

● PSF! Chile, June - Dec. 1941

Department of State

BUREAU
DIVISION

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ENCLOSURE

TO

Letter drafted.....

ADDRESSED TO

The President.....

Dear Claude:

June 3, 1941

I have received your very interesting letter of May 14 with which you enclosed copies of two letters which you have recently written to Sumner Welles.

Your comments on the Japanese situation in Chile are particularly pertinent at this moment and I appreciate your courtesy in having sent me the detailed information which you included in your letters to Sumner Welles. This whole problem is one which is now receiving special consideration and your comments are very useful in deciding upon the proper line of action.

The difficulties between the American and Foreign Power Company and the Chilean authorities with respect to the traction company are of concern, of course, and I shall be interested in learning of further important developments in this matter. It is indeed reassuring to have your opinion that the Chilean authorities are viewing this matter without bias. I know you will follow the situation closely and will do whatever you can to avoid any arbitrary or precipitate action which could be and would be interpreted in certain quarters as being evidence of an anti-United States feeling.

With best wishes,

Very sincerely yours,

(Signed) Franklin D. Roosevelt

The Honorable
Claude G. Bowers,
American Ambassador,
Santiago.

*Original sent to State for delivery 6/3/41.
hvr*

asked
4/3/41
Santiago, May 14, 1941

Dear Mr President:-

I dislike to bother you in these times ,but the inclosed two letters to Welles contain information that I think, in some instances, of primary importance. They deal entirely with Japanese activities which have been notably intensified during the last few weeks.

You will note the manner in which they seek to get Chilean manganese away from us ;something of their plans about Cobalt;and their proposal to furnish steel rails to the railroads here in return for a vast amount of scrap iron.

I have no doubt we can get the manganese by matching the Japs proposal.

In the case of the steel rails and scrap iron, I feel that we have something seriously to consider. The railroads here are better than in Argentine by far, but they are now in very great need of steel rails . Unless they can get them, the transportation system here may be gravely crippled, and this would be of some importance to us in connection with continental defence . All attempts to purchase these rails from the Bethelmen Steel people have failed . I have no doubt it is a matter of money. If it is impossible for the roads to get the rails from us, it will be impossible for Chile to hesitate in getting them wherever they may be had. ~~Japan~~ Japan wants scrap iron, the roads have it, and the roads need steel rails. The answer is easy. I suppose much depends on how much importance we attach to the sending of 25,000 tons of scrap iron to

Japan.

Some of the information contained in the second inclosed letter sets forth the notes of two Japanese agents whose papers were confiscated here by the Government. You will note the plan to raise prices in Bolivia to make it harder for us "and China"--whatever that means.

I have heard from a delegation of Yugoslavian bankers, industrialists, and business men that the Japanese have been buying up stock in mines here on the stock market. I heard this last night and am having it investigated.

Since last night when all but unanimously the House of Deputies passed a law ordering the merging of the traction company with the electric company within ninety days, we are facing what may prove to be a most unfortunate situation if we are to protest against and fight it.

The two companies are owned by the same American interests; the traction company is losing money and the service and tracks are bad; and as the result of a strike last week the Government, which took over the operation for a month, granted the workers an increase in pay which everyone, including the Company, agrees is their due. But the company, losing money now, cannot increase pay unless an increase in fare, which is indecently low, is authorized. We had thought it probable that this authorization would be certain to come at the end of the month.

But it is the contention of many Chileans that the traction and electric company should be merged, and since the electric company is making money the income of the merged companies would permit the increase in pay

Without an increase in ~~paper~~.

It seems probable to me that this explains the law which passed the House last night.

That which impresses me most is the fact that the vote lacked but three or four votes of being unanimous. It cannot be charged that this is a demagogic move of the dreadful "popular front" Government, since all the Conservatives and Liberals, all the Opposition, voted for it, and the very few who voted against it are men who support the Government. This reflects, I think, the general feeling among Chileans against the traction company, and against the American organization which owns it and the electric company.

Should the bill pass the Senate, which seems certain, and should it be signed by the President, I believe it is customary for our Government to stand aloof until the matter has been tested in the courts.

That which concerns me at this juncture, when the German, Italian, Spanish Embassies and the Japanese legation are pouring forth propoganda against us and our "yankee imperialism" and assuring the Chileans that our good neighbor policy is mere words, is that when we go to bat it will be water on the wheels of our international enemies. I am thinking of the politican phase which at this time is rather paramount. I have asked the Department for its ideas and instructions. The Company I am sure has given its point of view to the State Department this morning. I am going over the data in our files covering the whole matter which dates back to an agreement made between Calder and Ross.

The Yugoslavs here, numbering among them a large number of very prosperous

bankers, industrialists, and agriculturists are really more militantly and aggressively active than our British friends. A delegation came to see me last night with an interesting suggestion:

They say, and it is true, that some of the greatest German industries here, whose owners are militantly active in the Nazi cause, contributing liberally to the Nazi Embassy fund, are absolutely dependent for raw material on the United States. There are other industries here, owned by enemies of the Nazis, that are in competition with the Nazi-owned industries that are unable to get this raw material. The delegation made the point that the most deadly blow we can aim at our enemies here is an economic one; that by selling raw material to anti-Nazi industries and refusing to sell, on some pretext or other, to the Nazi-owned industries we will be depriving the Nazi fund of heavy contributions and increasing the contributions to the anti-Nazi fund. I have asked for a complete list of all these factories and of the raw material each uses.

The same thing which impelled us to have American business corporations leave their Nazi agencies here and get others, is involved. If this phase of economic war here has been considered in the Department I have not heard of it, and it seems well worth considering.

The Hess incident has created a profound impression here -- a good one from our point of view I think. It is generally assumed here that we are going in before long.

With warm regards,

Sincerely,

Claude Bowers

Hon. Franklin D. Roosevelt
The White House
Washington.

Chile Folder

THE WHITE HOUSE
WASHINGTON

May 19, 1941.

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

FOR PREPARATION OF REPLY
FOR MY SIGNATURE.

F. D. R.

Letter to the President,
dated May 3, 1941, from Ambassador
Bowers, enclosing copy of a letter
which he sent to Secretary Welles.

Chile Folder

THE WHITE HOUSE
WASHINGTON

May 19, 1941

MEMORANDUM FOR

HON. SUMNER WELLES

For preparation of reply.

F. D. R.

Enclosure

Letter from Hon. Claude G. Bowers, Santiago, Chile, 4/24/41 to the President, in re German offer on the petroleum survey, in re Import-Export Bank, etc.

Chile Folder

THE WHITE HOUSE
WASHINGTON

May 21, 1941.

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

FOR PREPARATION OF REPLY
FOR MY SIGNATURE.

F. D. R.

Letter to the President
from Ambassador Bowers, dated
May 14, 1941, enclosing copies
of letters to Under Secretary
Welles.

Santiago, May 12, 1941

Dear Mr. Welles:

This morning I accompanied General McCoy to the Moneda to see the President and while he was most cordial and kept us for forty minutes, his first flash was the observation that it was "not at all nice" to leave Chile out of the mediation of the dispute between Peru and Ecuador. Since the A B C negotiations of years ago Chile has felt that she belonged in negotiations along with the other two South American nations. Coming on top of the rather startling reflection on the stability or integrity of the Bank of Chile, I am afraid from what I hear that the general effect will not be good. Whether justified or not, you are entitled to know what the reaction to these things is in the highest quarters here.

II

Mr. Metzger of the Standard Oil is back and has had several quiet conferences with Pedregal and Schnake. He had been promised a memorandum by Pedregal which was to have been sent him at Buenos Aires or Rio but none came. Pedregal expressed his delight at Metzger's return, explaining that since the memorandum would express the personal views of himself and Schnake it could not be considered official until a general agreement had been reached by the Government and that anything signed by him might be looked upon as binding.

The present status is this: Pedregal and Schnake are going to submit a memorandum with a preliminary proposition. Schnake tells Metzger that there will probably be an exchange of several memorandums before they can reach the basis on which actual negotiations can begin. He made it clear that in the first memorandum it will be stipulated that the Company is to make the survey and drill and that when oil is found the Company will have complete charge of the industry as far as operation is concerned. The Government will stipulate that the profits from the wells shall all go to the Company until the cost of the survey and the installation of machinery is paid for; after which the Government, which will own the wells operated by the Company, will agree that the Company shall have a stipulated per cent. Pedregal suggested a plan which according to Metzger's calculations would give the Company about 45 per cent of the profits.

The Honorable
Sumner Welles,
Under Secretary of State,
Washington, D.C.

Pedregal frankly admitted that he wished a formula which will be defensible against any demagogic charge that the Government has turned the oil fields over to the exploitation of the "octopus" of the North.

Metzer appears to think that in view of the progressive and democratic nature of Chile, an arrangement with Chile would have a good effect for the Company, especially in view of its Mexican experience. He is staying in the background and is to keep me informed of any developments.

III

The proper authorities here have been approached on the purchase of the output of manganese, and Pedregal seemed pleased and promised a definite proposition. The background is not without interest: the Japanese have offered to take the entire output on a contract covering three years or five. I do not definitely know which, and to furnish machinery for the opening of two new mines. The proposition that will be put to us will probably include provisions of a similar nature.

The Japanese in Chile are exceedingly active and appear to have money. I do not positively know but I am informed of what seems good authority, that the Japanese have purchased all the wool available in Puerto Montt through a Señor Arturo Sporke, who is not on the black list, but the wool has been received in Puerto Montt by the German Firm "Sago" which is entirely Nazi. It is reported that the wool to be put on board the German vessel "Erlanger" for transmission to Japan.

IV

In this connection I find that in the matter of paid propaganda in the press we are unable to compete with the Germans and the Japanese. On the occasion of the Emperor's birthday some of the papers here carried many columns of matter of a complimentary character about Japan, its good Emperor, its customs, its beauty, etc. At frequent intervals such articles appear. On a recent Mexican holiday one of the papers had a special edition with Mexican propaganda. All this unquestionably paid for.

