The Roosevelt Foreign Policy Establishment and the "Good Neighbor"

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As the Roosevelt administration grappled with its personnel problems in the State Department in the fall of 1943, the Argentine foreign-policy establishment was itself undergoing a profound change, a change that produced a new, ominous set of objectives in the nation's foreign policy. From the GOU's inception, that organization had refrained from adopting expansionist slogans. Shortly after the June revolution, however, the "colonels" outlined their diplomatic goals in a public statement that seemed to bode ill for the independence of Argentina's neighbors:

Once we have conquered power [in Argentina], it will be our mission to be strong—stronger than all the other (South American) countries together. We must arm ourselves and remain armed always, triumphing over difficulties, battling against internal and external conditions. Hitler's struggle in peace and in war will be our guide.

Alliances will be the first step. We already have Paraguay; we shall have Bolivia and Chile, and it will be easy for us to put pressure on Uruguay. Then the five united nations will easily draw in Brazil, because of its form of government and its great nuclei of Germans. The South American continent will be ours when Brazil falls.¹

As has been noted, however, the integral-nationalist and pro-Axis groups within the GOU constituted only one faction within the junta that overthrew Ramón Castillo. From June through September the pro-Allied clique
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—headed by Foreign Minister Storni—and a pro-Axis and sometimes expansionist cabal—headed by Colonel González, Colonel Perón, and General Farrell—struggled for control of the government and its policies.\(^2\) The Hull-Storni affair all but eliminated the pro-Allied faction from this political equation and paved the way for the ascendancy of the integral nationalists. Consequently, in the fall of 1943, the reorganized Ramírez government inaugurated a campaign to actually fulfill the expansionist pledges made by the GOU.\(^8\)

The State Department responded to the attempts by Argentine ultranationalists to convert southern South America into an anti-American neutralist bloc by wielding virtually every diplomatic weapon short of a declaration of war with the object of forcing drastic changes in Argentine policy. Pressure from Washington not only deflated the expansionists but eventually produced the long-awaited severance of relations between Argentina and the Axis. Not satisfied with causing a basic reorientation in Argentina’s posture toward the war, the internationalists decided to withhold vital intelligence information from the Ramírez regime, and in so doing, they contributed to the downfall of that government in early 1944. The department’s tactics in this situation revealed a subtle shift in goals on the part of the internationalists. During the fall of 1944 Hull, Long, and their associates reached the conclusion that it was the duty of the United States to secure not only a pro-Allied orientation in Argentine diplomacy but a democratization of the Argentine political system as well. In pursuing this new objective the State Department was responding to developments in southern South America, to continuing attacks by Henry Morgenthau and the Treasury Department, and to the weakened condition of the Latin Americanists. The drive to restore representative government to Argentina also stemmed from the dichotomy inherent in the internationalists’ Wilsonian view of foreign affairs and their conviction that totalitarianism and neutralism were but two sides of the same coin.

Hull, Long, and their associates were firmly committed to Wilsonian internationalism—that is, to the creation of an association of nations that would be dedicated to the eradication of aggression, the promotion of national self-determination, and the elimination of economic exploitation. Before a peaceful and law-abiding world community could emerge, however, democracy would have to prevail throughout the world. Thus, in the Wilsonian scheme of things, America had two mutually reinforcing roles to
play. The republic must work to establish an international concert of powers devoted to the collective good and to foster democracy in every region of the globe. To Hull, Long, and their subordinates, World War II was being fought not only to preserve a balance of power in Europe and the Far East and to prevent foreign domination of the Americas but also to make the world safe for democracy. The internationalists disagreed violently with the Latin Americanists' contention that the nations of the world could be judged only on the basis of their international conduct. The Axis powers, for example, were proper subjects of a United States declaration of war not only because of their external aggression but because of the tyrannical and repressive nature of their domestic regimes. Like Wilson, Hull and his associates adhered to the view that a particular government's domestic policies and its foreign posture were inextricably intertwined. Argentine neutrality was both a reflection and an inevitable product of the philosophy that prevailed in domestic affairs.

Cordell Hull, taking full advantage of one of the few opportunities available to him to participate in the diplomacy of the Grand Alliance, attended the Moscow Foreign Ministers' Conference from October 19 through October 30. While he was absent, the State Department was inundated with reports from the American embassy in Buenos Aires and from other sources that the Ramírez government had become thoroughly Fascist and had dedicated itself to establishing Argentine dominance in southern South America. On the nineteenth, Ambassador Armour cabled Washington that President Ramírez, through cowardice or calculation, had gone over completely to the pro-Axis camp and had named a new cabinet composed of all the country's leading right-wingers. Gen. Alberto Gilbert was foreign minister, and Perón's stalking horse, General Farrell, assumed the vice-presidency.4 To the Interior Ministry, Ramírez appointed the ultranationalist Gen. Luis Perlinger, who immediately initiated an effective campaign of political repression.5 On September 24 Col. Charles Deerwester, chief of the United States Air Mission in Argentina, wrote his superiors in Washington: "Things have really changed. . . . The government didn't turn out as we thought it would. . . . The people are weary and sick of this government. . . . I can easily understand life in Germany now, for this country is just about as totalitarian as it can be."6
Only days later, American officials learned from the Polish government-in-exile in London that those who now dominated the Ramírez government were intensely nervous over Argentina’s increasing isolation and therefore had established a secret fund within the Ministry of War to be used for the overthrow of neighboring governments. Headed the list of priorities was a plan to penetrate the Bolivian government and help Fascist elements stage a right-wing insurrection in that country.7

