

THE UNITED STATES AND SOUTH AMERICA,
FROM DECEMBER 7, 1941, TO
NOVEMBER 8, 1942

By
THOMAS ELTON BROWN,
Bachelor of Arts
St. Meinrad College
St. Meinrad, Indiana
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Thesis Approved:

John A. Sybester.
Thesis Adviser
Michael M. Smith
D. Durham
Dean of the Graduate College

803828

PREFACE

This thesis analyzes United States diplomatic relations with the ten South American republics from December 7, 1941, to November 8, 1942. Both of these dates are significant. The first marks the Japanese attack upon Pearl Harbor. The near destruction of the Pacific Fleet brought the United States into the war at a time when Japan was pushing south toward Australia and the German forces were moving toward the Suez Canal in North Africa and toward the Russian heartland on the Eastern Front. The tide was indeed with the Axis powers. During 1942, however, the flow began to recede with Allied victories at Midway Island, the Coral Sea, El Alamein, Stalingrad, and in the Battle of the Atlantic. As part of the overall ebbing of the tide, the waters of Axis danger began to withdraw from South America on November 8, 1942, when the Allied invasion of North Africa terminated the possibility of a German invasion of the Western Hemisphere from Africa. The eleven months preceding this invasion were thus the most critical period for South America during the war. This thesis attempts to determine how the United States obtained the cooperation of the South American governments during these desperate months.

The answer to this question is that the United States employed its economic might to obtain the political, defensive, and economic cooperation of its southern neighbors. To the United States, political unity of the Western Hemisphere meant that all twenty-one American republics would forego neutrality and sever diplomatic relations with Germany,

Japan, and Italy. After the United States offered financial rewards at the Foreign Ministers Conference held in Rio de Janeiro, all of the South American countries, except Argentina and Chile, broke relations. Following the Rio conference, the United States offered rewards and applied sanctions to Argentina and Chile to persuade them to break relations. Despite these efforts, the governments of Buenos Aires and Santiago still maintained their diplomatic ties with the Axis powers as the Allied armies established beachheads on the coast of North Africa. From the eight governments that had severed relations, the United States secured defensive cooperation through the offers of Lend-Lease aid. Finally, the United States brought the South American countries into an economic collaboration which increased the economic dependency of the South American countries upon the United States. Any hesitation to accept this new status was removed through the United States offers of immediate financial rewards. Since economic coercion was the means the United States employed in the desperate days from December 7, 1941, to November 8, 1942, the 'all for one' concept of the Good Neighbor Policy fails to explain adequately the mechanics of cooperation.

I want to take this opportunity to express my appreciation for the assistance and guidance so generously given me. I am deeply indebted to Professor John A. Sylvester for his counsel, patience, interest, and encouragement. Professor Michael M. Smith gave generously of his time in carefully reading the manuscript and making many appreciated suggestions. I would like to acknowledge the faculty of the History Department of Oklahoma State University under the chairmanship of Professor Homer L. Knight because these individuals gave me an insight

into historical methodology. Finally, I am grateful to my parents, Ted and Rose Anne Brown, whose sacrifice and understanding have made this and my other academic efforts possible. These people deserve whatever virtue this thesis may have; I alone am responsible for its faults and shortcomings.

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CHAPTER I

POLITICAL COOPERATION: THE AFTERMATH OF PEARL HARBOR

Finishing a leisurely Sunday dinner on December 7, 1941, President Franklin D. Roosevelt munched on an apple from the tray of food sitting on his desk in the Oval Office of the White House. The abrupt ringing of the presidential telephone at 1:47 p.m. interrupted the relaxed conversation he was enjoying with his close friend and advisor, Harry Hopkins. From the other end of the telephone connection, Secretary of the Navy Frank Knox informed the President that the Navy had intercepted from Commander in Chief, Pacific Fleet (CINCPAC) a terse alert message: "Air raid on Pearl Harbor."¹ After a brief conversation with Knox about the immediate steps the Navy Department should take, Roosevelt telephoned Secretary of State Cordell Hull at 2:05 to inform him of the awesome news. In calm anger, Secretary Hull received two waiting Japanese diplomats and their written rejection of the proposal the United States had earlier offered to solve the problems between the two countries.

The pace began to accelerate. A little less than an hour later, Cordell Hull arrived at the White House to discuss wartime measures with the President and other high-ranking administration officials, including Under Secretary of State Sumner Welles. The subjects covered

¹Forrest Davis and Ernest K. Lindley, How War Came (New York: Simon and Schuster, 1942), pp. 3-6.

a wide range, such as immediate steps for defending the United States, the prospects for mobilizing a vast army, the need for increasing armament production, and the complexity of formulating diplomatic relations with probable allies. Amidst these discussions, the question also emerged of what course should the United States follow with the ten South American countries to which it professed to be a 'good neighbor.'²

In 1942, Cordell Hull loftily summarized this Good Neighbor Policy as resting upon the "solid foundation of law, justice, non-intervention, non-aggression and international collaboration . . . in political, economic, social, moral, and intellectual relations among nations."³ This concept of the United States as a good neighbor had gradually evolved from its opposite, that is the domination and military occupation of various Caribbean and Central American republics by the Coloso del Norte in the first two decades of the twentieth century. Although the North American military fist had not reached South America, its domineering image was ever present. During the ensuing years, the United States gradually withdrew its troops from Central America and extended the open hand of friendship to all of its southern neighbors. Hence, by the mid-1930's, the United States was following its proclaimed

²Cordell Hull, The Memoirs of Cordell Hull (2 vols.; New York: Macmillan and Co., 1948), II, 1095-1097.

³U. S., Department of State, Department of State Bulletin, Vol. III, no. 161 (July 25, 1942), 649.

policy of good neighborliness.⁴

The United States had laid the cornerstone of this policy when it signed the declaration of the Inter-American Conference for the Maintenance of Peace at Buenos Aires in 1936 and disavowed "intervention . . . , directly or indirectly, and for whatever reason, in the internal or external affairs of any other [American republic]." ⁵ With this foundation, the United States expanded its friendship into the triangle of political collaboration, economic cooperation, and social and cultural interchange. Believing in the ideal of solidarity of the Western Hemisphere, the United States took part in the periodical inter-American conferences of the twentieth century as well as the permanent commissions established at these conferences. Besides refusing to intervene in the Latin American countries to protect United States investments, the North American nation advanced money to these countries and negotiated trade-encouraging reciprocal tariff reductions. As the third point of this triangle, the United States encouraged cultural interaction among the peoples of the Americas through a variety of programs, including exchange visits, radio broadcasts into the other Americas, inter-cultural libraries throughout the Western

⁴Historiographical disagreement exists over the nature of the origins of the Good Neighbor Policy. For example, Alexander DeConde maintains that Herbert Hoover originated the change in hemispheric relations. In contradiction, Donald Dozer contends that Franklin Roosevelt was the creator. Samuel Flagg Bemis, however, traces the roots to Secretary of State Charles Evans Hughes in 1921. DeConde, Herbert Hoover's Foreign Policy (Stanford, Cal.: Stanford University Press, 1951), pp. 123-127; Dozer, Are We Good Neighbors? (Gainesville, Fla.: University of Florida Press, 1959), pp. 16-37; Bemis, The Latin American Policy of the United States (New York: Harcourt, Brace and Company, 1943), p. 389.

⁵U.S., Department of State, Report of the Delegation of the United States of America to the Inter-American Conference for the Maintenance of Peace, Conference Series No. 33 (1937), p. 127.

Hemisphere, and dissemination of cultural information.⁶ As the attack upon Pearl Harbor thrust the United States into a world war with Japan and the Tripartite Powers, the Good Neighbor Policy began its severest test: could it endure and maintain hemispheric unity?

From the attack upon the Pacific fleet stationed in Hawaii on December 7, 1941, to the invasion of North Africa by the United States and the Allied armies on November 8, 1942, the possibility existed that the Axis would launch an invasion of South America from Dakar on the west coast of Africa. More than a year before the United States entered the war, Nazi Germany had already forced France into submission by placing much of the country under military occupation and by establishing a puppet government at Vichy over the unoccupied portion. Through its power over France, the Axis had a strong influence upon the colony of French West Africa on the extreme western point of the African continent. Less than two thousand miles from the South American continent, this French colony was the closest point in either Europe or Asia to any of the American republics. The Allied armies' successful invasion of North Africa, however, thwarted any desire the Axis may have had to move troops and equipment to Dakar for an invasion of the Western Hemisphere.⁷

During the eleven months between December 7, 1941, and November 8,

⁶Bemis, Latin American Policy, pp. 295, 328, 332.

⁷Several secondary works mention the possibility of an attack from French West Africa: Bryce Oliver, "Brazil and Uruguay," in What the South Americans Think of Us (New York: Robert M. McBride and Co., 1945), p. 148; J. Lloyd Mecham, The United States and Inter-American Security, 1889-1960 (Austin, Tex.: The University of Texas Press, 1961), p. 217; E. O. Guerrant, Roosevelt's Good Neighbor Policy (Albuquerque, N. M.: University of New Mexico Press, 1950), p. 185.

1942, the United States had the cooperation of at least eight of the ten South American republics. Although Samuel Flagg Bemis, an eminent historian of United States relations with its southern neighbors, maintained that this cooperation "showed conclusively that all the Latin American republics really regarded the United States as a good neighbor," the collaboration among the American republics did not result entirely from the friendship which the Latin Americans had for the United States and its newly developed policy.⁸ For by using its economic power as both a 'carrot and a stick,' the United States modified its stated Good Neighbor Policy to secure the political, defensive, and economic cooperation of the ten South American republics—Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, and Venezuela.

Eight hours after he had received the news of Pearl Harbor, Secretary of State Hull dispatched to the North American diplomats in the Latin American countries a circular telegram which began the wartime implementation of the Good Neighbor Policy. According to the instructions, each United States representative was to obtain the views of the particular country to which he was accredited regarding the "acts of unprovoked aggression . . . in light of the existing inter-American agreements and relationships."⁹ The immediate reactions from the southern lands were pledges to fulfill their inter-American obligations. Even before the arrival of Hull's telegram in Lima, Peru's

⁸Bemis, Latin American Policy, p. 373.

⁹U.S., Department of State, Papers Relating to the Foreign Relations of the United States, 1941 (Washington: Government Printing Office, 1963), VI, 55. Hereafter cited as Foreign Relations.

President Manuel Prado Ugarteche dispatched a letter to President Roosevelt expressing solidarity with the United States.¹⁰ On the heels of Peru's commitment, similar pronouncements came from Brazil, Ecuador, and Argentina on December 8, from Bolivia, Uruguay, and Venezuela on December 9, and from Chile and Paraguay on December 10.¹¹ The Colombian government took the more drastic step of severing diplomatic relations with Japan on December 8 to express its solidarity.¹² Eight South American governments - Argentina, Bolivia, Chile, Colombia, Paraguay, Peru, Uruguay, and Venezuela - also specifically announced that they would not consider the United States as a belligerent under their neutrality laws.¹³ Within three days of the Japanese attack, the United States had pledges of support and hemispheric unity. The promises, however, were just words; the United States had to change these words into effective actions that would protect the security of the hemisphere.

Many of these expressions of cooperation, however, did not flow from a simple Latin American desire for American unity and friendship. While many Latin Americans were truly shocked by the treachery of the surprise attack in the Pacific, Charge Allan Dawson in La Paz stated that the feeling of the government of Enrique Peñaranda del Castillo was "based largely on the fact of Bolivian economic dependence on the

¹⁰Ibid., p. 109.

¹¹Ibid., for Brazil see p. 73, for Ecuador see p. 89, for Argentina see p. 58, for Bolivia see p. 72, for Uruguay see p. 113, for Venezuela see p. 115, for Chile see p. 76, and for Paraguay see pp. 107-109.

¹²Ibid., p. 80.

¹³Ibid., for Argentina see p. 62, for Bolivia see p. 72, for Chile see p. 76, for Colombia see pp. 82-83, for Paraguay see p. 108, for Peru see p. 110, for Uruguay see p. 113, and for Venezuela see p. 115.

United States."¹⁴ Cordell Hull, later recounting the immediate South American reactions, concurred with Dawson. Explaining how the United States relations "with the Latin American Republics during 1941 had intensified in various directions," the Secretary of State specifically mentioned military aid, Export-Import Bank loans, and reciprocal trade agreements.¹⁵ During the days immediately after Pearl Harbor, the South American governments expressed certain self-seeking desires which dulled any altruistic image. The Ecuadorian government of President Carlos A. Arroyo del Río asked for a defense agreement guaranteeing the security of Ecuador's Galápagos Islands, a nearly uninhabited archipelago lying about six hundred miles off its coast.¹⁶ While the Peruvian government wanted assurance that the United States shipping services would continue,¹⁷ Uruguay's President Alfredo Baldomir just wanted ships.¹⁸ Chile's foreign minister, Juan Bautista Rossetti, audaciously proposed that the United States sign a secret protocol predating to October, 1941, to protect the exposed 2,600-mile coastline of Chile. In rejecting this proposal, the United States delivered a pledge "reiterating the specific promise of military assistance."¹⁹ With these desires for increased support, the South American professions of solidarity rested upon the foundation of prewar economic assistance and

¹⁴Ibid., p. 71.

¹⁵Hull, Memoirs, II, 1139.

¹⁶Foreign Relations, 1941, VI, 88-90.

¹⁷Ibid., p. 111.

¹⁸Ibid., p. 114.

¹⁹Ibid., p. 41.

the hopes of gaining additional aid.

Reacting to Pearl Harbor, the United States Department of State endeavored to activate a previous inter-American agreement which called for consultation among the American republics if one of them was the victim of aggression by an extra-continental power. Since the preceding inter-American conference had resolved that the next meeting site would be Rio de Janeiro, the United States took the first step on December 8 in obtaining Brazil's consent to host the conference.²⁰ On December 10, the American government requested that the Governing Board of the Pan American Union invite the American republics to attend a consultative conference in January, 1942. Chile, however, had upstaged its northern neighbor when a similar request from Santiago arrived at the Pan American Union the evening before. To avoid possible diplomatic problems, Leo S. Rowe, the Director General of the Pan American Union, circulated both requests simultaneously to each member of the Pan American Board.²¹ Once again, the South American republics immediately responded favorably to the American cause as eight of the ten South American governments agreed within thirty-six hours to the proposed conference.²² Since the agenda which the United States had offered with its request contained seven items, of which four related to the maintenance and development of the South American economies,²³

²⁰Ibid., p. 74.

²¹Ibid., pp. 118-122.

²²Ibid., p. 125.

²³Among the economic matters mentioned in the agenda were consideration of "arrangements for furnishing to each country the imports essential to the maintenance of its domestic economy." Foreign Relations, 1941, VI, 123.

financial incentive encouraged the South American countries to agree to the conference.

Before the Third Meeting of the Foreign Ministers of the American Republics convened in Rio de Janeiro on January 15, 1942, the first of two administrative problems concerning the conference developed. Venezuela joined with some Central American governments in requesting that the meeting take place in Washington. Other Latin American republics wanted to transfer the location to Panama, and Chile desired to host the conference in Santiago. Cordell Hull tactfully answered these requests with the argument that the last inter-American meeting had declared that Rio would be the next site.²⁴ The Secretary of State also saw expediency in holding the conference in the Brazilian capital. Besides having been the United States' closest Latin American ally during the nineteenth and twentieth centuries, Brazil, under the dictatorship of Getulio Dornellas Vargas, had pledged on December 8 to assist the United States in its dealings with the other Latin American countries, had denied the Axis use of communication facilities, and had begun to silence voices critical of the United States.²⁵ The United States, in the words of its Secretary of State, considered it "highly desirable that the meeting be held in Rio de Janeiro, both because of the fact that the psychology created by holding the meeting in that capital would be altogether favorable as well as because of the fact

²⁴Ibid., pp. 126-127.

²⁵S. Walter Washington, A Study of the Causes of Hostility toward the United States in Latin America: Brazil, U. S. Department of State, Office of Intelligence Research, External Research Paper No. 126 (Washington: Government Printing Office, 1956), pp. 3-6. Hereafter cited as Brazil.

that . . . the presidency of the conference would be vested in the hands of [Oswaldo Aranha]," the extremely cooperative Brazilian foreign minister.²⁶

The second procedural problem relating to the foreign ministers' meeting concerned a century-old boundary dispute between Ecuador and Peru in the Upper Amazon basin. In 1941, the situation had reached a critical point when Peruvian armies marched into the disputed area and assumed control. Through the mediation of the United States, Argentina, and Brazil, both sides had accepted a cease-fire but had not reconciled their disagreement. As the bombs fell on Pearl Harbor and the United States was striving to maintain hemispheric solidarity, the Peruvian armed forces occupied an area that two years earlier had belonged to Ecuador. When presented with the proposed conference, Ecuador agreed in principle to convening such a meeting, but strongly indicated that the Ecuadorian representatives would not attend without a prior solution to the boundary dispute. The Quito government held that it would be incongruous to attend a meeting designed to repel aggression outside of the Western Hemisphere while Ecuador was a victim of aggression from within the hemisphere. Responding to the Ecuadorian requests for discussing the dispute at the conference, Peru declared that it would not send a delegation if the subject were on the agenda.²⁷ Responding to the impasse, the United States Department of State escalated its mediation attempts in order to find a solution before the conference assembled on January 15. As the delegates arrived in the

²⁶ Foreign Relations, 1941, VI, 128.

²⁷ Ibid., p. 123-124.

Brazilian capital during the second week of January, mediation still had not produced a solution. On January 13, Ecuador's delegation informed the United States that it would not attend the sessions until there was an agreement, at least in principle. On this same day, however, Peru indicated that it was willing to accept something less than all the occupied territory.²⁸ On this basis, Ecuador attended the inter-American conference while the three mediatory powers carried on private talks with Ecuador and Peru concurrently with the main meeting. Every South American republic thus joined the other eleven American republics at the conference table in Rio.

At the final session of the conference, Peru and Ecuador presented the compromise which they and mediatory powers had reached. While Peru received a much larger area and the control of the main Amazon tributaries, Ecuador got only a portion of its old El Oro province, which probably contained petroleum, and the right to navigate the tributaries. Ecuador's failure to recover its conquered lands was at least partially mitigated by generous agreements signed with the United States during these private talks. In addition to an American pledge to reconstruct Ecuador's portion of the El Oro province, which the conflict in 1941 had devastated, Ecuador received sanitation, health, stabilization, and development funds amounting to \$12 million from the United States.²⁹ Through this method, the United States was able to use its economic might to keep both Ecuador and Peru within the

²⁸ Foreign Relations, 1942, V, 26.

²⁹ Ibid., p. 46; New York Times, January 29-30, 1942; Lewis M. Alexander, World Political Patterns (Chicago: Rand McNally and Company, 1957), pp. 97-98.

inter-American defensive system.

The major concern at the Rio meeting was whether or not the American republics would jointly sever relations with the members of the Tripartite Pact. Of the ten South American countries, only two had broken relations with the Axis powers. Colombia had acted immediately following the attack upon Pearl Harbor, and Venezuela followed with a similar declaration on December 31, 1941.³⁰ The United States maintained that the continuation of Axis diplomatic and consular representation created "the gravest danger to the security of all the republics and to the ability of the American governments to take the necessary and adequate measures of defense."³¹ These diplomats were in a position to report on shipping movements, interfere with defense preparations, spread propaganda, foment internal disorder, and, hence, engage "in every type of subversive activity."³² Severing of diplomatic relations with the Axis by all the American republics would not only rid the hemisphere of these dangerous agents, but also project the image of a united Western Hemisphere for propaganda purposes. On January 1, therefore, the United States dispatched a draft resolution to two of the more cooperative countries, Brazil and Uruguay. If the Foreign Ministers Conference would adopt this proposal, all American republics would jointly rupture all financial, commercial, and political relations with the Tripartite powers.³³ After receiving favorable

³⁰U.S., Department of State, Department of State Bulletin, Vol. VI, no. 147 (April 18, 1942), 349.

