

The Spaniards and Hispanidad

The Spaniards who support the Hispanidad movement in America are a very small minority; a larger number is found among the Americans. In the Argentine, none of the existing organizations, Basque, Catalan

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and Galician, belongs to this movement. On the contrary, all of them have a democratic coloration which is very marked and anti-Falange.

This is so evident that the review "Orientacion Espanola" (No. 15, December 1948) admitted the following in its comment on the unsuccessful Congress of Hispanidad:

"Galta "society" lent its aid to all these public functions but not so the Spanish element as a whole, a majority of which in Galta, as in the rest of the country, is leftist and confuses Hispanicism with contemporary politics".

As a result, it is difficult in effect to distinguish among Hispanicism, Falangism and National Socialism, since they are members of a single body and are animated by the identical spirit.

SECRET

157-618
Latin America
x *Neimanis*
x *Phillips, James*
x *Stewart, Kenneth*
W. J. D.

TO: Spencer Phenix
FROM: General Donovan

Thank you very much for your note of 31 October.
I would like to ask your advice. Would it be desirable
to give the summary of such a paper to Hayes as directly
coming from me.

I would like to have the whole article trans-
lated.

W. J. D.

SECRET

157613
SECRET

to the Americas
by the Vatican
in Spain, America
& Ducaubillon, etc.

31 October 1944

To Brigadier General William J. Donovan
From Spenser Phenix

John Hughes tells me that when you were in New York about two weeks ago, you expressed particular interest in information bearing on South America, as related to Spain, or otherwise. I have just received, from our Haque friends, a report of the visit to Buenos Aires of the Rev. P. Jose Vicente Ducaubillon, together with an eight-page memorandum containing observations which he made regarding the Hispanidad movement.

It appears that Ducaubillon is touring South America as a secret observer for the Vatican and that in Buenos Aires, at least, only two or three persons knew of this mission of his. One of them was a Haque priest and it is through him that the information was forwarded to New York. It is expected that Father Ducaubillon will pass through New York on his way to Rome, before going to France, since he has been ordered by the Vatican to do this so that the Pope may have the benefit of his report as soon as possible. According to our Haque source, Father Ducaubillon is very well informed on events in the Argentine, that he has been much impressed with the "errors and horrors" committed in the Catholic field by priests and by their flocks and he has the hope that the report to be submitted by Father Ducaubillon will lead the Vatican to take immediate steps to reestablish in the Catholic field, the true evangelical meaning of religion. If this is done, it should benefit the cause of democracy and Christian brotherhood.

The memorandum on "Hispanidad" defines it as the Hispanic spirit, language, religion, culture, race, customs, history and mode of life, on the one hand, and on the other, the association of nations inspired by this spirit. The writer observes, in this connection, that the so-called Hispanic-American nations do have the same language and religion as Spain but do not have the Spanish culture, race, customs, history or mode of life and that the present Hispanidad movement does not fit the definition, on the contrary, it now has the character of power, political extension and empire. Further comments by the writer follow.

We point out that this expansive doctrinal and political movement reaches its apex in the Spanish-American countries and, in particular, in the Argentine, during periods of dictatorship in Spain; that is to say, from 1923 to 1930 with Primo de Rivera and now with Franco.

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SP to WJD - 2

31 October 1944

and that the present movement reflects an internal Spanish phenomenon and it is just one part of a larger whole. The cultural collaboration between Germany and Spain, which was agreed on in 1938 by a treaty providing for frequent interchange of teachers, students, artists, etc, was followed shortly by the establishment in Madrid of the "Spanish-German Association" to promote friendship between Nazi Germany and Falangist Spain under the presidency of General Moscardo.

Under the law of May 20, 1941, the propaganda and press services of Franco's government, theretofore under the Minister of the Interior, were transferred to a "Vice-Secretary of Popular Education" of the Spanish Falange. The close relationship between the Falange and National Socialism is well known.

In this atmosphere of Nazi ascendancy and, through the Falange organization, the "Council of Hispanidad" was created with headquarters in Madrid and with active branches in the American countries, established through the propaganda and press services attached to the various Spanish Embassies.

From its beginning, Hispanidad has counted on the collaboration of Spanish groups which were on Franco's side during the civil war; also from the clergy and representatives of the Church in general and naturally from the press, which during the Spanish civil war favored Franco and then the Axis. Support likewise came from those who, for one reason or another, disliked the United States of North America.

Germany enthusiastically favored this "Hispanidad" because it suited its purpose of destroying the influence of the United States in South American countries, because without this movement its doctrinal expansive force would have been seriously limited and, because through this movement it was able to penetrate Catholic circles with relative ease and, because under its protection it was able to establish an information and espionage service. These nationalistic movements are interesting because of their ideological affinity and their hostility to democracy and because they aspire to control Latin-America, and they are trying to completely destroy there the influence of the United States. The Catholics are interested in the movement because they believe that Hispanidad and Catholicism are the same thing, in the same way they believe that Franco and the Church are likewise one.

The exact program of the "Council of Hispanidad" is not known since it has been discreetly concealed up to the present time.

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SP to WJP - 3

31 October 1944

By its action, however, it may be stated that Hispanidad seeks to create a political sentiment in the countries of South America based on (1) dictatorial regimes, preferably military; (2) an anti-North American orientation; (3) an anti-Communist position; and (4) the proclamation of Catholicism. Two effects are evident; namely, that the Hispanidad movement is absolutely anti-democratic due to the doctrine on which it is based and to the mentality of those proclaiming it, and that it is opposed to Pan-Americanism. Quite recently, in the Nazi newspaper "Cabildo", a Jesuit priest, Leonardo Castellani stated that "Hispanidad and Pan-Americanism are antithetical". Thus the Argentine Nationalists oppose Pan-Americanism with the motto, "Argentinism". The distinguished Nationalist and Hispanist, Federico Ibarra, wrote in "Orientacion Espanola" that the Hispanidad idea was the legitimate relative of Argentinism.

The Spanish Embassy in Buenos Aires is the agency through which the spirit of the movement is maintained, through the chief of propaganda and press, the author Senor Ramon, and the apparent moving power is the review, "Orientacion Espanola" directed by that official and the Embassy. Distinguished Nationalists have collaborated in this review and some Catholics who are noted for their pro-Axis activities.

The Falangist organization, "Legionarios Civiles de Franco" carried on an intense activity and continue it today but under the name of "Hogar para la Formacion de la Juventud" from an office near another office maintained by the Embassy, from which is published the periodical "Juan Espanol" of Falangist and Hispanidad propaganda. The Embassy also controls the Spanish organizations called "Asociacion Patriotica Espanola" and "Centro Espanol" both of a Nazi tendency, the first being an organ of active Hispanidad propaganda. All these organizations maintain close relations with the Nationalists and, previously, with groups favorable to the Axis.

The clergy in general does not hide its sympathies for the aims of Hispanidad. Without exception, the Catholic newspapers, or those which pass as such are in favor of Hispanidad and with greater or less accent, favorable to the Axis. "El Pueblo" is noteworthy among them. "El Federal" and "Cabildo" do not call themselves Catholic newspapers but it is certain that various priests collaborate assiduously with them. (The writer of the memorandum lists names of some of these priests and the names of the reviews and weeklies which are pro-Hispanidad, anti the United States and anti-Semitic.)

SECRET

BP to WJD - 4

31 October 1944

The Hispanidad movement has penetrated deeply into the secular organizations of the Church, such as "Argentine Catholic Action" and the youth sections in general. Their tendency, favorable to the Axis, cannot be denied, as shown by their most prominent members and by their works. In speaking of such activities, one cannot ignore the work carried on from the pulpit, the radio and books of Father Virgilio Filippo, the priest of Belgrano. It is sufficient to read any one of his articles or listen to a sermon to be amazed that such things can be spoken or written by a priest. All his work is violent, anti-democratic, Hispanist and Falangist.

The writer of the memorandum also points out important posts occupied by pro-Hispanidad individuals in official circles enabling them to penetrate the cultural and educational programs of the Argentine and he quotes extracts from published articles showing anti-Semitic and anti-United States propaganda. He concludes by saying that it is difficult to distinguish between Hispanidad, Falangism and National Socialism, since they are all members of one body and are animated with an identical spirit.

I can have the entire article translated, if you wish, but the foregoing gives you an idea of the seriousness with which Father Duontbillon regards the situation.

J. J.

NATIONALISM IN SOUTH AMERICA

15,572
Latin American
& Nationalism

CONTENTS

Frank Meyer C.

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- II. The basis for the development of nationalism
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 - 3. National wealth
- III. South American nationalism and Nazism
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- VI. Differences between nationalisms

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15,572
Latin American

1. General Characteristics.

South American nationalism is an organic and genuine phenomenon and arises from numerous causes of ideological, ethnographic, political and economic nature.

It is closely linked with the general trend of world internationalism and is susceptible to outside pressure; however, it cannot be regarded as a consequence of artificial infiltration of foreign doctrines into the American soil.

In practice, this nationalism serves as a diversive tool of German politics, leading to the undermining of the influence of the United States. Neither the Germans, however, nor any other Axis countries can claim to be its originators.

Many common traits may be found in the nationalisms of all South American countries and upon these basis only, the differences between the individual nationalisms may be discussed.

Nationalism in all the countries of Latin America has a clear anti-American coloring, "America" - meaning the United States. This confirms the well known rule that nationalism needs for its growth a definite enemy against whom it could build its strength. Therefore, the Polish nationalism in the western provinces was directed against the Germans, the Ukrainian nationalism in Galicia against the Poles, etc.

The South American nationalism grew chiefly against the United States. The basic causes for the growth of nationalism are as follows:

a/ The world-wide ideological movement, characteristic of the present age, taking on various semblance and names in the different countries. This movement has reached into countries with non European culture /India/ the democratic countries /Mosley, Lindbergh, Mussert/ and finally gained its recognition in South America.

b/ The reaction against the influence of the United States, known as the "struggle with the imperialism of the United States". Young South American republics, which not so long ago were only the colonies or great powers, are very sensitive about their political independence and are especially susceptible to all tenets of "defense against the renewed trials of changing them into colonies or partial colonies."

c/ Struggle with foreign capital, especially American and British capital, taking on the appearance of "a struggle for economic independence" or for "total sovereignty". Nationalism continues the struggle for economic independence begun in the first half of the 20th century and not yet terminated.

d/ The alien race, culture and religion of the United States. The Catholic nations of Iberian heritage, which form their own closed and isolated world, feel sharply the contrast of the Protestant world of the United States with its different mentality, culture and language.

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Even the pro-Allied circles in South America do not favor the doctrine of Panamericanism, which is incomprehensible and unpopular and is recognized only for opportunism and "straight political thinking" necessary during the present historical era.

a/ Social causes. The struggle with the influence of the Anglo-Saxon powers in South America may be understood as a kind of a struggle of classes transferred to international surface. The higher social and material standard of the representatives of the Anglo-Saxon race, which isolates them from the native population is so apparent that they are looked upon as the representatives of the "race of lords" against whom turns the antagonism of the poorer nations with a lower standard of living.

Secondary or similar elements are as follows:

1 a/ The influence of the Ibero-American Institute under the leadership of general von Paupel of Berlin; this Institute is responsible for the theoretical foundation of the idea of Spanish American solidarity in opposition to Panamericanism.

b/ Divergent activities of the Axis political agencies which support the nationalistic organizations and the press in order to decrease the efforts of the United States and to strengthen their own influence.

c/ The special element of Argentinian isolationism similar but not identical with nationalism. It can be compared with isolationism in the United States.

d/ The negative political repercussions resulting from the North American doctrines, which were not in accord with the pride of the nations of Spanish origin. A number of political conceptions has resulted beginning with the Monroe Doctrine and ending with the "big stick doctrine" of Theodore Roosevelt. The "good neighbor policy" of president Roosevelt was favorably accepted but it is still regarded with a certain degree of reserve and distrust; some of the groups in South America express an opinion that it is only a tactical manoeuvre dictated by the needs of war.

e/ The influence of the ideology of the Spanish Falanga. Theoretically one may imagine an uniform front of South American nationalism against the United States and in reality such an "International" of nationalism exists within the scope of sentiments and policies.

This uniform front however, is being weakened by various outside influences, the most important of which are:

1/ Military and political conflicts between the individual countries. The countries of South America unfortunately are a complex of nations with stabilized borders and harmonizing interests. There are conflicts among them, the settlement of which is no less important to them, than the opposition to the "hegemony of the United States". Bolivia may be taken as an example: it has aspirations for the Chilean part of Arica and not so long ago she was at war with Paraguay over the territory of Chaco.

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Because of these conflicts the individual countries are forced to seek allies one of whom may be the United States.

2/ Racial and ethnographic differences play an important role especially in countries with a large percentage of natives who are usually destitute. Among these native a dislike is being cultivated against, for instance, "the lordly Argentine" which is proud of its large white population.

3/ The division of Latin America into two parts: Spanish and Portuguese. As a result of this division Brazil, always dreaming of being the leader of the South American nations, is not willing to be in line with the smaller countries and is, therefore, a possible source of diversion.

Lately in connection with its newly acquired military power, Brazil became a new center of gravitation and increased the already complicated political panorama in that part of the world.

4/ Rivalry among the South American countries and the efforts of the governments to gain the support of the United States for various reasons. Recently this tendency has turned into a rivalry of getting the most armaments from the United States.

In this field the pressure of the U.S. military and economic potentiality is especially noticeable.

Due to the above circumstances, the South American nationalism although growing out of organic elements and having strong supporters did not become a decisive factor. It is one of the elements of South American reality but it cannot interfere with the political control of the continent by the United States.

II. The basis for the development of nationalism.

1. Education and training are the main factors in the formation of nationalistic world outlook. An important role is being played by the Order of the Jesuit Fathers, whose schools lead in the propagation of "Spanish-American" ideology, hostile to Panamericanism and the influence of the United States.

The El Salvador School in Buenos Aires and the School of Jesuit Fathers in Bolivia has trained a number of outstanding nationalist politicians of the present time such as Paz ESTENSORO, Martinez ZUVIRIA, AGUAYO, gen. GILBERT, the son of Hernande AULES etc.

The Spanish ambassador in Buenos Aires, count de BULNES is also a student of the Jesuit school. For a period of time he served as a Consul General in Genoa and during this period he made a several trips to Germany for conferences with gen. von Faupel.

2. Anti-parliamentary reaction is one of the general contemporary basis of nationalist movements and uprisings of a "fascist" character. In this respect there is no difference between the European and the

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South American countries.

The similarity of action is especially vivid when the revolution is organized by a part of the army supporting the nationalistic ideology. The leaders of the coup d'état state, as a rule, that they were compelled to use force, in order to subject the country to a moral purge, end the impotency of the parliament and destroy the party corruption. In some instances it is said that the political parties were stealing the public property and selling the country to foreign interests.

Similar motives were given for the nationalist revolution in Argentina which took place on June 4, 1943 /Rawson - Matros/ as well as the revolt in Bolivia on December 20, 1943.

Mjr. Villarroel stated in support of the aims of this revolution:

"The political parties were depraved. Having no support of the masses they tried to lengthen their lives with the help of the foreign capital. They had private interests which were not connected with the interests of the nation and the country. Corruption and bribery had passed their limits. The new government began investigations and the nation will be astonished when it finds out - what was going on....

The revolt was directed against a clique which was the intermediary between the capital and the state with the hope of getting rich."

To stress that after a period of parliamentary corruption a new era was begun in the life of the country, the members of the revolutionary group in Buenos Aires as well as in La Paz relinquished their salaries due to them from the newly obtained government positions and retained only their military allowances.

So that president Villarroel receives 5,000 Bolivian pesos per month as a major in the army.

3. The assets of the foreign capital are a favorite field upon which the nationalist movements grow. The profits made by the foreign capital when compared with the destitution of the native population, exploited by that capital, have a great emotional influence upon the masses.

This problem may be discussed in a number of ways. One of the methods is the instigation of hate for "the foreign leeches sucking the blood of the people" and in this case the communist and "national-radical" argumentation is practically identical.

On the other hand a scientific research of the problem is also possible in the Economic Seminars and the higher educational institutions, which produce a number of young theoretical believers of nationalism. Alianza de la Juventud Nacionalista in the "Argentine, /later Alianza Libertadora Nacionalista/ found their inspiration in these seminars.

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The point of the nationalistic propaganda is directed primarily against the influence and the assets of the Anglo-Saxon capital as a whole, but upon a closer appraisal of the situation the following facts are of the first importance:

The British capital is not subjected to such attacks of hate and unfriendliness as the American capital. An explanation of this may be found in the fact that the South American nationalists are less afraid of the British political expansion than American, which according to them follows the economic expansion.

There are several other reasons. The methods of work of the English capital differ from the American and as a rule the British capital works more "in gloved hands". An opinion exists that the English can make money without creating unfriendliness or animosity towards themselves. They know how to plan their work for long periods of time and in this way besides the profits for the shareholders some benefits are also derived by the country. If the terminology of the nationalists is to be taken into consideration that the foreign capital exploits the South American countries, then it must be stated that the British exploitation is more hidden than American.

Basically, the difference between the methods applied by both capitals in South America is about the same as the one in China. England has investments and many years of financial and cultural achievements; the United States have - fluent and inexhaustible bank capital.

Britain has the individual commerce, the United States - the cheaper and obtrusive through advertising - standard.

Britain has behind her solid and experienced industry, while the United States have common but inexhausted production.

Both these differences are very vivid in Chile. England was the first to grant Chile an official loan in 1912 as a result of Juan Egana's mission. The British built the first railroad in South America leading from Chile through Caldera and Taltal. At the present time they are exploiting the main communication lines and expert, but their presence is not too conspicuous.

The Chileans often say, that their forefathers waged wars with Bolivia and Peru and conquered the copper and nitrate mines in Chuqui-camata and Poterrillos, and now all this wealth is in the American hands. Such statements are immediately and widely used for the propaganda of nationalism.

As far as financial matters are concerned the United States control all credits in Chile since 1929.

In Bolivia, the agitation against the economic and political influence of foreign capital is one of the favorite methods of nationalist leaders. Quite popular were the pamphlets written by the present minister of national economy Carlos Montenegro, entitled: "Colonialismo e Imperialismo" and "El oro de la Standard Oil frente a la justicia de Bolivia".

- 6 -

The attitude of the Chilean nationalists towards the United States is characterized in the letter of Calvarina Gallardo Nieto to the president Juan Antonio Rios, his personal friend. The letter dated Santiago de Chile, December 30, 1943 reads:

"According to Edwards Bello - the outstanding personalities of all parties acknowledge the stand taken by the governments of Chile and the Argentine. They feel, sharing this view with Blanca Luz Brum, an Uruguayan writer, that it is becoming more difficult each day to bear all the humiliation imposed by the Yankees upon the people of the territory, which they recognize as conquered land...."

"Referring to the resign attitude of Ecuador, which has been turned into a North American colony, I could quote a conversation which I recently had with my friend Rafael Alizalde, the senator from Quayas, who despite his great sympathies and numerous friendships with well known personalities from the USA, among others with Mr. Wallace - recognizes the ominous situation of Ecuador in the face of a force, which has already "swiped" the Galapagos Islands and which is continually injuring our national honor..."

"Ambassador Goddou, told you probably about Peru, where a consent of the American Embassy or the Consulate is needed for the appointment of an official of any ministry or of the Customs Office. I hope that your friend Mr. Subersaux did not hide before you, what he, with certain reservations, told his compatriots about the continuous humiliations imposed by the North American occupants..."

"I am just returning from Cartagena... and I heard many woeful facts about the abuses of the American officers; they went so far as to force black-outs in San Antonio and Cartagena without being polite enough to inform the governor or the mayors of these cities about the event..."

"It is also most unpleasant to see the Americans, after drinking parties, shouting in Spanish insults about Chile..."

"In a letter which I wrote recently to Mr. Miguel Cruchaga, thanking him for sending me his work on the subject of "International Responsibility of states and public loans", I confessed that I would rather not discuss his book, because unfortunately the international law became the law of the strong..."

"The proof of this statement may be found in the fact that a number of the so-called South American Republics - free and sovereign have been treacherously and almost wilfully turned into wretched terrines of the expansion of Uncle Sam, and we Chileans cannot express our opinions, because our large dailies, are also in the occupied sphere and are carefully watched by the conquerors."