So alarmed was the American embassy at the political situation in Buenos Aires that on October 20 Armour cabled Washington, urging the freezing of all Argentine assets in the United States. His proposal unwittingly opened the door for another major clash between the State and Treasury departments for control of Argentine-American policy.8 When a copy of Armour’s advisory reached the Treasury Department on October 25, Morgenthau was out of the country, touring military installations in North Africa and Italy. His zealous subordinates—White, Randolph Paul, John Pehle, and Herbert Gaston—believing that they could exploit Hull’s absorption with the Moscow Conference and the recent shake-up in the leadership of the State Department, decided to use the Armour recommendation to press once again their antagonists at Foggy Bottom to support a freeze on all Argentine funds in the United States. On the morning of the twenty-fourth, officials of the State and Treasury departments held a lengthy meeting to discuss Armour’s suggestion. White, Paul, and Pehle argued both on economic and political grounds that freezing was essential. In the first place, Argentina was commonly recognized as the “base from which the Axis conducts its operations throughout the Western Hemisphere,” and in the second place the Ramírez regime was thoroughly Fascist and a threat to the peace and safety of surrounding republics. Stettinius, who admitted that “he was just learning about such matters,”9 deferred to his subordinates, who once again argued that freezing would be counterproductive both economically and politically. Emilio Collado and Dean Acheson, of the Division of Economic Affairs, pointed out that while such a move would have no immediate impact on Argentina or on Axis activities there, it would threaten the Allied procurement program, which was absolutely vital to the war effort. Speaking for the Latin American establishment, Duggan and Bonsal insisted that the matter be viewed from the perspective of the entire hemispheric community and that freezing be placed in the context of the Good Neighbor Policy. Latinos everywhere, they declared, would regard freezing
as designed to alter the domestic and foreign policies of the present govern­
ment: “The foundation of hemispheric solidarity that has been achieved is
due to the conviction that we should not use our superior strength, political
or economic, no matter how plausible or noble the motive, to interfere with
the right of the peoples of the other American republics to enjoy or to suffer
any government which they might tolerate.” White and his colleagues
were no more willing to accept this view than they had been in the summer
of 1942. The Treasury Department attributed Acheson’s objections to his
well-known pro-British bias, and the Latin Americanists’ objections to their
parochialism. Thus, the two groups of rival policy-makers found them­

The Treasury Department’s bid for control of Argentine policy once
again drove the Latin Americanists and the internationalists into a momen­
tary alliance. On the afternoon of the twenty-fourth, Stettinius cabled the
American embassy in Moscow to inform Hull of the Treasury Department’s
new campaign in behalf of all-out economic coercion and to recount the
State Department’s objections as articulated by the Latin Americanists. The
undersecretary’s note stressed particularly that the Treasury Department’s
goal was the overthrow of the Ramírez government. However much Hull
may have hoped for just that event, he deeply resented the Treasury’s in­
trusion into what he considered to be the State Department’s area of respon­sibility. Therefore he cabled Stettinius, saying that he was as adamantly
opposed to freezing as ever and ordering him to communicate those views
to the president.

The following morning Stettinius made the trip to 1600 Pennsylvania
Avenue and laid the two diametrically opposed memoranda, one from the
State Department and one from the Treasury, together with Hull’s cable, in
Roosevelt’s lap. Once again, “the Great White Father,” as Morgenthau
frequently referred to him, ordered that the freezing idea be tabled. Hoping to appease Treasury Department officials, however, he suggested
that a story be leaked to the press to the effect that Washington was con­sidering the idea of freezing controls.

White, Paul, and Pehle saw in the president’s suggestion more than a
compensatory crumb, because they perceived correctly that rumors of an
impending blockage would cause Argentina’s financial community to panic
and to withdraw their assets from the United States. If they could prove that
much of this money belonged to “pro-Axis” firms, they believed they could use acts of withdrawal very effectively in arguing for an immediate freeze. Consequently, on the twenty-sixth, not only did Treasury Department officials endorse Roosevelt’s suggestion, but Paul and Gaston actually planted the leak themselves. As a result, on the twenty-seventh the New York Times, the New York Herald Tribune, the Washington Times-Herald, and UPI in Buenos Aires carried stories to the effect that Washington was seriously considering freezing controls. The threat of seizure brought not only the hoped-for withdrawals but a dividend in the form of a renewed plea for freezing from Armour.