³¹Foreign Relations, 1942, V, 10.

³²Ibid.

³³Ibid., for Uruguay see p. 11, and for Brazil see p. 15.

replies, a meeting on January 7 between Cordell Hull and the conference delegation led by Sumner Welles decided upon the primary goal of the United States at the conference. Namely, the North American republic would press for the meeting's approval of the draft resolution by which all the states of the Western Hemisphere would jointly sever relations.³⁴ This proposed resolution served as the backdrop to the diplomatic conflict at Rio de Janeiro.

Argentina's Acting President Ramón S. Castillo, who became the 'fly in the ointment,' objected to the resolution requiring his government to terminate relations. Maintaining that the resolution infringed upon Argentina's sovereign right to conduct its foreign policy however it deemed necessary, the Argentina foreign minister, Enrique Ruiz Guinazú, said that severance of relations was a pre-belligerent step which would violate Argentina's neutrality.³⁵ Prudently, Argentina had chosen the neutral course because the "lack of military and naval defense which makes it impossible to take . . . 'any pre-belligerent action' that might subject them to attack by the Axis Powers."³⁶ One-fifth of the Argentine population was of German or Italian origin, and that "to a politician, is important" with an election scheduled for April 1.³⁷ In conjunction with this neutrality, the Buenos Aires government had declared immediately after Pearl Harbor that it would not consider the United States as a belligerent under Argentine

³⁴Hull, Memoirs, II, 1041.

³⁵Enrique Ruiz Guinazú, La Política Argentina y el Futuro de América (Buenos Aires: Liberia Huenul, 1944), pp. 68-70.

³⁶Foreign Relations, 1942, V, 27.

³⁷Ibid., p. 17.

neutrality laws. The Argentine government, therefore, was attempting to pursue a pro-United States neutrality which was similar to the policy the United States had followed toward Great Britain before Pearl Harbor.

This pro-Allied neutrality apparently pleased the majority of the Argentine citizenry who favored the Allied cause and who also wanted to avoid war. A North American student, Francis Herron, wrote that most people in Argentina, especially in the Buenos Aires region, desired an Allied victory, "yet they oppose the Argentine government taking an unneutral stand."³⁸ A noted Argentine scholar, Enrique Gil, concurred with Herron's analysis.³⁹ When Norman Armour, the American ambassador, questioned Rear Admiral Gonzolo D. Bustamante about the severance of diplomatic relations, the pro-Allied Argentine replied, "We must weigh the advantages against the disadvantages. . . . I still feel that the advantages to be gained by such a step would not compensate for the disadvantages."⁴⁰ With the support of its people, Argentina approached the Rio conference with a two-fold and, possibly, contradictory purpose, that is to maintain hemispheric solidarity as an aid to the United States and to preserve Argentine neutrality in the interests of a sovereign nation's expediency.

To reach this goal, Enrique Ruiz Guñazú attempted to secure the support of the uncommitted countries before the conference convened. In addition to presenting the Argentine position through regular

³⁸Francis Herron, Letters from the Argentine (New York: G. P. Putnam's Sons, 1943), pp. 39-40, 280.

³⁹New York Times, July 5, 1942; Samuel Guy Inman, "Argentina," in What the South Americans Think of Us, p. 283.

⁴⁰Foreign Relations, 1942, V, 18.

diplomatic channels, the chief diplomat for Argentina arranged for the delegations from Peru, Chile, Uruguay, and Paraguay to meet in Buenos Aires for 'hospitality and conversation' while enroute to Rio. From Buenos Aires, the Argentine delegation would accompany the other representatives to the Brazilian capital aboard a slow-moving luxury liner.⁴¹ These meetings would provide ample opportunity for Ruiz Guinazu to persuade the undecided countries of the correctness of Argentina's pro-United States neutrality.

Uruguay was the first country to reject the Argentine position when Foreign Minister Albert Guani pledged on January 2 his support of the resolution calling for a joint breaking of relations with the Axis countries.⁴² Realizing that Guani had devoted his public career to strengthening inter-American solidarity, Cordell Hull had presented the resolution on the joint severance of relations to the Montevideo government as the determining factor of "whether the practical solidarity for which Uruguay and the United States have worked so hard during these past 9 years is to be a reality or not."⁴³ The signing of a Lend-Lease agreement between Uruguay and the United States on January 13 added \$17 million in military assistance to this desire for hemispheric solidarity.⁴⁴

The diplomats from Paraguay and Peru deserted Argentina after they arrived in Rio and had private talks with Under Secretary of State

⁴¹New York Times, January 3, 1942.

⁴²Foreign Relations, 1942, V, 11.

⁴³Ibid., p. 10.

⁴⁴Ibid., VI, 703.

Sumner Welles, leader of the American delegation. With the flattery of the United States raising its Asunción mission to the rank of an embassy, Paraguay elected to support "the policy of mutual assistance and reciprocal cooperation" and the country with whom it had signed a Lend-Lease agreement on September 20, 1941.⁴⁵ Just after Pearl Harbor, Peru had informed the United States that it was "disposed to sever relations . . . if the United States would be willing to lend financial assistance in connection with the necessary internment of Japanese citizens in Peru."⁴⁶ After consulting with Welles in Rio, Peru elected to support the United States position "most actively in order to share in the victory."⁴⁷ A few days later, while the conference was still in progress, President Roosevelt told General George C. Marshall, the American Chief of Staff, to "wire Welles at once telling him that he can offer some . . . [coastal defense] guns to . . . Peru . . . , if he cares to do so. Give him also the ammunition

⁴⁵Foreign Relations, 1941, VII, 480. Regarding the elevation of the United States mission to the rank of embassy, Ecuador and Bolivia were also honored in this fashion on the same date. This act brought all North American missions in Latin America to the level of an embassy. New York Times, January 6, 1942.

⁴⁶Foreign Relations, 1941, VI, 125.

⁴⁷Carlos Sayan Alvarez, Política Nacional e Internacional del Perú, Vol. VI of Discursos y Conferencias, ed. by Roberto Rojas V. (Lima: Relieves Americanos, 1943), p. 40. [Author's translation.]

on hand for them."⁴⁸ Both Paraguay and Peru wanted aid in return for their cooperation, and the United States was willing to provide it.

Of all the South American countries, Bolivia used the Rio Conference to its fullest benefit. In its communications with the United States and Argentina before the conference, the Peñaranda government was offering its support to both parties. The North American republic grew to realize, however, that "Bolivian cooperation has been so far purely lip service."⁴⁹ When the Bolivian delegation journeyed to Rio via Buenos Aires, it carried instructions to cooperate with the United States in return for the United States increasing assistance to at least \$40 million and raising the price of Bolivian minerals, namely tin and tungsten.⁵⁰ From the negotiations with Welles in Rio, Bolivia received \$40.5 million in grants and loans. While obtaining only a commitment from the United States to continue price negotiations for the strategic materials, the Bolivian delegation secured a pledge that the United States would grant credit for the stabilization of Bolivian currency and would use its good offices to settle Bolivia's problem with Standard Oil.⁵¹ Consequently, the United States secured the support

⁴⁸In the President's quoted memorandum, he included Uruguay, Chile, Ecuador, and Venezuela along with Peru. According to the memorandum, the final decision as to the dispersal of the guns was laid in the hands of Sumner Welles. This implies that the dispersal of these guns was a diplomatic decision rather than a military one. Of the possible recipients, only Chile would decide against the United States at Rio, but Chile had not finally made that decision when Roosevelt dispatched the quoted memorandum. Franklin Delano Roosevelt, FDR: His Personal Letters, 1928-1945, ed. by Elliot Roosevelt (2 vols.; New York: Duell, Sloan, and Pearce, 1947), II, 1278.

⁴⁹Foreign Relations, 1942, V, 15.

⁵⁰Ibid., 515, 522.

⁵¹Ibid., pp. 587-589, 593-597.

of Bolivia by providing economic rewards.

The Chilean government, whose allegiance was undetermined, was concerned over its long, unprotected coastline and the possibility of a Japanese attack in retaliation for the rupture of relations. Confronting the situation with what Hull described as "indecision and timidity and some fear,"⁵² Chile informed the United States that Tripartite diplomats would remain in Santiago unless the northern neighbor immediately promised thirty-six combat planes and sixty-three anti-aircraft guns.⁵³ This promise would comprise part of an over-all defense agreement by which "Chile could count upon effective military assistance from the United States and that technical details of such assistance would be agreed upon in the immediate future."⁵⁴ Since the United States had suffered a tremendous naval loss at Pearl Harbor and would be unable to begin massive production of war material in the near future, the Roosevelt administration felt that it was not in a position to extend "effective military assistance . . . in the immediate future." Responding to this Chilean request, the North American government countered with a proposal that "in the event of an attack by a non-American country against Chile, [the United States] will take immediate steps to send naval, air and land forces to repulse this aggression."⁵⁵ This proposal for aid after an attack rather than before an attack was unacceptable to Chile which thereupon decided to

⁵²Ibid., p. 22.

⁵³Mecham, United States and Inter-American Security, p. 211.

⁵⁴Foreign Relations, 1942, V, 59.

⁵⁵Ibid., p. 42.

follow the Argentine lead against the joint declaration to cut diplomatic relations.⁵⁶ The loss of Chilean support for the United States proposal resulted from the United States' inability to pay Chile's price and Chile's refusal to accept the United States' counteroffer.

Soon after Sumner Welles and the United States delegation arrived in Rio de Janeiro, the major problem that emerged was how to persuade Argentina to join with the other American states in accepting the resolution on the joint break of relations which Mexico, Venezuela, and Colombia had proposed on the meeting's first day. The United States hoped not only to rid the Western Hemisphere of Axis agents but also to maintain hemispheric unity through a unanimous vote on the declaration. In the course of a private conversation between Welles and Ruiz Guñazú on the opening day of the conference, the Argentine foreign minister indicated that the solid front of American states was leading him to favor the specified action. In order to approve such an action, however, Ruiz Guñazú indicated that he needed new instructions.⁵⁷ On the following day, word came from Acting President Castillo that the earlier instructions would stand.⁵⁸

During the next few days, Welles and the Argentine foreign minister attempted to negotiate a satisfactory solution to the problem. During these conversations, Welles said he "studiously avoided . . . any syllable which could be used by him as a complaint that the United

⁵⁶Ibid., pp. 28, 44.

⁵⁷Ibid., p. 28.

⁵⁸Ibid., p. 30.

States was bringing economic or financial pressure upon Argentina."⁵⁹ The head of the United States delegation, however, instructed his assistants to inform their Argentine counterparts "that at a time like this the economic and financial assistance which the United States can give the other American Republics will necessarily be given only to those nations which are whole-heartedly and effectively cooperating with us."⁶⁰ With this pressure and the solid support of other Latin American countries, the Argentine foreign minister proposed on the night of January 19 that the declaration include a clause "which would state that any American republics which felt it impossible to take the action contemplated . . . immediately would be able later to adhere thereto." With this clause, Ruiz Guinazu explained, Argentina could act after the April elections.⁶¹ Rejecting the additional phrase because it would not fulfill the United States goal of immediate joint action, Sumner Welles replied that it was his "firm belief that it constituted a retrogression and was highly unsatisfactory."⁶² The deadlock between the United States and Argentina again appeared broken on the evening of January 21 when Ruiz Guinazu and Welles agreed upon a new wording through the mediation of Brazil's Aranha. Declaring that the American republics could no longer maintain relations with Germany, Italy, and Japan, the new resolution included the modification that the American states were acting "on the exercise of their sovereignty and in conformity with their constitutions and powers, provided that

⁵⁹Ibid., p. 32.

⁶⁰Ibid.

⁶¹Ibid., p. 31.

⁶²Ibid.

the latter are in agreement."⁶³ When Argentina's president rejected the proposed compromise on the following morning, the impasse quickly redeveloped.⁶⁴

From a heated debate on January 23, the conference committee discussing the difficult problem developed a new compromise resolution to which Sumner Welles agreed. Rather than a joint declaration on breaking relations, the "American Republics, consequently following the procedure established by their own laws within the position and circumstances of each country in the actual continental conflict, recommend the rupture of their diplomatic relations with Japan, Germany, and Italy."⁶⁵ The compromise had an escape clause which made the resolution applicable to each country individually. More importantly, the resolution only recommended the severance of relations and thus contradicted the United States main goal of a joint declaration at the conference.

In Washington, Secretary of State Hull received word of the compromise via a radio news broadcast and immediately telephoned Welles in Rio. During the private telephone conversation, Hull ordered his assistant to announce that the United States would oppose the new resolution and accept a nineteen-to-two vote on the original resolution. Sumner Welles requested that the President decide the issue. Through a three-way telephone connection, Roosevelt listened to Hull's explanation of the necessity for a joint declaration to cut diplomatic

⁶³Ibid., p. 33.

⁶⁴Ibid., pp. 33-34

⁶⁵Ibid., p. 35.

relations and to Welles' argument on the need to preserve hemispheric unity through a unanimous vote on the controversial proposal. After listening to both arguments, the chief executive decided that the United States should support Welles' decision and the compromise resolution. Not unexpectedly, Hull and Welles gave differing accounts of Roosevelt's reasoning. Hull maintains that Roosevelt elected to support Welles' decision because the United States had already stated that it would accept the compromise and the conference was in the process of adjourning. Regardless of which policy the North American government should follow, reconsideration of the compromise would not be feasible under such circumstances.⁶⁶ Welles, on the other hand, wrote that the President decided that his course was the correct one and said, "In this case I am going to take the judgment of the man on the spot."⁶⁷ With Washington's failure to override Welles' compromise, the Rio conference had unanimity on a resolution which only recommended that the American nations break relations with the Axis.

While the conference was hammering out the paramount resolution I on the rupture of relations, various other committees were drafting forty other resolutions covering such diverse subjects as solidarity, hemispheric defense, economic cooperation, communications, humanitarian and health measures, postwar organization, and international law. The Foreign Ministers Conference unanimously approved all forty-one resolutions with only scattered reservations. Chile gave its approval to all the resolutions only on the condition that they did not conflict

⁶⁶Hull, Memoirs, II, 1148-1149.

⁶⁷Sumner Welles, Seven Decisions That Shaped History (New York: Harper Brothers, Publishers, 1950), pp. 115-117.

with Chile's constitution and that the Chilean congress ratifies them. Only Chile's reservation was of general application; the other modifications applied to particular resolutions. Guatemala approved of the endorsement of the Atlantic Charter only in so far as its claims to portions of British Honduras were not effected. Referring to another boundary dispute, Peru limited its endorsement of two resolutions so that they would not apply to its conflict with Ecuador. Argentina added a reservation to the conference recommendation that the American republics sever all commercial and financial relations with the Tripartite powers. Wanting to refrain from any unneutral act, the Castillo government applied it to all belligerents outside of the Western Hemisphere. Even the United States modified its approval of a resolution. When the conference called for the development of commercial interchange, the United States agreed only if such advancement was consistent with reciprocal trade treaties which Washington had signed with countries outside of the hemisphere.⁶⁸ Since these reservations were minor, the United States had achieved basic unanimity among the American republics.

A North American radio commentator offered an insight into the foundation of this unity. As this correspondent summed up the final act of the Third Foreign Ministers Conference, "In return for a unanimous agreement of twenty nations to break commercial ties with the Axis, and almost unanimous agreement to break diplomatic relations, a joint agreement to try to root out Axis agents everywhere, we [the United States] have pledged ourselves not only to help maintain the

⁶⁸World Peace Foundation, Documents on American Foreign Relations, ed. by Leland M. Goodrich (Boston: World Peace Foundation, 1942), IV, 293-329.

faltering economic systems by which 120,000,000 persons live, and to increase their productivity, but more important and more difficult, physically to protect them from attack by the Axis."⁶⁹ The reciprocity, therefore, was the promise of economic and military aid from the United States in exchange for the pledge of cooperation from the Latin American governments.

As the Rio conference closed, a rapid succession of South American republics followed the meeting's recommendations and severed relations with the Axis powers. During the last week of January, Bolivia, Brazil, Ecuador, Paraguay, and Uruguay returned the passports of the diplomats and consuls from Germany, Italy, and Japan and ordered them to leave.⁷⁰ This left Argentina and Chile as the only countries in the Western Hemisphere to continue relations with the totalitarian powers. The success which the United States had in securing the political cooperation of the eight South American governments resulted in a large measure from the role of economic benefits which the United States proffered. It was not 'all for one and one for all' in the spirit of a 'good neighbor.' The next step would be to obtain Argentina's and Chile's compliance with the Rio recommendations and thus to make political cooperation unanimous. Believing that the Axis representatives in these two countries were centers of subversion, espionage, and propaganda, the United States instituted economic sanctions and inter-

⁶⁹Eric Sevareid, "Where Do We Go From Rio?" Saturday Evening Post, March 28, 1942, p. 27.

⁷⁰U. S., Department of State, Department of State Bulletin, Vol. VI, no. 147 (April 18, 1942), for Bolivia and Brazil see p. 339, for Ecuador see p. 340, and for Paraguay and Peru see p. 348.

American pressures to persuade these southern neighbors to sever relations or at least take steps which would eliminate the influence of Axis agents.

CHAPTER II

POLITICAL COOPERATION: THE AFTERMATH OF RIO

As Sumner Welles returned from the Foreign Ministers Conference at Rio, nineteen of the twenty-one American republics had terminated diplomatic and commercial relations with Germany, Italy, and Japan. Concerning the two holdouts, Argentina and Chile, the United States had to develop a separate policy. The Roosevelt administration sincerely believed that the Axis missions and consulates in Argentina and Chile coordinated espionage activity in the Americas. Subversive agents throughout the Western Hemisphere could relay through their diplomats in Santiago and Buenos Aires information vital to the security of the United States. In addition to general military, economic, and political information, the Axis diplomats could radio data on American shipping arrivals, departures, routes, and destinations which was invaluable to the success of German submarine attacks.¹ Consequently, the United States government believed that persuading the governments at Buenos Aires and Santiago to sever relations was synonymous with removing the centers of Axis espionage from the Western Hemisphere.

In its attempt to achieve this goal, the Roosevelt administration first tried to apply economic coercion. After this method had failed, the United States perverted the inter-American system to pressure

¹Foreign Relations, 1942, V, 226.

Argentina and Chile to alter their foreign policy. In the meantime, the United States tried to lessen the effects of German subversive agents by using the power of North American corporations to cut commercial communication circuits from Argentina and Chile to the Axis nations. Despite these efforts, Argentina and Chile had not severed either diplomatic relations or telecommunications when the Allied armies invaded North Africa in November, 1942.