All the above arguments are gathered and advantageously used by the nationalist propaganda in all the concerned countries.

As far as the Argentine is concerned, one should remember that in evaluating of her attitude towards the United States, one fact should be taken into consideration; that is, the lack of understanding and knowledge about North America, than of some of the European countries. Therefore, the States seem less attractive. The Argentine is one of the most

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Europeanized countries on the American continent. The ideological trends of the Argentine came from France. The greatest part of the Argentinian trade was directed to Europe. That is why all conceptions of Panamericanism and "continental unity" are accepted with difficulty.

All the above circumstances create an impression in the minds of the Argentinian nationalists as well as of other nations, that the United States with their enormous cultural possessions are not the bearers of culture, and who in addition are seeking profits.

The German capital is not attacked in the enunciations of the South American nationalists. There are other causes for this besides the sympathy for Nazism.

In the first place, the German capital, although well represented in a number of fields /great lumber companies, metallurgical industry etc./ is well behind the American and British capital.

Secondary - it is more concealed and therefore it is not easily discerned.

Thirdly - the Germans in South America have not only the representatives of capital but also of the middle class, who merge with the surroundings and are not conspicuous or superior. There is a numerous group of German merchants, mechanics, restaurateurs, butchers, barbers, etc. This cannot be said about the English or the Americans.

This class of the German small bourgeoisie does not separate itself from its surroundings and is regarded more or less as the country's "own people". In addition these Germans do not show their "Herrenvolk" superiority because it would harm their businesses.

III. South American Nationalism and Nazism.

The German control over the rise and support of the nationalist movements in South America should not be over estimated. During the preparations for war and its initial stages the Germans believed in victory and supposed that they have so much of the German element or of German descent in South America, that it will be sufficient in gaining political and economic control.

All German agents and especially the Gestapo men were so positive of their action, that they treated lightly all nationalist movements considering the native population inferior and their activities of no consequence.

The Germans paid dearly for this mistake, because the local nationalists became emancipated from the German control and leadership. When the Germans took cognizance of the situation - it was too late.

Despite this, the support given by the Germans to the nationalist organizations and press is notorious. However, it should not be over-estimated and regarded as the source of the movement. The nationalist organizations are used by the Germans as a diversionary tool in the struggle against the USA and this is the true motive behind their support.

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Undoubtedly there exists a certain mutuality of ideals between Nazism and South American nationalism. During the initial military successes of the German war machine, the nationalists looked with favor to the German thesis that only totalitarian and one-party governments assure the realization of national and imperialistic aspirations. During that time a whole multitude of "candidates for Hitler" appeared in South America.

The German attitude toward South American nationalism was clearly defined in Bolivia. During the rebirth of Bolivian nationalism /1940-42/ the nationalist leaders counted upon the German support. They contacted the German ambassador in Buenos Aires von Therman with the aid of the Argentinian nationalist leader Dr. Pessce, with whom they had several conferences. These conferences did not bring any positive results ending with a platonic statements that both sides will cooperate in fighting the British and American imperialism.

The only practical aid gained from the Germans was the facilitation of the printing of propaganda materials in the "El Pampero" and a recommendation to the printing house in Buenos Aires - the Establecimientos Graficos. The Bolivians were greatly disappointed and further emancipated their movement from the German control.

When they turned for help to a wealthy German merchant in Bolivia, Elsner, who was at that time in Buenos Aires, he also refused to give his assistance.

The sympathies for Nazism and the recognition of the national and totalitarian ideology should be differentiated from the sympathies for Germany as such. The later generally prevail in all the armies of the South American countries and are the result of German work /not Nazi/ during scores of years.

For instance, the officers school in La Paz, Bolivia, was entirely under German leadership and one of the instructors was the well known captain Reehm. The Bolivian army was for a time headed by the German general Kundt, who was sent to Bolivia with a military mission immediately after the first world war.

IV. Political plans of nationalism.

The basic aim of the nationalists in South America or rather their most secret dream is the creation of South American bloc against the United States. Such a bloc would be "Catholic-Fascist" in character or it would be under the ideological influence of the Spanish Falanga.

Depending on the circumstances - Brazil is or is not included in the plans for such a bloc.

Due to the small chances of realization of this basic aim, local plans on a smaller scale are being prepared and considered as one of the steps towards the realization of the main plan.

Especially interesting are the plans of the Argentinian nationalists

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The Peluffo Plan

This plan drafted by col. Peluffo and major Benito came to life in the General Staff. It was based upon the creation of an "axis" in South America running through Buenos Aires, La Paz and Lima and radiating upon the whole Southern continent.

In 1938 col. Peluffo made a trip on behalf of the Staff to Bolivia and Peru. He had a three day conference in La Paz with president Busch, during which he discussed the joint political action of Bolivia and the Argentine. After his return to Buenos Aires, col. Peluffo prepared a detailed report, which became the source of political conceptions in Argentine, especially for the military and the nationalist movements.

The Peluffo plan was in reality a scheme for the Argentinian imperialism and nationalism draw in the neighboring countries into its sphere and to create a counter weight against Brazil. This plan was an imitation of the European axis, the role of Germany being played by the Argentine.

The attitude of the nationalist military group towards Chile was not clear. Some wanted to give it the role of Italy, others suggested a political conquest and the reduction to minimum of its role under the pressure of the Argentine-Bolivia-Peru axis. The last two of the axis countries had old grievances to settle with Chile.

The revolutions of 1945 gave a new impulse to the realization of these plans; a new Political Section of the Staff has been formed, becoming a laboratory of new nationalist conceptions and the inspiration for a number of important political moves. An influential job in this new section is being held by mjr. Benito, former military Attache to Bolivia. One of the tasks of this section was the preparation of several measures which neutralize "the yanqui imperialism".

The section has worked out a new plan as a supplement to the Peluffo Plan, with corrections made by gen. Gilbert and gen. Farrell. As before, Bolivia was to be the first "victim". The modification of the plan involved the "breaking of the ring" with which the United States were to surround the Argentine, by exercising economic and political control over Uruguay, Paraguay, Bolivia, Chile, Brazil and Peru.

The corrected and confirmed plan had two parts: one took into consideration the economic expansion of the Argentine; the other political expansion. Some of the moves in Bolivia which were to aid in the realization of the plan were the opening of a branch of the Argentinian Banco de La Nacion, the increase of economic exchange, gaining interests in the petrol production, etc.

The political part of the plan was based on the supposition that there exists a hidden rivalry between the United States and Great Britain and even a struggle which has now been overshadowed by the war. The military and the nationalist movements in these countries were considered as the supporters of this plan.

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In connection with this plan, the Argentinian policy became two-sided. On one hand, the official policy was to flirt with the governments in power in Bolivia, Paraguay, Chile, Brazil and Peru, to proclaim political, cultural and economic cooperation with these countries and to hope to sway them from the United States.

The other unofficial policy was quite different; it endeavored to contact the various nationalist movements and to cooperate within the armies.

The revolution in Bolivia of December 21, 1943 was one of the milestones on the road of the realization of the political aim of the Peluffo Plan.

V. The Economic Plans of the Nationalists

The economic plan of the South American nationalists is aimed primarily at the economic emancipation from the U.S.A. and the foreign capital in general. In Bolivia, where a considerable part of the world's tin production is controlled by Patiño, the nationalistic action is directed against the triumvirate Patiño-Aramayo-Hochschild, who hold 99% of the mineral wealth of Bolivia.

The South American nationalism has many traces of social radicalism. It is most apparent in Bolivia, where the social and economic plans of the leftist-communist Partido de Izquierda Revolucionario (PIR) and the nationalist "Movimiento Nacionalista Revolucionario" (MNR) coincide to a great extent. The statements of the leaders of these organizations José Antonio Arce & Inés Hatasoro are startlingly similar.

The approach of the nationalists towards the economic problems may be illustrated by the following examples:

a/ After coming to power, in result of the December 21st revolution in Bolivia, president Villaroel stated: "We will fight against the capital which Bolivia needs, but we will limit its action within the scope of the national law. The capital will have influence upon the national economy but it will not be permitted to interfere in politics. Before, the capital bought everything and ruled over the country. Our government will reach an understanding with the capital and labor directly, without the clique which gained its wealth from the capital."

b/ During the visit of Inés Hatasoro, the Bolivian nationalist leader in Buenos Aires, the following problems were discussed:

1/ eventual aid from the Argentine in the smelting of tin in South America without the intervention of the Calveston Texas firm. Further Inés Hatasoro asserted that after coming to power the nationalists will propose to the United States that the production of tin be increased and a saving of 50% in tonnage be granted in return for relinquishing the control of the mines to the Bolivian government and for aid in the erection of blast furnaces in Bolivia.

2/ The problem of a free port for Bolivia; president Hatasoro promised that such a port will be established in Rosario.

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3/ The problem of the Vacuiba- Santa Cruz railroad. It had been decided that regardless of great difficulties and the lack of necessary materials this railroad must be built. General Farrell stated at that time, that the Argentine is seriously worried by the progress in the building of the Corumba-Santa Cruz railroad by Brazil. The economic, political and military significance of this railroad is considerable.

4/ After his appointment as a minister of Economy, Paz Estenssoro asserted that "economic democracy" is within the program of the Bolivian government.

Referring to the petrol production he said, that he will endeavor to introduce the so-called "Kamitzner plan", which favors the increase of exploitation of petrol in the central regions and abandoning for the future, the regions near Brazil and Argentine.

With regard to tin, research is being made into the problem but there is no possibility of state control over the mines. Inflation has been stopped. The confiscation of properties owned by the axis citizens calls for 2 millions dollars.

4/ During the discussions of economic problems between Chile and the Argentine, the later brought up the following phases of economic understanding:

1/ close economic cooperation of a protective character and customs agreements.

2/ Establishment of air communications between the two countries intended to remove the PAN AIR lines.

3/ Import of steel to the Argentine, in connection with this, the president of the Metal Corporation and the Great Furnaces, Arturo Zuniga Latorre, concluded an agreement with the Argentine government for the delivery of 30,000 tons of steel from Chile.

4/ Establishment of rail communications through the Andies.

VI. The differences between nationalisms.

1. Political differences. The difficulty in the formation of a solid bloc of the countries of Latin America against the United States lies in the rivalry which exists among them and their territorial disputes.

The leaders of the nationalist movements feel, in many instances, that the final attainment of the above aim is so far off and so unreal that they rather devote their attention to matters of real and immediate importance to their countries.

The territorial disputes between Bolivia and her neighbors Chile, Peru and Paraguay are one of the chief reasons for dissimilarity among the countries of Latin America.

One of the outstanding Chilean generals recently said:

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"During the last war with Bolivia, we occupied Arica and Antofagasta; in the future war we will occupy everything with La Paz and with the armaments delivered by the United States.

2. Racial and social differences. These differences among the various countries of South America have also their influence upon the ideology and local color of nationalisms.

As Ketenere upon inquiry as to the relations of the Bolivian nationalism to that of the Argentinians pointed out to the following differences:

✓ The Argentinian nationalism is humanitarian and non-materialistic, while ours is of a Marxist character and similar to the Mexican nationalism.

✓ The Argentinians are great supporters of the Catholic Church while we do not think it so significant, although we are not against Catholicism.

✓ The Argentinians are "Hispanists" we are on the other hand "native" Indo-Americans.

The above beliefs, being a "heresy" from the point of view of the Falanga type nationalism, caused a thorough scrutiny of Paz Ketenere during his visit to Buenos Aires in the fall of 1945 in order to determine his nationalist orthodoxy. The inquiry was made on the basis of information of the Argentinian ambassador in La Paz, who characterized Paz Ketenere almost as a communist.

The investigation was conducted by Julio Irujo, one of the outstanding theorists of nationalism in the Argentine and by rev. Wilkinson a close friend of president Ramirez. After the positive results of the investigation, the nationalist group in the Argentine conducted the conversations during which the preparations for the revolution in Bolivia were discussed.

Copy this
report in my file.

then return

original

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May Keller

C O P YOFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.157 371
Latin America
y. Allen
Rubber Dev. Corp.

27 September 1944

To: General William J. Donovan
 Through: Major J. S. Roller
 Col. E. L. Bigelow
 From: David Williamson
 Subject: Enclosures

The attached letter from Douglas H. Allen, President of the Rubber Development Corporation, to the Secretary of State, is a remarkable analysis of the causes of the deterioration of the United States position in Latin America. It is, in effect, a shrewd arraignment of our policy there during the past three years. Of particular interest you will find Mr. Allen's observations with respect to Nazi plans in Argentina.

In his covering note, Mr. Allen asks that the letter be not made part of the official files of the OSS. Would you please return it to me when you have finished with it?

/s/ D.W.

RUBBER DEVELOPMENT CORPORATION
 (An Agency of the U. S. Government)
 WASHINGTON 25, D. C.

C O P Y

September 15, 1944.

Personal and
Confidential

Honorable Cordell Hull
 Secretary of State
 Washington, D. C.

Dear Mr. Secretary:

In retiring as President of Rubber Development Corporation, I feel impelled to draw to your attention certain observations as to the present political situation in Latin America because the natural rubber program is intimately and vitally affected by the political atmosphere in each producing country and by the relations of each such country to the United States. Natural rubber, as you are aware, will continue to be urgently needed until additional sources are opened in the Far East.

I have discussed the subject matter of this letter with Mr. McCurk and others in the Department but, since I understand that you have taken a direct personal interest in the Argentine situation, I have taken the liberty of addressing this letter to you.

From the outset of the program, Argentina has sought, both openly and covertly, to obtain rubber from the producing countries, despite the fact that the exportable surplus of rubber in each country was known to be pledged to the United States under the series of International Rubber Agreements between the United States and the producing countries.

These efforts of Argentina have been growing bolder in recent months. Smuggling of rubber and tires from Brazil and Bolivia has been openly and officially encouraged by Argentina. Reliable reports indicate that Argentina is now endeavoring to organize smuggling of rubber from Bolivia on a large scale and by pressure or inducements to bring about the connivance of the Bolivian Government or Bolivian officials. The profits involved are enormous. Argentina is offering from three to five dollars per pound for rubber as compared with a top price paid by the United States of sixty cents per pound. On ten tons of rubber an illicit profit of around \$70,000.00 can be made. On 1,000 tons the illicit profit would be around \$7,000,000.00. This year Bolivia is expected to produce upwards of 4,000 tons.

Honorable Cordell Hull

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In such circumstances, it is amazing that it has been possible so far to maintain the integrity of the rubber agreements and to prevent Argentina from getting any but a few hundred tons of illicit rubber. I am apprehensive, however, that it may not be possible to maintain this situation, in view of the increased boldness of Argentina, the weakness of the present regime in Bolivia and what seems to me to be a general deterioration of the position of the United States in Latin America.

I attribute this deterioration primarily to the following factors:

1. The furnishing of military equipment by the United States, through lend-lease and otherwise, to the armed forces of the Latin American countries.

The result of this has been to upset the delicate balance of power between the civilian and military elements within each country and, in turn, to alter the military power of each country as compared with its neighbor. Generally speaking, the military elements in each country are narrowly nationalistic, avid for power and, therefore, tend to be anti-democratic, anti-foreign and anti-American. The success of the "Colonels" in Argentina and of the "Majors" in Bolivia is viewed enviously by military elements in many other Latin American countries.

2. The recession of the German menace and the assurance of early victory by the United Nations.

As long as there was a real threat of world dominance by Germany, the nations of Latin America were forced by the common danger into a protective cohesion amongst themselves and into collaboration with the United States as the strongest power of the Western Hemisphere. As the menace diminishes, cohesion and collaboration tend to disintegrate and national interests become of greater concern than hemispherical solidarity.

3. Misinterpretation of the "Good Will Policy".

It is my impression that Latin Americans deeply appreciate that the present administration has sought (a) to give consistent recognition to the importance of Latin America (b) to make a real effort to understand their problems and needs and to cooperate in

Honorable Cordell Hull

- 3 -

attempting to solve them (c) to accord them the status of equal partners in the common concerns of the Western Hemisphere (d) to make a determined and consistent effort to dispel fear of the "Colossus of the North" and to demonstrate that the United States has no desire to impair their sovereignty or to dominate or exploit them.

Unfortunately, the good results that would have flowed from these policies, if they had been realistically carried out, have been largely dissipated by ill-considered attempts of various agencies of the United States Government to "cultivate" their good will ill-suited Americans who have been turned loose upon them by various agencies of the United States Government under the justification of war.

We are, in part, responsible for a wave of public extravagance in Latin America. We have inevitably spent large sums on procurement and we have facilitated and almost urged them to borrow from us and, in many cases, have encouraged or enabled them to embark upon grandiose projects out of all proportion to their present or prospective economies. In some of our procurement activities, through the urgency of war need or because of the inexperience of those in charge, we have been improvident and extravagant and have thereby lost their respect.

In recent years we have tended to embark upon an imperialism of social reform which is even more bitterly resented than the outmoded economic imperialism. The fact that our motives and objectives may be good does not make our meddling and intrusion into their domestic affairs any more acceptable to Latin Americans.

4. Doubt as to the post-war policy of the United States.

I think it must be admitted that, over a period of years, the United States has tended to pay a great deal of attention to the Latin America countries when we needed them and when the need passed we have neglected them. The Latin Americans are apprehensive that after the war we will revert to our former attitude. This has been a potent propaganda weapon in the hands of the Argentines and the Germans.

Our policy has been the reverse of the German policy, which has been patiently to build up long-term relationships. For example Germany has maintained consulates for many years in places where the United States has only recently established consulates and it may well be that these consulates will be withdrawn after the war, again leaving the Germans a free hand.

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Honorable Cordell Hull

Latin Americans are likewise apprehensive about our post-war trade policy. They fear that many of their products may not be accorded equitable and reasonable access to our market. I think there can be little question but that the practical exclusion of certain Argentine products from our markets aroused deep-seated antagonism in Argentina and strengthened the natural trade ties between Argentina and Europe.

There appears to be a growing tendency in Latin America towards the erection of trade barriers of one kind and another which will adversely affect the economic solidarity of the Western Hemisphere. In view of the fact that the United States will become increasingly dependent upon Latin American raw materials, it would seem to be in our long-term interest to seek the modification or elimination of such barriers.

The curtailment of American buying in Latin America, and cut-backs on procurement programs which are beginning to make themselves felt, will inevitably give rise to resentment and, in some areas, to major economic difficulties unless ways can be found to cushion the impact of such curtailment in cooperation with the governments concerned.

5. Failure of the United States to take prompt and vigorous action in support of Western Hemisphere security.

Although I realize that there are many complicating diplomatic, military and economic factors affecting our policy towards Argentina, and possibly limiting our freedom of action, nevertheless, our failure to take vigorous and effective action to protect the collective security of the Western Hemisphere has lowered our prestige and has well-nigh destroyed the very concept of Western Hemisphere solidarity and security.

Those statesmen and groups who have been collaborating with the United States are on the run throughout Latin America. To have the reputation of being a friend of and collaborator with the United States is a political liability in many countries of Latin America.

Latin America is being honeycombed by Argentine agents busy undermining the United Nations and Western Hemisphere solidarity. I believe that a large proportion of the Argentine people distrust and dislike the present regime quite as much as we do and that they would be glad to avail themselves of an opportunity to rid themselves of it.

Honorable Cordell Hull

- 5 -

It is reported that the continuance of heavy buying of export commodities in Argentina by the United States and Great Britain and the continued flow of goods from the United States and Great Britain to Argentina, has been one of the main elements of external support of the regime and that the withdrawal of this support might enable the Argentine people to exercise a freer choice as to the type of government they wish to have.

Such action would likewise remove the feeling that exists in many Latin American countries friendly to the United States and to Western Hemisphere solidarity that we do as much or more for those who are threatening such solidarity as we do for those who are supporting it. The Argentines and the Germans have used this argument very effectively in their propaganda against us.

The longer the regime continues, the more firmly it entrenches itself. We may already be too late. That the Nazis plan to go underground and to use Argentina as a base for undermining the United States in the post-war period appears to be fairly well established. The menace is clear.