The American embassy’s insistent messages and the outflow of Argentine gold produced some concessions by the Latin Americanists. The State Department agreed to the blockage of the funds of Banco de la Nación and Banco de la Provincia on the twenty-eighth, but Stettinius, on the twenty-ninth, once again secured a thumbs-down decision from the White House on general freezing. Stettinius subsequently reported to Hull, who was still in Moscow, that FDR was quite irritated at White and his colleagues over the whole affair. According to the undersecretary, Roosevelt had labeled the Treasury Department’s recommendations as “imprudent” and had ordered him to keep a lid on things until Hull and Morgenthau could be consulted.

No one was more aware than Henry Morgenthau that power within the federal bureaucracy depends on credibility. Upon his return to Washington the secretary realized instantly that the State Department had used his subordinates’ impetuosity to undermine the Treasury’s influence in hemispheric policy-making, and he was, to say the least, furious. The departmental meeting on November 2 was not a pleasant one for Paul, Peble, and Gaston. “I think the Treasury is in an absolutely false position,” raged Morgenthau. “We were outsmarted, or something.” Whatever its political objectives in Argentina, the secretary declared, the Treasury Department must not appear to be concerned with the domestic policies of the ruling clique. The department would have to base is recommendations on economic-warfare grounds only.

Although stung by Hull’s and Roosevelt’s rebuff, Morgenthau by no means believed that his department had lost the war for adoption of freezing controls. On the same day that he berated his subordinates, the secretary informed Stettinius that the Treasury Department continued to regard freez-
Morgenthau’s persistence was to be rewarded more quickly than he had dreamed. The growing threat of Argentine expansionism in southern South America, the internationalists’ response to that threat, and Morgenthau’s personal influence with FDR led in late December to a reversal of the State Department’s position toward the ultimate economic sanction.

Cordell Hull returned to Washington on November 12. His pleasure at having bested Morgenthau in the latest bureaucratic encounter between the State and Treasury departments was quickly replaced by concern over the rapidly deteriorating political situation in southern South America. Continuing reports from the American embassy and from Polish operatives concerning the imperialistic aims of the new Ramírez cabinet were supplemented by complaints throughout November and December from Argentina’s neighbors that Buenos Aires was employing a combination of material concessions and economic coercion in order to maximize southern South America’s economic dependence on Argentina. In mid November the Paraguayan ambassador notified the State Department that a trade treaty had been signed between his country and Argentina and that the Ramirez government was pressing for creation of a customs union. Soon thereafter, Argentine spokesmen announced the conclusion of such a pact and described it as a step leading toward the establishment of a regional customs association that would be open to all South American countries. Finally, during an interview with Ambassador Armour on December 18, former Argentine Finance Minister Jorge Santamarina confirmed that Buenos Aires was threatening neighboring capitals with economic sanctions and military intervention in order to mold them into an anti–United States bloc, and he urged the State Department to take a much stronger line against the Ramírez government.

Public utterances by various Argentine officials throughout the fall of 1943 only served to reinforce Washington’s fears that the Ramírez regime was bent on absorbing Argentina’s neighbors. In November, Ramírez, in an interview with El Mercurio of Santiago, and Perón and Gilbert, in similar articles in La Hora, appealed to neighboring states, in the name of both principle and self-interest, to align their foreign policies with that of Argentina by declaring neutrality. Reaffirming their country’s intention to pursue
an absolutely independent course in international affairs, all three made an impassioned plea for Chile, Paraguay, Uruguay, and other nearby states to join with Argentina in combating North American imperialism.26

On 22 December 1943 right-wing revolutionaries in Bolivia overthrew the pro-Allied government of Gen. Enrique Peñaranda. Argentina watchers in both the United States foreign-policy establishment and the press corps immediately pointed an accusing finger and declared that Bolivia constituted the first step in a chain reaction. There was evidence to indicate that the revolutionaries had used Argentine arms and money and that Berlin had encouraged the coup, but there was little to show that the new government was Nazi- or GOU-dominated.27 Actually, the forces responsible for the revolution were complex and had more to do with the domestic situation in Bolivia than with international affairs. While the Peñaranda government had cooperated with the United States from 1941 through 1943 in supplying tin and tungsten for the war effort, it had at the same time pursued an increasingly repressive socioeconomic policy. Labor disturbances in the tin mines had been crushed with ruthless brutality. Labor leaders had accused the government of exploiting Bolivian workers for the benefit of the giant tin companies. When, in December, Peñaranda closed newspapers representing his political opposition—the Movimento Nacionalista Revolucionario (MNR)—a group of young army officers together with the chief of the MNR, Victor Paz Estenssoro, deposed the general and seized power.28