We are now approaching the Fourth of July when we will be approached for special articles on the United States. It will mean some money and we have none. I know that we can be furnished funds out of a secret fund, as reported to us, provided the proposition is previously submitted to the Department. I assume from previous experience that we will be approached by some of the papers and probably too late to permit of submission to Washington for consideration. It would be a great help if we can be assured of money up to a reasonable amount to take care of the Fourth.

V

I have read the report from some other governmental agency concerning Bianchi's negotiations in Peru and Bolivia, which impresses me as far fetched and improbable. I have previously reported Bianchi's explanation to me of the negotiations in Bolivia. You will recall that he said he went in response to an invitation from the Foreign Minister, who was a very old and close friend; and that the agreement grew out of conversations not previously planned; that later, because of the Bolivian negotiations, Peru extended him an invitation with the same result. This may all be eye-wash, but I think it is largely true. However, Bianchi resented the two South American conferences that included all countries but Chile, as I reported at the time, and he said then that while he did not wish to do so it would be easy enough for Chile to call a conference of the nations bordering on the Pacific. It seems not improbable that he set out to accomplish the same result that might come from a formal conference of the Pacific nations.

I do not think for a minute that Chile is in the least afraid of Peru, and certainly not of Bolivia, but there are always strained relations with Bolivia and the Chilean Government does not want trouble at this time because of the world situation.

With warmest regards and best wishes, I am

Sincerely yours,

Santiago, Chile,
May 12, 1941

Dear Mr. Welles:

Since writing the enclosed letter of the 12th, I would call your attention to a report from our Military Attaché, No. I.G.5940 to the Military Intelligence Division, which goes forward in today's pouch, concerning the recent arrest of Renich Yacovori (or Rynichi Yokobori) and Goro Miyazeki, two Japanese, when they were taking the plane to leave the country, and the revelations of papers in their possession which have been retained by the Department of Investigations here. The facts herein set forth are taken from the report of the Department of Investigations. We furnished assistance in the translation of the Japanese notes and the report is given us in confidence.

These Japanese, purported to be business men engaged in ordinary commercial work, had among the documents found in their possession some that clearly reveal their identity with the Japanese Government. They have been in Brazil, Argentine, Uruguay, Paraguay, Columbia, Panama and Mexico, and it was their intention to go to Canada via the United States and to the British and French West Indies. The papers disclose that they are mining experts making a complete survey of minerals in South America for the Mitsui Bussan Kaisha Ltd., known as Mitsui & Cia., Ltd. in South America.

It appears from the papers that the Japanese Government has sent engineers to the mines here who have reported that the mines are producing 15,000 tons annually, which ^{is noted} this year will be increased to 18,000. It is noted that most of this will be sold in the United States. The observation is made in the notes that should Japan install machinery the output can be doubled in a short time: that the Chilean Government is planning three new mines in the provinces of Atacama, Coquimbo and Antofagasta which should be ready for production in eighteen months.

The suggestion is made that while almost all the export of manganese now goes to the United States, it would be possible

The Honorable
Sumner Welles,
Under Secretary of State,

possible to secure the entire output for Japan provided she would be willing to make long time contracts, and that this contract will be signed in the near future. It sets forth that the Chilean Government has made the following stipulations:

(A) That the directors of the Society (Company) shall be the Japanese Minister and the Production Minister.

(B) That on the organization of the Company Japan must contribute one million pesos to establish the Company, and send two engineers a year to Chile at the expense of Japan.

(C) That Japan will consequently be in full control of the industry for five years, that Chile can sell none of the products without the permission of Japan.

According to the notes, the Japanese immediately accepted, only stipulating that the plan must be organized quickly.

This, in general, I included in my enclosed letter of May 12. As I wrote you before, Brooks felt Pedregal out on our plan for taking all the manganese and while he did not mention any Japanese proposition, he implied that Chile would be very glad to sell the output to the United States, but instantly added that a long time contract for five years or perhaps three would be wanted and also credits for machinery for the opening of two new mines.

II

There is a set of notes giving details regarding an attempted purchase and development of a cobalt mine in Chile. It appears from these that the first Japanese engineer failed in his negotiations, but that later a large sum was paid to one Señor Müller, believed to be Walter Müller Hess, a German Chilean who went to Japan as a member of the Chilean Commercial Mission a few years ago, who was able to put the Japanese in contact with the mine owners and with Chilean Government officials. In the resulting negotiations an agreement was proposed to form a new Company to exploit the cobalt deposit, to be composed of one-third Japanese capital, one-third the original owners of the mines, and one-third the Chilean Government.

This proved unacceptable to the Japanese but an agreement was reached providing that the Chilean Government would supply 2,000,000 pesos, the mine owners 1,500,000 pesos for improvements, and that the entire product would be sold to Japan for a period of five years.

We know Walter Müller well and have always suspected
jo him

him of having pro-German sympathies since he is German, but he has always appeared friendly with Americans and I have had him at my house to dinner and at other functions. He is thought to be honest.

III

It appears from the notes - and I have informed you of this before - that the Japanese Government has proposed to the Chilean railroad administration an exchange of desperately needed rails for scrap iron. According to these notes the Chilean Government proposed furnishing 25,000 tons of scrap iron for 12,000 tons of rails. This was rejected by the Japanese who proposed an exchange of 3,000 tons of rails and 10,000 tons of cement for the 25,000 tons of scrap iron. According to these notes the Japanese think there is a good prospect of a deal.

There is no doubt that the railroads must have steel rails, and it appears that the Bethlehem Steel Corporation has refused to furnish them. Since national defense here is involved in the proper maintenance of the railroads and we will not sell the rails that are necessary, I do not see that we can find fault with the Government for getting the rails from any source it can. It seems to me a matter worth serious consideration.

IV

These notes, and especially our possession of them, is extremely confidential. I understand the Government here is startled and concerned and very eager to keep the information contained in them to itself. One of the Departments of Investigation slipped the notes to us long enough for us to make a copy. We cannot well say to Pedregal that we have this information. But I should like your reaction to the plan of frankly approaching Pedregal and saying we have heard from sources generally reliable that these plans regarding Japan and manganese, cobalt and rails are before the Chilean Government, and attempting to get a show down on what is going on with Japan. The very fact that we know may have a salutary effect.

V

I have heard from a delegation of Yugoslav bankers and industrialists that the Japanese have recently been buying up stock in the various mines on the Stock Market and I have taken steps to ascertain the truth through a British broker here. I received this information only last night.

VI

VI

The notes indicate too that in Bolivia the Japanese have been raising prices on minerals there, and that they are collecting antimony, solder and magnesium there. Apropos of the raising of prices, the notes say that "this will make an unpleasant situation for the United States in Bolivia and also in China". Just what is meant by China we do not know.

There is also a reference to a copper mine in Argentina which is described as producing an inferior product. But it is suggested that contact be maintained there in the event the United States and England prevent Japan from getting Chilean copper.

With regards and best wishes,

Claude G. Bowers

DEPARTMENT OF STATE
WASHINGTON

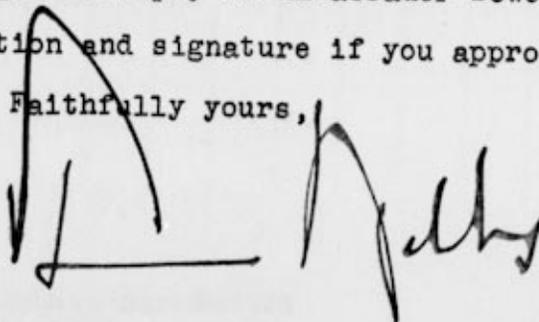
June 2, 1941

My dear Mr. President:

I have received your memorandum of May 21, 1941 enclosing a letter of May 14 which you have received from Ambassador Bowers in Santiago, Chile together with copies of two letters addressed to me dated May 12.

In response to your request, I am enclosing a draft of a suggested reply to Ambassador Bowers for your consideration and signature if you approve.

Faithfully yours,



Enclosures:

1. From Ambassador Bowers
May 14, 1941
2. To Mr. Welles
May 12, 1941 (2)
3. Draft to Ambassador Bowers

The President,
The White House.

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DEPARTMENT OF STATE
WASHINGTON

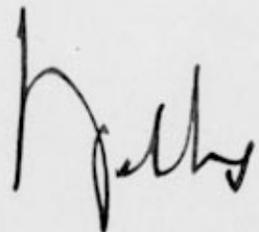
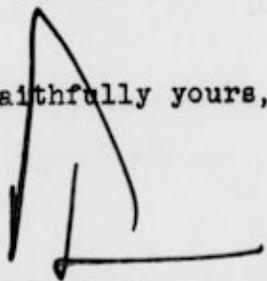
June 6, 1941

My dear Mr. President:

I have received your two memoranda of May 19, 1941 enclosing two letters dated April 24, 1941 and May 3, 1941 which you have received from Ambassador Bowers in Santiago.

In response to your request I am enclosing a draft of a suggested reply to Ambassador Bowers for your consideration and signature if you approve.

Faithfully yours,



Enclosures:

1. From Ambassador Bowers, April 24, and May 3, 1941.
2. To Ambassador Bowers.

The President,
The White House.