If we wait until the war in Europe is over, we bind our hands. We will no longer be able clearly to act in the name of Western Hemisphere security. I have always believed that we should respect the right of Latin American countries to have any kind of government they wish, so long as it is not inimical to Western Hemisphere solidarity and security and that it should be no part of our policy to force democratic institutions upon those who do not want them or who are not prepared for them.

Latin Americans are fundamentally friendly and cooperative but they are essentially realists. They follow their own interests and expect others to do the same. They have nothing but contempt for those who do not. Their liking and good will follow their respect. I believe that our policy towards Latin American should be friendly, cooperative and fair but always firm and realistic. Within the limits of such a policy, we should make our friendship valued and our disfavor felt.

I have long been an admirer, my dear Mr. Secretary, of the foreign policy you have advocated, because it is, at once, firm and fair, idealistic in objective and realistic in method. I feel sure that the consistent application of those policies in Latin America will restore our own prestige and advance Western Hemisphere solidarity.

Honorable Cordell Hull

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I have given you these observations for whatever value they may have. They are by no means novel, and are, I believe, shared by many others who know Latin America intimately. I have had twenty years business experience in Latin America and during the past two and one-half years have traveled upwards of 200,000 miles through Latin America and have had occasion to negotiate, on behalf of an agency of the United States Government, with the governments of most of the Latin American countries, with the exception of Uruguay, Chile and Argentina. I have worked closely with many of the leading political personalities of Latin America, I like them and have found them cooperative, pleasant to work with and loyal friends.

I believe that the truest friends of Latin America are those who view their problems sympathetically but realistically and who seek to establish a relationship with the United States based upon mutual self-interest and mutual respect; in brief, a full partnership in which the Nations of Latin America will share equitably with the United States not only the advantages of the partnership but also its risks, expenses and liabilities.

Very respectfully,

D. H. Allen

C O P Y RUBBER DEVELOPMENT CORPORATION
(An Agency of the U. S. Government)
WASHINGTON, D. C.

Office of the President

September 21, 1944.

Personal and
Confidential

Mr. David Williamson
Office of Strategic Services
Washington, D. C.

Dear Dave:

I enclose herewith for your confidential information, copy of letter I have addressed to the Secretary of State, commenting upon the present position of the United States in Latin America and upon our Latin American policy in general, with particular reference to the Argentine situation.

I have no objection to your showing this letter to General Donovan if you should wish to do so but I would prefer that the letter be not made a part of the official files of OSS.

Very sincerely,

/s/ D. H. Allen
/t/ D. H. Allen

Enclosure

DHA:ff

15 371
Latin AmericaC O P YOFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

27 September 1944

To: General William J. Donovan
 Through: Major J. S. Roller
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RUBBER DEVELOPMENT CORPORATION
 (An Agency of the U. S. Government)
 WASHINGTON 25, D. C.

C O P Y

September 15, 1944.

Personal and
Confidential

Honorable Cordell Hull
 Secretary of State
 Washington, D. C.

Dear Mr. Secretary:

In retiring as President of Rubber Development Corporation, I feel impelled to draw to your attention certain observations as to the present political situation in Latin America because the natural rubber program is intimately and vitally affected by the political atmosphere in each producing country and by the relations of each such country to the United States. Natural rubber, as you are aware, will continue to be urgently needed until additional sources are opened in the Far East.

I have discussed the subject matter of this letter with Mr. McGurk and others in the Department but, since I understand that you have taken a direct personal interest in the Argentine situation, I have taken the liberty of addressing this letter to you.

From the outset of the program, Argentina has sought, both openly and covertly, to obtain rubber from the producing countries, despite the fact that the exportable surplus of rubber in each country was known to be pledged to the United States under the series of International Rubber Agreements between the United States and the producing countries.

These efforts of Argentina have been growing bolder in recent months. Smuggling of rubber and tires from Brazil and Bolivia has been openly and officially encouraged by Argentina. Reliable reports indicate that Argentina is now endeavoring to organize smuggling of rubber from Bolivia on a large scale and by pressure or inducements to bring about the connivance of the Bolivian Government or Bolivian officials. The profits involved are enormous. Argentina is offering from three to five dollars per pound for rubber as compared with a top price paid by the United States of sixty cents per pound. On ten tons of rubber an illicit profit of around \$70,000.00 can be made. On 1,000 tons the illicit profit would be around \$7,000,000.00. This year Bolivia is expected to produce upwards of 4,000 tons.

Honorable Cordell Hull

- 2 -

In such circumstances, it is amazing that it has been possible so far to maintain the integrity of the rubber agreements and to prevent Argentina from getting any but a few hundred tons of illicit rubber. I am apprehensive, however, that it may not be possible to maintain this situation, in view of the increased boldness of Argentina, the weakness of the present regime in Bolivia and what seems to me to be a general deterioration of the position of the United States in Latin America.

I attribute this deterioration primarily to the following factors:

1. The furnishing of military equipment by the United States, through lend-lease and otherwise, to the armed forces of the Latin American countries.

The result of this has been to upset the delicate balance of power between the civilian and military elements within each country and, in turn, to alter the military power of each country as compared with its neighbor. Generally speaking, the military elements in each country are narrowly nationalistic, avid for power and, therefore, tend to be anti-democratic, anti-foreign and anti-American. The success of the "Colonels" in Argentina and of the "Majors" in Bolivia is viewed enviously by military elements in many other Latin American countries.

2. The recession of the German menace and the assurance of early victory by the United Nations.

As long as there was a real threat of world dominance by Germany, the nations of Latin America were forced by the common danger into a protective cohesion amongst themselves and into collaboration with the United States as the strongest power of the Western Hemisphere. As the menace diminishes, cohesion and collaboration tend to disintegrate and national interests become of greater concern than hemispherical solidarity.

3. Misinterpretation of the "Good Will Policy".

It is my impression that Latin Americans deeply appreciate that the present administration has sought (a) to give consistent recognition to the importance of Latin America (b) to make a real effort to understand their problems and needs and to cooperate in

Honorable Cordell Hull

- 3 -

attempting to solve them (c) to accord them the status of equal partners in the common concerns of the Western Hemisphere (d) to make a determined and consistent effort to dispel fear of the "Colossus of the North" and to demonstrate that the United States has no desire to impair their sovereignty or to dominate or exploit them.

Unfortunately, the good results that would have flowed from these policies, if they had been realistically carried out, have been largely dissipated by ill-considered attempts of various agencies of the United States Government to "cultivate" their good will ill-witted Americans who have been turned loose upon them by various agencies of the United States Government under the justification of war.

We are, in part, responsible for a wave of public extravagance in Latin America. We have inevitably spent large sums on procurement and we have facilitated and almost urged them to borrow from us and, in many cases, have encouraged or enabled them to embark upon grandiose projects out of all proportion to their present or prospective economies. In some of our procurement activities, through the urgency of war need or because of the inexperience of those in charge, we have been improvident and extravagant and have thereby lost their respect.

In recent years we have tended to embark upon an imperialism of social reform which is even more bitterly resented than the outmoded economic imperialism. The fact that our motives and objectives may be good does not make our meddling and intrusion into their domestic affairs any more acceptable to Latin Americans.

4. Doubt as to the post-war policy of the United States.

I think it must be admitted that, over a period of years, the United States has tended to pay a great deal of attention to the Latin America countries when we needed them and when the need passed we have neglected them. The Latin Americans are apprehensive that after the war we will revert to our former attitude. This has been a potent propaganda weapon in the hands of the Argentines and the Germans.

Our policy has been the reverse of the German policy, which has been patiently to build up long-term relationships. For example, Germany has maintained consulates for many years in places where the United States has only recently established consulates and it may well be that these consulates will be withdrawn after the war, again leaving the Germans a free hand.

Honorable Cordell Hull

- 4 -

Latin Americans are likewise apprehensive about our post-war trade policy. They fear that many of their products may not be accorded equitable and reasonable access to our market. I think there can be little question but that the practical exclusion of certain Argentine products from our markets aroused deep-seated antagonism in Argentina and strengthened the natural trade ties between Argentina and Europe.

There appears to be a growing tendency in Latin America towards the erection of trade barriers of one kind and another which will adversely affect the economic solidarity of the Western Hemisphere. In view of the fact that the United States will become increasingly dependent upon Latin American raw materials, it would seem to be in our long-term interest to seek the modification or elimination of such barriers.

The curtailment of American buying in Latin America, and cut-backs on procurement programs which are beginning to make themselves felt, will inevitably give rise to resentment and, in some areas, to major economic difficulties unless ways can be found to cushion the impact of such curtailment in cooperation with the governments concerned.

5. Failure of the United States to take prompt and vigorous action in support of Western Hemisphere security.

Although I realize that there are many complicating diplomatic, military and economic factors affecting our policy towards Argentina, and possibly limiting our freedom of action, nevertheless, our failure to take vigorous and effective action to protect the collective security of the Western Hemisphere has lowered our prestige and has well-nigh destroyed the very concept of Western Hemisphere solidarity and security.

Those statesmen and groups who have been collaborating with the United States are on the run throughout Latin America. To have the reputation of being a friend of and collaborator with the United States is a political liability in many countries of Latin America.

Latin America is being honeycombed by Argentine agents busy undermining the United Nations and Western Hemisphere solidarity. I believe that a large proportion of the Argentine people distrust and dislike the present regime quite as much as we do and that they would be glad to avail themselves of an opportunity to rid themselves of it.

Honorable Cordell Hull

- 5 -

It is reported that the continuance of heavy buying of export commodities in Argentina by the United States and Great Britain, and the continued flow of goods from the United States and Great Britain to Argentina, has been one of the main elements of external support of the regime and that the withdrawal of this support might enable the Argentine people to exercise a freer choice as to the type of government they wish to have.

Such action would likewise remove the feeling that exists in many Latin American countries friendly to the United States and to Western Hemisphere solidarity that we do as much or more for those who are threatening such solidarity as we do for those who are supporting it. The Argentines and the Germans have used this argument very effectively in their propaganda against us.

The longer the regime continues, the more firmly it entrenches itself. We may already be too late. That the Nazis plan to go underground and to use Argentina as a base for undermining the United States in the post-war period appears to be fairly well established. The menace is clear.

If we wait until the war in Europe is over, we bind our hands. We will no longer be able clearly to act in the name of Western Hemisphere security. I have always believed that we should respect the right of Latin American countries to have any kind of government they wish, so long as it is not inimical to Western Hemisphere solidarity and security and that it should be no part of our policy to force democratic institutions upon those who do not want them or who are not prepared for them.

Latin Americans are fundamentally friendly and cooperative but they are essentially realists. They follow their own interests and expect others to do the same. They have nothing but contempt for those who do not. Their liking and good will follow their respect. I believe that our policy towards Latin America should be friendly, cooperative and fair but always firm and realistic. Within the limits of such a policy, we should make our friendship valued and our disfavor felt.

I have long been an admirer, my dear Mr. Secretary, of the foreign policy you have advocated, because it is, at once, firm and fair, idealistic in objective and realistic in method. I feel sure that the consistent application of those policies in Latin America will restore our own prestige and advance Western Hemisphere solidarity.

Honorable Cordell Hull

- 6 -

I have given you these observations for whatever value they may have. They are by no means novel, and are, I believe, shared by many others who know Latin America intimately. I have had twenty years business experience in Latin America and during the past two and one-half years have traveled upwards of 200,000 miles through Latin America and have had occasion to negotiate, on behalf of an agency of the United States Government, with the governments of most of the Latin American countries, with the exception of Uruguay, Chile and Argentina. I have worked closely with many of the leading political personalities of Latin America, I like them and have found them cooperative, pleasant to work with and loyal friends.

I believe that the truest friends of Latin America are those who view their problems sympathetically but realistically and who seek to establish a relationship with the United States based upon mutual self-interest and mutual respect; in brief, a full partnership in which the Nations of Latin America will share equitably with the United States not only the advantages of the partnership but also its risks, expenses and liabilities.

Very respectfully,

D. H. Allen

C O P Y

RUBBER DEVELOPMENT CORPORATION
(An Agency of the U. S. Government)
WASHINGTON, D. C.

Office of the President

September 21, 1944.

Personal and
Confidential

Mr. David Williamson
Office of Strategic Services
Washington, D. C.

Dear Dave:

I enclose herewith for your confidential information, copy of letter I have addressed to the Secretary of State, commenting upon the present position of the United States in Latin America and upon our Latin American policy in general, with particular reference to the Argentine situation.

I have no objection to your showing this letter to General Donovan if you should wish to do so but I would prefer that the letter be not made a part of the official files of OSS.

Very sincerely,

/s/ D. H. Allen
/t/ D. H. Allen

Enclosure

DHA:lb

C O P YOFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

27 September 1944

To: General William J. Donovan
 Through: Major J. S. Roller
 Col. E. L. Bigelow
 From: David Williamson
 Subject: Encloaures

The attached letter from Douglas H. Allen, President of the Rubber Development Corporation, to the Secretary of State, is a remarkable analysis of the causes of the deterioration of the United States position in Latin America. It is, in effect, a shrewd arraignment of our policy there during the past three years. Of particular interest you will find Mr. Allen's observations with respect to Nazi plans in Argentina.

In his covering note, Mr. Allen asks that the letter be not made part of the official files of the OSS. Would you please return it to me when you have finished with it?

/s/ D.W.

RUBBER DEVELOPMENT CORPORATION
 (An Agency of the U. S. Government)
 WASHINGTON 25, D. C.

C O P Y

Personal and
Confidential

September 15, 1944.

Honorable Cordell Hull
 Secretary of State
 Washington, D. C.

Dear Mr. Secretary:

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These efforts of Argentina have been growing bolder in recent months. Smuggling of rubber and tires from Brazil and Bolivia has been openly and officially encouraged by Argentina. Reliable reports indicate that Argentina is now endeavoring to organize smuggling of rubber from Bolivia on a large scale and by pressure or inducements to bring about the connivance of the Bolivian Government or Bolivian officials. The profits involved are enormous. Argentina is offering from three to five dollars per pound for rubber as compared with a top price paid by the United States of sixty cents per pound. On ten tons of rubber an illicit profit of around \$70,000.00 can be made. On 1,000 tons the illicit profit would be around \$7,000,000.00. This year Bolivia is expected to produce upwards of 4,000 tons.

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Honorable Cordell Hull

- 3 -

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Honorable Cordell Hull

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Honorable Cordell Hull

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Honorable Cordell Hull

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Very respectfully,

D. H. Allen

C O P Y RUBBER DEVELOPMENT CORPORATION
(An Agency of the U. S. Government)
WASHINGTON, D. C.

Office of the President

September 21, 1944.

Personal and
Confidential

Mr. David Williamson
Office of Strategic Services
Washington, D. C.

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Very sincerely,

/s/ D. H. Allen
/t/ D. H. Allen

Enclosure

LHA:ll

Latin America 1445-7
 x Halperin x Duggan
 OFFICE OF STRATEGIC SERVICES
 x ~~SECRET~~

INTEROFFICE MEMO

TO: Dr. William L. Langer

DATE: 29 April 1944

FROM: Maurice Halperin *M. H.*

SUBJECT: Conversation with Laurence Duggan on 24 April 1944

On 24 April I discussed the Latin American situation with Laurence Duggan for about forty minutes. We found ourselves in complete agreement on the following points:

1. Great pressure is being exerted, in particular by countries adjoining Argentina, on the United States to recognize the Farrell-Perón Government.
2. Recognition of this government by the United States is highly undesirable.
3. The State Department finds itself at a dead end with respect to the present policy of non-recognition, since this policy, unless implemented by concrete punitive measures, is fast becoming untenable.
4. The Department is unable to formulate a plan to carry forward its non-recognition policy, principally because it does not have the necessary information on which to base such a plan. It lacks knowledge concerning the real strength of the democratic opposition, its relationship to the armed forces, the extent of unity that exists among its component parts, its plans and potentialities. If it had such information, the Department would be in a position to estimate if and when the opposition expects to move against the Farrell-Perón government, what chances of

Dr. William L. Langer

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SECRET

success it might have, and precisely what encouragement would be required from the United States. It is possible, for example, that the opposition is strong enough to act at once, but needs assurances of immediate recognition by the United States; or the process of unification among opposition groups might be accelerated considerably with a view toward immediate decisive action against the Argentine government, if the opposition be informed that the United States is not in the position to take further direct measures against the Farrell-Perón regime and at the same time cannot postpone recognition of the regime indefinitely.

6. The Department does not have the information upon which to base a program of action against Argentina because: (a) The Embassies at Montevideo and Buenos Aires do not have, and by their very nature, cannot have the facilities for gathering secret information and keeping contact with the Argentine underground; (b) The FBI is technically unqualified to fulfill such a function.

Mr. Duggan was, as you can see, extremely frank and entirely cordial during this conversation. At one point he asked what suggestions I had for breaking the impasse. I said I felt confident that the OSS could do the job for him and that I personally would not be averse to going to Montevideo. I indicated, however, that I was aware of the directive which prevents us from assisting the Department in the present crisis. He agreed that the directive is an extremely serious obstacle and that Mr. Harle is a very obstinate man. The question of the Depart-

Dr. William L. Langer

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ment borrowing GMB personnel then came up, whereupon Mr. Duggan said that he would give the matter serious consideration.

20 April 1944
SECRET

NOT TO BE RECLASSIFIED
OFFICE OF STRATEGIC SERVICES
630 FIFTH AVENUE
NEW YORK 20, N. Y.

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Letter to General
v. [unclear]
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v. [unclear]
v. [unclear]

File

MEMORANDUM

March 15, 1944

Brig. General William J. Donovan
25th & M Sts., N.W.
Washington, D. C.

XX 60056

My dear General Donovan:

I am sending you the enclosed confidential report for your own personal perusal. Naturally, you can use it in any way you see fit.

The report was given to me by a man named Marks, who had a writing assignment for the "Saturday Evening Post", for a series of articles on Brazil.

He was invited to board an Army transport plane for the trip, and when he got to the Canal Zone lost his credentials. He promptly reported the loss to the Army authorities, who very properly detained him for some time, until his bona fides were established.

It was during this period of detention that he made these observations, which are incorporated in this extremely disturbing report. I might add that he has elaborated on his impressions and I can only sum up what he says by the observation, that if the Canal Zone were attacked, the danger of sabotage on the part of the Panamanians and other native populations would be extremely great.

I am sure you will agree that the matter is sufficiently important for you to discuss it in other quarters.

With very kindest personal regards, I remain,

Very cordially yours.

Edgar Salinger

Edgar Salinger

Enc.

Latin-American Attitudes toward the United
States, as observed in the United States
Quarantine and Detention Station at Balboa,
C.Z.

During the week I was held at the U. S. Quarantine and Detention Station at Balboa, C.Z., an excellent opportunity was provided to sample the reactions of various Central Americans to the attitudes of United States citizens and U.S. Army personnel, as well as to the policies of our government. The men with whom I was thrown in contact with inside the camp were chiefly Jamaicans, Panamanians, Salvadorans, Hondurans, and Cubans. But, inasmuch as I was treated as kind of privileged prisoner, I was able, at the same time, to sample the attitudes of the various officials at the station, as well as those of various Army officials with whom my work as a newspaperman, and my status as a prisoner had promoted certain confidences.

I found, in general, a burning hatred of all Americans by those Latins whose skins had any noticeable pigmentation, particularly among Jamaican Negroes, and the mestizos and sambus of Panama. This hatred was based, for the most part, on personal experiences which involved insult, abuse, physical violence, or imprisonment. The feeling, in the case of each person, was that he had been singled out because of his color; and that no justice nor friendship could ever be expected from an American so long as color lines were drawn.

One Jamaican, with whom I became particularly friendly, had been confined three weeks at the time of my

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arrival. He was a man of about thirty-five, with distinctive dignity and charm. He explained to me that he was a contract laborer, and that after having worked in the Canal Zone for two years, he had grown homesick for his wife and children. At the expiration of his contract, he decided not to renew. Promptly, he was seized by the Canal Zone police and put behind barbed wire, there to await transportation back to Bermuda.

This was a particularly sensitive man. He cried a great deal. During his first week of incarceration he had not been able to eat. He had no idea when he would be released for transportation home. His attitude was precisely this: "All my life I have been a quiet citizen. I came to American territory to try to make a little money for my family. I want to go back to my family, just as any man does. Without committing any offence, I have been locked up. I have no rights because I am a black man."