Despite the fact that various Bolivian labor leaders announced wholehearted support for the new government and despite the fact that Paz Estenssoro, now minister of finance, assured Washington that Bolivia would continue to honor the commitments made at Rio, the Roosevelt administration insisted on viewing the new government of Major Gualberto Villarroel as Fascist, pro-Axis, and Argentine-dominated. Berle, for example, repeatedly referred to the MNR as “the Bolivian equivalent of the Nazi party.”29 Writing in the Nation, Manuel Seaone declared: “What has happened in Bolivia has been a triumph for Hitler and a defeat for the puerile policy of ‘non-intervention’ of the United States State Department.”30 While convinced that Paz Estenssoro was a “sincere friend of the workers in Bolivia,” Henry Wallace had no doubt that the “Argentine Nazis” were behind the coup.31 Indeed, Wallace viewed the Bolivian revolution as doubly alarming, because he believed that it indicated that the pro-Axis Fascists in Latin America were successfully exploiting labor grievances. The really great dan-
ger in Latin America was Argentina, Wallace told President Isaias Medina Angarita of Venezuela. The situation in Bolivia was greatly confused, and thus the most important thing was to pursue a strong policy toward Argentina. To the various groups within the Roosevelt foreign-policy establishment, including the Latin Americanists, and to the vast majority of the American people, revelations concerning Argentina’s plans to subvert the independence of her neighbors, in addition to the belief that Buenos Aires was responsible for the Bolivian revolution, served once and for all to identify the Ramfrez government with the Nazi and Fascist regimes that were then enslaving Europe. Had not the military junta in Buenos Aires exhibited each of the three faces of fascism—totalitarianism, racism, and, most recently, imperialism—since its takeover in June 1943? Reaction to the Bolivian coup and Argentina’s alleged involvement in it was particularly strong, moreover, because these developments were seen as part of a much broader and far more ominous movement. By late 1943 and early 1944 both conservatives and liberals within the Roosevelt foreign-policy establishment were articulating a strikingly similar world view. Men with very diverse philosophies such as Henry Stimson, Adolf Berle, and Henry Wallace agreed that world peace, democracy, and free enterprise were currently being threatened by two rival totalitarian systems—fascism and communism—with Berlin at the head of one and Moscow directing the operations of the other. While the two competing ideologies warred openly in Europe, their representatives in Latin America were engaged in feverish preparations for the ultimate takeover of the Western Hemisphere. The Bolivian revolution was undoubtedly the work of the “Berlin-Buenos Aires Axis.” Indeed, many believed that the Bolivian uprising marked the beginning of a “year of revolution” in Latin America which would pit the “Franco type South American activities dictated from Berlin” (i.e., the Bolivian revolution) against a “counter-offensive of Leftist forces dictated from Leftist Europe,” whose New World center of operations would be in Mexico City. The Communists might eventually pose the greatest threat to peace, democracy, and free enterprise in the Western Hemisphere, but in 1943–44 the Fascists were the most immediate, and hence most dangerous, enemy. Thus, virtually everyone in the State, Treasury, and War departments and in the intelligence community agreed that the United States had to take immediate steps to contain Argentine expansion. As Norman Armour put it, the
question was no longer one of the relative dangers of neutrality but of the absolute and unquestioned danger of direct Argentine aggression.

The overthrow of the Peñaranda government provided the State Department with the occasion to revive a coercive tactic pioneered by Woodrow Wilson during his altercation with the Mexican government of Victoriano Huerta in 1913. During the formative years of the Good Neighbor Policy, the State Department had agreed to accept Latin America's contention that the withholding of diplomatic recognition from a particular government on the basis of its internal policies constituted a form of intervention, and it had scrupulously refrained from passing judgment in this form on new administrations. Nevertheless, not only the internationalists but also the Latin Americanists believed that the Bolivian coup would appear to Latin America as a sufficient excuse for resurrecting nonrecognition as a pressure technique.

Not coincidentally, Dr. Alberto Guani, chairman of the Montevideo Committee, notified Hull on December 24 that the delegates (the Argentine member being absent) had voted to recommend that those American states that had declared war on, or broken relations with, the Axis should consult before recognizing any government instituted by force in order to determine if it had complied with the inter-American agreements for defense of the continent. Washington immediately made use of this resolution in an attempt to secure hemispheric support for its nonrecognition policy. No matter how the nations of Latin America felt about United States imperialism and insensitivity to their problems, at this point their fear of Axis subversion and Argentine expansion outweighed virtually every other consideration. Thus, when the State Department announced that it was not entering into relations with the new regime in Bolivia, every American state except Argentina either followed suit or announced its support of the United States position. It should be noted that Hull, Long, Spaeth, and their colleagues hoped to derive other benefits from hemispheric nonrecognition of the Villaroel government. Once the Americas agreed to withhold recognition from Bolivia because of its attitude toward the Rio and Washington resolutions, a precedent would have been established for possible use against Argentina.