Santiago, May 3, 1941

Dear Mr President:-

Certain things I think you ought to know are included in a letter to Sumner Welles , a copy of which is inclosed. I am considerably concerned over the very bad and immediate reaction here to the Import-Export Bank proposition which seems more calculated to serve our people than to assist Chile in a crisis. I have just received, through the Foreign Minister, a memorandum prepared by the Finance Minister setting forth the features that are thought offensive to this country. I am hoping that the more objectionable features can be omitted , or greatly modified . We have the disadvantage down here , and all over South America I am sure, just now , of the German advance which makes many think Germany is certain to win . We are fighting enormous propoganda which is now intensified . And I feel very strongly that just now we cannot afford to dampen the feelings of our friends

I presented the suggestion that South American countries may wish individually to make a plea to Franco to stay out of the war , or not to go in any deeper than he is, and the Foreign Minister smiled blandly. The relations of Chile and Spain are so chronically strained, because of democratic institutions here, that he implied that such a suggestion from Chile would hardly get results. However he said he would consider it .

Last night I had a long conversation with Hugo Fernandez Artucio , a brilliant young Uruguan , who is touring South America investigating and denouncing

Fifth Column activities and methods of combating them. He tells me that the Italian Embassies and Legations are rather negative and ~~that~~ ^{that} the Spanish are extremely ~~active~~ active, working in close conjunction with the Germans. When he has finished his tour he is going to the United States and will no doubt talk with Welles. Commander Webb, on my suggestion, asked our man in Uruguay for a report on this man and the word came back that he is reliable. He has made some talks and given out some interviews here that leave no doubt as to his position and purpose.

I am sending Mr Welles also in this pouch the long delayed enumeration of the defence material most urgently needed here which I requested. I hope that we can take care of this or a good part of it. These are serious times in Chile, anything may happen or be attempted at any time, and should a Nazi coup be attempted Chile wishes to make good on her pledge to us to defend herself to the utmost. She needs certain material and, as I understand, there are \$5,000,000 available. She ought to have it. There may be nothing in the reports that machine guns and other war material has been sneaked into the country from Argentine, but again it is not impossible. I have previously written you of General Escudero's point of view.

At length Lindberg has performed his first patriotic service--in resigning the commission he disgraced. The manner of presenting it leaves no doubt that he acted under direction and for purposes of pro-totalitarian propoganda. Who, aside from Goering, is his advisor? Henry Breckenridge used to be his mentor, and I am wondering where he stands.

With warm regards,

Hon. Franklin D. Roosevelt
The White House.

Sincerely,

Claude L. Rorer

Santiago, April 24, 1941

Dear Mr President:-

I have just received your letter of the 14th and I hasten to reassure you concerning the German offer on the petroleum survey . We had the information from our friend Pedegral who gave it to us, not as a threat , or as something that might be done, but to show us just what the enemy is trying to do. Of course the Government here cannot prevent the Germans from trying to make things difficult for us , and it is most friendly I think in tipping us off to what the enemy is trying to do. (1)

Since writing you yesterday regarding the conversation with the President here I realize that he was under stress yesterday since he was preparing a really statesmanlike and patriotic refusal to accept the resignation of the Radical Ministers whose party directors had asked them to resign on a matter of patronage. I think he will prevail on this. This probably colored his outlook on life at the moment he was talking to me.

I have gone over with V Brooks, the Commercial Attache the proposition of the Import-Export bank and am preparing our own observations on it. We can see one or two provisions that do imply a great distrust of the Government here , and one or two other things which are incorporated in all these contracts and have no special reference to Chile but which the President may have thought was specially applied.

I do know however that everyone here among our friends in the Government is concerned over the defensive armament delay. In this connection take this: the other day ~~the~~ one of our great ^{nitrate} ~~company~~ companies here found that seventy of their men were deliberately practicing sabotage and reducing output almost one hundred

per cent .This was done under the instigation of seven communist agitators among them. The Company went to the Intendente and showed him the figures on production over a term of years showing conclusively that it was sabotage. The Intendente immediately notified the authorities here who told him to give all protection to the Company in discharging the communist agitators. When these were discharged a good number of the seventy workers said they would call a general strike. The Intendente told the Company now was the ~~line~~^{time} to get rid of the men engaging in this work. About sixty were discharged. That day one hundred soldiers were rushed to the mine from here, soldiers heavily armed. They packed these men on trucks, sent them to Arica whence they were sent south.

This indicates that the Government is prepared to act ,but had there been a general strike it would have been confronted by a revolutionary situation and the necessity of using force perhaps. It is because of this that the Army authorities and the President are impatient because we do not move and send some tangible evidence of our disposition to help in holding the line against a possible Nazi inspired attempt against the Government which is our friend.

I hasten to send you this information to prevent the impression that the President here is impatient without cause . I may add that the general strike failed because all the other workers refused to support these communist and nazi agitators.

With warmest regards,

Sincerely,

Claude F. Rowles

Hon. Franklin D. Roosevelt
The White House.

Chile Folder

THE WHITE HOUSE
WASHINGTON

June 23, 1941.

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

Please prepare reply for my signature to Claude Bowers. I am glad that Douglas Fairbanks, Jr., seems to have done so well.

In regard to the paragraph I have marked No. 1 on page 2, I think that McDermott (with Steve's help) should bring this to the attention of the head of the A.P. and the head of the U.P., very especially the latter.

In regard to paragraph No. 2 on the same page, I think that someone should bring this to the attention of Henry Luce, who is the principal owner of "Fortune" and of "Time".

F. D. R.

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DEPARTMENT OF STATE
WASHINGTON

July 2. 1941

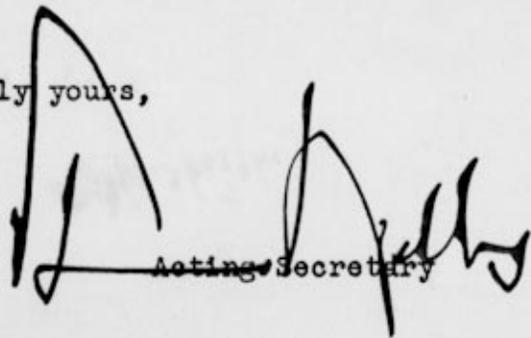
My dear Mr. President:

I refer to your memoranda of June 23 and 25 enclosing Ambassador Bowers' letters of June 16 and 19.

I have attended to the points contained in the last two paragraphs of your memorandum of June 23, and Mr. Henry Luce of the magazines "Fortune" and "Time" and the heads of the Associated Press and the United Press have had their attention drawn to the damaging effects in South America of certain types of news reporting.

I am enclosing a draft of a suggested reply to Ambassador Bowers for your consideration and signature, if you approve.

Faithfully yours,



Acting Secretary

Enclosure:

Draft reply to
Ambassador Bowers.

The President,

The White House.

Chile Folder

THE WHITE HOUSE
WASHINGTON

June 25, 1941.

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

FOR PREPARATION OF REPLY
FOR MY SIGNATURE.

F. D. R.

Letter from Ambassador
Bowers to the President, dated
June 19, 1941.

THE WHITE HOUSE
WASHINGTON

June 25, 1941.

MEMORANDUM FOR

COLONEL STARLING

The following is an excerpt from a letter to the President from Ambassador Claude G. Bowers:

"A German just left me who brought a story I do not take too seriously, but it is to the effect that he has heard talk in Nazi quarters that a secret order has been sent from Berlin to the Nazis in the States to assassinate you. Of course, there is that danger, for the removal of yourself and Churchill would be the most disastrous blow possible. I merely call it to your attention in the hope that you will take the utmost precautions, take no chances, and evade as many public appearances as possible".

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COPY

THE WHITE HOUSE
WASHINGTON

Dear Claude:

I was delighted to have the report contained in your letter of June 23 regarding the attitude of Don Miguel Cruchaga toward Chilean cooperation with the United States in defense matters. If you think it wise to do so, you might take an opportunity of expressing my appreciation to Dr. Cruchaga.

Your views concerning the attitude of the new Chilean Foreign Minister are, of course, encouraging. However, until this attitude is translated into some sort of positive action, I shall continue to be both puzzled and concerned at certain recent manifestations of Chilean policy in the present worldwide crisis.

It is of course true that the German assault on Russia is being used for propaganda purposes to influence Catholic opinion in the Americas. I am convinced that this propaganda has been unsuccessful and that both the pastoral letter of the German bishops and the significant silence of the Vatican have tended to remove the threat of harm which it may have contained.

With best wishes,

Very sincerely yours,

The Honorable
Claude G. Bowers,
American Ambassador,
Santiago.



DEPARTMENT OF STATE
WASHINGTON

July 10. 1941

My dear Mr. President:

I have received your memorandum of July 7, 1941 enclosing a letter of June 23, which you have received from Ambassador Bowers in Santiago, Chile.

In response to your request, I am enclosing a draft of a suggested reply to Ambassador Bowers for your consideration and signature if you approve.

Faithfully yours,

Enclosure:

Draft.

The President,

The White House.

Santiago, June 23, 1941

Dear Mr President:-

It may interest you to know that at a dinner Friday night at the home of Dr. Seanz, former Foreign Minister, I had a conversation with Cruchaga Tornal, former President of the Senate and the Conservative member of the Foreign Relations Committee in the Senate, during which he brought up the subject of bases. He said that while we have not ask^{ed} them from Chile it is possible that we may; that in that event Chile must agree; and should that occur it is important in the publicity to spare Chilean pride by making it appear that these bases are Chilean bases, under the complete control of this country, and that their use by the United States is a concession due to the international crisis. This, to me, was gratifying since I have had less fear of the Government than of the Opposition, and Cruchaga is the most powerful man of the Opposition in matters of international relations. In the event anything of the sort should eventuate I am suggesting to Welles that we be confidentially guided to some extent by Cruchaga's advice.

Rossetti, the new Minister of Foreign Affairs is almost feverish in his cultivation of our confidence and I am positive he is now with us to a more courageous extent than any of his predecessors.

In ability and character the Government has been greatly strengthened by the new Ministers ,very superior men,with the respect of everyone.