I took his case up with one of the Quarantine officials. He reflected what I later came to find was the standard American attitude. "These Jamaicans are all tough, dangerous types. They are congenital liars; you can't believe anything they tell you. We have to keep them locked up, otherwise they would get into trouble."

I asked other Jamaicans to contrast for me the treatment accorded them by Americans, as compared with that of the British.

"In Jamaica, under British rule," he said, "it

- 3 -

is a very hard thing for a Negro to make any money. The English pay practically nothing. But at least you are treated as a human being. You have equal rights in the courts. You are a free man."

I asked what his experiences had been under American rule in the Canal Zone. "I am a chauffeur," he said. "And when I came to Panama, I was put to work driving cars for American officials. Nobody bothered me until I got into trouble. But one day, on the road, I tried to pass a car driven by a white man. As I passed, he speeded up. It was impossible to get by him. In order to avoid an accident, I swerved in, and our fenders scraped. The white man immediately stopped and held me until the police came. We went to court; and although there were no witnesses, the American officials took the white man's version of what happened, not mine. I was immediately locked up, and held in prison until I could borrow enough money to pay my fine. That was my first experience with American justice...."

"As time went on, I learned that as a black man, you will get locked up by Americans for any minor offense. And that there isn't much you can do about it. As you see, I'm locked up now -- simply because I'm a black contract laborer who the white man thinks is dangerous because he is no longer under contract."

The same attitude was reflected by a particularly

- 4 -

articulate Honduran Negro with whom I spoke. "On my farm, in Honduras," he said, "I, and my family, are free people. But as soon as we work for any Americans, or enter the Canal Zone, we automatically become 'niggers'. Any free Black man who voluntarily puts himself in the hands of the Americans must be touched in the head."

Most Army officers and American government officials in whose company or custody I found myself, maintained the point of view which would be expected in a white Southerner from the rural districts of Mississippi or Alabama. "These people in Panama," one major explained to me, "are all niggers more or less, and you have to treat them that way. Even the best families of Panama -- and for that matter, all of Central America -- are part 'nigger'. They're not like us. They're lazy and two-faced. The laborers don't want to work. And the upper class 'spies' would stab you in the back for a nickel."

That this attitude might be held by the American enlisted man or petty official is not unexpected. I found, however, that it was a universal point of view. How widespread it was is indicated by the fact that it was relayed to me even by one of the Catholic chaplains, a man whose position could be expected to reflect the highest level in the social outlook of region. "These Panamanian 'niggers'," a certain Father Fournier explained to me on the troop transport on which I returned, "are altogether too 'smart' and 'uppity' for their own good. If I had my way, every native

- 5 -

'nigger', before being allowed to work on a government post, would have to put in six months of training in Georgia. That would teach them some respect."

A slightly different view was expressed by a certain American girl whom I met the night before debarkation. This girl was the daughter of a government official. She had been born in Panama. "The Panamanian niggers are good niggers," she said, "when they're left alone. It's these Jamaicans who cause all the trouble. They don't know their place. And they come over here and put ideas in the heads of our own niggers in the Canal Zone."

I found the contempt with which most Americans regarded all the racial elements in Panama made them oblivious to both the native culture and the native language. An American who spoke Spanish, even after several years' residence, was definitely part of a minority group. Those who had learned Spanish were usually (a) Americans whose work required some knowledge of the language, (b) those who had been born in the region, or who had lived there such a length of time as to be virtually 'native', and (c) those who had taken up some type of living relationship with a Panamanian girl. The latter group displayed the greatest tolerance and understanding of the Latin-American mores.

The Latin-American girls I talked with in the night clubs, chiefly Panamanians, Costa Ricans, Colombians,

- 6 -

and Argentines, returned this inter-racial contempt with interest.

They showed no interest whatever in the United States, or any desire to visit here. Most of them have become accustomed to the insults, direct or unconscious, which are disseminated in wholesale quantities by American soldiers in various degrees of drunkenness. They appeared to have acquired a basic cynicism, which implied that all contacts were strictly on a business basis. American money was good, and pecus non olet. "These Blue Moon girls," a lieutenant once explained to me, "do everything but spit in your drink."

At a table I was sitting at, one evening, prior to my detention, an officer, trying to make conversation, asked the hostess what her nationality was. He asked this innocently, with no other idea than to show interest. Immediately the girl bristled. "I'm Panamanian," she snapped, "and regardless of what you think, I'm proud of it."

Some of the more articulate prisoners in the Detention Station expressed the idea that observers in North America should note the distinction which exists between the attitudes expressed by the governments of Latin America, and the attitudes of the people. The governments, in most cases, are political rackets, like that of the former Arias administration in Panama, and the present de la Guardia government. It is to the interests of these groups to fawn

- 7 -

on the United States and to solicit as many favors as possible. The advantages accrue chiefly to the advantage of the personnel of the governments -- men who skip their respective countries the moment their administration is out of office.

The citizens of these countries, on the other hand, have no impressions of North Americans other than those given by a long-continued policy of discrimination, insult, and sometimes, injustice. They feel that the attitudes behind this seeming national policy are unalterable, and that the "Good Neighbor Policy", in consequence, is just another political myth.

R 7. 18

Continuation 12, 687
x 822
x Camp d'Etat
SECRET

OFFICE OF STRATEGIC SERVICES

INTEROFFICE MEMO

TO: General Donovan **DATE:** 22 February 1944
FROM: William L. Ganger
SUBJECT: Draft on Bolivian Camp d'Etat



I am sending to you attached hereto, a draft of a report memorandum which was written a few weeks ago by Maurice Carpenter the Chief of the Latin-American Division. I showed it to General Maguire who passed it on to Whitney Shepardson. Whitney did a bit of underlining on it and expressed the wish that I pass it on to you. I have no doubt that you will read it with interest even though it may be impossible to do anything about this situation.

William L. Ganger
William L. Ganger
Director, Division of
Research and Analysis

APR 11 1944

LIB

Bolivia 13,689
 X R + A
 & Coup d'Etat
SECRET

D R A F T

The Bolivian coup d'état strikingly illustrates the disastrous effects of this government's failure to organize an effective intelligence service in Latin America. It is clear from the telegrams passing between La Paz and Washington until the moment of the uprising that American representatives in La Paz and the State Department offices in Washington had little or no suspicion that a coup was planned or might be in the offing. Neither did the United States representatives in Argentina have any idea that the over-throw of the Bolivian government was being planned in Buenos Aires by representatives of the Bolivian Nationalist Revolutionary Movement and high Argentine officials, including members of the Argentine General Staff and President Ramírez himself.

In contrast, the value of an operating intelligence service was clearly evident in the information available to other governments, notably the British and Polish, which knew of the existence of the Argentine-inspired plot. In fact, through SI channels in London, the Latin American Division received documents prepared by Polish intelligence in Argentina, as far back as last summer, outlining with uncanny accuracy the steps in the organization of the plot against the Bolivian government. With no OSS agents in the field to check upon the reports, it was impossible for the Latin American Division to evaluate the information as indicating more than a general trend.

It may be pertinent to recall that even with the limited resources at its command, and without agents in the field, the Latin American Division pointed out the gravity of

- 2 -

Bolivia 13,689
 X R + A
 X Coup d'Etat
SECRET

the situation in Bolivia and specifically called attention to the danger of rebellion many months before the coup d'état took place, as for example in reports dated 15 December 1943 and 5 October 1943.

The certainty of the State Department during June and early July 1943 that Argentina would break relations with the Axis again illustrates the dangerous mistakes in judgment caused by lack of an effective American intelligence service in Latin America, since the State Department's belief was based upon its acceptance of a personal assurance given to Ambassador Armour by Admiral Storni, then Argentine Minister of Foreign Affairs, whereas intelligence operatives reporting the composition, internal reorganization, and secret plans of the Ramirez regime would have made clear Storni's inability to carry out any such promise. In this connection, it should again be pointed out that the Latin American Division on 15 June 1943 issued a full length report on the Argentine situation, correctly analyzing the nature of the Ramirez regime and its future evolution. The report predicted that Argentina would not break relations with the Axis at any foreseeable time.

It is obvious from the events in Argentina and Bolivia that the relations of this government with Latin America will be filled with further costly surprises unless this government organizes a functioning intelligence service in Latin America which can forewarn it and in many instances enable it to forestall such upsets.

Events in Bolivia and Argentina also demonstrate that the extension of FBI investigation to Latin America through an attaché system, while probably a valuable supple-

- 3 -

Bahia 13, 89
Y P 1 A
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ment to the Bureau's police work in this country, does not
constitute an intelligence service capable of meeting the
needs of this government.

Latin America (3)
✓ 6 appendices
(25) ✓ Congress

14 December 1943

The Honorable
Hugh Butler
United States Senate
Washington, D. C.

My dear Senator Butler:

At our meeting yesterday, we discussed the questions raised in your letter of 24 November 1943, addressed to General Donovan. You suggested that in this letter we should state that it was agreeable to you that our discussion of yesterday would serve in lieu of any further reply to your letter.

We appreciate the cooperation which you have extended to us in this matter.

Sincerely yours,

O. G. Dearing, Jr.
Lt. Colonel, AMM
Executive Officer

Latin America - 12,626
X M.O. Mission
X C.I.A.A.

**OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.**

234
Meeting
Monday
Sept 21
See
Col Dowd
file

September 23, 1943

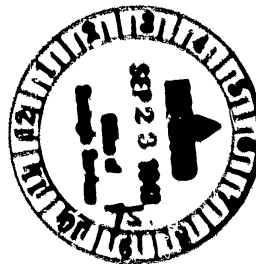
To: Colonel G. Edward Buxton
From: J. M. Scribner
Subject: Attached memorandum from Major Little to Lt. Dolan dated 9/10/43 and your memorandum 9/20/43.

I discussed this subject briefly with the Acting Chief of MO today as a result of which I recommend it be tabled for the present subject to word from you to the contrary.

I would prefer to attack the problem of organization in Washington and in the four active Theaters in the light of a clear understanding of MO activities before that Branch takes on South America.

J.M.S.
J. M. Scribner
Deputy Director - PWO
Acting,

Attachments



SECRET

Date: 9/20/43

To: 1943 SEP 21 AM 10 31
Mr. Scribner

SECRET

- 1. attached Memo from Major Little 9/10/43
- 1. Potentialities for MO operations in and from South America.
- 2. Memo from Major Darwin L. Teilhet to Major Little - Japanese in So. America dated 9/10/43

This should be read in connection with Major Doerin's memo on South America.

Also, it raises question of use of black radio in South America. CIAA would, of course, object and directive be quoted against us. I think General Donovan would have to put this up to Joint Chiefs.

G. Edward Buxton

(I am also sending the memo on So. Amer. along herewith)

PLEASE RETURN ALL THESE FILES TO ME.
Florence Smith, G. Edward Buxton
Secy Assistant Director

12000

Latin America - 12, 1946
x M.D. Mills -
x O.I.A.A.

SECRET

OFFICE OF STRATEGIC SERVICES

INTEROFFICE MEMO

TO: Lt. Dolan
FROM: Major Little
SUBJECT: Potentialities for MO Operations in and from South America.
DATE: September 10, 1943

At the original suggestion of Lt. Colonel Robert Hall, we have been making a preliminary survey of the possibility and practicability of conducting certain types of MO operations in and from South America. Because of the problems involved, including political and jurisdictional ones, and because of insufficient information with reference to communications between Japan in South America, and Japan in Japanese occupied territory in the Far East, we have not yet listed this as one of the immediately feasible projects for MO operations directed toward the Far East and Pacific theaters. Nevertheless, we are extremely anxious to further explore the possibilities.

Yesterday evening you asked us to prepare a very brief outline of our thoughts to date. Pursuant to my request sometime ago, Major Teilhet has made a preliminary study of the facts and factors involved in any MO operations. Pursuant to your request, he has this morning prepared a very preliminary and rough outline which I think is an excellent start. Neither he nor I feel that it should be represented even as a tentative project at this time, but we both feel that the information contained therein will be useful to you in connection with other thoughts which you have in mind for MO operations.

h. S. L.
h. S. L.

for Scribner
This should be read in
connection with May Daring memo
on South America -
also it raises question of use of
black radio in S.A.
Q.I.A.A. would of course object and direction be
quoted against us. I think General [unclear] would
have to put this up to [unclear] - [unclear]

SECRET

OFFICE OF STRATEGIC SERVICES

SECRET

INTEROFFICE MEMO

TO: Major Herbert Little
 FROM: Major Darwin L. Teilhet
 SUBJECT: Japanese in South America

DATE:
 September 10, 1943

1. GENERAL SITUATION

1. In the western hemispheres, as well as the Hawaiian Islands, the greatest concentration of Japanese is in South America. Brazil has the largest number, estimates varying from 300,000 to half a million. Peru has some 32,000 of particular interest to MO because of that number, about one half to three-fourths are Leo Chowans, the Okinawans, the one ethnic Japanese group whose antagonisms to the other Japanese groups might be such to start "freedom" movements, or to utilize them as a racial wedge.

According to available information, the Japanese in South America have:

- a. Taken over much of the German propaganda and espionage missions.
- b. Controlling smaller types of service operations such as barber shops, small stores, eating places, bazaars, with many saloonmen on the road, they infiltrate across borders with little trouble, and provide a network for rumor, etc.
- c. They have their own radio stations. Presumably this is particularly true in Brazil and Peru. Undoubtedly, because of the developments of the past few months, action will have increased in Argentina.
- d. It is suspected that they have direct sources across the Pacific to Japan, possibly by submarine or fishing boat.
- e. The Japanese would like to consider themselves, and certainly have us consider them, as homogenous, integrated, all loyal.
- f. Available information, when compared with a somewhat analogous situation in Hawaii, would indicate that there may be splits and cleavages so far firmly controlled and hidden.

SECRET

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SECRET

II. MO OPPORTUNITIES

1. Black Radio.

a. General remarks....small but highly important segment of Japanese "New Order" Empire capable of receiving shortwave broadcasts. . . Ability to establish credence in broadcasts from South America.

a. MO black radio target: In addition to Japan proper, there are officials, bureaucrats and upper business classes throughout parts of China, French Indo-China, Siam, Burma, the Malay Peninsula and States, the Philippines, and East Indies who undoubtedly have been influenced by Japanese propaganda. As potential or actual collaborators in the "New Order" they are important in the Japanese scheme. What they do, how they think, eventually will have if not a major effect, certainly a contributory effect upon what great masses of orientals will do.

b. At the same time, audiences with receiving sets capable of receiving radio messages transmitted from South American will be limited to individuals of influence and wealth - precisely those in the group mentioned in paragraph 11 a, above.

c. Although of a small or even fractional percentage of the total population, they represent a group of overwhelming importance as a target for MO action. Because of the tremendous population of the Far East, even a fractional percentage of this population represents a numerical figure of a million to five million.

d. It is not necessary to reach, even, a maximum number of the official-bureaucratic-business group. Should even a small number of this group be struck by our messages, by messages phrased in such a manner, emanating from such a source, that the content would seem to be believable, of perfect authenticity, and not antagonistic to the loyalties of this group, word of mouth dissemination would carry this message by normal channels to wider circles.

b. Transmitting stations from South America . . . Utilization of dissident groups and stations already set up . . . Possibilities of cover, etc.

a. In no other place in the world have we the opportunity that we have in South America to set up black radio which would attract and select, by its own content and situation, this essential far-eastern segment of population.

b. Black radio from Attu, from Hawaii, from China, from India, from floating stations is always open to having its cover broken. Once cover is broken, once this essential population segment owning receiving sets becomes aware, or is made aware by Japanese pronouncements, that broadcasts to which they are listening are suspect, these broadcasts lose a certain effectiveness.

SECRET

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- 3 -

c. Time, as measured by months, is available to us. We can use one or two or six months, if necessary, to produce black radio broadcasts from South America, having the only concern to build a receptive audience believing in these broadcasts. Once these two objectives are realized, then insensibly, carefully, content can be shifted to produce breakdowns and shifts of loyalty in the listeners.

d. From Peru, from Brazil, from any South American country wherein we can develop action, broadcasts could be produced, emanating seemingly from the Japanese element in these countries. Since 1904, Japan proper has been publicized about South America. There is great public interest in the Japanese colonies. Broadcasts sent out from these countries, seemingly in defiance even of the South American government, representing what would purport to be news and information of courage and cheer to their friends and peoples of the far-east would have every opportunity of gaining an audience, far more than black broadcasts issued elsewhere. A minimum of deception is required, with black broadcasts from South America. To increase credibility, cover even could be broken; it could be "discovered" that Japanese groups were broadcasting. Or - should accidentally our cover be broken, we would have a secondary and deeper cover already established.

2. Other Channels for Sending Rumors

A. Information at present is tenuous regarding other means of communication between Japanese colonies and Japan. It is assumed that such means still exist, possibly by submarine, fishing boat, or neutral ships.

B. Exploration and identification of these channels, would permit the insertion of material of our own into these natural channels. This material would have the appearance of material prepared by loyal Japanese groups. It would include newspapers, pamphlets, and personal letters, as well as material of a special category such as certain types of photographs or literature.

3. Utilization of non-Japanese groups

A. In Argentina and Chile, particularly, there are strongly organized groups of Nazis, and native elements opposed to the Allied Nations.

B. Once means of channelizing material to Japan proper, and the other countries of the Far East controlled by Japan are developed, these groups could also supply cover; and, cover supplied, offer a medium through which material possessing credence and persuasive doctrines could be transferred.

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III. LINES OF ACTION

1. That South America be reconnoitered, regarding the possibility of discovering ways and means to obtain channels of communication to Japan, and to those countries controlled by Japan.

2. If it is feasible, to establish black radio stations in Peru, Brazil and Chile.

3. That a printing press be set up in Peru or Brazil, and ways and means be established to transmit such material to (a) Japan; (b) those countries controlled by Japan; and, that such material seem to be issued by Japanese colonies of the various South American countries.

4. That material be prepared for two types of targets:

A. Japan

The small group of industrialists and politicians who would be first to crack, to waver, to have doubts, as increasing Allied pressure in the Pacific begins to be manifest.

B. Other countries now under control by Japan.

a. To counteract Japanese propaganda, preventing it from obtaining new converts.

b. To reach the official bureaucratic-industrial group, presenting ideas in such a way they will - first, be willing to listen - and secondly, so their doubts will increase.

5. Recruiting sources:

A. From these groups in South America we should have available a secondary source of recruits, with a background and cover more pertinent than recruits from Hawaii and United States.

B. From these South American recruits, we should be able to develop new sources and ideas of value to us, not otherwise available.

C. Enlistments of such recruits, and their thorough indoctrination will supply elements to wedge into the homogeneity maintained at present by Japanese over their colonies.

SECRET

Date: 9/20/43

To: Mr. J. Scribner

SECRET

re: South American Operations

Memo	9/9/43	from	Lt. Dolan	to	Col. B.
"	9/14/43	"	Lt. Dolan	to	"
"	9/15/43	"	Col. B.	"	Lt. Dolan
"	9/13/43	"	Maj. Doering	to	
			Col. Buxton		

I like Doering's comment. Please consider this and comment.

G. Edward Buxton

) Please return these files

G. Edward Buxton
Assistant Director

1000

Latin America - 12,626
✓ W.O. Mission
× C.I.A.A.

OFFICE OF STRATEGIC SERVICES

SECRET

INTEROFFICE MEMO

TO: Colonel Buxton
FROM: Major Doering
SUBJECT: South American Operations

DATE: 18 September 1943

Mo I strongly recommend that before anyone from ~~MO~~ talks with CIAA, clearance should first be made with Shepardson and probably some of the desk men in Shepardson's branch, who have had a long and painful history of negotiations with CIAA and FBI relating to South America. This situation is at this very moment most delicate. In spite of careful personal attention from the General, certain people asked for too much some months ago, and the General was perturbed about it and said they had not followed his explicit instructions.