The State Department next moved to strengthen those governments in Latin America that were most susceptible to Argentine pressure. In early January the Brazilian ambassador called on the secretary of state to say that he and his government were convinced that German money and the pro-
Axis clique in Buenos Aires were responsible for the Bolivian coup d'état. He demanded increased military aid for Brazil and her neighbors, slyly pointing out that it would be unfortunate if the Argentineans and Germans were able to say that the United States was failing to support its ally. The secretary immediately had President Roosevelt approve increased arms shipments from lend-lease stocks to Brazil in order, as he said, to reassure Paraguay and Uruguay as well as Rio de Janeiro. The military “gang” in Buenos Aires would understand this type of diplomacy. The final step in the plan to quarantine Bolivia and Argentina consisted of the transfer of powerful units of the South Atlantic Fleet, under Adm. Jonas Ingram, into the mouth of the River Plata, just across the estuary from Buenos Aires.

For the internationalists, diplomatic and military isolation was not enough, however, because it posed no threat to Argentine neutrality or to the Fascist government responsible for it. As Hull and his associates assembled the facts relating to Argentine imperialism in December 1943 and as they gauged the temper of domestic opinion in the United States, they saw an opportunity to move beyond the mere containment of Argentina and to do nothing less than topple the government that had been responsible for that nation's refusal to join with the Allies. In so doing, they once again threw into sharp relief the differences between their approach to inter-American affairs and that of the Latin Americanists. As previously noted, both factions viewed the Ramírez regime as thoroughly Fascist, and by the closing weeks of 1943 both ardently hoped for its fall. The Latin Americanists believed, however, that given the Good Neighbor Policy and the United States' long-range interests in the Western Hemisphere, Washington would have to wait for the Argentine people to lose patience with their rulers and, of their own volition, cleanse the Casa Rosada. Bonsal, Duggan, and Collado had even convinced themselves that a spontaneous revolution lay in the not-too-distant future:

In recent months, the repressive measures of the government, including closing of universities, press and radio censorship, the ban on certain Jewish newspapers, arrests of labor leaders and the cancellation of elections have alienated large sections of the Argentine people. There have been signs that the repressive measures above described have tended to shake the prosperous apathy of the Argentine people. Student riots have caused the closing of universities. Labor is unsettled with a general strike being agitated.
Long and Spaeth did not share their adversaries' optimism, however, and they believed that it was Washington's duty to act upon the assumption that a basic reorientation of Argentine foreign policy could be achieved only after the democratization of its political system.

By late December, Hull and his hard-line assistants had concluded that nonrecognition and military encirclement were tactics that would at best only preserve the status quo and that, short of all-out war, the most promising methods for bringing about the collapse of the Ramírez regime, and thus a pro-Allied change in Argentine foreign policy, lay in the economic and propaganda fields: specifically a total embargo of Argentine trade and a publicity campaign linking high-ranking Argentine officials with the Bolivian coup.

In late December 1943 Hull asked the department's economic experts for an analysis of the probable effect that an embargo would have on Argentina and on United Nations' stockpiles of raw materials. E. G. Collado reported that: (1) assuming that the liberated areas of Europe made no great new demands, the Allies could go for all of 1944 without Argentine exports, provided Great Britain switched to pork and Brazil did without wheat; (2) a continuance of the embargo for more than six months would cause severe civilian rationing in the United States; (3) in view of these two considerations, withholding purchases from Argentina for three to six months would be admissible if Argentine supplies would then become fully available. Hull was certain that this was more than enough time for a policy of economic constriction to destroy Argentine prosperity and provoke the populace to replace the Ramírez government with an administration that would join wholeheartedly with the Allies. Hull's advisors had warned him repeatedly, however, that any measure of economic warfare that did not include Great Britain would be virtually worthless. Here too the secretary was quite sanguine. If shown the moral and practical necessity for taking economic measures against Argentina, the British would surely go along.

In view of past Anglo-American diplomacy, the secretary's optimism was a bit unrealistic. In the fall of 1943 officials of the Treasury and State departments had approached the British about cooperating in Washington's plans to freeze the funds of Banco de la Nación and Banco de la Provincia. The British embassy rejected the suggestion out of hand, arguing that the value of Argentine aid to the Allies far outweighed any possible danger resulting from assistance which that country might be furnishing to the Axis.
And too, as G. F. Theobald, counselor of the embassy, remarked, the British "were not anxious to do anything which would decrease Argentine enthusiasm for sterling."51

As Hull quickly discovered, new revelations concerning Argentine expansionism had done nothing to alter Whitehall’s opinion. With evidence of present and future Argentine aggression in hand, the secretary approached Lord Halifax, the British ambassador to the United States, in late December and requested cooperation in a drive to oust the reigning coterie in Buenos Aires. He wanted the United Kingdom, he told Halifax, to move against Argentina like a "battering ram," and he demanded that His Majesty's government desist from all acts that would be helpful to the Ramírez government. If Washington and London worked in harness, the militarist-nationalists who were in control of Argentine foreign policy could be brought down within thirty days.52