My purpose in bothering you is to call attention to the fact that the entrance of Russia in the war will be used to the utmost on the Church in South America by the Nazi and facist and falangist propogandists,and may be effective in that while the reactionary element of the Church has been at heart with the totalitarians from the beginning,this may be an excuse for more open adhesion. When the German army was gathering on the frontier I told our people in the Embassy that I was sure the purpose was to make a play to the "appeasers" even in England who at heart was not unsympathetic toward the Nazis,and in this way break the solidarity of the democracies. Believe me,I know the system since I went through it for two and a half years in Spain. There the word democracy was obsolete and never used but by a few "reds" like me,and the people of democratic countries were assuming that every one had to be with the facists or the communists .Every effort will be made to bring about the same line up in every country now.

When I listened to Churchills speech over the radio from London yesterday it was very clear to me that the same thought is uppermost in his mind. I am sure our people should keep all this in mind now.And I think Churchills slant is the right one --that if Germany can take over Russia with its enormous food supplies and its arms all this will be used with deadly effect against the

democracies ;and that the job before the world today is first of all to rid mankind of the assassins of Berlin. I know that every effort will be made to divide us on nazism and communism. My own idea was expressed years ago in the Founders Day Address at the University of Virginia when I said that the two are but reverse sides of the same debased coin. But the immediate enemy is the Nazi--just as that was the immediate enemy during the Spanish war.

I shall have our people in the Embassy take special pains to ascertain the reaction here .Among the "best people" I have no doubt ;but I pin my faith on the plain people and the patriots who put their country beyond the calculations of the counting room

With warmest regards,

Sincerely,

Charles G. Rowe

Hon. Franklin D. Roosevelt
The White House
Washington.

Chile Folder

S. W.

O.K. but talk with
J. Jones.
F. D. R.

July 18, 1941

My dear Mr. President:

In connection with our program of promoting the closest possible economic relations with the other American republics, we are proposing, if you approve, to renew trade-agreement negotiations with Chile.

Copper is one of the principal products on which we might grant a concession to Chile. You will recall that in October 1939 a public notice was issued of intention to negotiate a trade agreement with Chile, followed by an announcement in December of that year withdrawing copper from the negotiations; and that this announcement was decided upon as a result of vigorous protests from the smaller domestic producers and their representatives in Congress. The negotiations with Chile have since been inactive.

The copper situation today differs radically from that existing a year or more ago. Defense and normal
civilian

The President,

The White House.

civilian needs now far exceed domestic production, and we are importing as much as possible from Chile and other American countries. I understand also that it is proposed to subsidize production in high-cost domestic mines. However, even under present conditions, it may be anticipated that there would be political opposition to a reduction in the copper tax.

The Secretary believes that you will probably wish to pass particularly on the political aspects of a new public notice of intention to negotiate a trade agreement with Chile involving the possibility of a reduction in the copper tax. He suggests also that you may wish to consult with the Federal Loan Administrator and others who are familiar with various aspects of the present copper situation. As the matter is one that the Secretary feels will require tactful and forceful handling, he wishes to be assured of your active support of any action which may be taken.

Faithfully yours,

Sumner Welles

Acting Secretary

File Personal

Chile Folder

RECEIVED
U.S. DEPARTMENT OF STATE
OFFICE OF THE ASSISTANT SECRETARY FOR AFFAIRS
SANTIAGO, CHILE
JULY 24, 1941

Santiago, July 24, 1941.

Dear Mr. President:

I have just written, as before I had wired, Welles that Rossetti sent telegraphic instructions to the Intendente at Antofogasta to see the expelled German Minister to Bolivia at once and inform him that while in Chile he must not leave Antofogasta and that he must leave the country by the first conveyance that can take him out of the country. When I noticed in the press that the Minister was coming to Chile I sent a short and rather sharp personal note to Rossetti saying that in view of the distinct understanding I assumed that this man would not be tolerated in Chile and that if he were permitted to stay it would create a most profound impression in the United States. The next day Rossetti showed me the telegram he had sent the Intendente the day he received my note. I do not think the note was necessary.

He also agreed to our plan for sealing the wireless of all foreign ships when in Chilean waters, or harbors. The Black List created a sensation here and has had a fine effect. The Chileans now know that we will fight. I have told Rossetti voluntarily that should it develop that any one is on the list the stoppage of whose business would have a serious effect on Chile, I would be glad to transmit the fact to Washington and was

2

sure that in such extraordinary cases something can be done. He has said nothing indicating that the Government is at all unfriendly to our action.

You will remember my feeling about the feeding of the Axis victims in Spain, based upon by thorough understanding of the Franco regime and what it stands for. I note that after the latest insulting speech of Franco, Welles has implied that there is no further reason for feeding Francos victims. That of course delights me. For in South America, and I know in Chile, the Spanish embassies and legations are far more open and offensive than the Italians who are really of no account. I do wish the English would stop talking about trying to keep Franco from coming under the influence of the Axis. It makes the ordinary man in the street wonder about their common sense.

Rossetti promised me to get rid of the Chilean Minister in Gaultaumaula, and he has just told me that the sending of Carlos Davila to South America has no connection with commerce, as given out, but that he goes for the purpose of taking care of this Minister.

I am convinced that the Bolivian business is tied up with both Argentine and Chile, and that an attempt of the sort planned, as disclosed in the letter of Belmonte, may be tried in Chile at any time. We all have complete confidence in the determination of the Government to resist any such attempt and in the dependability of all the ranking men in the army. The Government has been doing a

great deal to meet this menace without fuss or publicity and while telling newspaper men that of course no such menace exists. Recently General Berguno, thoroughly all right, was sent into the South, ostensibly to report on the coal situation, but in reality to investigate the army situation. Immediately after his return, General Portales, pro-nazi, who had been in command at Valdivia, was transferred to Santiago and a man sent to Valdivia in whom the President has confidence. I have just heard that the army has discovered detailed plans of the plot with names etc, and I am having this investigated.

The Yale Glee Club did us great service here. It was enormously popular. The great Municipal theatre was packed with people standing in two concerts and the club was almost mobbed at both the University of Chile and the Catholic University by enthusiasts. I gave a buffet dance for them and invited in all the Chilean girls of the society crowd, and I was damn proud to display these American boys, all clean cut, gentlemanly, and likable. They could have packed the theatre for two more concerts.

I am not of the opinion that a diplomat who is a fascist at heart necessarily reflects in views of his Government for I was cured of that delusion in Spain. But I am not entirely happy about the South American line up here, convinced as I am that the Argentinian and the Bolivian are pronouncedly pro-nazi, and not unmindful of the fact that the Brazilian is very chummy with the German, Italian and Spanish embassies and not at all so with the British. The

4
Peruvian and Columbian are all wood and a yard wide .The Mexican
is the most militant on our side .

The film "Parson Hall" will be shown the first of August. We got
a clear reversal in that case ,but it was so embarassing I think
to the Intendente that he asked for a space~~s~~ of time so as
to save his face to some extent.

The press here remains nine tenths with us,excepting of course
the two papers financed by the German Embassy which are known
as propogandist organiz^s~~ed~~ subsidized .

With warmest regards,

Sincerely

Claude G. Bowles

Hon. Franklin D. Roosevelt
The White House.

Santiago, July 26, 1941

Chile
File
Perrin

Dear Mr President:-

I am inclosing as of possible interest a copy of a letter to Welles covering some matters of an official and political character. I have but one copy of the little Nazi booklet being circulated by the Nazi Fifth Columnists here, containing one of the articles of General Hugh Johnson. But I have no doubt that Welles will show it to you .

Apropos the Black List--which we have not yet officially received --the case of the German Minister to Bolivia ,the following of thē United States regarding exports ,Rossetti is playing with us most satisfactorily. He is by odds the most friendly Foreign Minister in my time here and unquestionably the ablest and most brilliant . We must not hold against him things that happened during the mildly pro-Nazi regime of his predecessor. Please remember, too, that I made my opinion of that predecessor very clear at the time he was in. I think Rossetti has been greatly embarrassed in his plans as to the Consul in Valparaiso by the discovery of some dicker entered into by his predecessor which the Germans are threatening to expose .However I am informed today that Barandon is leaving Chile next week. I have a feeling that Rossetti has been in complete sympathy with our position on this Consul from the beginning ,and that he has handled a very

delicate situation with considerable ability .Unless something else develops indicating a change in him,I know it is to our interest that he remain in as long as possible. Last night I saw him at a dinner at the British Embassy where he seemed most comfortable in a pro-ally atmosphere,only the British and the Polish Minister and myself being there.

With warm regards,

Sincerely,

Claude H. Rorer

Hon.Franklin D.Roosevelt
The White House.

PSF: Chile



EMBASSY OF THE
UNITED STATES OF AMERICA

Santiago, July 26, 1941

Dear Mr. Welles:

I am enclosing herewith an article by General Hugh Johnson which is published by the Nazis here and distributed as Nazi propaganda. It is altogether illuminating. You may wish to show it to the President.

I hope you will not be disturbed should you see in the papers that the German Minister to Bolivia who was in Antofagasta has come to Santiago. He can get out of the country more speedily by coming here and flying hence to Buenos Aires. There is scarcely no other way unless he remains indefinitely in Antofagasta until he can get a boat for Japan or Germany. We have so many unofficial reporters that I take this means of anticipating some sensational story.

Rossetti thus far has played with us completely or as completely as possible. It is distinctly unfair to him to hold him responsible for the Consul at Valparaiso. I know he wished to throw him out at once. I know he is greatly embarrassed or has been ever since he came in. I suspect that his embarrassment comes from the discovery that his pro-Nazi predecessor entered into a dicker involving the Consul in the PRIWALL matter. Most of the vicious things done were crowded into the brief regime of Alamos. I suspect that the Germans have threatened to expose the agreement.

I have had a long conference with Salazar, Ford and Wilcox of the Electric Company. They are presenting the Minister of the Interior with their proposition on Monday. It is thought best that I do not see any one in the Government until after this presentation and I have been informed of the reaction. I shall work in cooperation with these men and in accordance with their ideas of procedure unless otherwise instructed. They do not think that the Minister of the Interior is at all in sympathy with the plan proposed to them.