Moreover, as you know, our proposed new directive, which we submitted recently to the Chiefs of Staff, carefully outlines the limits of our use of South America. We either ought to follow at least the proposed new directive or, if it does not give us sufficient scope, we should enlarge it. However, the provisions relating to South America in the proposed new directive were carefully thought out by General Donovan, Dr. Rogers, General Magruder, General Smith, and others.

To Scribner -
I like Doering comment
Please consider this and
comment -
Buxton

O. C. Jr.



12,626

Latin America
x Int. O. Mission
x C.I.A.A

September 15, 1943

SECRET

Memorandum for: Lt. Patrick Dolan
From: G. Edward Burton
Re: South American Operations

I have no objection to your presenting this to the Operations Committee and will be glad to see their recommendation.

I am not authorized to let you send agents to South America to violate any violation of a JCS Directive but I do not, at this moment, see any difficulty in people discussing the question with CIAA (Do not think the FBI the right Agency) provided our objective is not the South American Field but directly connected with operations against an enemy occupied country.

Before finally approving any list however I should like to be told exactly how you would intend to operate and what cooperation you propose to ask for from CIAA.

G. Edward Burton

GEB FS

Secretary has a complete copy of the attached FS.



OFFICE OF STRATEGIC SERVICES

SECRET

INTEROFFICE MEMO

TO: Colonel E. G. Buxton

DATE: 14 Sept 1943

FROM: Lt. Patrick Dolan, MO

SUBJECT: South American Operations

1. We note that you have disapproved of the suggestion of an MO Mission in South America.

2. Without making a nuisance of myself -- which I probably am -- can I do what the lawyers do, rephrase it, and ask your permission to present it before the Operations Committee this afternoon, with a view to making the necessary arrangements with FBI and CIAA for them to carry on whatever MO work is needed in South America? In that fashion I do not believe that we would be violating either the letter or the spirit of the directives, but rather would be sensibly cooperating with the official government agencies which are charged with responsibilities in South America.

P. D.

12/6/46
Latin American
x M.O. Mission
x C.I. FIA

OFFICE OF STRATEGIC SERVICES

INTEROFFICE MEMO

DATE: 9 Sept 1943

TO: Colonel E. G. Buxton
FROM: Lt. Patrick Dolan
SUBJECT: MO Mission in South America

1. Following our conversation some time ago, I would like to again draw your attention to the urgent necessity of establishing some sort of an MO Mission in South America. The two places necessary are first, Buenos Aires because of the great Axis colony, and the second, Mexico City.

2. I appreciate the difficulties because of directives, etc., in establishing these missions, but perhaps this one can be done on a purely unofficial basis, and I would like to discuss this with you as soon as possible.

[Handwritten signature]
P. D.

9
13
43
not approved -
E. G. Buxton.



SECRET

*carbon of this to
Capt. Lee*

Latin American Division
x Latin American Division

OFFICE OF STRATEGIC SERVICES
INTEROFFICE MEMO

SECRET

FROM: Major Preston E. James DATE: 14 April 1943
TO: General William J. Donovan
SUBJECT: Functions of the Latin American Division

The Latin American Division is engaged in the compilation, evaluation, and analysis of three categories of information:

- a. Strategic information available in Latin America concerning the Eastern Hemisphere and of special interest for psychological warfare operations.
- b. Information concerning Latin America essential as background for "a".
- c. Topographical information regarding Latin America which is requested by authorized agencies.

The gathering, evaluation, and analysis of information of interest to psychological warfare operations in the active European and Asiatic theaters is a new function of the Latin American Division. This function has been undertaken in view of the fact that sources of information exist in Latin America which are not systematically exploited by any other agency, and yet furnish data vital to the conduct of global war. The principal sources of information are:

1. The European and Asiatic minorities in Latin America, some of which are affiliated with governments in exile or are organized as free movements.
2. Latin Americans in contact with the Eastern Hemisphere or with the above minorities.

These sources can be tapped through the publications of the foreign communities; the general Latin American press; censorship intercepts; published and unpublished studies which may

SECRET

- 2 -

be available in the United States; interviews with visitors, returning travelers, and members of similar communities in the United States; and from field studies.

To be effective, research in this exceedingly complex marginal field requires close liaison with other parts of the OSS which are studying the home countries of these groups and similar foreign-language minorities in the United States; i.e., the Europe-Africa, Soviet Union, and Far Eastern Divisions of the Research and Analysis Branch, and the Foreign Nationalities Branch. In addition, such research requires highly specialized personnel who are acquainted both with the languages and problems of the groups involved, and with the Latin American social, political, and economic environment in which they live. The present staff of the Latin American Division already contains a nucleus of properly qualified personnel, and investigation indicates that the additional staff members needed can be obtained.

Under this program (categories a and b), the following types of investigation are included:

- A. Basic studies of foreign communities (where necessary). This applies to most of the communities. Such studies will embrace place of origin, number and location of settlements, economic activities, newspapers and other publications, relations with Latin Americans and Latin American governments; social and political organization within the communities; and relations with other nationals in Latin America and elsewhere.
- B. Inter-relations of these communities with the home countries and with governments-in-exile where such exist. Since foreign communities usually maintain close contact with their fellow countrymen, they are an excellent source of information on conditions and attitudes in the home countries. They also reflect divisions of opinion existing in the home countries and in the governments-in-exile (see Latin American Division's Situation Summary No. 6, dated April 9, 1943, for a report on the split among the anti-Nazi German groups). In many instances, the headquarters of refugee movements are in Latin America as, for example, all anti-Franco Spanish groups, most of which have their international offices in Mexico City; some of the most powerful anti-Nazi German and Austrian groups with main

- 3 -

SECRET

headquarters in Mexico City and Buenos Aires; a left-wing Italian group with central offices in Mexico City; the Metaxas faction of the Greek government-in-exile, which is controlled from Buenos Aires; pro-Nazi Slavic groups which enjoy freedom of action and ready communication with the Axis via Argentina.

- C. Gathering of data such as actual knowledge of industrial, military, and naval installations, possessed by immigrants and refugees or obtainable through Latin American outlets of European and Asiatic underground movements or through Latin American sources.
- D. Study of actual and potential conflicts within foreign communities of Axis nationality in terms of their possible use in psychological warfare. The Latin American Division's study of Japanese communities in Latin America has already brought to light the possibility of exploiting the split between immigrants from Japan proper and the Okinawans.

Preston E. James

PRESTON E. JAMES
Maj., Inf.
Chief, Latin American Division

To: Dr. Rogers

Please give me your views.

WJD

I cannot believe these groups impor-
tant in So.A. except the Spanish Repub-
lican refugees who are, especially in Mexico.
We will collide with the White House and
State unless there is some understanding about
our scope even ^{Director's Office} if nobody involving this
(3309) work, I suppose. JGP

Latin America 11270

*x Study
x European
x Asiatic
x Japan*

SECRET

OFFICE OF STRATEGIC SERVICES

INTEROFFICE MEMO

TO: Brig. General William J. Donovan DATE: 10 April 1943
FROM: Major Preston E. James
SUBJECT: Program for systematic study of European and Asiatic groups in Latin America, for use in psychological warfare in the Eastern Hemisphere.

I am attaching a memo on the above subject which I submitted to Dr. Langer on March 25.

Attachment

OFFICE OF STRATEGIC SERVICES

SECRET-----
INTEROFFICE MEMO

TO: Dr. William L. Langer
 FROM: Maj. Preston E. James
 DATE: March 25, 1943
 SUBJECT: Program for systematic study of European and Asiatic groups in Latin America, for use in psychological warfare in the Eastern Hemisphere.

I. Purpose and Objectives

The Reports Section of the Latin American Division proposes to concentrate upon the study of the organization, ideas, and activities of European and Asiatic groups in Latin America, as they refer to political and military developments in the home countries and to the waging of psychological warfare therein. Its scope would not include the surveillance and suppression of subversive activities.

Studies of this nature which have already been made in this section have yielded suggestions for the conduct of psychological warfare in Asia and significant information from the European underground which would not otherwise have been available in this country. At the present time, no other agency is systematically covering this field although a number of agencies have indicated an awareness of the need for studies of this type and regret that they are unable to undertake them. In terms of the Directive issued by the Joint Chiefs of Staff and the needs of the various branches and divisions of OSS, the making of such studies is amply justified.

II. Nature of the Proposed Studies

The program contemplated by the Reports Section would include the following categories of investigation:

- A. Basic studies of foreign communities (where necessary). This applies to most of the communities. Such studies will embrace place of origin, number and location of settlements, economic activities, newspapers and other publications, relations with Latin Americans

SECRET

- 2 -

and Latin American governments; social and political organization within the communities; and relations with other nationals in Latin America and elsewhere.

- B. Inter-relations of these communities with the home countries and with governments-in-exile where such exist. Since foreign communities usually maintain close contact with their fellow countrymen, they are an excellent source of information on conditions and attitudes in the home countries. They also reflect divisions of opinion existing in the home countries and in the governments-in-exile.
- C. Gathering of data such as actual knowledge of industrial, military, and naval installations, possessed by immigrants and refugees or obtainable through Latin American outlets of European and Asiatic underground movements.
- D. Analysis of Axis psychological warfare seeking to enlist support of foreign communities in Latin America for Axis reorganization of Europe and Asia.
- E. Study of actual and potential conflicts within foreign communities of Axis nationality in terms of their possible use in psychological warfare.

III. Procedures

The proper performance of this task involves, in addition to an understanding of their native cultural patterns, an intimate knowledge of the environment in which these foreign groups exist. Significant factors are the location and concentration of foreign groups; their economic resources; their social, economic, and political relations with Latin Americans; the degrees to which they have been assimilated and function as part of the Latin American community; and the extent to which they may be studied and reached through Latin American contacts.

Data can be obtained from publications of foreign communities; the general Latin American press; censorship intercepts; published and unpublished studies already available in the United States; interviews with visitors, returning travelers, and members of similar communities in the United States; and from field studies.

- 3 -

SECRET**IV. Implementing the Program**

With the limited staff now available, this section could nevertheless begin some of the more immediately necessary studies such as:

1. The Free German movements in Latin America, particularly the newly organized Association of Free Germans which unites groups from Mexico to Argentina. The contacts of these groups with undergrounds throughout Europe are especially close and have already yielded valuable information. The main centers are located in Mexico City, Rio de Janeiro, Buenos Aires, Montevideo, and Santiago.
2. The Austrian groups, including both the Free Austria movement and adherents of the House of Hapsburg. Activities of these groups thus far have been noted in Mexico, Cuba, Venezuela, and Brazil.
3. Spanish Republican exiles, whose activities are largely centered in Mexico, Cuba, Chile, and Argentina. These groups maintain intimate contact with underground movements in Spain.
4. A preliminary survey of Slavic groups in Latin America to determine which of them merit more intensive study.

(SGD) Preston E. James

PRESTON E. JAMES
Maj., Inf.
Chief, Latin American Division

C
O
P
Y

Latin America 11,036-A
 * Trade
 * Africa
 * Spain
 * Look, Mos. g.

3/25/43

SOUTH AMERICAN BUSINESS WITH AFRICA AND SPAIN

In response to your inquiry, we have endeavored to learn the names of American interests located in Buenos Aires and Santiago, who might be doing business with North Africa, West Africa and Spain. Our efforts did not produce anything very tangible but this is the consensus of what we have been able to find:

Argentina - Spain

The trade agreement between Argentina and Spain provides for shipments to the latter of only wheat and tobacco. However, we have been unable to find out what merchandise is actually moving either way but it is felt that the volume is not important. Nor have we been able to learn if there are any American entities in the Argentine, who are engaged in exports or imports between Argentina and Spain. In any event there are no clients engaged in such business at the present time on our books.

At one time Anderson Clayton & Co. S. A. used to ship cotton to Spain where they had an affiliate organization. The principal official in the Buenos Aires Company at the present time is:

J. A. Root, Managing Director
 American Citizen - Age: 50 years

Argentina - North Africa and West Africa

We have been unable to locate anything definite on what trade might have been or is being carried on with the Argentine and North Africa or West Africa. In any event it is very unlikely if there is any important volume involved; the chances are that the principal articles that might move from the Argentine would be meat, meat by-products, hides and wool. If these particular articles should be involved, the following American concerns might be mentioned as likely shippers:

- 2 -

1. Frigorifico Armour de la Plata S. A.
Reconquista 314, Buenos Aires
Charles A. Meyer - American Citizen about 65 - General Mgr.
R. W. Hartwell - " " " 55 - Treasurer
2. Cia. Swift de la Plata S. A.
25 de Mayo 196, Buenos Aires
Fred Six - American Citizen about 58 - President
R. J. Gillies - Canadian " " 58 - Treasurer
3. Frigorifico Wilson S. A.
Avda. R. S. Pena 615, Buenos Aires
G. W. Reilly - American Citizen about 58 - Managing Director

A smaller American exporter of hides (not our client) might be:

Cia. Anewalt S. A.
B. Mitre 441, Buenos Aires
A. A. Anewalt, President - American Citizen about 65

A recent letter from our Buenos Aires Branch as well as late trade statistics indicates that there is a marked increase of movement of goods to South Africa including particularly meat, leather, wool and textiles. In the event that there might be some textile going to North and West Africa, the only American concern that we know of who might be engaged is:

"Sudantex" S. A. Textil Sudamericana
Girardot 1680, Buenos Aires
David S. Rosenthal - American Citizen about 50 - Manager
(This is an affiliate of Unite Merchants and Manufacturers Inc. responsible and well known people in yarn and textiles.)

Chile - North Africa, West Africa, Spain

We have been unable to locate any late information or statistics on trade between these countries. The latest available information for the year 1940 discloses no trade with North or West Africa but with respect to Spain, does show an unimportant amount of diversified mineral products, miscellaneous agricultural products and a small amount of wool. In none of these lines do there appear to be any American entities operating.

About the only American name we can think of which might have had dealings with Africa or Spain in Grace and Cia. (Chile) S. A., Santiago, of which Executive Vice President is Raul Simon Chilean citizen of about 50 years of age.

So. America, 8951
X Exporters
X Importers
X List
X Hoffmann

October 26, 1942

Mr. W.J. Hoffman, Vice President,
National City Bank,
New York, N.Y.

Dear Mr. Hoffman:

Thank you very much for your letter. This will
prove very helpful.

I was most interested in what you had to say the
other day, and I hope we may talk together some time
again.

Best wishes.

Sincerely,

William J. Donovan
Director

To: Colonel Donovan
1000
1000
1000
1000

The National City Bank
of New York
ESTABLISHED 1812

New York October 23, 1942

IN REPLYING PLEASE QUOTE INITIALS WJH

PLEASE ADDRESS CITIBANK

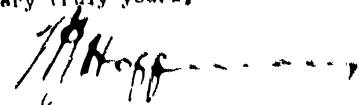
Colonel William J. Donovan,
26th and E Street, N. W.,
Washington, D. C.

Dear Colonel Donovan:

With reference to our conversation of several days ago, I enclose a list of firms in Argentina and Chile who, according to our records, have now, or have had in the past, various export and import dealings with Sweden, Switzerland and Japan. If you think that we can help further in this connection, please do not hesitate to ask us.

Thanks for a very pleasant breakfast and a most interesting talk.

Very truly yours,



Vice President.

So. America 8851
X Exporters
X Importers
X List
X Hoffman

ARGENTINE EXPORTERS TO SWEDEN

Cia. Swift de la Plata Ltd.
25 de Mayo 195, Buenos Aires

Frigorifico Armour de la Plata S. A.
Reconquista 314, Buenos Aires

Anderson, Clayton & Co. S. A.
Comercial Algodonera Argentine,
B. Mitre 226, Buenos Aires

Frigorifico Anglo S. A.
Avenida R. S. Pena 780, Buenos Aires

Bunge & Born Ltda.
25 de Mayo 601, Buenos Aires

L. Dreyfus y Cia. S.A. Ltda.,
25 de Mayo 401, Buenos Aires

Genaro Garcia Ltda. S. A.
Sarmiento 329, Buenos Aires

La Plata Cereal Co. S. A.,
Corrientes 345, Buenos Aires.

Storer & Cia. S. R. L.
Chacabuco 443, Buenos Aires

ARGENTINE IMPORTERS FROM SWEDEN

Cia. Argentina de Productos de Papel
Avenida Y Huergo 1099, Buenos Aires.

Stanley V. Conza,
Reconquista 314, Buenos Aires.

Serra Hnos.,
Defensa 599, Buenos Aires.

Thought to Have Imported from Sweden

Anthony Blank & Cia. S. R. L.
Balcarce 351, Buenos Aires

Casa Iturrat S. A. C.
Alaina 2262, Buenos Aires.

Packers, affiliate of Swift & Co.,
Chicago.

Packers, affiliate of Armour & Co.,
Chicago.

Exporters cotton, cottonseed oil;
affiliate of Anderson, Clayton & Co.

Packers; affiliate of the Vesty inter-
ests in Britain.

Grain exporters; Argentine officers,
directors and shareholders but original
capital presumably Belgian.

Grain exporters; Argentine officers,
directors and shareholders but original
capital presumably French.

Grain exporters, President a Spaniard
but other officers Argentine and probably
majority of shareholders Argentines.

Grain exporters, nationality of officers
and shareholders unknown but presumably
Swiss and Argentine; there is some con-
nection and probably a close working arrange-
ment with Andre & Cie. S.A., Switzerland.

General exporters and importers; of the 11
partners 2 are Americans (Enrique R. Storer
and Frank A. Storer); of the remaining partners
6 are Argentines, one a Portuguese, one a
Dutchman and one an Italian.

Importers of paper; an affiliate of St.
Regis Paper Company, U. S. A.

Importer of calculating machines; a
Uruguayan of British descent educated in
the U. S. and married to an American

Paper importers; Argentine nationality.

Paper importers; the partner, Anthony Blank,
who established the business and presumably
controls it, was born in the U. S. A.

Importers of paper; Argentine nationals.

ARGENTINE EXPORTERS TO JAPAN (According to our Recollection)

Cia. Swift de la Plata Ltd. 25 de Mayo 195, Buenos Aires.	Packers, affiliate of Swift & Co., Chicago.
Frigorifico Armour de la Plata S. A., Reconquista 314, Buenos Aires.	Packers, affiliate of Armour & Co., Chicago.
Bunge & Born Ltda., 25 de Mayo 501, Buenos Aires	Grain exporters; Argentine officers, directors and shareholders but original capital presumably Belgian.
L. Dreyfus y Cia. S.A. Ltda., 25 de Mayo 401, Buenos Aires	Grain exporters; Argentine officers, directors and shareholders but original capital presumably French.
Cia. Sudamericana Kreglinger Ltda. S. A., Belgrano 836, Buenos Aires.	Wool exporters; branch of a Belgian company; President and three directors Belgians, fourth Director Argentine; they did have an American associated with them in a senior position in connec- tion with their banking and exporting de- partment but we do not know whether he is still with them.

IMPORTERS OF JAPANESE MERCHANDISE LOCATED IN ARGENTINA

As we recall, practically all imports from Japan except cotton piece goods were consigned to affiliates of Japanese concerns established in Buenos Aires or Japanese that had incorporated in Argentina and operated without any direct tie-in with Japanese capital. To the best of our recollection the following more important textile houses ~~would~~ imported textiles from Japan:

Pena Perez & Pena S. R. L., Alaina 1322, Buenos Aires.	All partners are Argentine except one who is a Spaniard.
Rodriguez Barro Hnos. & Cia., Moreno 1232, Buenos Aires.	Argentine partners.
C. Rosa & Cia. Belgrano 1145, Buenos Aires.	The main partner and founder of the busi- ness is an Italian of many years' residence in Argentina; of the remaining partners two are Spaniards and the balance Argentines.
M. Fernandez Grova & Cia., Belgrano 1715, Buenos Aires.	The principal partner is a Spaniard of many years' residence in Argentina; the remaining partners to the best of our knowledge are Argentines.
Lopez, Goya & Cia., Alaina 1269, Buenos Aires.	No definite information on the nationality of the partners but they are probably Argentines.

ARGENTINE EXPORTERS TO SWITZERLAND

S. A. La Blanca,
Reconquista 314, Buenos Aires

Packers; affiliate of Armour & Co. of Chicago.

Refinerias de Maiz S. R. L.,
Independencia 788, Buenos Aires

Exporters of corn products; affiliate of Corn Products Refining Co., U. S. A.