The United States policy toward Argentina, as Welles had made clear to Ruiz Guiñazú during their conversations in Rio,² was formally communicated to the Castillo regime on February 5, 1942. The Roosevelt administration informed the Argentine Foreign Ministry "that inasmuch as the Argentine Government has determined to maintain . . . neutrality and . . . the other American republics have either declared war or broken relations with the Axis powers . . . , the military and naval matériel which can be spared by the United States can logically only be allotted to the latter American nations."³ This 'no-arms' policy conflicted with an invitation which the United States had extended in the summer of 1941 for an Argentine naval and military mission to come to Washington for staff conversations. The function of these conferences was to prepare for the signing of a Lend-Lease agreement. When the army and navy representatives of Argentina arrived a few days after Pearl Harbor, the Roosevelt administration had committed itself to begin discussions with Argentina concerning United States military aid.⁴ During December, the prime question concerned the Argentine desire that

²Ibid., p. 376.

³Ibid., p. 377.

⁴Hull, Memoirs, II, 1378.

the United States permit its accredited diplomats in Washington to join these staff conversations. The United States refused this proposal because it maintained that the matters under discussion were of a purely non-political, technical nature—how the two military establishments could cooperate in the defense of the hemisphere. Once the military and naval chiefs had agreed upon a totally non-political joint defense arrangement, the diplomats would negotiate the political implications and give their final approval.⁵ Under this arrangement, the military staffs drafted during January a comprehensive defense plan by which the United States would provide military aid for Argentine use. While the agreement specified that delivery of the army and navy supplies was to begin in 1942, it also stipulated that the joint arrangement would be effective only if Argentina entered the war. The question of what would happen if Argentina did not declare war in 1942 was of a political nature and left unanswered by the military commanders. When the Roosevelt administration decided in early February upon its 'no arms for Argentina' policy, the military of each country had verbally agreed to a plan of joint defense which entailed military aid. The only procedure left for the military negotiators was the formal signing.

In trying to decide whether or not to conclude the military document, the United States had to reconcile the differing desires of its diplomats and its military. For strategic purposes, the North American military was anxious to sign the agreement by which Argentina would protect the passage around the southern tip of the American continent. The security of this route would be invaluable if a German hit-and-run

⁵Foreign Relations, 1942, V, 371-372.

attack closed the Panama Canal. The United States naval authorities, furthermore, had enjoyed the cordial friendship of the Argentine navy and did not wish to lose such goodwill.⁶ For these reasons, the Departments of War and Navy had instructed their representatives to the staff conferences to sign the document. After the signing, the military proposed that the President or the State Department inform the Argentine government that the United States would not provide the military assistance. The North American officials could base their refusal upon the invalid premise that Argentina would enter the war since the Latin American country had given no indication that it would budge from its neutral position. In this way, the United States military argued, the Argentine naval and army authorities "would not feel rebuffed . . . and . . . they might . . . use this influence in favor of a change in Argentine policy."⁷ Following this line of reasoning and their written instructions, the United States members of the staff negotiations were preparing to sign the technical document.

Since the State Department objected to any signed agreement, Sumner Welles intervened and secured new orders for the military negotiations to delay temporarily the formal conclusion.⁸ The diplomats felt that any completed agreement could appear as United States approval of Argentine neutrality since it seemingly "had not affected our policy so far as the furnishing of war material is concerned."⁹

⁶Ibid., pp. 377-381.

⁷Ibid., p. 381.

⁸Ibid., p. 379.

⁹Ibid., p. 384.

Because the arrangement was a preliminary step to the signing of a Lend-Lease pact, it also "might be interpreted . . . as a commitment to enter into a lease-lend agreement . . . even though no change in the present policy of the Argentine Government had occurred in the meantime."¹⁰ An impasse thus developed between the military and diplomatic branches of the Roosevelt administration.

To circumvent this conflict, the State Department persuaded the United States military negotiators to propose amendments to the technical agreement. If the Argentine navy would agree to aid immediately the convoying of merchant ships, the United States would reciprocate by sending the naval supplies outlined in the arrangement and by entering without delay into negotiations for a Lend-Lease agreement.¹¹ Although the proposal obviously injected a political issue into the talks which the Roosevelt administration had claimed in December to be non-political, the offer of military assistance would keep the pro-United States Argentine navy content and would "secure from Argentina some positive contribution to the maintenance of the security of the Hemisphere."¹² After the Argentine military commission correctly replied that this addition was "a political matter, therefore . . . outside of the orbit and attitudes of this Delegation for consideration,"¹³ the Argentine ambassador informed the State Department that his government could not accept it because convoying United States ships "would involve his

¹⁰Ibid.

¹¹Ibid., p. 385.

¹²Ibid.

¹³Ibid., p. 386.

country in the war."¹⁴ With this rejection, the United States announced in the final meeting of the military commissioners on March 20 that it would refuse to sign the agreement.¹⁵ The United States offers of military assistance, therefore, failed to gain active Argentine cooperation. The only result was that the Argentine naval officers who went to Washington were bitter over the State Department's imposition of new conditions after an agreement had been reached.¹⁶

The issue of military assistance to Buenos Aires was not yet dead, at least as far as Argentina was concerned. During April and May, the Castillo government was presenting to Washington additional arguments on why it should receive aid. While admitting it had no intention of severing diplomatic relations, the Argentine government maintained that it was contributing to hemisphere defense and that it was maintaining a pro-Allied neutrality. The South American government also claimed that the United States had indicated in its notes in the summer of 1941 that the completion of a technical military agreement, while helpful, was not a sine qua non to a Lend-Lease agreement.¹⁷ The State Department drafted a reply which explained that the attack upon Pearl Harbor had precipitated a "very different situation" from the first exchange of notes about military assistance. As a result of this new situation, the United States could only provide military assistance to American countries "which have placed themselves in the forefront of hemispheric

¹⁴Ibid.

¹⁵Ibid., p. 387.

¹⁶Ibid., p. 396.

¹⁷Ibid., pp. 387-394.

defense" by either declaring war or by breaking relations. The least that Argentina could do was to aid in keeping the sea lanes opened by convoying ships. This would help convince the other American republics that Argentina "was making its contribution to the maintenance of hemispheric solidarity and therefore was entitled to share in the distribution of the armament."¹⁸ Although President Castillo had promised to give and was giving serious consideration to the convoy proposal at the end of May,¹⁹ the Secretary of State sent a terse telegram to the United States ambassador in Buenos Aires. Referring to a previous message of final United States rejection of aid, Hull wired, "Please present the Department's note."²⁰ The United States thus refused to modify its sanction of 'no arms for Argentina' until Argentina had altered its policy. Ruiz Guinazú, the Argentine foreign minister, summed up the denial of Lend-Lease aid to Argentina, "By denying strategic materials, a detestable system of coercion, bitterly similar to totalitarian methods, was created."²¹

Although the United States flatly rejected any possibility of providing Argentina with military assistance until Buenos Aires had broken relations with the Axis, the United States continued to supply armaments to Chile, the only other American republic which had not severed relations. On the same day that the United States formally enunciated its Argentina policy, the United States proffered to Chile

¹⁸Ibid., p. 397.

¹⁹Ibid., p. 399.

²⁰Ibid., p. 400.

²¹Ruiz Guinazú, La Política Argentina, p. 27. [Author's translation].

four 155-millimeter batteries to defend the coastline and 300 men to train the Chilean army in the use of the artillery.²² The difference in policy regarding Chile rested upon the extreme importance which Chile's copper mines played in the United States war effort.²³ For example, a hit-and-run attack could destroy a strategic, totally unprotected power plant and thus halt production of copper for months.²⁴ These coastal batteries would not only protect the United States copper supply, but also provide good public relations if they arrived coincidental with the opening of the Chilean congress in the first week of March. Since the legislative body was to consider the Rio resolutions, these four coastal batteries could help reduce the opposition to ratification.²⁵ Rossetti, the adept Chilean foreign minister, told the United States ambassador that "he could not and would not ask for ratification of the resolution rupture [sic] of relations without this material."²⁶ The desire to protect the United States supply of copper and to prompt severance of relations encouraged the divergence of United States policy toward Chile from its position toward Argentina.

The United States was also sympathetic to the domestic situation

²²Foreign Relations, 1942, VI, 9. The number of personnel was reduced to 108 men at the insistence of Rossetti. As he stated to the American ambassador, "It was impossible in view of Chilean psychology at this time to permit any except extremely limited number of foreign military advisors to enter Chilean soil." Ibid., p. 13.

²³Ibid., p. 15.

²⁴Ibid., p. 5.

²⁵Ibid., p. 9.

²⁶Ibid., p. 13.

in Chile. Besides appreciating the Chileans' fear of an attack upon its unguarded coastline,²⁷ the United States saw that domestic political problems complicated Chile's foreign policy. President Pedro Aguirre Cerda had died a few weeks prior to Pearl Harbor, and the Santiago government had scheduled elections for February 1, 1942, to fill the vacancy. The United States, consequently, refrained from a hard and fast policy during January lest an adverse Chilean reaction occur during the political campaign. Although Juan Antonio Ríos had not promised to terminate relations with the Axis in the presidential contest, he won the election as a strong democrat sympathetic to the Allied cause.²⁸ The lame duck foreign minister, Rossetti, was reluctant to embark upon any strong deviation from Chile's traditionally neutral policy. Yet, when the foreign minister was negotiating for arms, he would often indicate that Chile would sever relations in the near future.²⁹ Rossetti's promises, however, never materialized. These assurances that severance of relations was imminent is yet another reason for the difference in United States policy toward Chile from that toward Argentina.

Japanese pressure upon Chile was the main cause for Rossetti's failure to keep his pledge that Chile would break relations during his tenure. In a conversation with Rossetti on February 14, the Japanese minister offered high prices for Chilean products and predicted the Axis occupation of Australia during the spring. More importantly,

²⁷Hull, Memoirs, II, 1383.

²⁸Austin F. MacDonald, Latin American Politics and Government (2nd ed.; New York: Thomas Y. Crowell Company, 1954), pp. 315-318.

²⁹Foreign Relations, 1942, V, 31, 43; VI, 12.

Tokyo's envoy threatened to retaliate with submarine attacks upon Chile and its shipping if relations were cut. As the United States ambassador reported, "The Foreign Minister was deeply impressed with the conversation of the Japanese Minister."³⁰ After Ríos assumed office on April 2, 1942, Japan employed similar tactics with the new government. Under the threat of the destruction of Chile's merchant fleet, the new chief of state promised that his country would maintain its neutrality.³¹ The Japanese threats, therefore, not only kept Rossetti from implementing his assurances to terminate relations, but also secured a pledge from the new regime not to do so.

When faced with this new intransigence, the United States escalated its policy of economic coercion against Chile. When the Santiago government inquired in the first week of June about possible economic as well as military assistance,³² Cordell Hull informed his emissary in Santiago that the United States "cannot discuss this assistance until after we know what Chile's policy is to be."³³ A resolution of the difficulty with Chile appeared possible after the Chilean ambassador had returned from a brief visit to Santiago and met with State Department officials and with President Roosevelt. In these talks, the ambassador once again summarized his country's position. Although a great majority of the Chilean people favored the cause of the United

³⁰Ibid., VI, 14.

³¹Ibid., p. 20. The new government in Santiago also refused to submit the Rio resolutions to the Chilean congress on the basis that the executive branch had exclusive jurisdiction over foreign affairs. Ibid., pp. 20-21.

³²Ibid., pp. 22-23.

³³Ibid., p. 24.

States, Chileans feared an attack if it took any unneutral action, such as cutting diplomatic and commercial relations with the Tripartite powers. As the Chilean envoy explained to the President on August 5, "unless Chile could obtain military and naval matériel which would make it possible for Chile to undertake at least a minimum of self-defense, . . . public opinion . . . would not support his Government in a breaking of relations with the Axis countries."³⁴ Reacting to this domestic situation, President Roosevelt pledged fifty to one hundred patrol planes if Chile broke diplomatic relations.³⁵ With these planes providing 'at least a minimum of self-defense' for Chile, the President was quite confident that these additional armaments would lead Chile to break relations in the near future. To leave no doubt regarding Chile's future policy, Roosevelt gave an additional pledge to Ríos that the United States would militarily intervene to prevent the overthrow of Chile's government. Guaranteeing full United States support if rupturing relations precipitated an Axis attack "or if real trouble should be created in Chile by Axis . . . agents,"³⁶ the Roosevelt offer was highly reminiscent of the Coloso del Norte of the early 1900's. To implement the verbal agreement between the President and the ambassador, the United States formally proposed on August 14 that 147 planes form the basis of a Lend-Lease pact which the two countries would sign after Chile broke relations. While both sides claimed that they were not bargaining, the Chilean government replied that it would

³⁴Ibid., p. 29.

³⁵Ibid., pp. 30-31.

³⁶Ibid., p. 31.

break relations only after it had signed the Lend-Lease agreement and had begun to receive the military material from the United States. Remembering the many unkept promises of the former foreign minister, the United States refused to make any pledges of aid until Chile had broken relations. A stalemate, therefore, developed over whether aid or termination of relations would come first, and the United States failed to obtain a change in the policy of the 'shoestring' republic.

Another 'chicken and the egg' argument with Chile resulted from Franklin D. Roosevelt's conversation with the Chilean ambassador on August 5. The President had invited Antonio Ríos to Washington in the belief that Santiago would immediately send the German, Italian, and Japanese diplomats home. When Chile balked at rupturing relations, the proposed state visit changed from a nice gesture rewarding a new ally to an awkward vehicle entertaining a neutral. Understandably, the United States wanted the President of Chile to come to Washington only after the severance of relations. The South American country, on the other hand, wanted to sever relations after the visit in hopes that the face-to-face negotiations could produce large amounts of economic assistance in return for a change in policy. Claiming to refuse to bargain, the United States government believed that if Ríos severed relations immediately following a visit to Washington, critics would suspect that it had applied undue pressure.³⁷ The question of whether the severance of relations would precede or follow the visit of Ríos was still unanswered as the time drew nearer for the president's departure from Santiago.

³⁷Ibid., pp. 32-36.

Intent upon visiting the United States, the South American executive was also planning to visit the Latin American countries along the Pacific coast. Between his farewell dinner given by the Chilean congress and his departure, word arrived of Sumner Welles' speech in Boston on October 8, 1942.³⁸ Before the National Council on Foreign Trade, the Under Secretary of State declared that Argentina and Chile

are still permitting their territory to be utilized by the officials and the subversive agents of the Axis as a base for hostile activities against their neighbors. . . . I cannot believe that these two republics will continue long to permit their brothers and neighbors of the Americas, engaged as they are in a life and death struggle to preserve the liberties and integrity of the New World, to be stabbed in the back by Axis emissaries operating in the territory and under the free institutions of these two republics of the Western Hemisphere.³⁹

To this call for an inter-American condemnation of Chile and Argentina, the reaction in Santiago was "instantaneous, emphatic, furious, and unanimous."⁴⁰ Ríos, personally humiliated and insulted, immediately cancelled his proposed trip and solved the United States dilemma of entertaining him before he had severed relations. On October 10, 1942, Chile and Argentina sent strongly worded, separate protests in which the latter expressed its "strong displeasure of the statements . . . being in open contradiction to reality."⁴¹ Each country's populace indignantly reacted to Welles' announcement. As a North American student in Argentina wrote, "Certainly, we shall not improve our standing

³⁸Claude G. Bowers, Chile Through Embassy Windows: 1939-1953 (New York: Simon and Schuster, 1958), p. 110.

³⁹U.S., Department of State, Department of State Bulletin, Vol. VII, no. 172 (October 10, 1942), p. 810.

⁴⁰Bowers, Chile Through Embassy Windows, p. 110.

⁴¹Foreign Relations, 1942, V, 210.

in Argentine circles by calling Castillo, his ministers, and the leaders of the Argentine army fascists. That is a tactless approach. Even pro-democratic Argentines resent our speaking of their national leaders in that way."⁴² Deviating from the avowed Good Neighbor Policy, the Welles' speech was a public criticism of the policy of a Latin American government by a high official of the United States. This was the first time that this had happened since Cordell Hull's criticism of Mexico during the early years of the oil expropriation controversy.⁴³

Preceding Sumner Welles' speech in Boston, the United States had quietly attempted to limit the harm which subversion could do in the Western Hemisphere by taking unpublicized actions to contain espionage activity in Argentina. After waiting five months for Argentina to implement the Rio recommendations to terminate relations or to take effective action against German spies, the United States launched on July 6 a quiet diplomatic effort to persuade Argentina to eliminate espionage. In several informal, mildly worded memoranda, the United States complained that Argentina had made no effort to limit the travel of Axis personnel, reduce communication with the Tripartite powers, or lessen pro-German propaganda in Argentina. In reply, Buenos Aires maintained that it had indeed curtailed all non-diplomatic movement by Axis nationals and had vigilantly tried to suppress all clandestine radio transmitters. The Castillo government also stated that it had established both a 'state of siege' and a special organization on "Vigilance and Repression of Anti-Argentine Activities" which was

⁴²Herron, Letters, p. 295.

⁴³Arthur P. Whitaker, "The Inter-American System," Inter-American Affairs: An Annual Survey, I (1942), 25.

designed to control any activity detrimental to the country or to democratic institutions. These measures did not satisfy the United States which considered them as either patently limited or laxly enforced. 'Anti-Argentine' could include pro-Allied criticism of Argentina's neutrality.⁴⁴

In its dealing with Chile to control Axis actions, the State Department elected to circumvent regular diplomatic channels "in view of our doubts as to the discretion of Chilean officials."⁴⁵ Instead the United States secretly dispatched undercover agents to that South American country in order to locate and eliminate any Axis espionage.⁴⁶ Since the United States was still haggling with Chile over the severance of relations and military assistance, it had no need to press for a control over espionage activity. If the Roosevelt administration could have persuaded Santiago to halt diplomatic relations, it would have also removed from Chile the center of much anti-American activity. Welles' Boston speech, however, removed the secrecy from the desire of the United States to limit espionage in the Western Hemisphere.

Not only did the Under Secretary of State's speech add publicity, but it also marked a change in the United States methods. Prior to the speech, the Roosevelt administration tried to secure Argentine and Chilean cooperation by one-to-one negotiations. After Sumner Welles spoke of the danger to all the American countries inherent in the

⁴⁴Foreign Relations, 1942, V, 201-206.

⁴⁵Ibid., p. 198.

⁴⁶Ibid., V, 198; VI, 15, 16; U.S., Congress, Senate, Expenditures and Commitments by the United States Government in and for Latin America, Sen. Doc. 132, 78th Cong., 1st sess., 1943, p. 33.

policy of Argentina and Chile, the United States changed from a bilateral to a multilateral approach of applying inter-American coercion. According to Cordell Hull, the United States had "close relations with the other American Republics, enhanced by Lend-Lease operations, and we could join with them in bringing pressure to bear on the Argentine."⁴⁷ The United States justified this approach in that "Mr. Welles' recent public remarks . . . were made only after this Government had sought to avail itself of all other means of obtaining the cooperation of Chile and Argentina."⁴⁸

The vehicle through which the American republics would apply their pressure was the Emergency Advisory Committee for Political Defense which the Rio conference had established to coordinate the hemisphere's anti-subversive measures. With its headquarters in Montevideo, the committee had representatives from only seven of the twenty-one American republics. By the principle of joint representation, each member would represent the American republics as a whole and not the particular government which appointed him. The only function of the seven countries—Argentina, Brazil, Chile, Mexico, United States, Uruguay, and Venezuela—was to provide background information to the committee through their selected delegates.⁴⁹ Early in the life of the committee, the Argentine delegate announced a reservation to a Brazilian proposal recommending that Axis nationals register with the government

⁴⁷Hull, Memoirs, II, 1410.