The British were convinced that the vital force behind America’s animosity toward Argentina was Buenos Aires’s challenge to United States supremacy in the Western Hemisphere. Whitehall believed that it was being asked to help restore Washington’s authority in South America—a cause that British diplomats were not at all sure was in their nation’s interest.53 For one thing, despite the war in Europe, the economic rivalry in Latin America between Britain and the United States intensified markedly in 1943. Moreover, Britain was even more dependent on Argentine meat than it had been in 1942. Consequently, in response to Hull’s increasingly insistent demands for support, Halifax replied that His Majesty’s government would be more than willing to back the United States provided Washington could explain how Britain was to replace foodstuffs that it would lose in case of a breach with Argentina, foodstuffs amounting to one-fourth of the nation’s consumption.54 Whitehall also pointed out that because the British Ministry of Foods had been designated as the procurer of meat for all Allied forces in Europe, the problem was not merely a domestic one. In view of Argentina’s agreement to sell virtually her entire meat surplus to Great Britain on credit, the British government claimed to see relatively little danger in either Argentine expansion or neutrality.55

During discussions with the British in late 1943 and early 1944, Hull was forced to stop using the war as justification for coercing the Ramírez government, and in offering new rationales, he provided further insight into the assumptions that underlay the internationalists’ view of “the Argentine
problem.” Whitehall rejected the secretary’s contention that the ruling faction in Buenos Aires posed a threat to Allied military operations and argued that the Bolivian coup was the work of a handful of misguided ultranationalists in Buenos Aires. Once Bolivia and Argentina had been isolated, the threat to the South American members of the Grand Alliance, and thus to the war effort, would be removed. Further intervention would be pointless and even dangerous, given Argentina’s value as a supplier of raw materials. The Joint Army and Navy Advisory Board inadvertently supported Britain’s contention that Argentina was relatively harmless when, in late December, it informed the State Department that under present strategic conditions, the Axis threat to the security of the hemisphere had been largely removed. For Hull, however, the Argentine affair was more than just a matter of logistics, German espionage, or even Argentine expansion. Neither Argentina’s contribution to the Allied war machine in Europe nor reports of a declining Axis threat to the Western Hemisphere could alter his conviction that the Ramfrez government, by rejecting United States leadership as embodied in the various inter-American security pacts, was refusing to reciprocate American “sacrifices” made during the 1930s. The secretary more and more frequently expressed a view that he had held since 1942, namely, that Argentine neutrality signified an affiliation with world fascism. The Ramfrez government’s refusal to adhere to the Rio and Washington resolutions on combating Axis influences in the Western Hemisphere, its policy of neutrality, and now its expansionism were all evidence that a foreign ideology was flourishing in southern South America and was threatening to infect the entire hemisphere like a “cancerous growth.” If the United States failed to remove this malignancy (and to reconstruct Argentine politics and diplomacy), Hull declared to Halifax, not only would the free institutions of the New World be endangered but Washington would be forever discredited in the eyes of its neighbors.

Whitehall’s rejection of Hull’s plans for joint economic sanctions, plus the internationalists’ overriding determination to find a solution to the Argentine problem, led the Treasury Department leadership to believe that at long last the State Department was prepared to endorse freezing as a coercive technique. And, indeed, these factors, coupled with renewed pressure from Morgenthau, White, Pehle, and the vice-president, prompted the State Department in late December to abandon its long-held opposition to a
freeze and to make a general blocking order the key to the economic phase of its anti-Argentine campaign.

Although Morgenthau continued to bombard the State Department with demands for an immediate freeze, he decided, in the wake of the October fiasco, that in order to avoid another presidential rebuff the Treasury Department would have to apply both direct and indirect pressure on Hull and his subordinates. Therefore, from early November to late December, Treasury officials conducted a dual campaign in behalf of the freeze: one, which was aimed at the State Department, based on the requirements of economic warfare; the other, which was directed at the White House, emphasizing the political situation in southern South America. After Hull returned from Moscow on the twelfth, he and Stettinius received almost daily memos from the Treasury Department, indicating that by December 9 the Banco Central would have withdrawn $10 million in gold from the United States and thus would have removed the object of any freezing order. According to Morgenthau, not only were these shipments eliminating a potential source of leverage to be used against the Ramfrez government, but much of the money being withdrawn belonged to Axis collaborators.