La Plata Cereal Co. S. A.,
Corrientes, 346, Buenos Aires

Grain exporters, nationality of officers and shareholders unknown but presumably Swiss and Argentine; there is some connection and probably a close working arrangement with Andre & Cie. S.A., Switzerland.

L. Dreyfus y Cia. S.A. Ltda.,
26 de Mayo 401, Buenos Aires

Grain exporters; Argentine officers, directors and shareholders but original capital presumably French.

Vicente Franciscan Bosch,
26 de Mayo 48D, Buenos Aires

General exporter; Spaniard; established in Buenos Aires since June 1940.

NO DATA ON ARGENTINE IMPORTERS FROM SWITZERLAND

NO DATA AVAILABLE ON CHILEAN FIRMS EXPORTING TO SWITZERLAND OR EXPORTING FROM SWITZERLAND

EXPORTERS IN CHILE TO JAPAN

Mauritof Hochschild & Cie. Ltd.
Valparaiso, Chile.

Mining and exporter of mineral products; the partners are Argentines.

Muller & Jedlicki Ltda.,
Santiago, Chile

Exporters, importers and representatives; both partners are Chileans and in past years not only exported to Japan but also imported from Japan.

CHILEAN EXPORTERS TO SWEDEN

Augusto Ferrerola O.
Santiago, Chile.

General exporter, Chilean

Eduardo Gildemeister & Cia.,
Santiago, Chile.

General exporters; one Peruvian and one American are the partners.

Gibbs & Cia.,
Santiago, Chile

General exporters; Anthony Gibbs and son, London, are partners; the other partners appear to be British.

Clavioff Mistakin & Cia.
Valparaiso, Chile.

Wholesalers and general exporters and importers; there is one Uruguayan partner, one Greek partner and the balance are Chileans.

CHILEAN IMPORTERS FROM SWEDEN

Juan Lundberg N.,
Casilla 1707, Valparaiso, Chile.

Swedish Consul in Valparaiso and does some importing.

La Metalurgica Nusem - Backstrom & Cia. Ltda.
Casilla 8466, Santiago, Chile.

General importers; partners are Swedes and Chileans.

Lo America 8808
~~7-13-42~~
X 9 & C
L. Van Veenen

October 20, 1942

Major General George V. Strong,
Senior Member, Joint Security Control,
Room 2416, Munitions Bldg.,
War Department,
Washington, D.C.

Dear General Strong:

Here is copy of a letter that I received just now
from Buenos Aires which may be of interest to you.

Sincerely,

William J. Donovan
Director

Los Americanos 1907
17 B3
x y l e
x Von Weizsäcker

October 20, 1942

Mr. J. Edgar Hoover,
Chief, Federal Bureau of Intelligence,
Washington, D.C.

Dear Edgari:

Here is copy of a letter that I received just now
from Buenos Aires, which may be of interest to you.

Sincerely,

William J. Donovan
Director

Por Via Aerea

*So American 8803
x-7-15
x) 3C
x 21 a n y y c o n e n*

Buenos Aires
September 19 1946

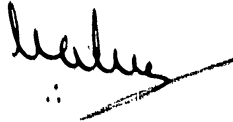
Colonel William J. Donovan
15th Street
Washington D.C.

Dear Sir,

I am not certain whether you are the right man to direct this letter to, but I trust that after perusal of same you will know what to do about it and forward it to the right quarter. I have discovered that there are agents of the U.S. government in this city working direct under Washington without intermediary of the local U.S. Embassy. I know in which hotel they are and I know that they employ persons who are not reliable and who receive money from them and from their opponents, viz. the local Nazis and fascists. You will understand that these government agents are in a very precarious position and should be advised at once. I have reported the matter to the U.S. Embassy but they have not done anything about it for reasons, which will probably more clear to you than they are to me. I could get in touch with those agents I could save them considerable trouble and embarrassment. I know a lot about other dangerous situations, e.g. that the local representative of a semi-official U.S. bureau has a Nazi mistress. I trust that you will agree with me that something has to be done about it and that without delay..

My name and address are:
H. Van Weenen
417 General Bosch
Buenos Mejia F.C.O.
Buenos Aires

Yours faithfully



SECRET

By authority A.O. of [unclear]
Date 26 Oct 42 [unclear]

Latin America 8676
Strategic [unclear]
CIAA
Shang Hai, [unclear]
October 26, 1942.

MEMORANDUM FOR THE COORDINATOR OF INTER-AMERICAN AFFAIRS

I. Introduction.

A. The United Nations are planning an attack upon North Africa. The objective in this plan is to gain a foothold on the African Continent in order to:

1. Deny the control of the Mediterranean to the Axis, and to prevent Axis air and surface naval operations in the South Atlantic.
2. Immobilize the largest possible German force in Western Europe.
3. Provide a positive threat to Germany by the proximity of United Nations troops to Central Europe, particularly Italy.

B. This operation, though undertaken by the combined forces of the United States and Great Britain, is to be presented as one of American conception, initiative and planning within the general framework of an agreed United Nations grand strategy.

II. Objectives.

A. To create and foster a French authority in North Africa, free from Axis influence.

B. To create and sustain in Metropolitan France a state of resistance to Germany and sympathy for the United Nations calculations

1. To be of maximum subversion to the German war effort.

SECRET

SECRET

- 2. To immobilize the large German forces in Western Europe.
 - 3. To insure the maximum of active aid inside France when required.
 - 4. To link French faith in American inter-esteadness with renewed trust in British friendship for France, thereby blasting the force of German propaganda against Britain.
- C. To cause all French territories to rally to the United Nations.

III. Conclusions.

A. In order to properly present the whole operation to Latin American countries, and in order that their thinking may be conducted along lines which will achieve the maximum aid to the United Nations cause, a draft outline plan of propaganda is appended hereto under which, at instructions from the undersigned as to timing, it is desired that you will operate within the field of your activities.

Time is essential and planning for the prompt and timely execution of this propaganda plan should be instituted at once.

CHAS. V. STRONG,
 Major General, U.S.A.
 Senior Member, Joint Security Control.

SECRET

DRAFT

SECRET

DRAFT OUTLINE WORKING PLAN FOR PSYCHOLOGICAL
WARFARE FOR ALL LATIN AMERICAN COUNTRIES

I. Objectives.

- A. To strengthen already existing cooperation with the United States.
- B. To convince the Latin American Republics that the activities of the United Nations in France and her territories are motivated solely by the desire to free France from Germany.
- C. To induce the Latin American Republics to recognize the new administration in North Africa.
- D. To exert every effort to produce the desired effects throughout France, the French Empire and Spain by the expression of the confidence of Latin American peoples that the United States Government has no imperialistic designs for territory or territorial ambitions.
- E. To induce Chile and Argentina to break off relations with the Axis.
- F. To explain the failure of the United States to furnish the desired amount of military equipment to those Latin American nations desiring it by the urgent necessity of this operation coupled with the urgency of furnishing Russia with necessary supplies.
- G. To create in Latin America more vigorous prosecution of Axis agents.

II. Methods of Achievement.

- A. This territory is being controlled by the United Nations in trust for the French Republic; the United States has taken

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SECRET

the initiative and Frenchmen have always considered the United States a trusted friend.

B. The rescue of the true France requested by Latin Americans has begun.

C. The military might of the United States, less than a year after this country entered the war, is being demonstrated.

D. An important segment of the Axis threat to South America via the bulge of Brazil is being removed.

E. This is one of the new offensives against the Axis promised by President Roosevelt.

F. The success of this operation will lead to the early liberation of Italy from Axis domination.

G. The German Army is unable to consolidate its gains in Europe and Africa, and to fight the defensive war forecast by Hitler and other German leaders.

H. Upon the demonstration of support given by the French people and authorities in North Africa and/or the increase of resistance within Metropolitan France, to capitalize and point out the imminent character of Hitler's "New Order."

I. When the new administration of the territory reveals the kind of post-war world for which the United Nations are fighting, point out that this is a concrete application of the Four Freedoms.

SECRET

1. The following remarks must not be understood to imply an optimistic view of the possibility of a rapid political change in Italy. It may be that the Italian people will reach the end of the war without having staged a revolt, and that in consequence Italy will relapse into anarchy after the end of the war.

We cannot grant that our work will have result, but we are sure that it will make the situation of the Fascist regime in Italy more difficult, thus contributing to its cracking.

2. The notion that a coup d'etat could be initiated by the King, the Crown Prince, Badoglio, or any group of dissident Fascists is judged by us to be wholly unrealistic and our plans proceed upon this assumption.

Popular action is the only prospect of which any hopes can be entertained. And every indulgence in dreams of a coup d'etat from on top spoils the chances of popular action. For such dreams persuade the people of Italy that others are going to act on its behalf and that it can shirk taking action itself.

3. Our purpose is to create in Italy during the war a movement of Democratic action based upon popular forces. Such a movement must by the nature of the facts have a republican color. Its purpose will be to overthrow the regime, to sign a peace, to reconstitute the State and to lead Italy towards participation in the ordered Europe of the future.

4. The political vanguard must give direction and efficacy to the general passive discontent. There is little prospect of an efficacious Italian movement (of the Garibaldine type) initiated from outside Italy. Even were such a movement possible it would be ineffective unless it found support inside the country. The problem of the vanguard is thus more political than military and it must be solved in Italy rather than elsewhere.

More discontent, however much strength it gathers, cannot create the political vanguard. Only a political faith, based upon moral, political and social hopes can do that - a veritable religious faith in a new order.

5. An international plan is needed as well as a national ideal; yet there is need for some national hope, for without a national ideal and a national hope the political vanguard could neither come into existence nor gain support in the country.

6. Those who have promoted this movement have a chance of success only if they can appear in the light of upholders of the national Italian cause. Therefore, it is necessary that they should be able to proclaim with assurance to the Italians that

Italy will not lose by the defeat of the Axis and that she needs in that event fear no punishment or national humiliation.

A declaration by the American government and by the British government to such an effect and to the effect of reassuring the Italians of the United Nations' attitude towards Italian problems would at any time be of great value to our action in Italy. Failing such a declaration, Fascism could all too easily throw upon the opposition at home and abroad the imputation of being "sold to the enemy". The political immigrants would themselves lose all prestige.

7. An Italy which had turned her back upon the policy of oppression and war, enjoying the same territorial sovereignty as when Fascists seized the power could efficaciously collaborate in the cause of a new political and economic order in Europe.

8. According to Paragraph 2 of the Atlantic Charter the Allies desire to see no territorial changes that do not accord with the freely expressed wishes of the peoples concerned. We have no doubt that an Italian Democracy could in the future agree with its Democratic neighbors in such manner as to discover a solution on all points of controversy by way of understanding and collaboration and that a stable basis could thus be laid for their common future.

As far as territorial problems are concerned, an equitable solution will be found for the Alto Adige; we frankly admit that the Slaves in the hinterland of Trieste should go with Yugoslavia; that all the territories which have been occupied as a result of Yugoslavia's break down must be evacuated; that the Dodecanese belong to Greece.

On the other hand the Italians shall never accept any discussion on Trieste and Western Istria and shall never admit that Albania should be divided between Yugoslavia and Greece. Albania shall be neither Yugoslavian, nor Greek, nor Italian. It must belong to the Albanian people and must have international assistance in its reorganization.

We are sure that Italians will wholeheartedly accept the loss of colonies on the condition that all colonies will be under international administration and that freedom of trade and work will be granted to all people.

To sum up, to have the support of the Italian people, all Italian problems are to be treated as Italian aspects of the European problem.

9. The reconstruction of Italy must be compassed as part and parcel of the economic and political reconstruction of Europe, in a spirit of international comprehension and solidarity. We

must confer upon Italy democratic institutions, for these would be the sole guarantee for her participation in the general work of reconstruction. The future Italian state could only take on a democratic form and only be durable if it were supported also by the industrious classes. Otherwise there would be a continuation of the civil war. To avoid this there would be required alongside the political changes social changes designed to attract and to hold the interests of the workers and peasants in the creation and defense of the democratic institutions.

10. The Italian problem is a local aspect of the general European problem. If it is approached in the wrong way, this will be taken to mean that all other local problems would be approached and solved in the same wrong way. Should this happen, Europe will be thrown into an abyss of anarchy and the impact of the failure in Europe will be felt in this country to such an extent as to endanger American democracy itself.

Latin America 7965
Bolivian Indian
Smithsonian Institution
X V Y Q

ETHNOGEOGRAPHIC BOARD

COPY

September 1, 1942

Dr. William L. Langer
Office of Research Director
Office of Strategic Services
25th & E Streets, N.W.
Washington, D. C.

Dear Dr. Langer:

In regard to the proposed study of the Bolivian Indian as a labor factor, we have received a favorable reply from Yale University. They have designated Dr. Wendell Bennett for this task, and the Ethnogeographic Board has authorized him to call a conference prior to inaugurating the study. As soon as this report is available, we will send you a copy.

I am in thorough agreement with your letter of August 27. As soon as Mr. John D. Wilson lets us know in regard to the needs of your office regarding the Personnel Lists of Oceania and Africa, we will get them ready for him.

Very sincerely yours,

Wm. Duncan Strong

WDS F



Latin America 7965
X Bolivian Indian
X A + a
X Smithsonian
Institute

File

August 10, 1942

Mr. William Duncan Strong
Director, Ethnogeographic Board
Smithsonian Institution

My dear Mr. Strong:

Following our conversation of a few days ago, Major Preston E. James, Chief of our Latin American Section called my attention to the fact that the Ethnogeographic Board is prepared to organize and carry through a study of the Bolivian Indian as a labor factor. Major James feels that this problem might be one of considerable importance as the need for raw material becomes greater.

I, myself, am in whole-hearted sympathy with the plan you outlined to me for having studies of this type initiated and carried through at American Universities and other institutions. I should therefore like to endorse this particular project and I hope that you will find it possible to see it through.

It is my understanding that work of this sort will not involve any responsibility or expense on the part of this agency. Nevertheless, we should be glad to have a copy of whatever results the inquiry may lead to.

Sincerely yours,

William L. Langer
Acting Director, Branch
of Research and Analysis



Latin Am. Section 8762

X James, Major
X Marshall, Gen.
THE CHIEF OF STAFF (Com. Int. Command)
WASHINGTON

October 28, 1942.

W. J. James

Colonel William J. Donovan, Director,
Office of Strategic Services,
Washington, D. C.

Dear Colonel Donovan:

I have your letter of September 28 concerning Major Preston E. James' assignment or attachment to the American Intelligence Command while remaining a member of your office.

I understand that Major James is at present working in close cooperation with the American Intelligence Command and the present arrangement should be productive of increasingly better results in the future.

Until further clarification of the best type of relationship to be developed between Major James' group and the American Intelligence Command has been established, I believe the reassignment of any personnel should be deferred.

Faithfully yours,

[Signature]
Chief of Staff.

Latin American Section
X Major James
X Absent & unattached
X See report

September 28, 1942

General George C. Marshall
Chief of Staff
War Department
Washington, D. C.

Dear General Marshall:

In view of the important role now being played in the Latin American field by the American Intelligence Command, closer collaboration between that agency and the Latin American Section of the Office of Strategic Services seems to me desirable. May I recommend, therefore, that Major Preston F. James, the chief of the Latin American Section of the Office of Strategic Services, and one or more representatives from the personnel of his section be attached or assigned to the American Intelligence Command in such a way as to permit them to remain members at the same time of the Office of Strategic Services.

Sincerely,

William J. Donovan
Director

200

COORDINATOR OF INFORMATION
SECRET

JAM
9148
South America
Intelligence Agency
Central Intelligence Corp
Class Dept

MEMORANDUM FOR THE CHIEF OF STAFF:
Subject: Intelligence Agents in Latin America

I. Discussion.

1. The Counter Intelligence Corps has been directed to furnish CIC personnel for the purpose of establishing a positive intelligence system to cover points of military interest in South America. This is now being set up under the direction of Colonel Benitez in the Caribbean Defense Command, and it is understood that it will eventually be extended to include most of South America.

2. It is further understood that the organization is to be controlled through military attaches. The members of the Counter Intelligence Corps are not trained for this specific duty and the system is very likely to be compromised. Should it be generally known that the system is run through military attaches, the United States diplomatic personnel will be as discredited as those of Germany were in the United States in World War I.

3. Colonel Goodfellow of the Office of the Coordinator of Information states that he has immediately available sufficient personnel to set up the system in South America. The COI is willing to perform this service for the War Department and will issue instructions by which the agents may procure any information.

COORDINATOR OF INFORMATION

SECRET

-2-

desired. Schools are available to give this personnel special training which will make them superior to those CIC's now being used. Their agents will be trained technically to the extent desired by the War Department in the points of military interest to be covered, the use of short-wave radios, etc.

4. An organization such as that described above will furnish the Intelligence Group the operating agency which they now lack and which they are attempting to organize.

II. Action recommended.

1. That CIC's be relieved from their present assignment in Latin America.

2. That the attached letter to the Coordinator of Information be signed and dispatched.

For the Assistant Chief of Staff, G-2:

LAYIS A. WROBLE,
Colonel, General Staff,
Chief, Military Intelligence Service.

Enclosure:

Ltr. to COI for sig. of Sec. of War

COPY

MIS
WAN-8460

WID 360.0p Intelligence

SECRET

Colonel William J. Donovan,
Office of the Coordinator of Information
Washington, D. C.

Dear Colonel Donovan:

The War Department, by agreement with the Federal Bureau of Investigation, has been authorized to set up an intelligence system for the purpose of obtaining military information only in the countries of Latin America. In considering this subject it has been found that the War Department will in several ways duplicate activities under your control. For this reason it is requested that consideration be given by the OOI to relieving the War Department of this function. It is not intended that the coverage engaged in by the Coordinator of Information in Latin America will in any way supplant those activities now performed by the military attaches and those which by agreement are being performed by the FBI.

Should this plan be acceptable to you, I shall instruct the Assistant Chief of Staff, G-2, to act for me in requesting specific items of intelligence which may be deemed important to the War Department.

Sincerely yours,

Secretary of War

SECRET

JRM

W1 U.S. Gov't.
COI Washington DC Apr 30 430P

April 30, 1942

Mr. Allen Dulles (Following to be delivered immediately by hand to
Colonel Donovan, St. Regis Hotel, New York NY) : -

MEMORANDUM TO THE CHIEF OF STAFF

Subject: Intelligence Agents in Latin America

Discussion:

1. The Counter-Intelligence Corps has been directed to furnish CIC personnel for the purpose of establishing a positive intelligence system to cover points of military interest in South America. This now being set up under the direction of Colonel Benitez in the Caribbean Defense Command, and it is understood that it will eventually be extended to include most of South America.
2. It is further understood that the organization is to be controlled through military attaches. The members of the Counter-Intelligence Corps are not trained for this specific duty and the system is very likely to be a compromise. Should it be generally known that the system is run through military attaches the United States Diplomatic Personnel will be as discredited as those of Germany were in World War 1.
3. Colonel Goodfellow of the Office of Coordinator of Information states that he has immediately available sufficient personnel to set up the system in South America. The COI is willing to perform this service for the War Department and will issue instructions by which the agents may procure any information desired. Schools are available to give this personnel special training which will make them superior to those CIC's now being used. Their agents will be trained technically to the extent desired by the War Department in the points of military interest to be covered, the use of short-wave radios, etc.

4. An organization such as that described above will furnish the intelligence group the operating agency which they now lack and which they are attempting to organize.

Action Recommended:

1. That CIC's be relieved from their present assignment in Latin America.
2. That the attached letter to the Coordinator of Information be signed and dispatched.

For the Assistant Chief of Staff, G-2:

Hayes A. Kroner Col. Gen. Staff, Chief, Military Intelligence Service.

WR U. S. Govt.
OOI Washington DC April 30 716 P

Colonel William J. Donovan

Dear Colonel Donovan:

The War Department, by agreement with the Federal Bureau of Investigation, has been authorized to set up an intelligence system for the purpose of obtaining military information only in the countries of Latin America. In considering this subject it has been found that the War Department will in several ways duplicate activities under your control. For this reason it is requested that consideration be given by the OOI to relieving the War Department of this function. It is not intended that the coverage engaged in by the Coordinator of Information in Latin America will in any way supplant those activities now performed by the military attaches and those which by agreement are being performed by the FBI.