⁴⁸Foreign Relations, 1942, V, 217.

⁴⁹Carl B. Spaeth, "The Emergency Advisory Committee for Political Defense," The American Journal of International Law, XIX (April, 1944), 222-224.

of the country in which they resided. Believing that the delegate was acting upon instructions from Argentina, the United States claimed that the Argentine was representing only his government's view and thus violating the committee's fundamental concept of representation.⁵⁰ Despite this defense of the validity of joint representation, the United States continued to send definite instructions to its appointed delegate on the Committee for Political Defense, Carl Spaeth.⁵¹ The United States, however, did not wish to have the committee engage in any multilateral exchange of intelligence information lest the Axis agents obtain it through the committee.⁵² In applying this policy, the United States refused to send Spaeth appropriate background information for the committee's use.⁵³ Since the United States had agreed to provide such information to the committee, it was not fulfilling its inter-American duties. Regarding the principle of joint representation, the Roosevelt administration was not practicing what it was preaching to Argentina.

Utilizing this inter-American organization to bring pressure upon the recalcitrant republics, the United States began amassing support within the committee during October.⁵⁴ On November 1, immediately after Chile announced the convening of its congress,⁵⁵ Secretary of State Hull ordered Ambassador Dawson in Uruguay to present documented

⁵⁰Foreign Relations, 1942, V, 76-77.

⁵¹Ibid., pp. 77, 78, 84, 105.

⁵²Ibid., p. 78.

⁵³Ibid., pp. 94-95.

⁵⁴Ibid., p. 217.

⁵⁵New York Times, October 28, 1942.

evidence on espionage in Chile to Alberto Guani, the Uruguayan foreign minister and chairman of the Committee for Political Defense. Following his instructions, the ambassador requested that the Uruguayan diplomat make public a secret memorandum which the United States had presented to Chile on June 30. This communication detailed the extent of Axis espionage on Chilean soil and the aid such activity was receiving from the German, Japanese, and Italian embassies.⁵⁶ This would serve the triple purpose of placing the weight of hemispheric opinion against Chile, complying with demands that the United States prove the statements uttered by Welles, and pressuring the Chilean congress to break relations.⁵⁷ Guani balked at publicizing a document one American nation had presented to another without the permission of both nations and at announcing the contents without a formal committee hearing. The United States compromised and agreed to have Spaeth present the matter before the committee as being a copy he received. On November 3, after four hours of heated debate, the Committee on Political Defense agreed to publicize the memorandum by a vote of five affirmatives, one negative from Chile, and one abstention from Argentina. A few weeks later, the committee considered and passed another resolution which recommended that the presidents of the nineteen American republics which had severed relations jointly urge Chile and Argentina to terminate diplomatic relations with the Tripartite powers.⁵⁸ Since neither the publication of the memorandum nor the joint appeal fulfilled the original purpose of the committee, the United States altered an inter-

⁵⁶Foreign Relations, 1942, V, pp. 100-101.

⁵⁷Ibid., VI, 36.

⁵⁸Ibid., V, p. 100-105.

American committee to coerce Chile. This pressure joined with Chile's own investigation of the North American allegations and with the lure of economic assistance to cause Chile to sever diplomatic relations with the Axis in January, 1943.

The North American republic utilized the same principle of employing the weight of hemispheric opinion in its dealings with Argentina. The day after the publication of the Chilean memorandum the United States presented to the Buenos Aires government a note, similar to the one published on Chile, documenting extensive Axis activities in Argentina. In delivering the document, the United States ambassador declared that his government reserved the right to publicize any or all parts of the message, but would wait to see if Argentina acted upon the information.⁵⁹ Wishing to prevent publication, the Argentines argued that they were taking all necessary and possible legal steps. The Buenos Aires government also pointed out that the only accomplishment of publication would be "increased bad feeling against Argentina within the United States and within the other American Republics."⁶⁰ Joining action to its argument, the Castillo government promptly eliminated the espionage which the memorandum indicated. This measure of cooperation was insufficient for the Secretary of State, who wrote to the ambassador in Buenos Aires that "even though the Argentine Government takes steps now to clean up all of the activities described in our memorandum, the situation will still be totally unsatisfactory unless the Argentine Government [under Castillo], utilizing all of the

⁵⁹Ibid., pp. 231-232.

⁶⁰Ibid., p. 234.

information which it has, undertakes on its own initiative to stamp out all of the Axis activities today going on in Argentina. . . ." ⁶¹

The Argentine government believed that it was taking the initiative and any publicity of the memorandum's contents would cause the Axis agents to take cover and thus hinder their capture. ⁶² The Argentine logic failed to impress the United States which requested on January 1, 1943, that the Committee for Political Defense publish the document. The United States thus had "benefited by withholding publication of the memoranda and therefore influencing Argentina to act through the threat of publication," ⁶³ but published the document anyway to mobilize public opinion in the hemisphere to force Argentina to break relations. ⁶⁴

While the United States was attempting to persuade Argentina and Chile to sever relations or to control subversion, it was also trying to terminate commercial wireless communication from Buenos Aires and Santiago to Tokyo, Berlin, and Rome. ⁶⁵ In this effort, the Roosevelt administration could join its diplomacy with the influence of North American companies which held substantial interests in the telecommunication circuits. Controlling the commercial facilities in both Argentina and Chile, an A.E.F.G. trust (American, English, French, German) operated through its Argentine subsidiary Transradio Inter-

⁶¹Ibid., p. 240.

⁶²Ironically, Argentina was using the same argument that was the basis for United States opposition to multilateral exchange of intelligence information through the Committee for Political Defense.

⁶³Foreign Relations, 1942, V, 254.

⁶⁴Ibid., pp. 258, 260.

⁶⁵Bowers, Chile Through Embassy Windows, pp. 101-102.

nacional Argentina and through its Chilean subsidiary ~~Transradio~~ Chilena. While this consortium controlled the majority of the outstanding stock in the Argentina company, the Argentina public held both a significant minority of the stock and a majority of the outstanding loans. In a different position, Transradio Chilena had no outstanding indebtedness and only an insignificant number of shares in the hands of Chilean nationals. To sever the lucrative trans-Atlantic communications would incur the enmity of those Argentines who had capital invested in the company. The Italian and German membership on the consortium committee controlling Transradio Internacional Argentina would immediately pressure their governments to obtain the restoration of the facilities. Although the absence of Chilean monetary interest in Transradio Chilena simplified the problem, the Axis powers could consider the termination of telecommunication as an 'unfriendly act' and succeed in threatening Chile to keep the lines opened. Finally, since all other American nations had severed wireless communications with the Tripartite powers by the end of the Rio conference, the growing importance of each subsidiary appealed to both Chilean and Argentine nationalism.⁶⁶ Complicating the matter further, the British interests also did not wish to lose the profitable links. These varying financial and political interests created a complex situation with which the United States had to deal.

The simplest method to break these communication ties would have been to convince the respective Latin American countries to announce the severance of telecommunications. When the United States approached

⁶⁶ Foreign Relations, 1942, V, 110-114.

each government in the summer of 1942 with the proposal, both countries politely refused. Argentina maintained that the closing the circuits to Berlin, Rome, and Tokyo would be ineffective as long as the links were open to such neutral nations as Sweden, Spain, and Switzerland.⁶⁷ The United States rejected Chile's counterproposal that it forbid the German, Italian, and Japanese missions to use cipher or code in communicating with their respective governments.⁶⁸ Merely using the United States corporate influence to order the Latin American communication subsidiaries not to accept messages destined for the Axis nations would not be a permanent solution. Such a refusal would violate the concessions which Argentina and Chile had given to the consortium in 1921. These concessions, based upon the right of a nation to regulate its public service, stipulated that the concessionaires could not establish or terminate circuits without the permission of the respective government. To disregard a provision of the concession would provide either country with a legal basis to assume operation of the subsidiary and to reestablish the broken circuits.⁶⁹ Given these circumstances, the United States embarked upon a two-pronged policy: "positive joint action by the British and United States consortium trustees under the direction of their respective governments"⁷⁰ and the procurement of Argentine and Chilean acceptance of the decision

⁶⁷Ibid., p. 118-123.

⁶⁸Ibid., p. 122.

⁶⁹Ibid., pp. 121, 141, 154.

⁷⁰Ibid., p. 127.

of the American economic interests.⁷¹

The double thrust of the North American action toward Chile began on September 9 with a meeting in the State Department. The participants decided that the United States corporations should order its representatives at the board of the director's meeting to obtain the refusal of Transradio Chilena to accept any communications destined for the Axis nations. Britain's representative on the board would follow the United States lead. To prepare the Chilean government for the termination at the next board meeting in early October, the State Department obtained the aid of the Brazilian ambassador in Santiago.⁷² These two diplomats reiterated to the Chilean officials previous warnings that the continuation of these communications endangered the safety and security of the Western Hemisphere.⁷³ As the board meeting approached, an analysis showed that the Allies had only three of seven votes for cutting telecommunications. The deciding votes rested in the hands of the two Chilean directors. To obtain their votes, the North American representative informed each member, "I understand that all supplies for Transradio Chilena will be cut off if it continues to maintain its circuits with the Axis."⁷⁴ Realizing that North American electronic supplies were the life blood of the company, the Chilean board members urged their foreign office to reach an agreement with the

⁷¹Ibid., p. 135.

⁷²Ibid., pp. 145-147.

⁷³Ibid., pp. 118, 119, 123.

⁷⁴Ibid., p. 127.

United States. As a result, the Chilean foreign office again proposed the once rejected offer to prohibit the transmission of codes and ciphers outside of the hemisphere.⁷⁵ This time, however, the United States accepted the offer, realizing that it would effectively prevent the Axis mission from contacting their governments through neutral countries.⁷⁶ The United States, therefore, obtained a partial, although acceptable, break in commercial communications through its use of North American corporate investments and threats of economic reprisal.

Regarding Argentina, the State Department prepared a telegram instructing the North American member of the board of Transradio Argentina to secure the company's refusal to accept messages bound for Axis nations.⁷⁷ This goal, however, was secondary to securing the election of a United States citizen as manager of the Argentine subsidiary. In such a capacity, he could prevent the misuse of the company's facilities. Yet, not until October 9 did a vote of four to three elect a United States national as president of the company.⁷⁸ Since this occurred on the same day as Chile's ban on coded messages, the State Department altered its original desire to one of obtaining a similar restriction on coded messages going outside of the hemisphere.⁷⁹ Manipulation within the subsidiary's governing committee, diplomatic entreaties, and what the United States ambassador called the "salutary

⁷⁵Ibid., p. 159.

⁷⁶Ibid., p. 166.

⁷⁷Ibid., p. 145.

⁷⁸Ibid., pp. 157, 163.

⁷⁹Ibid., p. 166.

effect" of the North African invasion produced a decree from the Castillo government.⁸⁰ By the pronouncement of December 3, 1942, Argentina limited the Axis missions to sending one hundred code words per day to destinations outside of the Western Hemisphere.⁸¹ The United States, therefore, achieved only a modified success in its desire to deny the Axis agents wireless communication.

The United States push to terminate telecommunications was part of the total policy aimed at convincing Argentina and Chile to cooperate fully with the Allies. This policy was based upon the fact that a vast majority of the Argentine and Chilean populace favored the Allied cause against fascism. The United States government held that the Castillo administration was pro-Axis and suppressing the will of the democratic Argentines.⁸² More tolerant of Chile, the Roosevelt administration felt that the strictly neutral policy of the South American republic was also contradicting the wishes of the Chileans.⁸³ This governmental analysis failed to appreciate correctly that both countries were following pro-Allied neutrality. Each had declared that the United States was classified as a non-belligerent under its neutrality laws. Argentina and Chile also continued to trade with the North American republic. The Roosevelt administration should have understood the rationale of this course since it had pursued a similar non-belligerency toward Britain before Pearl Harbor.

⁸⁰Ibid., p. 174.

⁸¹Ibid., p. 178.

⁸²Sumner Welles, The Time for Decision (New York: Harper and Brothers Publishers, 1944), 234-236.

⁸³Hull, Memoirs, II, pp. 1383-1384.

This kind of neutrality was appropriate for both Chile and Argentina. The Chilean government reflected the mood of its citizens in fearing for its major industries and cities on or near its unprotected coast. The Chilean voters selected Ríos in the election on the platform of favoring the democracies without severing relations. Argentina's economy depended upon its exports. With only two dozen ships in its merchant marine, its national interest dictated that all efforts, including neutrality, be expended to save every ship.⁸⁴ The United States, therefore, unfairly judged Argentina's and Chile's positions.

This misconception that the governments of Argentina and Chile were suppressing the will of their people filtered down to the citizenry of the United States. In its interpretation of the news, Time magazine maintained that the Castillo government was pro-Axis.⁸⁵ Joining Time, such widely diverse magazines as Collier's, Harper's Magazine, and The Nation gave their commentaries the same bias.⁸⁶ The youth of the United States also received this point of view through

⁸⁴Manuel Seoane, "Castillo is not Argentina," The Nation, CLVI (January 2, 1943), pp. 12-13.

⁸⁵See "Circumstantial Evidence," Time, June 22, 1942, p. 38; "Welles Lights Up," Time, October 19, 1942, p. 38; "Hispanidad v. Pan America," Time, April 26, 1943, p. 34.

⁸⁶See Frank Gervasi, "Argentina, Axis Gateway," Collier's, April 18, 1942, pp. 11, 51-53; Waldo Frank, "Argentina, Unwilling Enemy," Collier's, September 26, 1942, p. 17; Waldo Frank, "Chile Gets Off the Fence," Collier's, October 24, 1942, pp. 16, 73-75; Ysabel Fisk, "Explaining Argentina," Harper's Magazine, CLXXV (October, 1942), 535-542; "A Warning from South America by an Anonymous Diplomat," The Nation, CLIII (December 27, 1941), 665-667; William L. Shirer, review of The Nazi Underground in South America, by Hugo Fernández Artucio, The Nation, CLIV (April 18, 1942), 463; Seoane, "Castillo is not Argentina," pp. 12-13.

Senior Scholastic.⁸⁷ The only major publication that attempted to explain the policy of Argentina as pro-Allied neutrality was Christian Century.⁸⁸ This last journal had a weekly circulation of 29,177 compared to 2,909,794 for Collier's, 106,846 for Harper's Magazine, 33,169 for The Nation, 347,612 for Senior Scholastic, and 842,122 for Time.⁸⁹ From these facts, the American people had ample reason to believe that Argentina and Chile were nests of Nazi influence.

Reviewing the North American policy toward Chile and Argentina from the Rio Conference to the invasion of North Africa, the economic influence moved the full circle. In the North American republic's desire to have Argentina and Chile join the other Latin American republics in severing diplomatic relations with the Tripartite powers, the United States tried to lure the two hesitant countries with prospects of economic assistance in the form of military hardware. When this failed, the Roosevelt administration used the club of inter-American opinion that the economic influence of the United States had forged. Finally, to lessen the harmful effects of the Tripartite diplomats, the United States employed the influence of North American corporate investments in Latin America. Although the economic aspect

⁸⁷ See "Argentina Clings to Neutrality," Senior Scholastic, September 14, 1942, pp. 14-15; "Facts Behind the Story," Senior Scholastic, October 12, 1942, pp. 14-15; "Relations With Axis Argued in Argentina," Senior Scholastic, October 26, 1942, pp. 14-15.

⁸⁸ See "Is Argentina Pro-Nazi?" Christian Century, LIX (February 4, 1942), 132; J. Dexter Montgomery, "Argentina Holds Her Neutrality," Christian Century, LIX (May 27, 1942), 701.

⁸⁹ J. Percy H. Johnson, ed., N. W. Ayer and Sons Directory of Newspapers and Periodicals, 1942 (Philadelphia: N. W. Ayer and Sons, Incorporated, 1942), for Christian Century see p. 216, for Collier's see p. 651, for Harper's Magazine see p. 659, for The Nation see p. 668, for Senior Scholastic see p. 677, and for Time see p. 230.

emerges in different ways, it is definitely present in all the major developments of the foreign relations of the United States with Argentina and Chile during this period. Despite these attempts at economic pressure, the States failed to convince Argentina or Chile to break diplomatic relations by the time the Allied armies invaded North Africa. These two South American countries were alone in the Western Hemisphere in their refusal to give full political cooperation to the United States.

CHAPTER III

DEFENSIVE COOPERATION

While Chile and Argentina were not eligible in 1942 for military assistance due to their foreign policy, the remaining eight South American countries had fulfilled the first prerequisite of such aid by terminating relations with the Tripartite powers. Under the Lend-Lease Act of March 11, 1941, Congress authorized the President, "when he deems it in the interest of national defense, . . . to sell, transfer title to, exchange, lease, lend or otherwise dispose of . . . any defense article" to the government "of any country whose defense the President deems vital to the defense of the United States."¹ In 1941, the President had declared that all Western Hemispheric countries were "vital" to North American defense and had instructed the State Department to begin Lend-Lease negotiations with the South American republics.² The basic obligations were that the United States would provide defense articles according to an established schedule based upon their monetary value and that the recipient country would pay over an extended period of years a set percentage of the cost of the supplies.³

¹Act of March 11, 1941; 55 Stat 31.

²U.S., Congress, House, Report on the First Year of Lend-Lease Operations, H. Doc. 661, 77th Cong., 2nd sess., 1942, p. 7.

³Foreign Relations, 1941, VI, 139.

By December 7, 1941, the United States had concluded Lend-Lease agreements with Brazil, Paraguay and Bolivia. Within the first six months of 1942, the State Department had renegotiated one of the pre-war pacts and had signed new agreements with the remaining five South American republics. The Lend-Lease arrangements brought the South American countries into the defensive sphere of United States. Relying upon the United States as their arsenal, the eight South American countries which had broken relations made additional concessions to the United States.

While President Roosevelt had publicly declared in 1941 that the South American countries were vital to the United States defenses and that the delivery of arms to them was in the North American national interest, a clearer view of his purpose in providing arms to Latin America emerges in his private statements. When considering the possibility of a German take-over in Central America, Roosevelt told a Senate committee: "Properly equipped and with the knowledge of how to get the right people to do it for us, we could stage a revolution in any Central American government for between a million and four million dollars. In other words, it is a matter of price."⁴ In another confidential prewar statement concerning armament negotiations with several South American countries, the President decided to "let them have a few dribblets" of military armaments in order to keep them "sweet."⁵

⁴From a conference between Roosevelt and the Military Affairs Committee of the Senate, January 31, 1939, as quoted by Thomas H. Greer, What Roosevelt Thought (East Lansing, Mich.: Michigan State University Press, 1958), p. 181.

⁵Roosevelt to George C. Marshall, June 24, 1940, as quoted by Dozer, Are We Good Neighbors?, p. 78.

Finally, the man who personified the 'good neighbor' showed his distrust of the South American governments in early 1942 when he asked Cordell Hull if the United States was monitoring the diplomatic communications between the Latin American republics and the Nazi-occupied countries.⁶ Despite Roosevelt's public proclamation about the necessity and reality of close cooperation within the hemisphere, he felt that sending supplies would insure this close cooperation among the countries whose loyalty he distrusted.