I intend to see and talk frankly with both the President and Rossetti early next week concerning matters involving continental defense that are causing us some concern.

I am sending by this pouch a despatch prepared by Flexer
concerning

The Honorable
Sumner Welles,
Under Secretary of State
Washington, D.C.

concerning the Condor planes, from which it appears that the contract entered into long ago does not expire until 1942, and that no new arrangements with the Government here is necessary. I assume of course that the same matter has been taken up with Argentina which is quite as much involved as Chile in this service, between Chile and Argentina.

Our friend Leisewitz of the German Embassy advertised as going to Guatemala has been wined and dined by the Totalitarians and with our mysterious friend Cruchaga presiding at a dinner. He has just announced at the Turkish bath, our source of information, that this change has been cancelled and that he is to remain in Chile. It is rather droll.

I am embarrassed by the fact that a famous Yugoslav singer who has been appearing regularly at all functions of the Allies here and who wishes to go to the United States to appear before Yugoslav gatherings and help in arousing his people in the United States has not been given a visa. This embarrassment comes from the fact that the Yugoslav Minister, by long odds the most active and efficient diplomat among the Allies here, and who is out bestcheck on the Germans, because his people here are very numerous and as prosperous as the Germans here, is begging me to permit him to go. Rich Yugoslavs here are willing to back him financially. But the Minister tells me that he is embarrassed among his own people by the fact that he "does not have enough influence to get a visa for a well-known Yugoslav artist". Flexer sticks to the general rules and does not consider the political phase which I have to consider. Is there no way in which this can be arranged. I know the singer - he is most excellent, and intensely anti-Nazi. But my concern is about the Minister who has organized his very large colonies in Chile, Bolivia and Peru as no other colonies among the Allies are organized. Not even the British better.

With warmest personal regards,

Sincerely yours,

Chile Folder
1-41

file
personal



DEPARTMENT OF STATE
WASHINGTON

July 30, 1941

My dear Mr. President:

I have received your memorandum of July 23, 1941 enclosing a letter of July 14 which you have received from Ambassador Bowers in Santiago, Chile.

In response to your request, I am enclosing a draft of a suggested reply to Ambassador Bowers for your consideration and signature if you approve.

Faithfully yours,

Enclosure:

Draft reply.

The President,
The White House.

COPY

THE WHITE HOUSE
WASHINGTON

Dear Claude:

I agree with the suggestion made in your letter of July 14 to the effect that the presence of Mayor LaGuardia at the forthcoming Inter-American Conference of Municipalities at Santiago would be most helpful. I do not know whether he can be spared for the length of time necessary to make the trip.

With regard to your reference to the telegram sent by the President of Chile to Hitler on May 1, I do not know whether any of the other American republics sent telegrams of this nature. I do know that the one sent from Santiago was given great prominence in the press.

It is most encouraging to me to learn of your continued good opinion of the attitude of the new Minister for Foreign Affairs, Señor Rossetti. I need not tell you that the events of the coming months give every promise of providing many opportunities for him to demonstrate his fundamental attitude toward world events.

With kindest personal regards,

Very sincerely yours,

The Honorable
Claude G. Bowers,
American Ambassador,
Santiago.

Santiago, July 14, 1941

Dear Mr President:-

The all-American Congress of municipalities is to meet in Santiago ,and a special ,urgent request has been made of me that we be well represented and especially that La Guardia come if only for one day to preside over the most important session. I have written La Guardia personally and also Welles. I do hope that La Guardia can manage this. It would be a heavy punch for us . If you can use any pressure on him I would appreciate it.

[I note with some mystification your reference to the telegram sent by Aguerre Cerda to Hitler on the national holiday of Germany. I telegraphed the Department at the time that it was no more than a perfunctory protocol message ,worded just as such messages are . On receiving your letter I sent for the telegrams sent by the President here to you and to Hitler, and I find the one to you goes beyond protocol and is far warmer in tone. Since Chile and Germany maintain diplomatic relations the President could scarcely have acted other than as he did . The telegram to Hitler follows:

"The Government and people of Chile send to your Excellency , through me, their cordial greetings of congratulation on the occasion of your national holiday which your great country celebrates today. It is particularly pleasing for me to formulate on this occasion ,my best wishes for the personal welfare of Your Excellency"

The telegram to you follows:

"Please accept, your Excellency, on this anniversary of pleasant commemoration , the cordial AND AFFECTIONATE message of greeting

,which the Government and people of Chile send through me to Your Excellency and to that great sister nation ,as well as MY MOST FERVENT wishes for the prosperity of the United States and the welfare of its worthy President".

It seems to me that Aguerre Cerdas preference stands out like a pile staff ,and that there must be too much importance attached in Washington to the telegram to Hitler. Did not all other South American countries send similar messages?

On the two other points you mention I entirely agree--the return of the German consul in Valparaiso and the ceremonies on the taking over of the German training ship. But that was all during the short regime in the Foreign Office of Alamos, a cheap opportunist politician, under the complete domination of that other cheap opportunist politician, Marcela Mora, then Minister of Finance , and I had written Welles of my lack of confidence in these two men. I think German influence predominant in the Foreign Office at that time. Alamos had no conception of significance of what he did. He and Mora are both traders and they no doubt thought it was a great triumph to get that training ship. I am persuaded because of the attitude of Rossetti, and his reticence on certain points, that he has found that the return of the German consul to Valparaiso was one of the conditions for the giving over of the ship. That is just my guess. I think it a good one. Rossetti went after that consul within three hours after I spoke to him. I saw him at five and he sent ~~sent~~ for the German Ambassador at eight .He afterwards told me the reply of the German Ambassador which I sent you --that Alamos had

agreed that the consul could stay until the middle of August and Rossetti ,momentarily checked,made an investigation,demanded a written statement from Alamos who replied that the Ambassador had lied and that the consul was allowed back "for a few days" to arrange about moving his family . Since then Rossetti has confronted Von Schoen with this statement and very emphatically ordered that the consul leave. I understand he will go. My impression is that Rossetti was asked a few days more to arrange for the consuls transfer ,and it seems Paraguay has been asked to accept him as Minister. The Foreign Minister there spoke to our Minister there and said that since Chile had "exonerated" the consul it would be difficult to refuse to receive him. I immediately asked Rossetti point blank and he replied with emphasis that Chile had "not exonerated or forgiven "the consuls crime ;that if she had there would be no occasion for ordering him out the second time.

There is no doubt that there are here and there pro-Germans in public station here. Vegara,the Intendente here,unquestionably is one .In the Ministry before the recent reorganization there were two or three I did not trust with reason ,but these have been displaced by new men in whom I do have confidence . But it is clear to me that the Government here does fear the Germans in Chile and is very anxious to prevent any contest if possible and that for that reason it occasionally makes concessions on minor things .

General Escudero,certainly our great friend ,talked very freely to me of the danger and of his desire to get certain war

material to meet that danger by force when necessary .He laid some stress on some tanks for street fighting and for keeping the highways open for us in accordance with Chile's pledge .I got the impression that there is a disposition to hold off until the army is ready to meet any contingency.

In a talk with Aguerre Cerda I got the same impression .However I understand some old tanks have now been provided and may be on their way.

I think Washington may not realize that the Chileans are confronted by a greater threat than any other South American country because of the large and prosperous German population .I note that the occasional gathering of the clans from over South America are held in Chile;that the Germans wishing to leave Columbia want to come here;that the meeting of the German Ambassadors was staged here ; that the most dangerous men in Germanys diplomatic corps in South America are stationed here . In Brazil there is a large German population but not so great in proportion to the entire population as here ;and here there have been more marriages of Germans and Chileans ,and a greater spread. throughout the country.

Because of all this there may be some timidity which is unfortunate but understandable to any one on the ground .I think there will be a stiffening of the Government when it gets the tanks and some other army material which comes under our recent agreement.

With warmest regards,

Sincerely

Hon. Franklin D. Roosevelt
The White House, Washington.

Claude G. Bowles

Chile
File Folder
P...

Santiago, July 31, 1941

Dear Mr President:-

I have just had an hours conversation with Rossetti in which I tried to impress him with the thought that wild plans concerning the Electric Company here would not be much of a contribution to continental understanding since any contest would be played up by our common enemies to the disadvantage of both. He said he understood it and could be depended upon to prevent any plan being submitted that would cause your Government any emb^lassment. It remains to be seen.

I have seen so many denials by Ministers here of the existence of a Fifth Column and a Nazi menace that I told Rossetti I assumed these were merely for the public since if they represent the real views of the Chilean Government I would consider it most alarming. He said that of course there is a Fifth Column and a Nazi menace ;that within the last ten days the secret agents here of the Government have been tripled;that most are working in the South .But he said the Government felt secure in its capacity to put down any attempt;that General Herrera has a meagre following and has been discredited; that the names of all suspects are known and their every move checked ;that the Government has absolute faith in the Army. But he said it was not thought wise to stir up controversy by mere press polemics .

He told me with evident pride of the drastic treatment accorded the former German Minister in Bolivia .I have written Welles the details.

Nothing certainly could have been more drastic or decisive. The Minister sails today from Vaparaíso in a Japanese boat.

The Consul there also leaves this week, and Rossetti gave me the impression that he is going to Germany. This can be checked.

I asked him why the delay in replying to our more than generous proposition regarding armament. I said I wondered if some thought there might be a "catch some here". He smilingly admitted that three or four Senators did and that while the Government did not, he was drawing up three formulas which do not in any sense alter our proposal but any one of which may satisfy the senatorial sceptics. These he will submit at once, and he hopes our reply or choice will come speedily so General Escudero may be sent by plane at once to Washington. Bear in mind that Rossetti is a leading parliamentarian who knows the congressional psychology and the art of congressional management -- an advantage over all his predecessors.