Should this plan be acceptable to you, I shall instruct the Assistant Chief of Staff, G-2, to act for me in requesting specific items of intelligence which may be deemed important to the War Department.

Sincerely yours,

Secretary of War.

Latin America R
K. Dale 1947
** FBI*
** OSS State*
** Bureau*
MARCH 22 1943

MR. BOWDEN
WILLIAM A. KIMBEL
SOUTH AMERICA

I confirm my previous report that there seems to be a difference of interpretation of our understanding with FBI concerning activities in South America. This is making it impossible for me to obtain clearance for passports, as all passports for this area must be cleared by FBI. The Department of State has evidenced full cooperation.

In accordance with your advice to me, I reported to State that DeVries, Sedet and Irvine had been discussed with FBI through Mr. Tamm and that FBI was in accord. State informed me that FBI gave clearance to the individual, but not to the mission. Thinking that this might have resulted from some misinterpretation in a lower echelon of authority, not acquainted with your reported conversations with Tamm, I arranged to have a friendly contact at State get in touch personally with Mr. Tamm. He advised me that Tamm disclaims any knowledge of any understanding concerning these men or their activities. Until this basic difference in interpretation is clarified, I can take no action concerning passports for these individuals or others going to South America.

Please instruct me.

W. A. K.

cc: Colonel Donovan
Colonel Buxton

SECRET

To George S. Sinden

Dear George —

Can you please check this
book you take to
see a copy of
my program and
its adoption by N.E.

Release 6-2

South America
147-8
OSS Status
Advised

OFFICE OF STRATEGIC SERVICES

OFFICE MEMORANDUM

DATE MARCH 20 1943

TO COLONEL DONOVAN
FROM WILLIAM A. KIMMEL
SUBJECT

SECRET

I would appreciate your instructions concerning the following: There seems to be some element of misunderstanding in regard to our representatives destined for South America in that FBI and State Department apparently have a different interpretation of the understanding covering the two OSS bases in that area. To date this hasn't led to any actual refusal by State, but it has caused considerable delay in establishing clearance.

I cite a specific case which can serve as typical: I requested a passport for Henry DeVries, and upon advice from Rowden and others informed State that the matter had been cleared with FBI. I was told by the Department of State that upon that assurance the passport would be issued.

State maintains its own liaison with FBI. Through that liaison I gather they were advised that FBI cleared the individual but claimed no knowledge of his mission. This has happened in other cases. Rowden tells me that on the basis of the understanding with FBI we can send these men to these two areas as a right, and not as a privilege. I would gather that neither FBI nor State interpret the understanding in that light. They presumably consider that each case

Colonel Donovan

-2-

March 20, 1943

must be cleared and that there is a limit on the number of people who may be sent.

As I have never seen a copy of the approved understanding nor have I been instructed as to its terms, I find it difficult to establish a basis at the Department of State on which I can secure immediate clearance of passports for South America. This applies particularly at the moment to the following: Irvine and Bodet. I am sure these passports will be issued in due course, but in the meantime we are losing valuable days because of the foregoing.

Your instructions would be appreciated.

W. A. K.
W. A. K.

cc: Colonel Buxton

SECRET

P.S. Since writing the above, State advises me that FBI does not concur in my advice to State, based on George Borden's information to me, that Irvine and Bodet had been cleared by FBI.

South America 7958A
X OSS X SI operations
X JIC X JCS

Filed
Latin America

March 19, 1943

SECRET

MEMORANDUM FOR THE SECRETARY .
JOINT INTELLIGENCE COMMITTEE

Here is the plan to which the minutes of the 28th meeting of August 27, 1942, and the minutes of the meeting of September 3, 1942 referred. Doctor Mason told me that you wanted a copy of it.

William J. Donovan
Director

March 19, 1943

SECRET

MEMORANDUM FOR THE SECRETARY
JOINT INTELLIGENCE COMMITTEE

Here is the plan to which the minutes
of the 28th meeting of August 27, 1942, and the
minutes of the meeting of September 3, 1942
referred. Doctor Mason told me that you wanted
a copy of it.

William J. Donovan
Director

March 19, 1943

Brigadier General John R. Deane
Joint U. S. Chiefs of Staff
Public Health Building
Washington, D. C.

Dear General Deane:

✓ Here is a copy of the memorandum relative
to the establishment of OSS bases in certain cities
in Latin America.

Sincerely,

William J. Donovan
Director

SECRET

SECRET

August 18, 1942

MEMORANDUM

RE: The establishment of O.S.S. bases in certain cities in Latin America.

In modern war all phases of the military activity of a belligerent must be world-wide in scope. This is particularly true of the United States, engaged in a struggle where the areas of combat are separated by the width of the globe.

In the operation of a secret intelligence for the past year we have found repeatedly that undertakings initiated in New York, for instance, for the obtaining of information from Europe have resulted in the transmission of such information back to the United States via South America. The work of the Basques, the International Maritime Union, and other organizations engaged in the collection of clandestine information demonstrate the wide geographic scope of their possible assistance.

Further, nationals of the Argentine and Chile can still travel to Germany and the Far East, and arrangements with such agents can only be made on the spot. Similarly, mail, cables, and in some cases telephone communications are still possible from the neutral countries of South America and our enemies.

SECRET

- 2 -

SECRET

In a narrow interpretation of the scope of O.S.S. activities, one which prevented us from even having receiving stations for foreign information in Latin America, we would be curtailed in one vital leg of the triangular flow of information. An interpretation which excluded us from facilitating the flow of information from Japan and Europe via South America would curtail seriously our endeavor.

No other agency can fulfil or is equipped to fulfil this service for us in Latin America. No other agency is fully cognizant of the personalities, of the ramifications in Europe and elsewhere of these organizations. No other organization has the personnel equipped to deal with these specific problems.

It is requested, therefore, that we be authorized to establish bases in Santiago, Chile, and Buenos Aires, Argentine, not for the purpose of carrying on activities in South America but in order to use these bases as ports of exit and of entry in the obtaining of information from Asia and from Europe.

SECRET

August 18, 1942

MEMORANDUM**SECRET**

RE: The establishment of O.S.S. bases in certain cities in Latin America.

In modern war all phases of the military activity of a belligerent must be world-wide in scope. This is particularly true of the United States, engaged in a struggle where the areas of combat are separated by the width of the globe.

In the operation of a secret intelligence for the past year we have found repeatedly that undertakings initiated in New York, for instance, for the obtaining of information from Europe have resulted in the transmission of such information back to the United States via South America. ~~I need only men-~~
~~tion the world-wide activities~~ ^{The wide} of the Basques, the International Maritime Union, and other organizations engaged in the collection of clandestine information ^{to} demonstrate ~~how wide is the~~
~~scope geographically~~ ^{of their} ~~activities.~~ ^{private assistance}

Further, nationals of the Argentine and Chile can still travel to Germany and the Far East, and arrangements with such agents can only be made on the spot. Similarly, mail, cables, and in some cases telephone communications are still possible from the neutral countries of South America and our enemies.

SECRET

005 7958

COPY

August 18, 1942.

SECRET

MEMORANDUM
concerning the establishment of O.S.S. bases in
certain cities in Latin America

In a ~~world-wide~~ ^{modern war} battle such as is now raging all phases of ^{TR} military activity of a belligerent must be world-wide in scope. Particularly is ^{is including} this true of the United States, ~~engaged more than any other great power~~ in a struggle where the areas of combat are separated by the width of the globe.

The operation of a secret ^{withing the last year} service for ~~some months~~ of combat has demonstrated the world-wide character of a ~~proper accumulation of information of military nature.~~

We have found repeatedly that undertakings initiated in New York, for instance, for the obtaining of information from Europe have resulted in the transmission of such information back to the United States via South America.

I need only mention the world-wide activities of the Brigades, the International Maritime Union, and other organizations engaged in the collection of clandestine information to demonstrate how wide is the scope geographically of their activities. Further, nationals of the Argentine and Chile can still travel to Germany and the Far East, and arrangements with such agents can only be made on the spot. Similarly, mail, cables, and in

-2-

SECRET

some cases telephone communications are still possible from the neutral countries of South America and our enemies.

A narrow interpretation of the scope of O.S.S. activities, one which prevented us from even having receiving stations for foreign information in Latin America, we would be curtailed in one vital leg of the triangular flow of information.

No other agency can fulfill or is equipped to fulfill this service for us in Latin America. No other agency is fully cognizant of the personalities, of the ramifications in Europe and elsewhere of these organizations. No other organization has the personnel equipped to deal with these specific problems.

~~We have become a supporting agency of the Joint Chiefs of Staff. Thus we are incorporated integrally into the military endeavor of the United States. A narrow interpretation of our limitation which excluded us from facilitating the flow of information from Japan and Europe via South America would curtail seriously our endeavor and thereby curtail seriously the flow of information for the Joint Chiefs of Staff.~~

~~In this paper I am not entering upon details. These I have already discussed with the members of the Joint Chiefs of Staff informally. It suffices here to say that our plans are limited in scope and tend to set up merely~~

SECRET

stations in certain cities which will facilitate our flow of information from Japan and Europe.

Authority is hereby requested to carry out these ideas.

It is requested that you
That we be authorized to establish
bases in Santiago, Chile - and
Managua - ~~Guatemala~~ - for the
but for the purpose of covering
our activities in S. A. but in
order to use these bases
as points of contact & activity
in the setting of operations from
Asia & the Europe.

Mar 14 - 48

Talked with [unclear]

Explained [unclear]

Talked [unclear]

South America 7958A
X OSS X 61 of minutes
X JIC X JCS

THE JOINT CHIEFS OF STAFF
WASHINGTON

March 18, 1943.

Colonel William J. Donovan,
Director of Strategic Services,
Washington, D. C.

Dear Colonel Donovan:

I have your letter of March 10 concerning the priorities request for Mr. and Mrs. Arana from Mexico City to Buenos Aires. I am still not clear as to the reason for this trip. Your letter does not indicate whether he is returning home to Buenos Aires or if he is going there for some other purpose.

I also have your letter of March 10 in which you refer to certain decisions made by the Joint Intelligence Committee regarding the function of the O.S.S. in South America. I have tried to track this down, but find that the plan referred to in the extract from the J.I.C. Minutes which you sent me is not on record in the Joint Chiefs of Staff office.

In an effort to clarify the situation regarding the O.S.S. function in South America, I have asked Mr. Nelson Rockefeller to come to my office at 10 o'clock on Wednesday, March 17th. I would appreciate it if you too would come at that time, in order that we might have a frank discussion on this subject, and prevent misunderstandings in the future.

Sincerely yours,

John H. Deane
JOHN H. DEANE,
Brigadier General, U. S. Army,
Secretary.

copy of letter
18 March 1943



*File
Latin America*

*South America 1942
XOSS
XJIC
XJCS
XJI operations*

March 10, 1943

Brigadier General John R. Deane,
Joint U.S. Chiefs of Staff,
Public Health Building,
Washington, D.C.

My dear General Deane:

I know that you had some doubt the other day
about our position in relation to South America.

In order to reassure you, I am attaching
excerpts from the JIC meetings of August 27th and September
3rd, 1942.

Sincerely,

William J. Donovan
Director

EXTRACT FROM JIC MEETING OF AUGUST 27, 1942

*OSS ESTABLISHMENTS IN SOUTH AMERICA

COLONEL DONOVAN submitted to the Committee a plan to establish OSS points of departure and entry in South America. After discussion THE COMMITTEE noted Colonel Donovan's memorandum and laid over further consideration of the subject until the next meeting, requesting Colonel Donovan to report at that time the result of conversations with the FBI.*

EXTRACT FROM JIC MEETING OF SEPTEMBER 3, 1942

*OSS ESTABLISHMENTS IN SOUTH AMERICA.

The memorandum submitted by COLONEL DONOVAN at the 28th Meeting was taken up.

THE COMMITTEE:

- (a) noted that the establishments referred to would be for the purpose of facilitating operations in Europe and Asia, not for conducting operations in South America, and that means of transmission would be arranged for later.
- (b) Approved the plan submitted.*

South America 7458
A O S S
< S. I. Operations
J. I. C.

August 24, 1942

MEMORANDUM FOR THE JOINT INTELLIGENCE COMMITTEE

FROM: William J. Donovan

✓
For the purpose, not of carrying on operations within South America, but in order (1) to carry on our S. I. operations by facilitating the flow of information from Japan and Europe, and (2) to obtain better cover and points of departure for our representatives in S. O. work to the same areas, authority is requested to arrange for points of departure and entry in Chile and in Argentina.

3 file
 "Lata Urm"

* O.S.S. 7958
 * Basa,
 * Lata Urm


October 21, 1942

MEMORANDUM

To: Hugh Wilson
 From: V. J. D.

I have your memorandum of October 19. I follow you down to the last two sentences of Section II on page 2. I do not think that we should ask their advice as to American residents in the capitals or in Valparaiso, and you should not discuss with them what Americans with good business or other cover could be approached in this matter. I make an exception insofar as Armour is concerned, but I do not make it in regard to Bowers.

As to Number III, I doubt very much if we could get a businessman to do this. I think we must pick our man and place him with a business house that is his cover. Then we could give our man the proper training.

TO: Major Bruce 

for approval or suggestion.

HRW OK Sounds excellent
DB

From the desk of
HUGH R. WILSON

OFFICE OF STRATEGIC SERVICES

INTEROFFICE MEMO

FROM: Hugh R. Wilson
 TO: Colonel Donovan
 SUBJECT:

DATE: Oct. 19, 1948

On September 3 the Joint Chiefs of Staff approved a paper dated August 10 (copy attached for your convenience) whereby you requested authority to set up "stations in certain cities which will facilitate our flow of information from Japan and Europe."

In accordance with your suggestion I am contemplating making a trip to Buenos Aires and Santiago, and I draft this memorandum as guidance to me in carrying out the mission.

1. As I told you, Harle has discussed with me the advisability of a consultation between himself, Edgar Hoover and me as to the use of FBI communications both courier and radio. Since this conversation I have learned that Cuneo has discussed this very matter with Tam and believes that he has reached a satisfactory understanding. Cuneo is of the opinion, however, that I should take up Harle's suggestion and tie up the matter with Mr. Hoover. This, I believe, from our

SECRET

-2-

earlier conversations in in accord with your desires.

When such a meeting takes place I shall insist, of course, that in the event we use their system we have the right of communicating to and from our agents in sealed communications through the courier and by our own codes with their radio system.

- II. In both Buenos Aires and Santiago I should explain to the Ambassadors confidentially that the Joint Chiefs of Staff have approved your memorandum of August 13; that the State Department through Berle, as well as FBI, is cognizant of the matter. I should further explain that for our purposes in those cities we would need a representative who would remain under cover except to the respective Ambassadors themselves. I should ask their advice as to Americans residing in the capitals or, in the case of Chile, in Valparaiso. They should think over with me what American with good business or other cover I should approach in this matter and how the approach should be made.
- III. Once the American businessman had accepted I should enter with him only more fully into the ideas, explain what our hopes were in respect to these stations, point out that he was to act as message sender, paymaster, and, in a measure, supervisor of certain other clandestine representatives (agents such as the Basques and International Transport Union could thus be incorporated into

SECRET

the system.) Funds should be transmitted through the Ambassador unless other business methods could be set up.

IV. I should contemplate also arranging for the privilege of State Department pouch and cable service for our chief representative in the event of any breakdown or failure in the FBI system, or to supplement it. This portion of the plan I should, of course, clear with the State Department before departure.

It should also be cleared with the State Department, if possible, that the Ambassadors or I should be able to state to the press, if questions are asked, that I am carrying a message from the Secretary of State to the Ambassadors.

V. An indispensable condition precedent to the trip would be the dispatch of confidential communications by the State Department to the two Ambassadors stating that I am coming to discuss with them a matter which the State Department understands and which has their approval.

HRW

Hugh B. Wilson

Enclosure

SECRET

Filed *795*
"So. Am." *Latin America*

August 18, 1942

(For App. 11, 1942.)

**MEMORANDUM
concerning the establishment of O.S.A. bases
in certain areas in Latin America**

In a world-wide battle such as is now raging all phases of military activity of a belligerent must be world-wide in scope. Particularly is this true of the United States, engaged more than any other great power in a struggle where the areas of combat are separated by the width of the globe.

The operation of a secret service for some months of combat has demonstrated the world-wide character of a proper accumulation of information of military nature. We have found repeatedly that undertakings initiated in New York, for instance, for the obtaining of information from Europe have resulted in the transmission of such information back to the United States via South America. I need only mention the world-wide activities of the Basques, the International Maritime Union, and other organizations engaged in the collection of clandestine information to demonstrate how wide is the scope geographically of their activities. Further, nationals of

SECRET

-3-

the Argentine and Chile can still travel to Germany and the Far East, and arrangements with such agents can only be made on the spot. Similarly, mail, cables, and in some cases telephone communications are still possible from the neutral countries of South America and our enemies.

In a narrow interpretation of the scope of O.S.S. activities, one which prevented us from even having receiving stations for foreign information in Latin America, we would be curtailed in one vital leg of the triangular flow of information.

No other agency can fulfil or is equipped to fulfil this service for us in Latin America. No other agency is fully cognizant of the personalities, of the ramifications in Europe and elsewhere of these organizations. No other organization has the personnel equipped to deal with these specific problems.

We have become a supporting agency of the Joint Chiefs of Staff. Thus we are incorporated integrally into the military endeavor of the United States. A narrow interpretation of our limitation which excluded us from facilitating the flow of information from Japan and Europe via South America would curtail seriously our endeavor and thereby curtail seriously the flow of information for the Joint Chiefs of Staff.

SECRET

-3-

In this paper I am not entering upon details. These I have already discussed with the members of the Joint Chiefs of Staff informally. It suffices here to say that our plans are limited in scope and tend to set up merely stations in certain cities which will facilitate our flow of information from Japan and Europe.

Authority is hereby requested to carry out these ideas.



HRW:MHO

SECRET

OS 7958

COPY

(copy, author)

August 18, 1942.

MEMORANDUM

concerning the establishment of O.S.S. bases in
certain cities in Latin America**SECRET**

In a world-wide battle such as is now raging all phases of military activity of a belligerent must be world-wide in scope. Particularly is this true of the United States, engaged more than any other great power in a struggle where the areas of combat are separated by the width of the globe.

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-2-

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-3-

SECRET

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Authority is hereby requested to carry out these ideas.

OSJ 7958

COPY (Hoy. Hove)

August 18, 1942.

SECRET

MEMORANDUM
concerning the establishment of U.S.S. bases in
certain cities in Latin America

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-2-

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-3-

SECRET

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OSS 7958

COPY

August 18, 1942.

SECRET

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-3-

SECRET

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information from Japan and Europe.
Authority is hereby requested to carry out these ideas.

136. 7922
G. H. P. Plan
Latin America
James
P.W.

PLAN FOR PSYCHOLOGICAL WARFARE IN LATIN AMERICA

I. Major Objectives

- A. To prevent the political and social deterioration of the Latin American sector with a minimum expenditure of military or economic effort.
- B. To mobilize maximum native resistance against any possible Axis military diversion in Latin America.
- C. To keep the sources of essential raw materials productive and the channels of circulation open.

II. Conditioning Factors

- A. Psychological warfare must take into account the diversity of peoples and problems in Latin America and must be adapted to the peculiarities of each country or region.
- B. There is little support among the traditionally powerful groups for the professed aims of the United Nations.
 - 1. There is no widespread sentiment in favor of democratic principles.
 - 2. There is no widespread desire for religious freedom.
 - 3. The ruling groups have a distinct sense of fear for the spread of liberal democratic ideas.
 - 4. There is considerable admiration for the autocratic forms of government represented by the Axis powers.
- C. Among the masses of the people the feeling toward the United States ranges from apathy to hostility. There are certain important exceptions:
 - 1. The masses of the people in Brazil are friendly toward the United States.
 - 2. The organized labor groups and agrarian groups in nearly all the Latin American countries are friendly toward the war aims of the United Nations.

- 2 -

- D. In most countries there are important economic connections with Europe; consequently there is a widespread fear of being on the losing side as far as Europe is concerned.