During World War II, a total of \$475 million in Lend-Lease aid cemented this cooperation.⁷ Of this amount, Brazil received the lion's share or about seventy-five per cent of the total.⁸ Brazil's disproportionate allotment was necessary for political and military reasons. Within the political structure in South America, the three major powers are Argentina, Brazil, and Chile. Since prospects for the active aid of Argentina and Chile were dim, the United States needed the assistance and influence of the remaining South American power. Brazilian cooperation was also necessary because of the proximity of the northeastern Brazilian coast to Africa. Offensively, the United States could use the Brazilian bulge as a stepping stone for delivering materials to the fighting fronts. Soldiers and arms could follow the route from the southern United States to the various Caribbean bases to northeastern Brazil to the British colonies in Africa and then to

⁶Roosevelt, FDR: His Personal Letters, II, 1271.

⁷Dozer, Are We Good Neighbors?, p. 128.

⁸Mecham, United States and Inter-American Security, p. 225.

Europe or Asia.⁹ The short distance between the Brazilian bulge and Axis-influenced French West Africa made Brazil's coast a prime location for an invasion of the Western Hemisphere. For these reasons, then, as Sumner Welles explained, "The President . . . decided that this matériel be given to Brazil because of considerations broader than purely military which demand today the closest working relationship between the two Governments."¹⁰

Although the United States and Brazil had been working together on plans of joint defense for several years prior to the United States entry into the war, the harmonious wartime collaboration between the two nations began at the Rio conference when Brazil traded its support for military aid.¹¹ In light of its prewar pledge to aid the North American republic in its war effort, immediately after Pearl Harbor, Brazil had frozen Axis credits, closed Axis newspapers, and terminated telecommunications with Berlin, Tokyo, and Rome. President Getulio Vargas, however, cautioned that the pledge did not necessarily include declaring war or breaking relations.¹² By leaving the door open on the termination of diplomatic relations, Vargas was able to barter arms from the United States. A declaration breaking relations, the Brazilian

⁹Hull, Memoirs, II, 1423.

¹⁰Foreign Relations, 1942, V, 651.

¹¹Part of the prewar cooperation between the United States and Brazil included stationing marine battalions on the strategically important Brazilian bulge. For a complete account of the defensive efforts of the United States and Brazil, see Stetson Conn and Bryon Fairchild, The Western Hemisphere: The Framework of Hemisphere Defense in United States Army in World War II (Washington: Government Printing Office, 1960), pp. 265-302.

¹²Ibid., p. 303.

president argued, would lead to a war with the Axis for which Brazil was not militarily prepared.¹³ Not only would danger be lurking across the seas, it would also be just across Brazil's southern border. If Brazil severed relations and Argentina did not, Axis activity would increase in Argentina and could lead to an incursion against Brazil for which the Vargas government also was not prepared.¹⁴ As additional arms would remedy Brazil's difficulty, Vargas met on January 17 with Welles and offered to sever relations if the United States would dispatch matériel to Brazil's army and navy. Demanding more than the token shipments of the Lend-Lease agreement of October 1, 1941, the Brazilian chief of state wanted airplanes, tanks, and coastal artillery necessary to the defense of Brazil. Two days later, the North American diplomat explained to Vargas that Roosevelt had authorized the requested defense articles.¹⁵ With this encouragement, Brazil severed relations at the conclusion of the conference and embarked upon a course of enthusiastic cooperation. In return, the United States pursued, in the words of one State Department official, a policy of "Be nice to Brazil."¹⁶

The scarcity of defense articles in the United States almost terminated the joint defense effort before it began in earnest. Under the mechanics of the Lend-Lease administration, the Combined Munitions Assignment Board allocated defensive supplies to areas according to

¹³Foreign Relations, 1942, V, 634.

¹⁴Ibid., p. 37.

¹⁵Ibid., pp. 635-636.

¹⁶Roland Hall Sharp, South America Uncensored (New York: Longmans, Green and Co., 1945), p. 5.

military priorities.¹⁷ Weighing the needs of Brazil against those of the countries actually fighting, the Board would not approve in early February immediate shipments to Brazil. Acting upon Roosevelt's belief that international political considerations outweighed the purely military, Harry Hopkins secured the immediate dispatch of fifty planes, twenty light tanks, and four anti-aircraft guns.¹⁸ To secure further cooperation, the United States and Brazil renegotiated the Lend-Lease agreement of October 1, 1941, and signed a new pact on March 3, 1942. The United States pledged to provide \$200 million in military aid.¹⁹ At the same time, the United States scheduled for delivery before the end of 1942 more than 300 tanks and a larger number of anti-tank and anti-aircraft batteries.²⁰ This massive commitment of aid created a receptive attitude in Brazil for further bilateral cooperation.

The effort to secure additional concessions from Brazil began on February 21. On that day, Sumner Welles instructed Jefferson Caffery, the ambassador in Rio, to request new defense concessions for the United States "as soon as President Vargas is apprized of the results" of the new Lend-Lease agreement.²¹ Following his instructions, the North American diplomat asked for Brazil's permission to use the strategic northeastern coast for the stationing of additional United States troops, the building of new bases, and the unrestricted flying

¹⁷H. Doc. 661, 77th Cong., 2nd sess., 1942, pp. 36-37.

¹⁸Foreign Relations, 1942, V, 647, 651.

¹⁹Ibid., p. 816.

²⁰Conn and Fairchild, Framework of Hemisphere Defense, p. 316.

²¹Foreign Relations, 1942, V, 648.

of North American military airplanes. The United States argued that these concessions would improve the movement of planes, troops, and supplies from the southern part of the United States to the European and Southeast Asian theaters. The proposals received quick approval on March 9, just six days after the signing of the comprehensive Lend-Lease program.²² Since Brazil was more interested in gaining the Lend-Lease supplies than in transporting equipment to Europe, the additional military aid secured new concessions from Brazil in the joint defense arrangements.

On April 5, the two countries concluded a new defense arrangement which altered the nature of the prior cooperation. Before this pact, the United States had dispatched its own armed forces to defend the exposed coast from Axis aggression. The new pact called for the joint defense of the area with the United States instructing, training, and supplying the Brazilian forces. To coordinate this bilateral effort, the arrangement also established the Joint Brazil-United States Defense Commission.²³ When Brazil declared war upon the Axis in August, 1942, following submarine attacks on its shipping, the new defensive relationship remained. The only result from Brazil's new belligerent status was the Brazilian military became more overt in their cooperation with the United States.²⁴

Brazil's declaration of war, however, prompted one minor complication. Since the sinking of Brazilian ships had precipitated the state

²²Conn and Fairchild, Framework of Hemisphere Defense, p. 317.

²³Guerrant, Roosevelt's Good Neighbor Policy, p. 186.

²⁴Conn and Fairchild, Framework of Hemisphere Defense, p. 324.

of war, Brazil included with its declaration of war an embargo on every ship in a Brazilian port. To persuade the Rio government to lift the embargo, the Roosevelt administration offered increased submarine protection which included two P-C boats or 173-foot submarine chasers. When the Munitions Board threatened to prevent the export of these ships, President Roosevelt personally intervened again to break the priority impasse. His brief order was in a memorandum saying, "The transfer of two P-C boats . . . is . . . serious from our own operating point of view but this is a matter of international relations which has to be gone through with regardless of the purely military desirabilities."²⁵ This minor incident again shows that the purpose of United States military aid to Brazil was to gain the cooperation of the Vargas government.

With the other seven South American countries which had terminated diplomatic relations with the Axis powers, the United States had less comprehensive Lend-Lease agreements and less extensive joint defense efforts. Of these countries, Colombia, under the leadership of Eduardo Santos, was one of the most cooperative. In the same spirit which led Colombia to break relations immediately following Pearl Harbor, the Colombian minister of foreign relations asked the United States ambassador "what steps the United States believed Colombia should take in the matter of hemisphere defense."²⁶ In its answer, the United States requested that Santos' government permit military observers to enter Colombia. These military men, bearing the title of "Assistants to the

²⁵Roosevelt, FDR: His Personal Letters, II, 1342.

²⁶Foreign Relations, 1942, VI, 141.

Consul," would attach themselves to consulates, wear civilian dress, and endeavor to avoid attention as United States military personnel.²⁷ Receiving an affirmative reply to this request, the North American government also wanted a Colombian liaison officer stationed in Panama with the United States Caribbean Defense Command. Holding the highest rank possible, he would have a carte blanche to permit the United States to take emergency action within Colombia's territory or territorial waters. While agreeing verbally, President Santos did not want the arrangement in a written document because such broad authority violated Colombia's constitution. This breach of constitutional law was similar to Santos' earlier concession allowing the United States to fly planes over Colombian territory without the consent of the Colombian congress.²⁸

Although the cooperation of the Santos' government was voluntary, two series of negotiations were occurring simultaneously with these concessions. On March 17, 1942, Sumner Welles and the Colombian ambassador climaxed Lend-Lease discussions when they signed an agreement which granted Colombia \$16 million in military aid.²⁹ Other conversations concerned the Agricultural Mortgage Bank of Colombia, the second largest governmental bank, which had defaulted on \$10 million in securities which United States citizens held. During late 1941 and early 1942, the North American government had used its good offices to secure the successful settlement finally reached in early March.³⁰ The

²⁷Ibid., pp. 142-143.

²⁸Ibid., pp. 145-152.

²⁹Ibid., p. 190.

³⁰Ibid., pp. 204-219.

importance of the \$10 million debt and the \$16 million in Lend-Lease aid becomes apparent when compared with Colombia's total national budget in 1941 of slightly more than \$45 million.³¹ In addition, the United States agreed to patrol the Goajira peninsula because, as the American ambassador said, "of the large number of requests which we are continually making of the Colombian Government on military and naval matters."³² Although the government of Eduardo Santos, which left office on August 7, 1942, did not trade its cooperation with the United States military defenses for economic advancement, the incentive for economic and military assistance is not toally absent.

After President Alfonso López Pumarejo succeeded Santos in August, Colombia's enthusiastic volunteering somewhat lessened. Believing that Santos should have acted with the consent of the legislature, the new administration sought senate approval of the previous rights granted to the United States. This time, however, López asked for and received permission for military and naval observers since the subterfuge of the "Assistants to the Consuls" had become known. The main development in defensive cooperation during the latter half of 1942 was the United States desire for a naval base at Cartagena on Colombia's northern coast. In addition to the station's role in defending the Panama Canal, the United States argued that the base would help protect Colombian shipping and thus protect Colombia's economic stability. When the López government did not readily accede, the State Department offered to provide air transportation from Cartagena to the off-shore islands as

³¹Sen. Doc. 132, 78th Cong., 1st sess., 1943, p. 33.

³²Foreign Relations, 1942, VI, 150.

a quid pro quo for the base.³³ The announcements of the naval base and the air transport service were issued separately since, according to an informant in the Colombian foreign office, "for internal reasons he [López] does not wish to have the two projects coming too closely associated. . . ." ³⁴ Although the United States still had the cooperation of the Colombian government after López' inauguration, such collaboration was more difficult to obtain.

Peru and the United States completed the joint defense arrangements in early 1942. In exchange for military aid, the government of President Manuel Prado lent the United States a naval-air station and allowed United States armed forces to enter Peru. On February 4, when the United States had proposed to give four coastal batteries to Chile, it had also offered to Peru one battery to guard the exposed Talara oil fields and refineries. Not only did these petroleum facilities provide the only aviation fuel in western South America, they also supplied fuel for Chile's copper industry. Consequently on March 8, the battery arrived with approximately 300 American soldiers to train the Peruvian army in its use. As part of this gift, Peru would permit the United States to use Talara as a base for Pacific air patrols.³⁵ As soon as the Peruvian military had mastered the use of the guns, Washington would turn them over to Lima as part of the Lend-Lease agreement of March 11, 1942. Including the coastal battery, the United States would

³³Ibid., pp. 155-163.

³⁴Ibid., p. 161.

³⁵Conn and Fairchild, Framework of Hemisphere Defense, pp. 202-203.

provide Peru with military aid amounting to \$29 million.³⁶ The catalyst, therefore, for incorporating Peru into the American defense system was the provision for armaments.

Venezuela's defensive collaboration included elements of the arrangements which the United States was making with Colombia and Peru. While the North American republic was sending coastal batteries to Chile and Peru, it also sent a similar set of defense guns to Venezuela to guard the vital petroleum industry on Venezuela's northern coast.³⁷ Besides permitting 300 American soldiers to man these guns, Venezuela also agreed to send a high-ranking officer to Panama as a liaison officer to the Caribbean Defense Command. To guard further Venezuelan oil, Caracas allowed the stationing of three United States marine battalions at Barcelona and the unrestricted flying of American military planes over its territory.³⁸ As Venezuela was granting these concessions, the two governments completed the negotiations of Lend-Lease aid and signed on March 18, 1942, an agreement which gave that South American country \$15 million in army and navy aid. As additional assistance, the United States built and staffed a military, a navy, and an air force academy. The Venezuelan military, which played an important role in domestic politics and in the country's tradition, placed a

³⁶ Foreign Relations, 1942, VI, 673.

³⁷ In mid-January, the American military had promised to provide three such batteries. When the offer of one arrived in February, Venezuela hesitated in accepting lest the possibility of receiving the other two end. However, a German submarine attack upon the island of Aruba prompted the acceptance of the one battery. Conn and Fairchild, Framework of Hemisphere Defense, pp. 203-204.

³⁸ Foreign Relations, 1942, VI, 735-740. The permission for flights over Venezuelan territory, however, did not include photographic permission. Conn and Fairchild, Framework of Hemisphere Defense, p. 263.

tremendous amount of importance upon these academies.³⁹ While the naval part of the Lend-Lease aid provided anti-submarine patrols, the United States' military assistance programs secured the tangible benefits of such patrols, in addition to permission to build bases, to use the harbors, and to fly military planes above Venezuelan territory.⁴⁰

The government of Ecuador's President Carlos Arroyo cooperated with the United States in providing military bases at Salinas and in the Galápagos Islands. Early in the war, Ecuador had permitted the United States to occupy the Pacific archipelago protecting the western approach to the Panama Canal. Ecuador, lacking adequate military forces with which to guard the islands, wanted the United States to occupy the islands to prevent them from falling into Japanese hands. Regarding the base at Salinas on the peninsula which guarded Guayaquil Bay, the two governments had negotiated a written agreement whereby the United States would pay all expenses and Ecuador would retain legal ownership. The United States would have a center for Pacific air patrols, and Ecuador would have protection of its major seaport.⁴¹ The two countries, however, had not negotiated an arrangement for the Galápagos bases. Although Arroyo had privately granted verbal permission to the United States to occupy them, he refused to sign a written pact until both countries had concluded a Lend-Lease agreement and until the United States had provided an outline of materials immediately available. Wanting to have a written contract to avoid

³⁹Isaías Medina Angarita, Cuatro Años de Democracia (Caracas: Pensamiento Viva C.A., Editores, 1963), pp. 139-140, 145.

⁴⁰Mecham, United States and Inter-American Security, p. 226.

⁴¹Foreign Relations, 1942, VI, 366-368.

the charge of an illegal military occupation, the United States complied with Arroyo's desires. On April 6, Quito and Washington signed a highly favorable Lend-Lease pact that stipulated that Ecuador would pay only 3.53 per cent of the cost of \$17 million in defense articles.⁴² In the summer of 1942, negotiations regarding the Galápagos deadlocked over a conflict between the War Department and the Ecuadorian Senate. In a partial solution to the impasse, President Arroyo announced in September that the United States had been occupying the Galápagos Islands for the past nine months. The announcement preceded the formal termination of the negotiations until October, 1943.⁴³ In spite of the failure to conclude a contract, Ecuador had successfully parlayed the United States desire to use the islands into both North American protection of them as well as an advantageous Lend-Lease agreement.

The predominantly Indian nation of Bolivia, through no fault of its own, failed in its attempt to trade additional arms for cooperation in a joint defense arrangement with the United States. Through a Lend-Lease contract signed on the eve of Pearl Harbor, the North American government promised to send to Bolivia at least \$3 million during 1942. Already having this pledge of military assistance, the Bolivian delegation of the Rio conference pressed for and secured economic aid.⁴⁴ Immediately following the conference, the Peñaranda government reverted to wanting increased military aid when it tried to obtain aviation

⁴²Ibid., pp. 371-382.

⁴³Ibid., pp. 378, 379.

⁴⁴Foreign Relations, 1941, VI, 428-433.

assistance. In presenting the reasons for the needed material, the Bolivian diplomats stressed the possibility of a carrier-based attack upon Bolivia's mining industry. The Bolivians also pointed to the advantages of an air-base which, by virtue of Bolivia's central location, would have easy access to both coasts and to any country in South America. When the State Department failed to see any strategic value in Bolivia and indicated that it was unable to supply the requested aid, the La Paz government offered to give the United States bases in its country. This additional gesture was also ineffective as Washington reduced the Lend-Lease appropriation for 1942 to \$1 million. Despite Bolivia's efforts, the United States rejected all proposals for a blanket increase in military aid.

The Roosevelt administration, however, did grant some token concessions to Bolivia in defensive areas. Despite the extreme scarcity of airplanes, the State Department agreed to substitute aircraft for more available supplies in order to restrain Bolivia from selling any of its military equipment to a third party. This pledge halted Argentina's plans to purchase from the Bolivian army some old transport planes and establish commercial air service in eastern Bolivia. Washington opposed this Argentine proposal because a new airline could be the first step toward Argentine rivalry for United States purchases of raw rubber in eastern Bolivia. Any new air service, furthermore, would compete with an airline in which the North American government and the Pan American corporation had a direct financial interest. After cutting Bolivia's quota of military supplies to one-third of the original pledge, the United States lessened the effect by refunding

Bolivia's payment for the material.⁴⁵ Since men were more available than military equipment in 1942, the United States also agreed in August to send army instructors to supplement the aviation mission.⁴⁶ The Peñaranda government was unable to increase its military assistance primarily because Bolivia did not have anything which would aid the United States defensive needs. While the substitution of aviation material for military supplies was intended to thwart Argentina designs in eastern Bolivia, the token defensive aid was, according to the American charge in La Paz, sent to "bolster morale of weak Bolivian Government and people and might have salutary influence on Chile and Argentina."⁴⁷

Besides lacking strategic importance, Paraguay could not even claim the production of vital raw materials when it contended for defensive aid from the United States. Despite these deficiencies, the Roosevelt administration understood the tremendous influence which Argentina exerted upon neighboring Paraguay. Geopolitically, Argentina borders Paraguay on three sides. Economically, its influence is even greater. Paraguay's main commercial avenue with the world in the Paraguay-Paraná which flows for hundreds of miles through Argentine territory. The steamship companies which navigate the river are Argentine owned and operated. The Argentine government owns the predominant interest in the Paraguayan Central Railroad, which is the only

⁴⁵Foreign Relations, 1942, VI, 526-536.

⁴⁶U.S., Department of State, Military Mission: Agreement Between The United States of America and Bolivia, Executive Agreement Series No. 267 (August 11, 1942), p. 1.

⁴⁷Foreign Relations, 1942, V, 516.

major railroad in the country. The Paraguayan guaraní, the monetary unit, is tied to the Argentine peso and enters the international money market through Buenos Aires.⁴⁸ Confronted with this strong influence by the non-cooperative Argentines, the Roosevelt administration could offset this dominance through military aid.