Meanwhile, Morgenthau, using information derived from an independent intelligence source, urged President Roosevelt to approve a general freeze on the basis of the Fascist nature of the Argentine government and the threat that Argentina posed to her neighbors. On December 21 he persuaded FDR to convene a conference immediately at the White House, with Hull and Gen. George Strong in attendance. Strong, chief of army intelligence and the source of the Treasury Department's information on much of what went on in Argentina, would naturally present a damning indictment of the Ramfrez government, and this in turn, the Treasury Department hoped, would prompt the president to call for a new, tougher line and to direct Hull to consult with Morgenthau. "You know . . . on the Argentine thing," Morgenthau told Roosevelt during their conference on the twentieth, "Cordell is taking an interest but he's awful slow. . . . (It) looks as though there had been an overthrow in Bolivia as a result of scheming from Argentina. . . . If you want to get the lowdown on it, why don't you send for General Strong and he will give it to you." As he left, he asked the president to "please use Bolivia as an excuse [for a meeting] so Hull won't smell Morgenthau." Later in the day, Strong called at the Treasury Department.
and notified Morgenthau that the briefing session with FDR had turned out exactly as anticipated.

This elaborate maneuvering was largely unnecessary, for unbeknownst to the Treasury, the State Department had come to the conclusion that freezing was necessary, whatever the bureaucratic cost. In early January, reports flowed into the department indicating that the Argentine cancer was spreading. A distraught L. S. Rowe, head of the Pan American Union (PAU), dropped by Foggy Bottom and told a group of officials that Argentina was doing everything in its power to destroy the Inter-American System. The head of the Chilean Federation of Labor had informed the PAU that Argentine officers were filtering into Chile in the guise of tourists. Rowe declared that the time had come for the United States to take "drastic action." The internationalists agreed. "We are rapidly coming to grips with Argentina," Berle recorded in his diary on January 10. "Evidence is now conclusive that the Army crowd there headed by Perón financed and handled the plot to take over the Bolivian government and proposes to execute another, similar plot in Chile and Peru, and probably also in Paraguay and Uruguay.... They are working hand in glove with the Germans in all this. We are convinced that the Argentine government does not represent the bulk of the people and the problem is to stand up to the Argentine buccaneers.... By consequence the Secretary is prepared to go to the ultimate." Two days earlier, Berle had notified FDR that Hull was attempting to commit the British to a far-reaching program of sanctions which had as its heart the freezing of all Argentine assets in the United States.

Seizure of Argentine holdings was to be only the economic phrase of the broader offensive, however. Hull, Long, and Spaeth were well aware that the State Department files contained numerous military intelligence reports (furnished by both Polish sources and the FBI) linking certain Argentine officials with the Bolivian uprising, and they believed that publication of these reports would further their objectives in two ways. Although the Montevideo Committee's revelations on Axis espionage activities within Argentina had had minimal effect on hemispheric opinion, Hull anticipated that linking the Ramfrez government with the Bolivian uprising would stimulate Latin fears of Argentine imperialism and hence would prompt the republics to support a harsher line toward Argentina. Simultaneously the Argentine citizenry would be so shamed, or outraged, or both, that they
would purge the Fascist clique then ensconced in the Casa Rosada. After outlining his plans to FDR, Hull in mid January prepared a press release denouncing Argentina for enriching itself from World War II while subjecting its neighbors to the danger of Nazi enslavement. The statement not only charged that Argentine had become a haven for Nazi agents but explicitly accused Buenos Aires of playing a decisive role in the overthrow of the pro-Allied government in Bolivia. The release was to be accompanied by documentary evidence intended to prove these charges and by an announcement that all Argentine holdings in the United States were henceforth frozen.66

The British, who were as opposed to freezing as they were to an embargo, joined with the Argentineans in an attempt to forestall Washington’s offensive. On January 23, the day before the State Department was to publish the incriminating documents and implement the freezing order, Lord Halifax called on Hull and implored him to withhold sanctions against Argentina. Simultaneously, Prime Minister Churchill cabled FDR in connection with the Argentine affair: “Before we leap, we really must look.”67 Hull refused to change course, however, and was preparing to fire his broadside, when, on the morning of the twenty-fourth, Argentine Foreign Minister Gilbert promised Armour that his country would break relations with the Axis nations. It seemed, said Gilbert, that the Ramírez government now had proof that Germany had grossly abused Argentine hospitality by operating at least three spy rings within her borders. The agitated foreign minister assured Armour that the break would come no later than noon on Saturday, January 26, provided that there was no action in the meantime that could be interpreted as external pressure.68 Roosevelt and Hull decided, to the immense relief of both Britain and Argentina, that they would issue, at a specially called press conference, a simple statement announcing that the United States was withholding recognition from the new regime in Bolivia.69 On January 26 Ramírez proclaimed that in light of the recent discovery that a widespread Axis espionage network headed by the former naval attaché to the German embassy was operating in Argentina, his government was severing relations with Germany and Japan.70