III. Basic Tasks

- A. To maintain the stability of the governments favorable to the cause of the United Nations.
- B. To prepare the Latin Americans to accept economic shortages and military reverses.
- C. To allay the widespread fears of communism, Yankee imperialism, and invasion by neighboring countries.
- D. To build up the fear of Axis invasion or domination.
- E. To develop and strengthen anti-Axis forces.
- F. To counteract the Axis activities in the fields of:
 1. Propaganda
 2. Political warfare and fifth column work
 3. Economic penetration
- G. To neutralize or win over the Catholic Church.

IV. Observations on Method

- A. Psychological Warfare in Latin America could be most effectively carried on by native agencies rather than directly by North Americans.
- B. Psychological warfare must be aimed at specific objectives, not Latin America as a whole.
- C. Because of the presence of conflicting groups within the same country or region, propaganda will create hostility in certain quarters. It is essential to select groups in each country or region which are to be considered important, and to neglect the others.
- D. Those North American groups in Latin America which have failed to cooperate fully in the war effort should be restrained from jeopardizing the program of psychological warfare.

- 3 -

The Latin American Section is proceeding to a country by country analysis of the basic tasks and methods of psychological warfare.

-2-

Station in Baltimore had picked up a broadcast from an unidentified station which also spoke of impending Chilean-Bolivian hostilities.

Since it is unlikely that either the Chileans or the Bolivians would have agreed to impart specific information unless they had it, the failure of the Bolivians to appear and the reticence of the Chileans can be imputed to a last minute change of attitude by their respective superiors. It may be surmised that on the part of the Bolivians there was a reluctance to discuss the possibility that a clandestine radio transmitter in La Paz was responsible for the broadcast. On the part of the Chileans it is likely that they feared to take the initiative in a project which involved possible Argentine responsibility for the broadcast.

Preston E. James
Preston E. James.

Latin Am 76
X Cresswell

July 28, 1942

MEMORANDUM

FOR: Major Bruce
FROM: Colonel Donovan

Re attached memorandum from Mr. Cresswell, General MacGruder was in today and talked to me about a working arrangement with Colonel Heard. I think we had better see what comes of that before we adopt the proposal of Mr. Cresswell.

Handwritten notes:
Liaison Officer
S. J. ...
...

Handwritten:
J. C.

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D C

August 27, 1942

MEMORANDUM

TO Colonel William J. Donovan

FROM Edward H. Mason

I have transmitted a copy of the extract from Mr. O'Hullivan's
letter to Commander Feskett of the Joint Intelligence Committee

Handwritten:
E. H. M.

*Latitudes 2043
x 1544
x 2044 of Jones
x 2044
x 2044*



OFFICE OF STRATEGIC SERVICES
UNITED STATES GOVERNMENT

SECRET

SAN FRANCISCO, CALIF.
ROOM 1706, - 705 MARKET STREET

August 20, 1942

W. Wilson

Colonel William J. Donovan
Office of Strategic Services
25th & E Street, N. W.
Washington, D. C.

Dear Colonel Donovan:

In July and I took the liberty of sending
to you a copy of my correspondence with General H. H.
Van Deusen, at San Diego, and on July 9th you were so
kind as to acknowledge this letter.

Appreciative of the same matter, namely, the
military security of the Gulf of Fonseca, I have a letter
from Mr. Forence O'Donnovan, of the California Standard
Oil Company, which has a base at that point, from which
I have made an extract that is attached hereto.

Sincerely yours,

David P. Barrett

DPB:HP
Enc:

David Prescott Barrett

Copy to Colonel Burton

Extract from letter from Terence O'Sullivan, California Standard Oil Company, San Salvador, C.A., July 23, 1942, to General David P. Barrows.

"It would be very interesting to hear whether you were able to develop any interest among the Powers that Be regarding the situation we discussed concerning the Gulf of Fonseca.

"Although the west coast of Central and South America has been relatively quiet, it is not altogether fantastic to expect some unwelcome activity at any time. The incident in Puerto Limon about a month ago did a good deal to shake the complacency of these republics, and I firmly believe that this country would welcome any assistance in the way of equipment and/or instructional personnel that we could get for them.

"As you will recall, the Salvador approaches to the Gulf of Fonseca, are ideally adapted to defense purposes, and a battery of reconditioned 75s appropriately placed, would pretty well bottle up the entrance. Such equipment would hardly be of much use in modern warfare, but would be extremely useful down here. I would greatly appreciate hearing from you again as regards this matter, as it is one of the few cases where very little could accomplish a great deal.

"We are working hard on the petroleum rationing program here and in Guatemala, and have been able to effect a substantial reduction, 33% now and 50% next month. It's hard on the oil companies as well as private car users, but at all costs we are going to have sufficient gasoline and diesel on hand to move the coffee crop through November to April. In addition, I am keeping busy with civil defense jobs and other outside assignments."



Latin American 724
X Barrows
X Jan Janan
X O'Sullivan
X Gulf of Tonkin

XXXXXXXXXXXXXXXXXXXXXXXXXXXX

OFFICE OF STRATEGIC SERVICES

July 9, 1942

General David P. Barrows
Office of Strategic Services
Room 1706, 703 Market Street
San Francisco, California

Dear General Barrows:

✓
Thank you very much for your letter of July 2nd and enclosures. At least we cannot be prohibited from thinking about Latin America. I have read your material with great interest and have also passed it on to our Latin American Research section.

Sincerely,

William J. Donovan
Director

OFFICE OF STRATEGIC SERVICES
COORDINATOR OF INFORMATION
Room 1706, 701 Market Street
SAN FRANCISCO, CALIFORNIA

7243
...

July 2, 1942

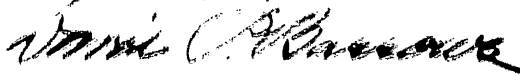
Colonel William J. Donovan
Office of Strategic Services
25th & E Street, N. W.
Washington, D. C.

Dear Colonel Donovan:

I understand very well that it is the policy to leave the Latin American field to the Coordinator of Inter-American Affairs. Nevertheless, as a good deal of my interest through a lifetime has been directed thither, I occasionally have to express myself.

My friend, General R. H. Van Deman, who was Chief of Army G-2 in the early phase of the First World War, occasionally asks me for some information about the territory to the south of us, which he watches pretty closely, and in his last request for some data on the Gulf of Fonseca you can see what he got. I send you a copy of it for any use to which you think it might be put.

Sincerely yours,



David Prescott Barrows

DPB:BP
Encl.
Copy to Colonel Huxton

Latin America 6/27
Information

January 4, 1942

Such of the information coming from Latin America via diplomatic and other formal sources is poor, slow, and unneeded after it arrives.

An example of poor service in an official newspaper correspondent wrote a story which led off "If the elements of a revolution are present in this country and revolt could develop in 24 hours." The military attache happened to see the article and called the War Department "Revolt will break out here in 24 hours."

An example of slow service (subject to verification): All the Japanese (275,000) in China withdrew their army from Papiuan tanks the week prior to the attack on Pearl Harbor and Japanese cotton merchant sold their entire stocks at five-way street, and so forth. This information has not yet reached Washington.

An example of unused information: I provided my office with a list of pro-Nazi newspapers yet no attention has ever been taken to halt U.S. advertising in those publications.

It is vital that better and faster information come out of this vast continent, and we are frantically involved in the theater. Military intelligence view this collection is essential.

There are already in existence in Latin America a network of trained observers and evaluators of the situation. The observation is more alert, responsive, and intelligent than the average diplomat.

They are not being used.

They are loyal and want to help.

They should be, by all means, utilized.

They are the trained core of the connected Press and the United Press.

They have contacts with all kind of sources of information: their daily life puts them in contact with cabinet ministers, labor leaders, army and navy men, embassy attachés, etc., etc. In addition to their own contacts and connections, they have a large staff of reporters, technicians, etc., which are "too tough" or "too dangerous" to send out of the vital information to the government.

Very often, in the matter of political and social events, in two or three days, they can find the information, the location of the source, the observation, the data, the facts, the connections, etc. They have to report that information up and beyond, but the system is not working; the system is not working up of information in a timely manner.

The one remaining source of information, as yet
unexplored, are the correspondents. Several of them have
expressed their interest with information of servers and
to the ... have offered their own services.

... have ... with reliable American
correspondents. In ... , ... and
... the ... of their ... to ...
... information from the ... countries.
They were ... to ... and further ... that they
could ... additional representatives. However the
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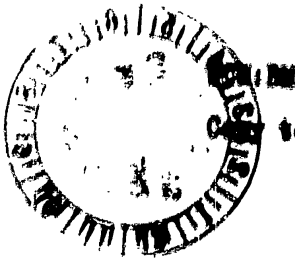
Smith
X Wiley

May 27, 1942

MEMORANDUM FOR DR. JAMES

The attached document, which has just reached us from Buenos Aires, reports the so-called "Plébiscite of Peace" and adds nothing of significance to published accounts. It contains, however, brief notes about the persons who signed the manifesto, which may be of some value for your files.

John G. Wiley.



to Colonel Donovan

TO: Colonel Donovan

FROM: ~~F-10-1011a~~
David Bruce

4/9/42

COORDINATOR OF INFORMATION
WASHINGTON, D. C.

Tr. Guiana
Submarine base
Chaf. J...
Jill

April 9, 1942.

From a secret British source we are informed that:

1. Submarines are being supplied at a point between the Mana and the Maroni Rivers in French Guiana at a distance of about thirty meters off the shore.
2. Large quantities of ammunition were landed recently at Cayenne in boxes containing 24,000 cartridges each, as well as modern arms. This material is now in the care of Governor Chot and is stored in a tunnel connecting the Government Building with barracks and the Treasury.
3. There is also installed in this tunnel a radio transmitter which is used clandestinely by Governor Chot. Also it is reported that Governor Chot maintains a secret correspondence with Admiral Robert in Martinique without the knowledge of Petain.
4. Situated between rocks northeast of San Pedro between Mont Pele and Mont Merin in Martinique is a natural refuge serving as a base for submarines and aviation.

The above is believed to be reliable information though it cannot be vouched for.

Copies to:

- Colonel Donovan
- Mr. Bruce
- State Dept.
- ONI



CONFIDENTIAL (S-1-42) *Serial 121*
2430

THE COMBINED CHIEFS OF STAFF
WASHINGTON

SECRET

March 31, 1948

Colonel William J. Donovan
Coordinator of Information
Washington, D. C.

My dear Colonel Donovan:

Thank you very much for your letter of March 30, and
the interesting British report on "Dangers in South America -
Suggestions for Averting Them".

I have forwarded this document to the Assistant Chief of
Staff G-2, with the suggestion that he matter be given
consideration in consultation with you and the Director of
Naval Intelligence.

Yours very sincerely,

W. D. Smith

W. D. SMITH
U. S. Secretary

SECRET

South America

X *Donovan*
X *Combined Chiefs of Staff*
March 30, 1942

Brigadier General William B. Smith
Combined Chiefs of Staff
Washington, D. C.

My dear General Smith:

I am sending to you a study prepared by the British which is entitled "Dangers in South America - Suggestions for Averting Them".

As you know, from the beginning I have been stressing the danger to us from South America, situated as it is on our right rear. The British may be right or wrong in their estimates and proposed remedies. However, the British have there a well-organized and well-trained group of observers. It has been built up over a period of two years. I, therefore, would give great weight to their reports and recommendations. They feel that nothing but joint and speedy British-American effort can adequately deal with the situation.

You will recall that I discussed with you what, in my opinion, we should do as a matter of insurance against any danger. That I would be glad to discuss with you more fully.

Sincerely,

Donovan:Foy

William J. Donovan

John Quincy Adams
Department of Justice, D.C.

OFFICE OF THE VICE PRESIDENT
WASHINGTON

1788

March 12, 1942

Colonel William J. Donovan
Coordinator of Information
Washington, D. C.

Dear Colonel Donovan:

Thank you very much for sending me a copy of
the "Survey of the Elements of Instability in the
Latin American Sector." I found the information
interesting and enlightening.

Sincerely yours,

H. A. Wallace

H. A. Wallace

Latin America 2823
W. J. Donovan

February 5, 1942

My dear Mr. Vice President:

Here is a copy of the "Survey of the Elements of Instability in the Latin American Sector," prepared by one of our men. When you have read it, I would appreciate having your comment.

Respectfully yours,

William J. Donovan

The Honorable
The Vice President
Washington, D.C.

*So. America 2744
Beckelman, m m*

file

MOST SECRET

February 16, 1942

MEMORANDUM FOR COLJ EL DOBOVAN:

The usefulness of Mr. M. W. Beckelman in Latin America is curtailed almost to uselessness by the absence of any lines of communication other than the open mail, which is the only channel of communication available to him and which, of course, is subject to the British censorship.

Under existing circumstances, Mr. Beckelman would be more useful in my office than in Latin America.

If the situation were regularized, I am convinced that Mr. Beckelman could be of great value as a source of information. Personally, I see no reason why both the President and the State Department would not welcome setting up a Beckelman service. No element of investigation would be involved. It would not, so far as I can see, conflict with anybody or anything. It would involve only the tapping of existing and current Jewish knowledge of events in the Latin American republics. A representative of JDC has access to all Jewish strata. This is the first time to my knowledge that the JDC has acquiesced in anything of a political nature. It is an opportunity

- 2 -

That appears unique and it's a pity to let it slip. The fact, however, that the JDC is willing to acquiesce in such a project is something of an exceptionally confidential nature and can only be communicated, say, to the President and someone very high in the State Department. Personally, I should not like FBI to know about it.

I would be very much obliged if you would consider the matter in the light of the foregoing and decide

- (1) whether Beckelman should be brought back for employment in my office,
- (2) whether an approach should be made to the White House and the State Department in an endeavor to set up an organized -- and I am sure very useful -- service, or
- (3) whether he should be left in his present partial vacuum.

WCA
John C. Wiley.

COPY

Small Copy 269
G-2
12/20/41

G2/I
RTH

December 20, 1941

MEMORANDUM FOR THE ASSISTANT CHIEF OF STAFF, G-2
(Through Chief, Intelligence Branch)

Subject: Work by the Coordinator of Information Office.

1. Colonel Frank Ross, of the office of Coordinator of Information, called me this morning and asked if I could recommend any work that office could do to assist G-2. Latin American Section is now engaged in a series of strategic surveys in the Western Hemisphere which require considerable research and writing. It is felt that assistance in writing certain parts of these surveys may very possibly be given by Colonel Donovan's staff, particularly with those sections having to do with the geographic, economic, social and psychological factors. The outline to be followed, however, must be the same as prescribed by the War Department, in accordance with the Army and Navy agreement of 1940 on this subject.

2. The following surveys are particularly desired begun at this time, and the assistance of certain members of the C.O.I. group might materially help in the compilation and permit an earlier date of issue than otherwise might be possible with the overworked personnel now available in Latin American Section:

- a. The Straits of Magellan.
- b. Argentina - in two sections.
- c. The States of Panama, Santa Catarina and Rio Grande do Sul, Brazil.
- d. The States of Mato Grosso, Amazonas, and Territorio do Acre, Brazil.
- e. Paraguay.

3. If this recommendation is approved, it is requested that members of the C.O.I. get in touch with the undersigned as to the manner in which combined work may be done.

R. TOWNSEND HEARD,
Colonel, G. S. C.,
Chief, Latin American Section

Copy to
Colonel Donovan

December 24, 1941

COLONEL HOBBS:

This project has been approved by the Assistant Chief of Staff, G-2; this copy is submitted for your information. This office will wait for further word from you relative to the next step.

C. H. DAYHUFF, JR.
Captain, Cavalry
Assistant Executive Officer
Latin American Section

January 6, 1941

Memorandum For Lieutenant Gillosi

Has anything been done about the
attached, and have any of your people been in
touch with Colonel Heard?

J.R.N.

South America ~~1940~~ S. O.

S. American

COORDINATOR OF INFORMATION

WASHINGTON, D. C.

September 26, 1941

Colonel Wm. J. Donovan
Coordinator of Information
Room 160, Apex Building
Washington, D. C.

Dear Colonel Donovan:

The committee of the Board of Analysts appointed to deal with the problem of our exposed flank in Latin America has met twice with General McCoy to consider definition of our mission. We respectfully submit the following statement for your approval and beg to report that substantial progress has already been made in collecting relevant material.

Sincerely yours,

James P. Baxter 3d

James P. Baxter, 3d

MEMORANDUM

The Director of Research and Analysis has set up within the framework of the Research Branch a special committee on the possibility of German exploitation of economic and political weaknesses in Latin America as a means of effecting a diversion. The primary objective of this committee is to coordinate the information gathered by the various Government agencies dealing with Latin America, and to provide analyses of this information for the use of the President and of such other policy-making branches of the Government as may be designated.

The first task of this committee is to prepare at the earliest possible date accurate descriptions of present political, economic, social, and military conditions in the Latin American countries, especially with regard to the stability or instability of Latin American institutions. It is felt that the real danger to the security of the "right-rear" of the United States in the battle of the Atlantic lies in the essential weakness and lack of coherence in Latin American society, and from the Axis efforts to exploit this weakness and turn it to our disadvantage. The descriptions will be based on data prepared by the Division of Special Information, and on materials available in the Office of the Coordinator of Inter-American Affairs, and in State, War, Navy, Treasury, F.B.I., Commerce, Federal Loan Agency, and others. The descriptions should be so organized as to set forth clearly the salient dangers and potential insecurities to our "right-rear." Each description should conclude with an estimate of the strength of each Latin American state, its capacity for unified effort; the inherent strength or weakness of its geographical structure and of its social or economic institutions; and the probable reaction of persons in political power to North American and British victories or losses in the Atlantic sector.

First priority should be given to an estimate of the present and probable situation in Argentina, to be followed by a similar estimate as to Brazil. The committee will then formulate as specifically as possible for the other nations of Latin America, the political, economic, social, and military conditions which it is desired to maintain or improve. This should include a consideration of the means -- psychological, political, economic,

- 2 -

cultural, or military -- which are available to the United States to maintain the existing situation or to improve the situation to our advantage. It should consider the forces opposed to the use of these means, and the significant characteristics of the theater of operations.

The committee should continue to function in two chief departments: (a) It should maintain an "Intelligence Journal" in which significant events are promptly and concisely recorded and carefully plotted on maps, to provide an up-to-the-minute picture of the changing conditions which may affect the security of the "Pacific Area"; and (b) It should prepare from time to time, an events and conditions warrant, further estimates of the situation to indicate the significant changes in conditions affecting or likely to affect our national policies.

JOHN EDGAR HOOVER
DIRECTOR



Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.

DEC 2 1941

November 29, 1941

PERSONAL AND CONFIDENTIAL
BY SPECIAL MESSENGER

Colonel William J. Donovan
Coordinator of Information
Twenty-third and E Streets, N. W.
Washington, D. C.

Dear Bill:

As of possible interest to you, information has been received from a confidential source, the reliability of which is not known, that Colonel Antonio Alcala of the Euzepagan army was indicated to have been negotiating during April, 1941, with General Don Wolfgang Lottke, Kommandeurstrasse 1, Berlin W. G., Germany, and General Don Eusebio Giesebach, Alvestorweg 6, Herdorf, Berlin, Germany, concerning the matter of "relocation".

According to the information received, Colonel Alcala has obtained land in Euzepagan for the settling of three hundred families. The owners of this land wish, in return, to receive houses in Berlin to the value of one million marks, equal in value to \$20,000 in United States currency. Visas have already been obtained for thirty-six families, four hundred dollars having been deposited by Colonel Alcala for each family. Difficulties arose, however, when a change in the law of Euzepagan required that the money be deposited from outside, (that is, by the immigrants) and not in the currency of the country. Colonel Alcala has suggested the possibility of further exchange, that is, land in Euzepagan for corresponding property in Germany.

It is noted that similar transactions have been carried on and that Colonel Alcala has been reported to the Euzepagan Minister of National Defense as being accused of the fault and duplicitly in connection with certain operations of doubtful legality carried out by Alfredo Francisco Cam at his instigation for the settling of one Jewish refugee from Germany.

Sincerely yours,

J. Edgar Hoover

acknowledged
12/2/41