With Argentina always lurking in the background, the United States increased during 1942 the amount of aviation materials it sent to Paraguay over the allotment scheduled in the Lend-Lease contract signed in late 1941.⁴⁹ After Paraguay had received several small training aircraft, the fliers had damaged most of them within a few months. The government of Higinio Morinigo in Asunción convinced the United States to furnish replacements or to pay the repair costs. When the Paraguayan government refused to pay for the gasoline for these planes, the United States agreed to increase Paraguay's Lend-Lease allotment to allow for the purchase of gasoline. The basis of Asunción's argument was that "if, as part of the good neighbor policy, the United States was going to supply the planes, . . . [it] at least ought to be good neighbor enough to give . . . the gas to run them."⁵⁰ The main point of negotiation between the Morinigo and Roosevelt administrations concerned the construction of civilian airports at Asunción and Concepción. The United States paid for the development of the Asunción airport in exchange for the free use of the facilities by North American military aircraft. Since the completion of this airport ful-

⁴⁸MacDonald, Latin American Politics, p. 508.

⁴⁹Foreign Relations, 1942, V, 658.

⁵⁰Sen. Doc. 132, 78th Cong., 1st sess., 1943, p. 68.

filled Paraguay's desire for a great national airport, the South American government refused to provide the land for a similar arrangement regarding the improvement of the air facilities at Concepción.⁵¹ Consequently, Paraguay's increased military aid resulted from the United States desires to limit Argentine influence and to obtain air facilities for its military aircraft.

In its defensive relations with Uruguay, the United States actions were based upon a Lend-Lease agreement signed on January 13, 1942. By this pact, the United States pledged to Uruguay \$17 million in military assistance.⁵² After this pact brought Uruguay into defensive cooperation with the United States, Uruguay half-heartedly permitted the United States to build a naval-air station at Laguna Negra.⁵³ This procedure of Lend-Lease aid obtaining a military concession duplicated the basic outline of the military cooperation of the other South American countries which had severed relations.

An analysis of the wording of the preamble of the Lend-Lease agreements will show how the pacts brought the Latin American countries into the United States defensive sphere. In the introduction to the pacts, both signatory powers "expressed their desire to cooperate in the defense and maintenance of peace, the security and integrity of the American continent. . . ."⁵⁴ The pledge "to cooperate" prompted the North American country to provide the defensive articles contained in

⁵¹Foreign Relations, 1942, VI, 651-654.

⁵²Ibid., p. 703.

⁵³Bryce Oliver, "Brazil and Uruguay," in What the South Americans Think of Us, pp. 166, 175.

⁵⁴Foreign Relations, 1941, VI, 138.

the text of the agreement. In exchange for this specified amount of military aid, the Latin American governments agreed to collaborate with the United States in the defense of the hemisphere. The concessions which the South American countries made to the North American military were the practical implementation of this Lend-Lease pledge.

The pacts also included an escape clause as subtle coercion to prevent the South American governments from failing in their collaboration. The agreements allowed, "In conformity with the Act of Congress of the United States of America of March 11, 1941, [Lend-Lease Act] the United States of America reserves the right at any time to suspend, defer, or stop deliveries, whenever, in the opinion of the President of the United States of America, further deliveries are not consistent with the needs of the defense of the United States of America or the Western Hemisphere."⁵⁵ The South Americans understood that this was not an idle threat. The United States was denying aid to Chile and, especially, Argentina because of their lack of cooperation. If the North American republic terminated supplies with a non-cooperative country, the United States could answer any charge of economic retaliation with the credible reply that countries actually fighting had priority for the extremely scarce matériel. Within the Lend-Lease agreements, therefore, the North American pledge to deliver armaments accompanied the South American pledge to cooperate. If the Latin Americans refused to abide by their pledge, the United States could also retract its promises.

In a message to Congress in the spring of 1942, President Roosevelt

⁵⁵Ibid., p. 139.

wrote, "Under the Lend-Lease Act, we send our arms and materials to the places where they can best be used in the battle against the Axis."⁵⁶

How effective was the aid sent to South America during 1942 in fighting the Tripartite Powers? The Roosevelt rationale that such Lend-Lease assistance struggled against the Axis by defending the Western Hemisphere is subject to serious questioning.

During 1942, the United States shipped \$34.6 million in Lend-Lease arms to all of Latin America. Of this amount, \$17.8 million was aircraft and aeronautical material.⁵⁷ With the notable exception of Brazil, because of its particular importance, no other South American country received during 1942 or later any medium or heavy airplanes.⁵⁸ Among the possible light-weight aircraft—fighters, trainers, or reconnaissance ships—that the United States could have sent, training planes predominated in 1942. Of a total of 113 planes delivered to Brazil, seventy were trainers, twenty-six were bombers, sixteen were pursuit aircraft, and one was a twin-engine Beechcraft for airmail service.⁵⁹ A similar emphasis on trainers was involved in the aeronautical supplies delivered to Paraguay.⁶⁰ Of the forty-two

⁵⁶H. Doc. 661, 77th Cong., 2nd sess., 1942, p. 6.

⁵⁷U.S., Department of State, Fourteenth Report to Congress on Lend-Lease Operations for the Period Ended December 31, 1943, Reports on Lend-Lease Operations (March, 1944), p. 50. The heavy emphasis on aviation continued throughout the war and was not limited to just 1942. U.S., Department of State, Twenty-fifth Report to Congress on Lend-Lease Operations: Lend-Lease Fiscal Operations, March 11, 1941 through June 30, 1947, Reports on Lend-Lease Operations (July, 1947), statement II.

⁵⁸Conn and Fairchild, Framework of Hemisphere Defense, p. 234.

⁵⁹Foreign Relations, 1942, V, 636-669.

⁶⁰Sen. Doc. 132, 78th Cong., 1st sess., 1943, p. 68.

light-weight aircraft allotted to Bolivia under Lend-Lease, all were training planes.⁶¹ Because of the predominance of trainers, the direct function of aviation aid, which comprised over fifty per cent of Lend-Lease assistance, was not to battle the Axis but to train the southern neighbors. The South Americans were understandably interested in developing their domestic aviation since the geographical obstacles of mountains, plateaus, deserts, jungles, and non-navigable rivers have continuously impeded the growth of other means of transportation.

Again with the exception of Brazil, the only major artillery the United States sent to South America were the six 155-millimeter coastal batteries to Chile, Peru, and Venezuela.⁶² The bulk of the Lend-Lease ordnance sent to Bolivia, Colombia, Ecuador, Paraguay, Peru, Uruguay, and Venezuela were small caliber machine guns, mortars, and rifles. These types of armaments could not protect these countries from a hit-and-run attack, which was the only offensive maneuver that the Axis could effectively execute. The Lend-Lease aid, therefore, did little to provide adequate protection of the Western Hemisphere.

A further indication of the non-strategic purposes of Lend-Lease assistance is that the major and most effective defensive efforts of the United States were originally unconnected with Lend-Lease activities. The process of guarding the northeast coast of Brazil began in 1940, many months before the passage of the Lend-Lease Act. Prior to the signing of Lend-Lease contracts, the United States sent the six

⁶¹Foreign Relations, 1942, V, 533. The heavy demand upon war materials among the Allied forces prevented all the allotted planes from arriving by the end of 1942.

⁶²Conn and Fairchild, Framework of Hemisphere Defense, p. 234.

coastal batteries to Chile, Peru, and Venezuela to protect the vital copper and petroleum industries. Since these United States actions were originally unassociated with Lend-Lease deliveries, the United States took the minimum and necessary steps for defending the vulnerable points of the South American continent without the use of the Lend-Lease law.

Although the main defensive actions occurred independently of Lend-Lease aid, military assistance was vital in securing additional defensive concessions from the South American nations. President Roosevelt did believe that the gifts of arms could gain the collaboration of the South American countries. The basis for this belief is in the part the military plays in Latin American domestic politics. Professor Austin McDonald summarized this role: "The governments of most of our southern neighbors are run by the generals. . . . The army almost always has the power and shows no hesitancy in making it felt."⁶³ Military assistance could gain the cooperation of this highly influential military class. Once the Lend-Lease matériel had created a receptive attitude in the South American states, the United States could obtain additional permissions, such as to establish bases, to use harbors and airports, and to fly over the territory of the South American republics. These concessions, however, were more conveniences than the original necessities established without the aid of Lend-Lease.

Although the United States concluded Lend-Lease agreements with

⁶³MacDonald, Latin American Politics, p. 16. For an in depth study of the relationship between Latin American military and politics, see Edwin Lieuwen, Arms and Politics in Latin America (New York: Praeger Press, 1960).

eight South American governments, the Roosevelt administration made no effort to sign Reverse Lend-Lease contracts with any South American country.⁶⁴ The State Department reasoned that "it would be impolite, unwise, and improper to expect or ask for" a Reverse Lend-Lease pact.⁶⁵ To have done so might have endangered the collaboration which the original aid had obtained. If the motivating thrust of military assistance had been an outgrowth of hemispheric solidarity, then the logical result would have been the reciprocity of Reverse Lend-Lease.

For these reasons, the United States achieved the military cooperation of the South American countries through the application of the rewards of military aid. This collaboration was limited, with only Brazil actively using its armed forces for hemispheric defense. The remaining South American countries which had broken relations merely permitted the United States to use their territory and facilities for reconnaissance and anti-submarine warfare; they refrained from committing their own soldiers to such efforts. Since the United States had to barter its Lend-Lease aid for this limited assistance, the 'all for one' concept of the Good Neighbor policy oversimplifies the process of defensive cooperation within the Western Hemisphere. Military collaboration, however, joined with the political in preparing the South American countries for a economically more subservient wartime role.

⁶⁴Conn and Fairchild, Framework of Hemisphere Defense, p. 234.

⁶⁵Minutes of meeting between Department of State and Foreign Economic Administration representatives, September 16, 1943, as quoted by Conn and Fairchild, Framework of Hemisphere Defense, p. 234.

CHAPTER IV

ECONOMIC COOPERATION

During 1942, North and South America cooperated in three major areas. Their political unity reached its highest state after the Rio conference when eight South American republics severed diplomatic relations. Through bilateral defense agreements, the South American states aided the United States in its military protection of the Western Hemisphere. The greatest area of collaboration, however, emerged in their economic relationships. The United States perpetuated its prewar economic programs of securing raw materials from Latin America, extending Export-Import Bank loans, granting economic aid, enforcing the blacklist, and signing reciprocal trade agreements. The main result of this multi-faceted economic cooperation was the continuation of South America's position as an economic satellite of the United States. Since the late nineteenth century, Latin America had provided raw materials for North American industry. The United States, in turn, shipped to Latin America consumer goods manufactured from the raw materials. When wartime measures of 1942 increased this economic dependency, highly reminiscent of colonial status, the southern nations accepted the subservient position because the United States offered immediate financial rewards.

The war created two major problems concerning the maintenance and development of economic relations. The first was the inadequacy of

shipping facilities caused by the destruction of Allied vessels by Axis submarines. Aggravating the shortage further, the United States transferred merchant ships from the inter-American trade to servicing the actual fighting fronts. The lack of ships was joined by a shortage of products which the Latin American nations needed most. In the past, machinery, chemicals, and iron and steel products had comprised the bulk of the United States exports to its southern neighbors. These types of goods, however, were exactly the ones which the war effort required.

To coordinate available shipping with available products, the United States had taken steps in 1941 to determine the essential needs of the individual Western Hemispheric countries. As 1942 progressed, the northern republic tightened its controls over international trade by requiring the Board of Economic Warfare to issue licenses for all commercial exports. An arrangement between the Board and the War Shipping Administration produced a shipping priority system in August. A month before, the War Production Board assumed direct control over all imports of materials essential to the United States war machine. In addition, the Office of Price Administration established maximum prices for both exports and imports.¹ With the North American republic the only country which could adequately supply the products necessary to maintain the domestic Latin American economies, the power which these agencies exercised over United States foreign trade implied control over the internal economies of the South American nations.

¹George Wythe, "Industry, Commerce, and Finance: The United States and Latin America," Inter-American Affairs: An Annual Survey, I (1942), 74.

Furthermore, this control was unilateral since these agencies were creations of only the United States government and did not engage in direct communication with the South American republics.

To its credit, the United States exercised restraint in its use of this power and attempted to adhere to the Rio Conference recommendation that all American nations cooperate "to supply such articles and products in quantities sufficient to prevent a scarcity thereof, which might bring about consequences detrimental to the economic life of the American peoples."² In spite of its efforts, some serious shortages of consumer goods, such as gasoline in Brazil and Chile, developed. In general, however, the trade arrangements of the United States served to maintain the domestic economies of the South American countries by providing needed consumer articles.

This general effort contrasted with the United States policy toward Argentina. In dealing with that recalcitrant country, the United States reduced export allocations and attempted to convince Britain to follow suit. As the State Department explained the export policy, the purpose of the trade regulations was "to strengthen so far as possible the national economies of those nations which have associated themselves with the objectives of the United Nations by severing relations."³ As a result of this discrimination, Argentina suffered serious shortages of necessary items. Coal supplies, for example, declined to such an extent that the Argentines had to burn corn in their industrial furnaces.⁴ Shipping space for newsprint was unavail-

²World Peace Foundation, Documents, IV, 309.

³Foreign Relations, 1942, V, 332-333.

⁴Herron, Letters, p. 185.

able for pro-Axis newspapers, but available for pro-Allied ones.⁵ In these ways, the United States attempted to pressure both the nation as a whole and the individuals within the nation.

The unilateral trade policies of the northern republic strengthened the economic power which the United States government could wield over the other Western Hemispheric nations. Prior to these regulations, the power had rested in the hands of individual North American businessmen. When the government assumed the decisions of what commodity should be sent to what country at what time, it centralized the economic control into its own grasp. This consolidation of economic power made the force more effective. Excepting Argentina, the South American countries did not object to this increased economic might of the United States because its stated purpose was to insure their own domestic economic stability.

In addition to this unilateral approach, the United States also tried a multilateral method to gain economic collaboration. The main agency for this effort was the Inter-American Financial and Economic Advisory Committee (FEAC), which the American states had created before the outbreak of war. During the hostilities, the areas of its concern expanded to include production, markets, surpluses, finances, credit, transportation, communication, tourism, economic controls, postwar problems, and conscription.⁶ Although Cordell Hull lauded the FEAC as "an indispensable supplement to the all out war effort,"⁷ the

⁵Foreign Relations, 1942, V, 400-401.

⁶Mecham, United States and Inter-American Security, pp. 235-236.

⁷U.S., Department of State, Department of State Bulletin, Vol. VIII, no. 196 (March 27, 1943), 263.

committee's only power was to discuss and recommend methods of economic cooperation. Without the proper means of enforcement, this body accomplished little tangible benefit except for the propaganda value of inter-American unity.

Under the auspices of the FEAC during the summer of 1942, an Inter-American Conference on Systems of Economic and Financial Control was held in Washington to discuss means to control the financial activities which could benefit the Axis powers. At the conclusion of this meeting of ministers of finance and representatives of national banks, the conference recommended to each country a uniform method of handling financial transactions. The conference, however, had no authority to implement the suggestions. As a result, the State Department instructed its diplomats in Latin America to press for the adoption of the recommendations by the country to which they were accredited.⁸

Although these unilateral and multilateral efforts had some value, the most effective means for economic cooperation were the bilateral arrangements. The area in which the individual Latin American countries could most actively cooperate was in providing strategic and critical raw materials. In June, 1941, the Munitions Board of the United States defined strategic materials as those which were essential to the national defense and which were not available within the continental United States. By this definition, the strategic materials were antimony, chromium, coconut shell tar, industrial diamonds, manganese, manila fiber, mercury, mica, nickel, quartz, quinine, rubber, silk, tin, and tungsten. In the critical category were those

⁸Foreign Relations, 1942, V, 58-73.

items which would be less difficult to obtain than strategic materials because large deposits existed in the United States or because they were less essential than strategic resources. The critical list included aluminum, asbestos, cork, graphite, hides, copper, one hundred octane gasoline, iodine, kapok, opium, optical glass, phenol, nitrogen compounds, platinum, tanning materials, toluol, vanadium, wool, and zinc.⁹ These substances were intrinsically vital to the United States war effort, and an adequate supply could mean the difference between victory and defeat.

Nature had given the South American countries many of these essential items. Argentina possessed antimony, hides, tanning materials, tungsten, and wool. The vast expanses of Brazil contained large deposits of bauxite, chromite, manganese, quartz, and rubber. Besides the main deposits of tin and tungsten, Bolivia could also provide antimony, rubber, and cinchona bark. The 'shoestring' republic of Chile had copper, nitrogen compounds, and iodine. Colombia's main resources were petroleum and platinum. On the Pacific coast, Ecuador produced cinchona bark, kapok, and rubber. Paraguay offered prospects for substantial amounts of tanning materials. Peru could provide cinchona bark, copper, rubber, tungsten, and vanadium. Uruguay could mainly contribute wool. Venezuela produced quantities of petroleum and tanning materials.¹⁰ Of the thirty-four strategic and critical materials, the South American countries could provide varying amounts

⁹U.S., Congress, House of Representatives, Strategic and Critical Materials, H. Rep. 982, 77th Cong., 1st sess., 1941, pp. 14-15.

¹⁰Mary S. Hessel, et al., Strategic Materials in Hemispheric Defense (New York: Hastings House, Publishers, 1942), p. 156.

of over two-thirds of the products. In this way, the southern neighbors of the United States could make their most significant contribution to victory in World War II.

To tap these essential resources, the United States concluded bilateral procurement contracts by which the United States would purchase all of the production of a given material of a particular country. Although over forty different North American governmental agencies were involved in contracting for these raw resources, the three major organizations were the Metals Reserve Company for purchasing mineral resources, the Commodity Credit Corporation for buying essential or surplus commodities, and the Rubber Reserve Company for securing raw rubber.¹¹ The terms of the purchase agreements differed widely, but they generally expressed the desire of the South American government to participate in hemispheric defense and to waive any local requirements which might hinder production.¹² The contracts provided for the shipment of the raw materials to the United States—a key to the concept of economic dependency.

While the pacts covered many raw resources, rubber became an overriding concern. Before Pearl Harbor, more than ninety-five per cent of the crude rubber used in the United States had come from British Malaya, the Dutch East Indies, and surrounding islands.¹³ In early 1942, these areas had fallen into Japanese control. The only major area that could provide this needed material was the Amazon

¹¹Sen. Doc. 132, 78th Cong., 1st sess., 1943, pp. 49-50.

¹²Mecham, United States and Inter-American Security, p. 238.

¹³H. Rep. 982, 77th Cong., 1st sess., 1941, p. 18.

region, which had two centuries earlier provided the rubber plantations of Southeast Asia with their first seeds. Latin America, however, had virtually ceased commercial production of rubber, despite the wild rubber trees still growing in the Amazon area. To tap this source, the United States negotiated with Bolivia, Brazil, Colombia, Ecuador, Peru, and Venezuela. During the spring and summer of 1942, these six countries signed purchase pacts by which they agreed to collect the wild rubber and sell the entire production to the United States.

With the signing of these rubber pacts, the United States had concluded more bilateral procurement contracts for rubber than for any other resource. Since the United States began bargaining for other materials before Pearl Harbor, the North American republic could utilize the experience of these negotiations in completing the rubber contracts. Finally, the United States effort to obtain rubber followed the Japanese victories in Southeast Asia and thus falls conveniently into the period from Pearl Harbor to the invasion of North Africa. For these reasons, the rubber contracts can serve as an example of the full methodology and impact of the United States procurement policies during 1942.