It quickly became clear that the internationalists, unappeased by the diplomatic rupture, intended to press their advantage and force the Ramírez government to assume the duties of a full-fledged member of the inter-American collective-security community. On January 26 Ambassador Ar-
mourn cabled the department and asked for room to maneuver, declaring: “I am optimistic. I have always felt that when we have once broken the dike a lot of things might happen.” He urged that the assets of Banco de la Nación and Banco de la Provincia be unfrozen at once so as to prevent the forthcoming United States–Argentine discussions on the implementation of the Rio and Washington agreements from beginning on a discordant note. But Hull refused, observing that past concessions had made not a dent in Argentine neutrality; firmness alone would produce results. While expressing appreciation to Buenos Aires for its decision to break with Germany, Japan, and Italy, Hull made it clear that he regarded this as merely a prelude to further action. Indeed, even before President Ramírez officially announced the severance of relations, the United States had begun prodding the Argentine Foreign Office to conduct a complete housecleaning. On Hull's instructions, on January 25 Armour informed Buenos Aires that it could demonstrate a real reorientation of policy only by (1) eliminating those influential groups within the government that had been active in trying to establish pro-Axis regimes throughout the hemisphere; (2) turning over all information relating to Axis espionage activities in the Western Hemisphere to United States intelligence; (3) living up to commitments made at the Rio and Washington conferences; and (4) severing telecommunications with Germany and its allies.

Ironically, the internationalists created pressures that contributed directly to Argentina's rupture with the Axis and then rejected the severance of relations as meaningless because it was the product of those outside pressures. No sooner had Buenos Aires broken with the Axis, than Hull, Long, Spaeth, and their associates began to question the integrity of the Ramírez government's decision because it was not based on overall inter-American collective-security agreements; by severing relations over a specific offense committed by Germany, Argentina was still denying its “pledges” and was implicitly defying United States hemispheric leadership. To be redeemed, Argentina would have to abandon neutrality and autocracy and accept belligerency and democracy. It was a matter of principle.

Meanwhile the Ramírez government was in desperate straits; the threatened State Department revelations and the subsequent suspension of relations had placed it in an extremely vulnerable position. In breaking with the Axis, the chief executive had alienated the integral nationalists within the officer corps and thus knocked away his main political prop. Waiting
in the wings were Farrell and Perón, who hoped to step into the breach between the integral nationalists and the president and to form Argentina’s third wartime government. At this point it was to Ramírez’s advantage to reveal as much information about Axis activities within Argentina as possible so as to justify his new policy. Given the forces arrayed against him within his own administration, the president’s only hope for political survival was to provoke a ground swell of anti-Axis feeling among the citizenry and to link his enemies with German intelligence agents operating in Argentina. In early February, official sources announced that the rupture was due solely to Axis espionage within Argentina and denied that there had been any hint of foreign (i.e. North American) pressure. The federal police submitted a report confirming that German and Japanese rings were operating inside Argentina. But due to the fact that all information-gathering agencies were under the control of the ultranationalist minister of the interior, Gen. Luís Perlinger, those in the army and the government who had facilitated Axis activities and who were now attempting to destroy Ramírez politically escaped the revelation unscathed. To ensure its own survival, the regime had to make a clean sweep, but Ramírez needed help in eliminating the very elements that theretofore had formed his base of support. The Office of Strategic Services and the Federal Bureau of Investigation, as the United States agencies most active in assembling data on Axis operations in Argentina, were in a position to furnish the Argentine government with invaluable aid. In addition, the State Department could offer the Casa Rosada the devastating material supplied by its Polish sources. When the Argentine Foreign Office, in order to give a cutting edge to its disclosures, requested the evidence held by the United States, Hull turned its request down flatly, declaring that Washington had to protect its sources.

Despite strenuous objections from Armour, who pointed out that the Foreign Office was trying to gather as much material as possible in support of a break and that Washington’s refusal to help would defeat its own objective, the secretary of state remained adamant. In February, Ramírez was still in control; he had no place to turn except to Washington, and he was in a position to hold his enemies at bay with the aid of North American intelligence. By the end of the month the president’s position was untenable, and he was ousted by a nationalist clique devoted to nonalignment with the Allies.
The Roosevelt Foreign-Policy Establishment

The expansionist schemes of the GOU provided the Hull internationalists with the opening for which they had been waiting, and in late 1943 and early 1944 Washington acted first to halt Argentine aggression and then to force abandonment of neutrality. Hull's decision to proceed with coercion of the Ramírez government—despite notification by the Joint Army and Navy Advisory Board in December 1943 that the Axis had virtually ceased to be a military threat in the Western Hemisphere and warnings by Whitehall that Argentine strategic materials were vital to the functioning of the United Nations war machine—left little doubt as to his motives. Washington moved beyond the eradication of pro-Axis activities in Argentina, not in order to facilitate Allied military operations, but to destroy a government that, to the internationalists' way of thinking at least, had become unalterably tainted by its resistance to United States hemispheric leadership, its collaboration with international fascism, and its refusal to submit to constitutional restraints.