The 'Black List' has stirred the animals, and Brooks, the Commercial Attache, is forced throughout the day and days to give fifteen minutes only to each on the list that calls. It has had a fine effect. But this morning Gazitua, former Counsellor of the Embassy in Washington, who has been attached to Rossetti as advisor on American affairs called on me this morning, saying his mission was personal and unofficial, but that he came from Rossetti. He asked more details about the Black List and said that pressure is being brought on the Minister by the men on the list -- or some of them. I assured him that there was evidence on which to base action in each case; that we do not intend that anti-Americans and pro-nazis shall use money

made in American trade and through American agencies to finance propaganda against us; that this offers a fine opportunity for Chilean business men to fill in the gap; that we will be glad to inform Rossetti personally regarding any individual case he cannot keep from bringing to our attention quietly; that if in any case an injustice has been done it will be remedied; and that should the country be seriously affected in some instance there would be a political consideration that would not be ignored. He seemed satisfied. Rossetti has said that we acted within our rights and he prefers not to say a word.

I am having Rossetti, Pedegral and Schnake to a stag lunch at my house on Monday to make a survey of all outstanding matters between the two countries and I hope to be able to report their reactions on everything.

Apropos the Presidents perfunctory telegram to Hitler, it may not be without significance that when the Ygoslavs had a convention, a war convention here, last week the President sent a very cordial telegram which was read and published.

Gazitua said that the Black List brings the economic war to Chile and embarasses its "neutrality". I told him that of course he knew the world is engaged in a finish fight between totalitarianism and democracy and that no nation can be truly neutral. He agreed to this. But he added that the nazis might be impelled by their desperation to try a coup, and that for this reason it is hoped that speedy action can soon be made on the emergency defence material stipulated by Escudero. We hear gossip about this coup--as we have heard gossip for many months. But I have heard

that something may be tried in July or August -probably August. In this connection it may not be without significance that Barandon tried to stay here until "the middle of August"--according to an alleged promise by the German Ambassador by Alamos, which Alamos denies. And when the German Minister from Bolivia was here he plead to stay twenty days--which would bring him to the middle of August.

The Senator Clark speech is being used by the nazi papers of course. But The Under Secretary of Foreign Affairs said to the press that Chile was not interested since it was the opinion of an individual. Your comment and Welles have both been played up prominently in the press. There has been no editorial outside a nazi paper.

So glad England has been weaned away from its stubborn fallacy that Franco can be appeased. There are indications here that the Germans are passing the bulk of the present propoganda on to the Francosists. I have no confidence in several of the South American diplomats here. Two are unquestionably pro-nazi at heart and one of these quite brazen--the Argentinian. Another seems at heart so, for never once in many talks has he uttered a single pro-democratic, pro-allied expression and he plays with the Spanish Embassy and that group--that the Brazilian. The Peruvian and the Columbian are all right but they say nothing and carefully refrain from showing their colors. I hope they do not reflect their Governments.

With warmest regards,

Sincerely

Claude A. Bowers

Hon. Franklin D. Roosevelt
The White House.

PSF: Chile Folder

THE WHITE HOUSE
WASHINGTON

September 3, 1941.

MEMORANDUM FOR
THE UNDER SECRETARY OF STATE
FOR PREPARATION OF REPLY
FOR MY SIGNATURE.

F. D. R.

Letter to the President, dated August 28, 1941, from Ambassador Bowers, enclosing copy of letter which he wrote to Under Secretary Welles under date of August 27th.

PSF: Chile Folder

file
personal

Santiago, September 3, 1941

Dear Mr President:-

I am inclosing a letter to Welles concerning matters that may be of interest to you ,particularly in regard to the Black List and the petrolium problem.

Since writing the letter, General Escudero ,head of the Army here, came to my house by appointment this afternoon to satisfy himself regarding a rumor, purely propoganda here, that we are dissatisfied with Rossetti and Pedegral. He is anxious over the delay about the war material, and he ascribes it to certain members of Congress who he thinks are Nazis or Fifth Columnists. He told me that he is now going over some papers affecting the activities of the German Embassy here which he says indicate a spreading of propoganda in the Army which he says will be stopped. But he says he will stake his soul on the loyalty of all the older and middle aged officers ,holding all the important posts, and he says that after his visit in Beunos Aires he is convinced that the army threat is far greater in Argentine than here .Unquestionably he and the higher officers are absolutely on our side. These Chileans have a queer psychology. They publicly scout ~~want~~ the idea that there is a Nazi menace here ,and privately tell me all about the menace ;and while they do nothing dramatic about it, it appears that they are really on their toes in looking after it.

I am afraid that our enemies will do all in their power through the most unscrupulous methods to get Rossetti out of office ,and because ,more than any others,he has stood out openly as friendly to us.

I am to see the President tomorrow and rather dread it, since another American scribe,Dr Herring,has just published a book with many historical errors ,but,what is worse says of the President:

"He is a petulant man and the Conservatives call him a traitor to his class".

My God can't we muster a whole army of patriotic American writers to descend on Chile en masse and spread these ~~ignominies~~ ^{insults} to the President? It seems so foolish to do it in dribs. The word "traitor" is not nice,but the word "petulant" as understood in Spanish means a man who thinks he knows everything. I am astonished at Herring.

With warmest regards,

Sincerely,

Claude H. Bowers

Hon.Franklin D.Roosevelt
The White House

Santiago, September 4, 1941

Dear Mr. Welles:

It may interest you to know that when I presented Rossetti with a memorandum on your conversation with Michels he seemed more pleased than annoyed, and laughingly anticipated me with the statement that he knew why I had come and that Michels had sent him the substance of the interview with you. I have a feeling that Rossetti has been trying to hold back the others, including Pedregal and Olavarria, in the crusade of "get all you can" from the United States and that felt this would strengthen his hands.

He told me that the next night at a banquet given the former President of Panama he would make a speech that would be "basic and fundamental". I have went the speech in full by this pouch and have telegraphed the outstanding paragraph. It was by odds the strongest public declaration of the existence of a distinct understanding among the American Republics that has yet been made by any Government official. It was so considered by other American diplomats present, most of whom were pleased. Only Gracie, the Brazilian, was as usual rather cool toward it.

After the dinner I talked with Rossetti a moment and he said with great earnestness: "You must help me out on this copper matter". I interpreted that to mean that he realizes that the Government is out on a limb because of the introduction of the copper tax bill; that he is seeking a way out without injuring too much the prestige of the Government politically.

It is my idea to suggest that since the proposed increase in the price of copper and the proposal of the Metal Reserve to take over all the mineral products of Chile for a period, both came after the presentation of the bill, that it may be withdrawn on the ground that improvement in the copper situation had been achieved without the bill.

I think we should do what we can to help Rossetti along this line for he has become so pro-American that there
is

The Honorable
Sumner Welles,
Under Secretary of State,
Washington, D.C.

is a subterranean movement among some politicians to get him out; and I cannot conceive of a substitute for him that would not be less satisfactory to us.

II

Your interview with Michels has had a most salutary and immediate effect. Barros-Jarpa, former Foreign Minister, and head of the American Cultural Institute, expressed himself as immensely pleased when I talked with him at the banquet. He said something of the sort was necessary, since the Chileans must be made to understand that there is a limit in their dealings with us.

The Minister himself clearly understands that the copper tax will be injurious to Chile and is seeking a way out.

Most significant is the change on the part of Pedregal and Olavarria in the matter of the Electric Company. Last night at a cocktail I gave our new Army and Navy men, Salazar and Ford told me something of their last meeting yesterday with these Ministers. It seems they have increased the price proposed to \$50,000,000.00. This to be spread over several years. The negotiations are getting down to bedrock and the Ministers are infinitely more reasonable in every way.

I hesitate to express an opinion just yet but I have a feeling that the Company's negotiators should be careful at this juncture to be even more conciliatory, and I am a bit afraid that the change in the Government's spirit may persuade them to become more haughty, which, in my opinion, would be a mistake. This may not be justified by the realities. I am describing a "hunch".

III

Two reports of a disturbing nature have been brought to me regarding the attitude of the British Embassy regarding the Black List and petroleum; and regarding the attitude toward the Rightist opposition. As to the latter, Sir Charles Orde, the British Ambassador, had expressed a desire to talk with me. His idea seemed to be that we should assiduously "cultivate" the Opposition.

I called on him yesterday and found him in bed sick. I told him I thought we should cultivate all public men, regardless of parties and of Rightists or Leftists, who are friendly or not hostile, but that this cultivation should be with individuals, regardless of party, and not of parties or groups. I told him of my excellent relations with conspicuous leaders of Conservatives and Liberals who are friendly. But I said
that

that the cultivation of the Rightist Opposition, as an Opposition, did not seem desirable to me. In fact as very dangerous. I also told him that while I did not look on the Conservatives and Liberals, as parties, hostile, that if there is a Fifth Column here its members are largely confined to individuals in the Rightist Opposition.

This brought up the matter of LA DEFENSA, which is financed by the British and in part by our copper people here, Horace Graham and Cotter. I have had to take up with the British several times nasty attacks on us, on our charging of Panama tolls sometime ago, and within the last ten days, attacks on us on copper. I told Orde that if these attacks continued I certainly would advise our people to discontinue the financing. He expressed regret about the action of LA DEFENSA and said his people will talk with the paper again.

I also told him I think it exceedingly bad tactics for LA DEFENSA at this time to continue its bitter attacks on the Soviet Union; that the paper may continue to hold its views on Communism but that now with British and American military missions in Moscow and with the Russian armies making a tremendous contribution to our cause, it seems stupid to me for us to attack them; that there is enough to attack in the Nazis; and that this is not the time to divide ourselves.

He undertook to say that it probably is all right for the paper to attack the local Communist party, with which I disagreed.