In January, 1942, the process for obtaining wild rubber from Latin American began with Brazil, the country which offered the brightest prospects for production. On March 3, the Rubber Reserve Company signed an agreement with Brazil whereby the United States would and could buy for a five-year period all the crude rubber which Brazil did not require for its domestic use. The price was thirty-nine cents per pound for Brazil's most common type and price differ-

entials for other types. Furthermore, the United States would pay bonuses of two and one-half cents per pound for all rubber in excess of five thousand tons and five cents per pound in excess of ten thousand tons. These premiums would come from a \$5 million fund which the United States provided. This fund would also be the source of subsidies and loans that would support uneconomical projects which could increase the production of rubber.¹⁴ The loans and subsidies, consequently, had the expressed purpose of encouraging the production of raw materials.

The agreement with Brazil provided the basis for future agreements with Bolivia, Colombia, Ecuador, Peru, and Venezuela. In the third week of March, North American diplomats received instructions to propose purchase agreements for rubber. The United States offered five-year pacts to purchase all rubber in excess of the country's domestic consumption, provide bonuses for amounts of rubber above a set minimum, and establish a fund for loans and subsidies.¹⁵ The proposed agreements required that the Latin American governments "agree . . . to curtail rubber manufacturing as soon as possible."¹⁶ The United States, therefore, wished that the Latin American governments increase their production of crude rubber and decrease their manufacturing of this raw material. As a result, the South American

¹⁴U.S., Department of State, Project to Increase the Production of Rubber in Brazil, Executive Agreement Series No. 371 (March 3, 1942), p. 1.

¹⁵Foreign Relations, 1942, for Bolivia see V, 560-561; for Colombia, see VI, 170-171; for Ecuador see VI, 392, 399; for Peru see VI, 365-366; for Venezuela see VI, 665-666.

¹⁶This quote comes from the instructions sent to La Paz. Ibid., V, 560.

countries would be more economically subservient to their northern neighbor.

As negotiations were proceeding with these countries, problems developed with Brazil over the agreement concluded on March 3. Arguing that the rubber being used was part of Brazilian domestic consumption, Brazilian manufacturers had increased their production of tires for export to other Latin American countries. To resolve this problem, the United States and Brazil amended on May 1 the original contract to establish a 10,000 ton quota for domestic manufacturing. This limitation of a certain tonnage each year would compel Brazil to utilize this quota in producing only essential rubber items.¹⁷ The new amendment thus had the explicit restriction of 10,000 tons each year which implied a qualitative restriction on manufacturing only essential rubber items.

This addition of May 1 also provided that twenty-five per cent of the tonnage quota was for export to other Latin American countries. Brazil, however, wanted to export these manufactures directly in order to increase its Latin American trade. Since the agreements provided that the Rubber Reserve had a monopoly over all rubber available for export, the United States governmental agency wanted to export these Brazilian rubber products through its own organization. In October, 1942, the two nations reached a compromise. The United States would determine the amount of tires which the Latin American countries were to receive, and Brazil could supply a number of these through normal

¹⁷ Ibid., pp. 697-701.

trade channels.¹⁸ In return for following the United States quota system and restricting its manufactures, Brazil received a fifteen per cent increase on the price which the United States paid for its rubber.¹⁹ The United States agreements with Brazil thus had the effects of encouraging the production of raw materials, discouraging the manufacture of goods, and controlling the exports of Brazil.

By the summer of 1942, the negotiations with the other Latin American countries were completed. All the countries received a fifteen per cent increase over the price which the United States had originally proposed in March. This increase was in part a United States reaction to Argentina's offers to its sister republics to buy their rubber at an amount higher than the United States first offer. The Argentine proposed price of at least fifty cents per pound was superceded by the United States combination of increasing the price, premiums, subsidies, and loans.²⁰ Through these monetary expenditures, the United States paid eighty-two cents per pound for rubber.²¹ When this figure is compared to the prewar price of six cents per pound for rubber,²² little doubt is left as to why the Latin American countries granted the United States government the purchase contracts.

Some South American countries, such as Peru and Colombia, requested that the United States allocate machinery necessary to the

¹⁸Ibid., pp. 708-709, 719.

¹⁹Ibid., VI, 181.

²⁰Ibid., pp. 182, 187, 396-399.

²¹Sen. Doc. 132, 78th Cong., 1st sess., 1943, p. 119.

²²Ibid., p. 51.

development of rubber manufacturing plants. In rejecting the Colombian proposal, Cordell Hull summarized the American policy: "The construction of a tire plant . . . is impossible at the present time. In many of the American republics such projects have been put forward and the policy of the Department has been uniformly against them. . . ." ²³ When this policy is added to the reason that he gave for terminating negotiations with Chile, namely because no "likelihood of securing . . . substantial amounts of rubber which would not otherwise be available," ²⁴ the overall purpose of American policy emerges. The goal of the North American country was to encourage the production of raw rubber and discourage the production of manufactured rubber. The South American governments accepted these goals when they gave the United States a purchase monopoly over the crude materials in exchange for a better than 1300 per cent increase in the prewar price of crude rubber.

With the signing of these contracts, the United States achieved a rubber monopoly in the Western Hemisphere. This privileged position allowed the United States to determine unilaterally the rationing of manufactured rubber products which it announced on May 6, 1942. ²⁵ This power over the amount of rubber which a given South American country could consume increased the economic dependency of South America.

In another area of economic cooperation, the Export-Import Bank

²³Foreign Relations, 1942, VI, 16.

²⁴Ibid., 74.

²⁵Ibid., V. 702.

of the United States government ostensibly had the generous function of aiding Latin American agricultural and industrial development to promote economic and political stability.²⁶ This governmental agency was the main source of financial assistance from the United States to the Latin American governments,²⁷ as it issued over \$80 million in credits to those countries in 1942.²⁸ In the actual practice of granting credits to Brazil, Ecuador, Bolivia, Uruguay, and Paraguay, the Eximbank's purpose to aid foreign economic growth lost its altruism.

Regarding Brazil, the United States signed on March 3 a bilateral pact for the general mobilization of resources with loans from the Export-Import Bank. In granting \$100 million credit in United States goods and services, the North American republic sought to increase the production of several raw materials, including burlap, ipecac, retene, silk, babassu nuts, hides, and wool—all of which played an important role in the American war effort. More important than any of these items, however, was steel. The purpose of most of the money was to enable the Brazilian government to open the Itabira mines and to improve the railroad facilities from the mines to the port of Vitória. This aid would remedy the lack of capital and rail facilities which had prevented the largest deposit of low phosphorous iron and manganese ore in the world from being commercially productive. The plan also called for the exportation of the iron ore to the United

²⁶ Gardner Patterson, "The Export-Import Bank," Quarterly Review of Economics, LVIII (November, 1943), 88.

²⁷ Guerrant, Roosevelt's Good Neighbor Policy, p. 200.

²⁸ Wythe, "Industry, Commerce, and Finance," p. 63.

States for processing into iron and steel goods.²⁹ On March 3rd, the United States and Brazil had entered into three major agreements—a Lend-Lease Pact, a rubber contract, and an Eximbank credit agreement. The latter two had the specific purpose of developing the Brazilian sources of raw materials which the United States would use in its own domestic manufacturing.

A similar result occurred through the Export-Import Bank credit to Ecuador and Bolivia. The assistance to Ecuador, which Sumner Welles had promised at Rio in return for Ecuador's settlement of the dispute with Peru, went to the Ecuadorian Development Corporation. Besides the rehabilitation of the war-torn El Oro province, the governmental agency had as a major aim the increased production of rubber, vegetable oils, fibers, and drugs. All of these raw materials would supply the United States defense industries which would transform them into consumable items. Like the credit to Ecuador, the loan of \$15.5 million to Bolivia was also an outgrowth of the Rio conference. The Bolivian Development Corporation, which received the credit, concentrated on the lowlands in eastern Bolivia. In trying to improve transportation and communication and to develop mining, agricultural, and petroleum production, the Bolivian corporation attempted to provide larger amounts of raw materials to United States industry.³⁰ These credits to Ecuador and Bolivia, like those to Brazil, had the purpose of improving the sources of raw materials for North American industry.

In 1942, the Export-Import Bank granted additional loans to

²⁹Foreign Relations, 1942, V, pp. 678-684.

³⁰Guerrant, Roosevelt's Good Neighbor Policy, p. 201.

Uruguay and Paraguay. The main reason for the Uruguayan loan was the severe economic dislocation the war had created. With high unemployment and social unrest, the government of Alfredo Baldomir requested a credit of \$30 million for public works. Since much of the request depended upon such materials, as iron and steel, Uruguay reduced its request to \$7.5 million for the construction of roads which would use only a limited quantity of highly needed materials. By providing construction jobs, the loan would relieve the rising unemployment and arrest the growing internal ferment. The State Department recommended that the Eximbank grant the loan because of "the leadership which the Uruguayan Government has displayed in connection with hemispheric matters" and in particular with the Committee for Political Defense.³¹ A credit of \$3 million to Paraguay alleviated doubts in Asunción concerning the sincerity of United States friendship and the belief there that Paraguay's "lack of key materials accounts for the relative lack of interest of Washington in her problems."³² With this money, Paraguay was planning to construct port and river works, cold storage equipment, and highways.³³ The ulterior motive behind these two loans was to keep the cooperation of two South American governments.

Although the original function of the Export-Import Bank was to aid the development of Latin American economies, the loans tendered in 1942 were not for such purely generous reasons. The loans to Brazil, Ecuador, and Bolivia were designed to augment the production

³¹Foreign Relations, 1942, VI, pp. 716-729.

³²Ibid., p. 655.

³³Foreign Relations, 1941, VII, p. 492.

of raw materials for use by North American industry and to bind more tightly the economic ties of these countries to the United States. The loans to Uruguay and Paraguay were for the maintenance of friendship: a reward for Uruguay's past cooperation and a token demonstration of the United States friendship for Paraguay. This latter use of United States funds is applicable to other forms of grants to Latin America. As Secretary of Commerce Jesse Jones, who was in charge of the procurement program, remarked concerning the subsidies which the United States granted to spur production of given item, "Occasionally a subsidy was arranged to do a diplomatic favor for the State Department in cultivating friends. . . ."³⁴ The United States thus violated the expressed intent of the Export-Import Bank and utilized it to advance the economic dependency of Latin America and to insure the continued cooperation of the governments.

Coupled with the Export-Import Bank loans, the United States also advanced money to improve the health and sanitary conditions in South America. In addition to thirty major hospitals and nearly two hundred health centers, the United States also completed or planned improvements in water supply systems, sewers, drainage systems, slaughter houses and marketplaces, health education, and health care.³⁵ Before the Rio meeting, Sumner Welles had announced that the United States was willing "to participate in and to encourage complementary agreements among the American republics for dealing with these problems

³⁴Jesse H. Jones and Edward Angly, Fifty Billion Dollars: My Thirteen Years With the RFC (1932-1945) (New York: Macmillan, 1951), p. 351.

³⁵Sen. Doc. 132, 78th Cong., 1st sess., 1943, pp. 67, 72.

of health and sanitation by provision . . . of funds, raw materials, and services."³⁶ In doing so, Brig. Gen. George C. Durham, Director of the United States program, concluded that "in making these services, skills, and facilities available to our Latin American neighbors, . . . [the United States] is giving living reality to the Good Neighbor Policy of trying to advance the Latin American nations."³⁷ The United States, therefore, was claiming that humanitarian ideals motivated the health and sanitation program.

A brief analysis of the individual health programs with Bolivia, Brazil, Colombia, Ecuador, Paraguay, and Peru will remove this cloak of humanitarianism.³⁸ The agreement with Bolivia required the United States to send technical experts to Bolivia to assist in the developing of disease controls and environmental sanitation.³⁹ Since these technicians were assigned to areas that produced antimony, cinchona bark, copper, tin, tungsten, and rubber, the purpose of developing the health of Bolivia was to improve the conditions of the regions that produced vital raw materials. While the Brazilian program included health protection for the workers constructing the railroad that would serve the Itabira mines,⁴⁰ the actual contract specified

³⁶World Peace Foundation, Documents, IV, 285.

³⁷George C. Durham, "The Inter-American Health and Sanitation Program," Inter-American Affairs: An Annual Survey, I (1942), 162.

³⁸The United States did not conclude a health and sanitation agreement with Argentina, Chile or Uruguay.

³⁹U.S., Department of State, Health and Sanitation Program: Bolivia, Executive Agreement Series No. 300 (July 15, and 16, 1942), p. 2.

⁴⁰Durham, "The Inter-American Health and Sanitation Program," p. 157.

that the "program would be initially designed for the Amazon Basin area for the special purpose of aiding the stimulation of rubber production."⁴¹ The United States used these exact words in its agreement with Peru.⁴² The Colombian contract deviated from this wording in an explicit reference to the rubber agreement signed earlier. The United States also pledged to aid in the nutritional and sanitation program of the key ports of Colombia, the areas where the United States had stationed American soldiers.⁴³ The pact with Ecuador specified that the program concentrate on Quito and Guayaquil, again areas in which large numbers of North Americans lived.⁴⁴ After the United States secured the naval station at Salinas, the North American government began investigating the expansion of the program to include this area.⁴⁵ In the same vein, the United States granted a health and sanitation contract to Paraguay for the Asunción area, the only location in which United States nationals lived. This contract, like the Export-Import Bank loan, was a token gesture of North American friendship so that the Paraguayans would not consider themselves neglected by the United States.⁴⁶ The humanitarian reasons

⁴¹U.S., Department of State, Health and Sanitation Program: Brazil, Executive Agreement Series No. 372 (March 14, 1942), p. 1.

⁴²U.S., Department of State, Health and Sanitation Program: Peru, Executive Agreement Series No. 441 (May 9 and 11, 1942), p. 1.

⁴³U.S., Department of State, Health and Sanitation Program: Colombia, Executive Agreement Series No. 369 (October 23, 1942), pp. 1-2.

⁴⁴U.S., Department of State, Health and Sanitation Program: Ecuador, Executive Agreement Series No. 379 (February 24, 1942), pp. 1-2.

⁴⁵Foreign Relations, 1942, VI, 389.

⁴⁶Ibid., p. 657.

fade as two other reasons emerge. The health programs in the various countries were sponsored to protect the health of North American nationals living in South America. Secondly, the projects also were established to make health conditions of the areas which provided raw materials for the North American war machinery conducive to the production of those materials.

Unlike the cooperative sanitation program which began after Pearl Harbor, the United States use of the blacklist had begun before the war. According to the announcement of the Proclaimed List of Blocked Nationals printed in July, 1941, no individual or business under the authority of the United States could have financial dealings with any person or company whose name appeared on the list as being Axis dominated or controlled. Furthermore, anyone who had business with a blacklisted firm was liable to inclusion on the list. The decision on the content of the list was totally in the hands of the United States government which would decide from its own intelligence whether the Axis dominated a particular enterprise.⁴⁷ Inclusion upon the list would force an economic boycott of a given individual and could result in the failure of the listed businessman. The South American countries objected to the non-consultative method by which the United States derived the content of the list since it could mean the failure of a corporation which was vital to the economy of a South American country.⁴⁸ During the prewar period, the United States refused to

⁴⁷See the lengthy circular letter to the American diplomats in Latin America outlining the procedures and policies of the Proclaimed List. Foreign Relations, 1941, VI, 271-285.

⁴⁸Ruiz Guiñazú, La Política Argentina, pp. 133-136.

accept this rationale and continued to deny the cooperative spirit of the Good Neighbor.

The advent of war in December, 1941, compelled the United States to initiate a new procedure regarding the blacklist. By the end of January, the United States agreed to consult with the Latin American countries which had declared war or had broken diplomatic relations with the Tripartite powers.⁴⁹ The final decision, however, lay with the United States. The United States also maintained two lists, one public and one confidential.⁵⁰ If the South American country balked at the inclusion of a particular business on the Proclaimed List, the northern neighbor could place the suspect on the confidential list and thus deny him shipments of goods. In addition, the United States could privately inform its businessmen that they should not deal with the questionable individual firm. While the United States ostensibly granted the privilege of consulting to the eight countries of South America that had declared war or had severed diplomatic relations with the Axis, in effect, it was still pursuing its prewar policy of non-consultation and non-cooperation.

While the non-consultative policy created problems, the operation of the blacklist in South America caused even more difficulties. The blacklisted individuals included some of the most influential South Americans, such as the brother-in-law of Colombia's president.⁵¹ The United States also listed the company in which the son of the Argentine

⁴⁹Foreign Relations, 1942, V, 285-286.

⁵⁰Ibid., p. 291.

⁵¹John A. Sylvester, Arthur Bliss Lane: American Career Diplomat (unpub. Ph.D. dissertation, University of Wisconsin, 1967), p. 106.

president held a large interest because a member of the board of directors had been born in Italy.⁵² To prevent the disruption of the South American economies when listed firms ceased their operations, the United States arranged in many cases to have American corporations provide substitute services. This is especially true when various subsidiaries of Pan American Airlines assumed throughout South America comparable routes to those of German and Italian airlines. Once the American businesses had begun their operations, the United States could force the proclaimed competitors to cease operations by prohibiting North American firms from supplying them with necessary services and equipment. As in the case of the airlines, United States oil companies followed the orders of their government and refused to deliver aviation fuel to the Axis airlines.⁵³ In substituting United States monopolies for Axis ones, the United States enlarged its economic control over the South American states. The North American republic began paying to Pan American Airlines subsidies similar to the ones the South American governments had given to the Axis-dominated firms. For example, the Roosevelt administration assumed the responsibility for a monthly grant of \$16,000 to Lloyd Aéreo Boliviano once United States control had replaced the German ownership.⁵⁴ This process helped the South American governments accept what a Bolivian writer called the "aerial expansionism of the Yankees."⁵⁵ Enlarging the

⁵²Foreign Relations, 1942, V, 438.

⁵³Jones, Fifty Billion Dollars, pp. 367-368.

⁵⁴Sen. Doc. 132, 78th Cong., 1st sess., 1943, p. 101.

⁵⁵The quote is from Fernando Diez de Medina as quoted in Carleton Beals, "Ecuador, Peru and Bolivia," in What the South Americans Think of Us, p. 36.

dominance of the United States corporations and blacklisting important South Americans were not the only irritating by-products of the Proclaimed List.

The military and financial assistance which the United States was rendering to the South American countries could be forceful tools to persuade the various Latin American governments to cooperate even further in the implementation of the blacklist. For example, the United States informed the Bolivian government that a loan to stabilize Bolivian currency was contingent upon the Bolivian national bank ceasing its operations with blacklisted individuals.⁵⁶ In Ecuador, the Development Corporation funds from the Export-Import Bank were to be expended to eliminate the continued functioning of Proclaimed List nationals from the economic life of Ecuador.⁵⁷ This use of economic might, the inclusion of prominent South Americans, and the expansion of North American corporations into Latin America help explain South American dislike of the blacklist.

Because of these problems, the South American governments had little enthusiasm for the policies and operations of the Proclaimed List. Even the closest ally of the United States, Brazil, was unhappy with the North American creation. Its highly cooperative Foreign Minister, Oswaldo Aranha, denounced the list in private conversations with American diplomats. In the days preceding the Rio conference, he tried to secure the cooperation of the Latin American governments to

⁵⁶ Foreign Relations, 1942, V, 619.

⁵⁷ Ibid., pp. 423-425.

pass a resolution urging the modification of the Proclaimed List.⁵⁸ With such a negative reaction from an otherwise friendly country, the United States omitted the controversial publication from the Economic and Financial Conference in order to avoid an attack upon the list.⁵⁹ While the southern neighbors of the United States disliked the program, they still cooperated with it because of the economic power of the United States.