The confidential truth is, as I have intimated before, the British Embassy personnel here is of the old Chamberlain appeaser group, gone "haywire" on Communists and even on Popular Front governments and even on liberals. Richard Allen, the First Secretary, who appears to have much influence with Orde, is most reactionary and time and again has spoken rather contemptuously about "democracy". His closest girl friend is thought to be a German spy. Happily Allen is to be transferred in December. We all agree that he is exceptional only in conceit. Orde is a nice man, ill, and without force.

When our Americans joined in the financing of LA DEFENSA it was with the distinct stipulation that it should stay out of Chilean domestic politics. The truth also is that the extreme Rightists are people who like to think of themselves as linked with Europe and not with us, and in fact are anti-American. They may be pro-English, they are anti-United States.

IV

I told Sir Charles that we have been informed in oil circles that Shell has been authorized from London to disregard the Black List and to continue to sell to any one who wants to buy. I was amazed to find that I got no real denial. He questioned the instructions from London, but admitted that the Embassy has in several instances given permission to British agents to sell to people on the Black List. He cited some instances.

The West India Oil Company (Standard Oil (N.J.) is the Holding Company) people have talked with me about this and have said that they are at a loss as to what to do; that if the British sell and they refuse, the effect on their business after the war will be bad; and they seem to think that the British have this in mind.

I would like to have a clear definition of our stand here that I may pass it on to Humpstone, President of the West India Oil Company.

With warm regards,

Sincerely,

Claude G. Bowers

Chile Folder

file
personal



DEPARTMENT OF STATE
WASHINGTON

September 4, 1941

My dear Mr. President:

I have received your memoranda of August 21 and 25, 1941 enclosing letters of August 11 and 15 which you have received from Ambassador Bowers in Santiago, Chile.

In accordance with your request, I am enclosing a draft of a suggested reply to the Ambassador for your consideration and signature if you approve.

Faithfully yours,

Enclosure:

Draft of suggested reply
to Ambassador Bowers.

The President,
The White House.

Dear Claude:

Please accept my thanks for your letters of August 11 and 15, which I have read with interest and pleasure. I am happy that Jo Davidson has proven a capable representative and has aided your already satisfactory footing with the Chilean officials.

There are unmistakable signs in many of the American republics of a growing realization of the danger which threatens our continent. It is most heartening to me to know that you in Chile are playing a very active part in stimulating this movement. It would be most unfortunate if at this time developments in the copper company problem and in the situation affecting the electric light companies should be productive of friction in our relations with Chile.

Very sincerely yours,

The Honorable
Claude G. Bowers,
American Ambassador,
Santiago.

Santiago, August 15, 1941

Dear Mr President:-

Jo Davidson has made a sensational hit here with his personality, his wit and humor, his Latin manner, and the exquisite beauty and uncanny fidelity of his bust of the President. I was with him at the first two sittings at the Moneda. I had two hundred and fifty of the Government, Army and Diplomatic Corps to a cocktail to see the bust at the Embassy. An amusing incident:- the wife of the French Minister, the Vichey one, has never seen me though I know her husband. She was standing before the bust with Jo and exuding enthusiasm. "You have done a wonderful thing", she twittered. "Marvelous. Such a perfect representation of the Ambassador". "But", said Jo, "I am the Ambassador". The lady took a look at his beard and cried -"oh". Gave a dinner last night for Davidson with thirty two, including Cruchaga and Cruze Coke. It did not break up until after one. No one has done as much to confute the Falangist propoganda that we have no artistic or cultural life in the States as x Davidson.

But when the President went for the week end to Vina for the last two sittings I could not leave. It was there that something was said that has amzed me. Aguerre Cerda came in for one of the sittings clearly primed and began by discussing the war and saying that Hitler economically is on his last legs and that now is the time for the South American

Republics to make a peace proposal. "What", exclaimed Jo, "to save Hitlers skin". "Oh you are a reactionary" said the President.

But there was worse: he next referred to the Japanese -Chinese war and said the Japs should be given a free hand in China. "What" , protested Jo, "and drive all American trade out of China".

But there was something worse that was almost grotesque. The President said he could not get excited about "these small nations like Roumania, Czeckoslovakia etc". Jo resisted the impulse to ask about Chile.

That incident astounds me. As I wrote you before I have not had the same implicit faith in the President during the last five weeks or more but this conversation went beyond anything I had expected. I do not think he would have said any of this had I been present.

I suspect that Aguerre Cerda is being used by the Nazis without his suspecting it. I think he is a bit annoyed with me for bringing down right pressure to bear on his Ministers on the Nazi menace ,and then I think his vanity has been hurt by some of the flippant comments of North American newspaper men's articles at home which has ^{come} come back here.

I am quite sure that it is Aguerre Cerda who is behind the strange present attitude toward American business interests down here ,and I am persuaded that he has been inspired by Nazis --again without any suspicion on his part.

However Rossetti is going along with us satisfactorily ,and we are getting some results ,and the heads of the Army are with us wholly, and the mass of the people. Before Hitler did a Napoleon in Russia when the communists were with the Nazis there was a real danger in case of an attempt at the

coup. But now all the working classes would be arrayed against any nazi movement .

At my dinner last night Cruchaga again said that in case we are involved in war Chile will take its stand beside us. He has said as much to a reporter from the Argentine. Cruze Coke ,now Senator, but idolized as a great humanitarian physician who has done marvels for the poor, is intensely pro-American .Both are Conservatives.

Rossetti told me this week that all suspected people are literally surrounded by secret agents of the Government and that every day it receives full reports on everything General Herrera does, every one he sees, everything he says on the telephone . I know this to be true by checking with our consul in Valparaiso.

We are all cheering--and yet trembling--over the story of the conference in the Atlantic. Trembling in the realization that could a German submarine had a shot at you and Churchill it would ~~be~~ have been rather terrible in its consequences.

Tomorrow I have several hours in the ceremony of acting as god father for the ~~twinn~~ Chilean twins ,Franklin Roosevelt and Eleanor. No child's play , being a god father here. Papers have long stories about it.

Warmest regards,

Sincerely,

Hon. Franklin D. Roosevelt
The White House.

Claude H. Brown

Have written Wells about my conversation with Rossetti this week - very interesting. He may tell you about it

PSF: Chile

Santiago , August II, 1941

Dear Mr President:-

During the week I had Rossetti, Minister of Foreign Relations, Pedegral, Minister of Finance, and Schnake, Minister of Fomento, to a private luncheon at my house two days in succession and we went over all outstanding issues in some detail. I had Brooks with ^{me} ~~me~~ and we found the Ministers in a reasonable and friendly state of mind, and that we shall have no difficulties on nine tenths of the issues outstanding. I have written a report in some detail to Welles. There is no doubt in my mind that unless we give Chile a two cent a pound increase on copper, Congress will pass a law here. The Ministers say that the demand of public opinion is as unanimous as the vote will be in Congress. They say that they have been holding the Congress back in the hope that some agreement can be made between the two Governments, but that unless something is done within thirty days, Congress will initiate a bill without recommendation from this Government. This, they say, the Government cannot afford, since its enemies would make the most of its failure to act, as these enemies are doing now; and they make the point that in that event neither the United States nor the Chilean Government would get the credit. They add that the Government for its own protection political-ly, will have to make a recommendation ^{within forty days}.

Brooks and all of us are convinced that this is not pressure nor bluff but a very realistic statement of actual facts.

The only other nut we were unable to crack is that of the Electric Company. I gave them our point of view ,--Chile certainly has the right to purchase the system provided it is bought under the terms of the contract and the Calder cablegram ;that under these conditions the Company is willing to sell ;but that in view of the financial pressure on all countries now it seems unfortunate that Chile should at this time undertake such a heavy financial burden. Pedegral replied that the Government feels that now is the best time since it has more dollars now than it will probably have for years to come ,and that if a reasonable price is proposed it can be handled. But it is clear that his idea of a "reasonable price" is impossible. Something was said about the possibility of Congress acting and authorizing exploitation beyond the terms of the contract. All I was able to do was to make it impressive enough that we are frowning on the proposition at this time.

My impression is that the Company ,if cooperative, can help us head off the taking over of the Electric Company. It is willing to ~~sell~~ sell the Traction Company ,probably at a loss ,since it is a ~~hard~~ head ache.

If it will make some concession regarding the Power plant the Government proposes to build ,it is possible that the more serious project can be side tracked.

I ,under the pretence of joculariry,roasted the Ministers on their constant insistence on there being no Fifth Column or German menace here ,and Schnake was pleased and joined in the roasting. I had ten days before put Rossetti on the witness stand on that topic and he had replied that the interviews complained of were for public consumption and to give the

subversive elements false confidence ;that of course there is a Fifth Column and a Nazi menace;that the best evidence that the Government knows this is the fact that ten days before, the bureau of investigation was tribled and most of the men sent into the South where the danger seems greatest.. Saturday night the Government began action, breaking into German clubs, taking over papers, arresting Nazi leaders ,and this is not yet finished as I write. The Minister of the Interior asked the A.P. and the U.P. to play the story down for Chilean papers for a few days because arrests are still being made ,but that they may send the full story outside the country. This seems reasonable enough to me.

Apropos the Presidents perfunctory telegram to Hitler ,it may not be without significance that when the Yugoslavs held their congress here--a war congress--the President, without any obligation on his part, sent a telegram of best wishes and congratulations. I am afraid that this was not sent to the United States. I note with some concern that you say the press at home gave much publicity to the Hitler telegram. I have observed for almost eight years that liberal Governments interested in the welfare of the mass are free game for the propogandists.

Have spent some time with the President while Jo Davidson is working on his bust, now finished, and a beautiful thing. Jo says the best he has made on his trip, because Aguerre Cerda has more character and humanity in his face than the others. I am having two hundred tofa cocktail this evening to see the bust and day after tomorrow night I am giving a large dinner for Jo. He is very tired and I am worried about his trip to La Paz because of the height and Jo's bum heart.