During 1942, the United States continued its practice of signing reciprocal trade agreements by completing a tariff-lowering pact with Peru. The principal products on which Peru granted concessions to the United States were automobiles, trucks, automotive parts, business machines, and processed foods.⁶⁰ Of a total of fifty items, forty-one were manufactured goods.⁶¹ The main reductions in the United States tariff schedules to the benefit of Peru were on sugar, long-staple cotton, animal hair, bismuth, and coca leaves.⁶² All thirty-seven articles were raw materials.⁶³ An example of the reciprocal concessions was the United States agreement to reduce tariffs on cinchona bark, while Peru reduced the tariffs for pharmaceuticals. The major items on which the United States reduced its duties were articles

⁵⁸Bowers, Chile Through Embassy Windows, p. 63.

⁵⁹Foreign Relations, 1942, V, 69.

⁶⁰U.S., Department of State, Department of State Bulletin, Vol. VI, no. 150 (May 9, 1942), p. 411. Hereafter cited as "Trade Agreement with Peru," Department of State Bulletin.

⁶¹U.S., Department of State, Reciprocal Trade: Peru, Executive Agreement Series No. 256 (May 7, 1942), pp. 18-23.

⁶²"Trade Agreement with Peru," Department of State Bulletin, p. 413.

⁶³Reciprocal Trade: Peru, Executive Agreement Series No. 256, pp. 24-31.

needed in the war industries. Long-staple cotton, which comprised only a small percentage of United States domestic cotton production, had the important characteristics of uniformity, roughness, and tensile strength which made it usable in manufacturing asbestos and strong fabrics.⁶⁴ The trade agreement basically allowed reductions in Peruvian duties on manufactured goods and on United States duties on raw materials.

A similar situation, although to a lesser extent, existed in the reciprocal tariff pact the United States signed with Uruguay. The major articles upon which Uruguay reduced its import taxes were agricultural and industrial items, such as fruits, nuts, canned fish, tobacco products, automobiles, automobile parts, radio equipment, refrigeration machinery, agricultural and industrial machinery, business equipment, lumber, aeronautical apparatus, chemical products, and motion picture film.⁶⁵ Of 118 items, ninety-four concerned manufactured articles.⁶⁶ The United States reduced its duties on sixteen items including flaxseed, canned corned beef, casein, hides, particular types of coarse wools, tallow, oleo oil, glycerin, unmanufactured agates, dried blood, crude and processed bones, tankage, and sausage casings.⁶⁷ Although these concessions were on Uruguay's

⁶⁴"Trade Agreement with Peru," Department of State Bulletin, p. 414.

⁶⁵U.S., Department of State, Department of State Bulletin, Vol. VII, no. 161a (July 25, 1942), p. 654h-654i. Hereafter cited as "Trade Agreement with Uruguay," Department of State Bulletin.

⁶⁶U.S., Department of State, Reciprocal Trade: Uruguay, Executive Agreement Series No. 276 (July 21, 1942), pp. 20-39. These figures maybe misleading to the extent that automobile parts are listed individually.

⁶⁷"Trade Agreement with Uruguay," Department of State Bulletin, p. 654e.

principal products of sheep and cattle, many of these reductions were on agricultural products which were useful in the war effort.⁶⁸

While the mutual tariff concessions between the United States and Uruguay in agricultural products reflected a true reciprocal trade, the United States received from both Peru and Uruguay major reductions on manufactured items, and the Latin American countries received major reductions on agricultural and raw materials. The agreements were designed to maintain the United States as the principal purchaser of raw materials which the underdeveloped countries produced. Rather than develop new areas of trade, the agreements encouraged only the existing trade routes which had kept the United States in the economically dominant position. The North American country also gave concessions to materials which were important to its war effort. For these two reasons, the agreements, which were to be reciprocal, favored the United States.

The overall purpose of the various aspects of the United States bilateral economic relationships with the South American republics was the fostering of the production of raw materials. The purchase contracts which the United States signed for a multitude of essential items had the purpose of encouraging the production of those items. The seemingly generous Export-Import Bank loans and the health and sanitation programs also had this same function. The reciprocal trade program during 1942 lowered the tariff walls in another effort to increase the amount of raw materials heading north from South America. By the definition of an economic satellite, this shipment of raw

⁶⁸ Reciprocal Trade: Uruguay, Executive Agreement Series No. 276, pp. 50-55.

materials to the industrial center for conversion into finished products represents one aspect of the relationship.

The United States exported the raw materials back to Latin America as manufactured products. After the United States war industry transformed the raw materials into defensive supplies, the South American governments received the finished products as part of inter-American defensive collaboration. Regarding non-military exports to Latin America, the United States sent machinery, chemicals, and iron and steel products which North American industry had manufactured in part from Latin American resources. Finally, the war had interrupted the supply of European manufactured goods for South America. Only the United States could fill the economic vacuum. In doing so, the United States naturally used Latin American raw materials in ever increasing quantities. The United States was sending back to the Latin American countries their raw materials in finished form, which completes the circuit necessary for an economic subserviency.

The economic control which the United States exercised added to this dependency. The unilateral decisions regarding trade placed tremendous power in the hands of the United States government. The Proclaimed List policies further entrenched control by giving the United States a method of eliminating Axis-dominated competition. While explicitly concerned with external trade, the blacklist also involved the internal trade of the various South American countries. This near economic omnipotence added flesh to the skeleton of economic subserviency.

The South American governments accepted this status because of immediate financial incentives provided by each program. The unilateral

trade regulations had the purpose of insuring the economic stability of the South American countries. The raw materials brought prices higher than those of prewar days. Although the Eximbank loans were to develop the areas that produced raw materials, and the health and sanitation programs applied to the same regions, the South American countries benefited by having these programs aid at least a portion of their territory. The reciprocal agreements provided the immediate advantage of lowering United States tariffs on raw materials necessary to the war effort. These immediate financial rewards encouraged the South American governments to accept United States dominance in the program of economic cooperation.

While the South American countries were economic satellites before the war, the word 'increased' is key to the wartime economic subservience. During 1942, the production of raw materials increased. The dependence upon United States manufactured articles increased. The amount of United States control increased. The economic dependency of South America, therefore, increased as a direct result of the economic cooperation which the United States pursued during the first year of World War II.

CHAPTER V

CONCLUSION

The preceding chapters have analyzed how the United States used economic power to secure the political, defensive, and economic cooperation of the South American governments. At the Rio conference, Under Secretary of State Sumner Welles persuaded eight of the South American republics to sever diplomatic relations with the Axis. In return for this departure from neutrality, the North American diplomat promised economic aid. Despite offers and sanctions of an economic nature, the United States had not brought the two recalcitrant republics into a cooperative attitude by the end of 1942. Lend-Lease assistance formed the basis of the defensive cooperation by which the South American governments granted concessions to the United States. Economic cooperation mainly concerned procuring raw materials from individual South American countries on the basis of bilateral agreements. These political, defensive, and economic relations involved government-to-government programs.

In addition to governmental cooperation, many of these programs also had the aim of gaining the friendship of the South American people. The Office of the Co-ordinator of Inter-American Affairs (CIAA), headed by Nelson A. Rockefeller, directed these dual-purpose programs, such as the Export-Import Bank projects and the health and sanitation efforts. Many of the development programs, however, were

not completed because of the priority system for shipping of needed materials. Some health projects, such as drainage ditches, rapidly deteriorated through inattention.¹ While the offers and initial efforts of the programs could gain the collaboration of the government, the final result did not gain the friendship of the people whom the projects were designed to help.

Relating directly to winning the loyalty of the South American people, the CIAA also managed the propaganda efforts of the United States government. In its use of motion pictures as propaganda vehicles, the CIAA sent two types of films to South America: Hollywood's theatrical presentations and the government's non-theatrical productions.² The main audiences for these motion pictures were in the urban centers since the films were rarely available for showing in distant rural areas.³ In the towns and cities, the South American people enjoyed the Hollywood productions. Although entertaining, these films failed to develop closer ties between North and South Americans because the emphasis upon divorce, crime, affluency, and violence distorted North American life and culture. Most of the productions by the Office of the Coordinator of Inter-American Affairs were poorly attended. Only 1.5 million Latin Americans viewed these presentations during 1942. Understandably, the South Americans were less than enthusiastic over such cinematic treasures as "Autobiography of a Jeep,"

¹Sen. Doc. 132, 78th Cong., 1st sess., 1943, p. 48.

²U.S., Office of the Coordinator of Inter-American Affairs, Summary of Activities, August 16, 1944, p. 3. Hereafter cited as CIAA, Summary.

³Beals, "Ecuador, Peru and Bolivia," in What the South Americans Think of Us, p. 23.

"Building a Bomber," "Your Air Raid Warden," "Army Tank Destroyers," "FBI Front," "Eyes of the Navy," and "A Ship is Born."⁴ The United States-sponsored radio programs matched this failure to capture the minds of the Latin Americans. Besides broadcasting in a continental Castilian Spanish accent, the radio programs were designed by North Americans with little appeal for the Latin American mind.⁵ For these reasons, the propaganda efforts in motion pictures and radio failed to win friends for the United States.

The United States also did not influence people through the propaganda press. The major effort of the CIAA was a slick publication entitled En Guardia. With a format similar to Life magazine, the publication stressed the United States war effort at home and abroad, giving only little attention to the role of the Latin American states. Over ninety per cent of the published material concerned war activities which were totally North American.⁶ With this emphasis on military might resurrecting the ghost of the Coloso del Norte, the United States was indeed fortunate in having a readership limited to only the upper classes and officialdom. Article after article praising the vast production of military supplies, at first glance, contradicted the North American claims to the South American governments that the United States did not have war materials to send to them. Also the accounts of the 600 per cent increase in shipping facilities seemed to belie the

⁴CIAA, Summary, pp. 3-4.

⁵Manuel Seoane, "If I Were Nelson Rockefeller," trans. by Lloyd Mallan, Harper's Magazine, CLXXXV (February, 1943), 316.

⁶This percentage is based upon a reading of the first eighteen issues of En Guardia from August, 1941 (Vol. I, no. 1) to December, 1942 (Vol. II, no. 5).

United States claim that a shipping shortage was preventing the transfer of needed supplies to the South American countries. This lavishly printed magazine had a circulation of 200,000 issues by the end of 1941.⁷ According to the figures of Manuel Seoane, the editor of Chile's Ercilla magazine, the expensive ivory stock of En Guardia cost as much as the paper for 2.5 million copies of South American magazines and newspapers. The United States was able to find shipping priority for the issues of En Guardia, but was unable to obtain the same for newsprint going to many pro-Allied Latin American publications. En Guardia made the same mistake as the news releases and feature stories sent to the native journals of South America in that identical material was sent throughout Latin America without any consideration for the diversity of nations and regions.⁸ The United States printed matter, therefore, joined with the motion pictures and radio in making the entire propaganda push singularly inept.

With such poor results on the propaganda front, the embassies in South America agreed that the exchange program was the most valuable effort to gain close relationships.⁹ The war, however, interrupted the student exchange program as the number of Latin American students enrolled in North American colleges declined during 1942. Near the end of the year, the State Department announced the suspension of grants to aid North American students going to Latin America. The basis for

⁷ Dozer, Are We Good Neighbors?, p. 116.

⁸ Seoane, "If I Were Nelson Rockefeller," pp. 313-315.

⁹ Herschel Brickell, "Venezuela and Colombia," in What the South Americans Think of Us, p. 235.

this move was to permit the young people full participation in the direct war effort.¹⁰ Other exchange programs regarding journalists, business leaders, military personnel, governmental officials, and scholars suffered to a lesser degree due to the wartime requirements. The grants for visits to the United States became political plums awarded for influential connections rather than merit.¹¹ With such methods, the exchange program failed to gain the United States friends with the bulk of the people of South America.

While the educational and propaganda program neither hindered nor helped in gaining friends, the by-products of the United States political, military, and economic relations with the South American governments alienated large segments of the South American populace. These programs sent large numbers of American citizens to live in Latin American countries. This meeting of North Americans and South Americans became a confrontation between conflicting cultures. The North American's attitude of economic, social, intellectual, religious, and cultural superiority¹² manifested itself most acutely in racial prejudice against the South Americans who had a high degree of African parentage.¹³ To reinforce this belief of superiority, the North Americans desired a high standard of living which their large incomes,

¹⁰William Rex Crawford, "Cultural Relations," Inter-American Affairs: An Annual Survey, I (1942), pp. 104-105, 118.

¹¹Beals, "Ecuador, Peru and Bolivia," in What the South Americans Think of Us, p. 69.

¹²Washington, Brazil, p. 9.

¹³Oliver, "Brazil and Uruguay," in What the South Americans Think of Us, p. 95.

relative to the South American's, could buy.¹⁴ This attitude of superiority incurred the enmity of the people with whom the North Americans came into contact.

Another result of the presence of large numbers of United States citizens was the inflation which buying better goods and services for higher prices helped to cause. The reduction in the availability of consumer goods due to war rationing and shipping priorities compounded the rise in the cost of living. Furthermore, as the United States paid more money for raw materials, the South Americans had more money with which to purchase consumer items. For these reasons, the price index in La Paz jumped 1400 per cent from the mid 1930's,¹⁵ In Chile, the rate of inflation increased more than eighty per cent from 1940 to 1942.¹⁶ With the by-product of inflation, the South Americans were understandably irritated with the American presence in Latin America.

The total Roosevelt policy toward Latin America failed to win friends and even lost some. The most tangible result of the policy which the United States followed during the first year of the war was that the governments of the South American countries, with the possible exception of Argentina, cooperated with the United States in its war effort. Since the cooperation had been bartered for monetary advancement, the conclusion is that the cooperation could be bought, while friendship could not.

Although strong South American nationalists might criticize the

¹⁴Sen. Doc. 132, 78th Cong., 1st sess., 1943, p. 40.

¹⁵Beals, "Ecuador, Peru and Bolivia," in What the South Americans Think of Us, p. 27.

¹⁶Sen. Doc. 132, 78th Cong., 1st sess., 1943, p. 39.

use of financial ropes to tow the Latin countries as a cockboat in the wake of North America's warship, the Roosevelt administration had little choice. The South American states were vital to the Allied effort. Besides the geographically strategic significance of the northeastern Brazilian bulge, the Spanish Main countries of Venezuela and Colombia could serve as bases either to protect or to destroy the Panama Canal, still a vital link in United States maritime transportation. The entire southern flank of the United States was South America, and good military strategy demanded the protection of all flanks. These geographical considerations necessitated the cooperation of the South American states.

To say that the United States desperately needed the strategic and critical materials from Latin America is an understatement. Axis agents operating in Latin America under the cloak of diplomatic representatives could endanger these vital shipments of raw materials with radio dispatches to waiting German submarines. When the United States compelled the manufacture of raw materials in North, not South, America, the Roosevelt administration insured that these vital materials would be effectively utilized and conserved.¹⁷ Furthermore, the types of materials required to provide a steel mill or a tire factory were the same needed to supply the fighting fronts with tanks, planes, guns, ships, and other essential war implements. The Proclaimed List, while controversial, was realistic. The Roosevelt administration could not permit North American industry to aid the enemy. The methods of its policy, hence, were justifiable by the laws of expediency.

¹⁷Foreign Relations, 1942, VI, 180.

The United States used economic power to gain the cooperation of the South American republics. Less pressure would have been too little; more pressure would have been too much. Doing nothing or using only friendly persuasion would have probably accomplished far less than what was needed. In 1942, the Good Neighbor Policy was, at best, less than a dozen years old. The animosities which had grown during thirty years of military occupation of various Latin American countries did not die in such a short time. The United States could not have sent troops into the Latin American countries to force cooperation because every soldier was needed to battle against Axis aggression. An attempt to subvert unfriendly governments in the Southern Hemisphere would have led to chaos in the sources of raw materials and deep hatred among the South American people. Such hatred would have provided the seeds of revolution which the Axis powers would have been able to nurture. Consequently, the United States followed the correct middle course—friendly persuasion backed by economic rewards and economic sanctions.

Of the South American countries, only Brazil cooperated to its fullest extent. After declaring war in 1942, the Vargas government sent in the following year its troops to fight in the European theater. At the end of the war, the United States was stationing 165,000 troops in Brazil and had flown 1,238 aircraft through Brazilian territory. This collaboration had the price tag of \$350 million in Lend-Lease aid.¹⁸

The remaining South American countries cooperated only on a

¹⁸ Dozer, Are We Good Neighbors?, p. 122.

highly limited basis. These republics did not commit their troops to active participation in the defense of the hemisphere. The year 1943 witnessed only Bolivia assuming a belligerent status. All the other countries did not declare war until 1945 when an Allied victory was assured.¹⁹ The members of the Roosevelt administration agreed in 1942 to oppose the South American republics' entrance into the war because the North American military could not protect them.²⁰ While it's true that the United States never attempted to have the South American countries declare war in 1942, the administration's reasoning is subject to serious questioning. Whether or not a state of war existed would not and did not interfere with any Axis designs regarding a South American country or its shipping. The Roosevelt administration must have realized that declarations of war by the South American countries was not a possible objective. Since the United States had been unable to achieve unanimity upon severance of diplomatic relations, how could it have hope to obtain declarations of war from all countries? This limited cooperation of the South American countries again demonstrates the inadequacy of the "all for one" explanation of the Good Neighbor Policy.

The United States relations with South America in 1942 are consistent with the policy which the North American country has followed throughout the twentieth century. The period of Theodore Roosevelt's Big Stick and William Taft's Dollar Diplomacy prepared the

¹⁹ New York World-Telegram, The World Almanac and Book of Facts for 1946, ed. by E. Eastman Irvine (New York: New York World-Telegram, 1946), pp. 40-42.

²⁰ Welles, Seven Decisions, p. 106.

basic format of using military and monetary might. This combination remained the basic procedure through the 1920's. The Good Neighbor Policy merely placed added emphasis on the economic half of the two-edged sword. When the Good Neighbor's governmental dollars replaced Dollar Diplomacy's private ones, the economic blade became sharper. This use of financial power to buy good relations with South America has continued through Harry Truman's Point Four program and John Kennedy's Alliance for Progress. The military side has never been completely dulled. With its immense military power always in the background, a mobilized United States honed the blade during World War II. When Dwight Eisenhower acted in Guatemala, John Kennedy in the Bay of Pigs, and Lyndon Johnson in the Dominican Republic, the United States sliced with the military edge of its cutlass.

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VITA

Thomas Elton Brown

Candidate for the Degree of

Master of Arts

Thesis: THE UNITED STATES AND SOUTH AMERICA, FROM DECEMBER 7, 1941,
TO NOVEMBER 8, 1942

Major Field: History

Biographical:

Personal Data: Born in Lubbock, Texas, September 19, 1946, the
son of Mr. and Mrs. Theodore S. Brown.

Education: Graduated from Bishop McGuinness High School, Oklahoma
City, Oklahoma, in May, 1964; attended Rockhurst College,
Kansas City, Missouri, 1964-1965, St. Francis de Sales
Preparatory Seminary, Oklahoma City, Oklahoma, 1965-1966,
St. Meinrad College, St. Meinrad, Indiana, 1966-1968,
Catholic University of America, Washington, D.C., 1968;
Oklahoma State University, Stillwater, Oklahoma, 1969-1971;
received the Bachelor of Arts degree from St. Meinrad College
in May, 1968; completed the requirements for the Master of
Arts degree at Oklahoma State University in July, 1971.

Professional Experience: Graduate instruction assistant,
Department of History, Oklahoma State University, 1969-1971.