I may have written you about the twins--Franklin Roosevelt and Eleanor. I find that being a god father here is SOMETHING. The family called on Saturday. The wife is Dutch ,married at eighteen,now twenty four and the mother of five children. Very pretty and nice. At the Cathedral , on leaving I am expected to scatter pennies to street gamins outside.I give a present to the mother and to each of the twins. I then have about fifty of the party to my house for champagne and cake. Whoop-la!

Summerlin came during my luncheon engagements with the Ministers and when Jo Davidson was taking much of my time but he had a fine time here with his old friends and I gave a large dinner party for him.

Mora Lynch,of fine family here,with a life time in the diplomatic service, --and still a democrat--who was Counselor of the Chilean Embassy in Madrid and is now in Lisbon, has published a little book on his experiences during the Spanish war .It is most illuminating to many,not to me. He gives an amusing picture of his chief,the thoroughly crooked and vulgar Nunez Morgano

When Mora Lynch returned to Madrid he found the Embassy packed with Franco Fifth Columnists ,forty to a room. Morgano he found surrounded by the fascist nobility,basking in the sunshine of their smiles .Lynch was not permitted to enter the room .Though he had written all the despatches he was not permitted to continue ,and this task was taken over by the Spanish fascist guests who wrote the reports for the enlightenment of Alessandri . The code work was turned over to the Spanish women. This was typical of many embassies and legations .I knew Mora Lynch well and liked him.

Hon.Franklin D.Roosevelt
The White House.

With warmest regards,
Sincerely

Claude G. Bowles

No. 1853

Santiago, September 25, 1941

Subject: A frank conversation with the Foreign Minister,
Señor Rossetti

~~STRICTLY CONFIDENTIAL~~

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

I have the honor to report that on September 23, 1941, I called with Mr. Cecil Lyon, on Señor Rossetti, the Minister for Foreign Affairs to inquire regarding our request for a blanket permission for our ships on patrol in the Pacific to enter the ports of Antofagasta and Valparaiso without previous notice for the purpose of taking on fuel and supplies. He replied that there is no doubt about the granting of the permission and that the request had been sent to the Minister of Marine who acts upon it, and that a reply should come at any moment.

But on the conclusion of my actual business with him, Señor Rossetti indicated a desire to talk, and for more than two hours he kept me with him, and discussed many matters with his usual frankness, and since some of these are matters that impress me as important, I am reporting in considerable detail.

Having replied to the question I called upon him to ask, he first told me that the resignation of Señor Olavarria, Minister of the Interior will not result in any reorganization

tion of the Cabinet that will exclude himself as Minister of Foreign Affairs, Señor Pedregal, Minister of Finance, who without party backing has thought to be in danger, or Señor Valdovinos, Minister of Defense.

I mentioned the rumors afloat that day that a coup d'etat was in contemplation for an early day, involving parts of the Army and he ridiculed the idea, asking if I had not heard such rumors constantly ever since I came. He appeared perfectly serene.

He then broached the subject of the Columbus Day celebrations, or the Day of the Race celebrations as they are called here. He said that he wishes to give official significance to these celebrations and to exclude all European nations except Spain for manifest reasons. But he wished the United States to take part on equal terms with the other American nations and desired my attendance at the Cathedral. I assured him I would attend. He also asked me to speak at the formal ceremonies. He said he felt that the anniversary gave a new opportunity to emphasize the solidarity of all the Americas, and that he thought it important that the United States should be conspicuous on that account.

He then said that the Spanish Ambassador, who had planned on his own to give a dinner for the diplomats of South and Central America had asked him if he, the Foreign Minister, intended to invite me to the ceremony at the Cathedral, and that he had replied that he certainly did. At this, the Ambassador said that under these circumstances he would invite me to his dinner. Rossetti asked if I would attend the dinner and I assured him that under the circumstances I would attend.

He went on to say that in his opinion we shall all do whatever we can to draw Spain away from the Axis; that the Spanish people were not in sympathy with the Nazi idea regardless of the attitude of the Franco Government. I told him that we have acted on the theory that the mass of the Spanish people are hostile to Totalitarianism and especially to Nazism, but that unfortunately both Franco and Suñer periodically make speeches in praise of the Nazis and in denunciation of the United States. At this Rossetti expressed himself a bit contemptuously of the present Spanish Government.

Rossetti then asked me our attitude toward Italy. I told him that we have a high regard for the Italian people whom we think the victims of Mussolini's policy, but that the Italian Government certainly is closely allied with the Hitler government in its present war to exterminate liberty and democracy and of course our attitude toward the Italian Government is not dissimilar to our attitude toward the Hitler Government. Rossetti then said that an effort is being made to draw Italy away from Hitler; that he is informed officially through the Chilean diplomats in Rome and at the Vatican that there is a powerful reaction against the combination with Hitler, both in the Army and in the Royal family

family, and that the Vatican is deeply interested in the movement to divorce Italy from Hitler. He said that Chile's Ambassador at the Vatican is a close personal friend and that he gets very confidential reports from him.

He then brought up the subject of the Eucharistic Congress which is to convene here in November, and said that there are reasons of importance why the United States should have a conspicuous representation. This, he said, because of the kind of propaganda used against us here and throughout South America to the effect that the United States is hostile to the Church and is a "pagan" nation. He said that he is very anxious that an American Cardinal and about three outstanding American Archbishops should attend and that he is going to send invitations to them in behalf of the Government. When he asked who in particular I would suggest, I suggested the Archbishop of New York and told him that he is a good friend of President Roosevelt and a longtime personal friend of the present Pope. He said he wished to arrange the ceremonies in such a way that my own presence would be conspicuous. He said that Chile is a Catholic country and that he himself is a Catholic, and he thought that there could be no better propaganda for us here than our prominence in this Congress.

He then turned to the recent visit here of the Argentine Minister of Defense and he gave me an outline of the discussions here during his visit. He said that in these conferences it was agreed that the plans outlined in the Habana Conference furnished sufficient framework for a complete continental defense and he said that the Chilean Government informed the Argentine Minister that Chile is "prepared to carry out the agreement to the fullest extent".

He said, second, that there was a full discussion of the questions involving the Beagle Channel and the Antarctic where there have been misunderstandings between Argentina and Chile and a general agreement that there must be a liquidation of these differences and that it is believed now that this can be brought about by the end of the year.

After that is accomplished he said that an attempt will be made to work out an agreement between the two nations regarding fortifications in the Magellan region.

He said that it was also agreed that the close and friendly relations so desirable between Chile and Argentina cannot be brought about without easier means of travel and communication between the two countries and that it is of primary importance that steps be taken jointly by the two nations to repair and restore the Trans-Andean railroad line, part of which was wiped out some years ago by an avalanche. He said that this involves a financial problem and he gave me the impression that the Argentine Minister and the Chileans rather hope to secure some financial assistance in the United States, in the form of loans.

He

He then said that Fritz Wiedemann, erstwhile Consul in the United States, had embarked on a Japanese boat at Rio to go to Japan en route to his new post in China, but that he would not disembark at all in Chile.

The Minister was apparently in a very confidential mood, certainly a very cordial one, and when Mr. Lyon and I made moves to leave, since I had a conference scheduled at six o'clock at my house, he impatiently waved us back to our chairs. Finally he asked if we would have tea with him, remarking that he was hungry and that he had not had tea for days because of the Anniversary celebrations. He was as dynamic as ever and as sparkling as ever though he looked tired and in need of sleep. He works constantly, usually until long after midnight, and at high tension.

We were with him from 4:30 until a quarter of 7 o'clock. As we were leaving he said the long visit had revived him and given him an opportunity, off the record, to say many things he had wished to say to me.

Respectfully yours,

CLAUDE G. BOWERS

CGB:LRL
800-Chile



THE WHITE HOUSE
WASHINGTON

October 8, 1941

MEMORANDUM FOR STEVE:

Do the best you can on this.
Will you handle it yourself?

F.D.R.

THE WHITE HOUSE
WASHINGTON

October 2, 1941.

MEMORANDUM FOR S.T.E.

What do you think about his
suggestion re the Eucharistic Congress?
Will you return letter to us for reply
with your slant on it?

F.D.R.

PSF: Chile - 1941

September 26, 1941

Dear Claude:

I refer to your letter of August 28 enclosing a copy of your letter of the 27th to Mr. Welles, who has, as you are aware, been absent from Washington during the past three weeks. He has now informed me, however, of his conversation just prior to his departure with the Chilean Ambassador and of the improvement in our relations with Chile which has already taken place as a result thereof. The suggestions which you made regarding this interview proved extremely valuable.

With warm personal regards,

Sincerely yours,

(Signed) Franklin D. Roosevelt

The Honorable

Claude G. Bowers, xPP7730
x303

American Ambassador,

Santiago.

x429

Original sent to State for delivery
9/26/41.
hm



DEPARTMENT OF STATE
WASHINGTON

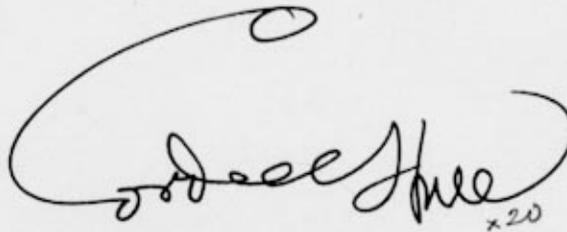
September 25, 1941

My dear Mr. President:

I refer to your recent memorandum ^{mf} enclosing for the preparation of a reply for your signature a letter from Ambassador Bowers at Santiago.

There is enclosed a suggested draft of reply for your consideration and signature, if you approve.

Faithfully yours,



x20

Enclosure:

To Ambassador Bowers.

The President,

The White House.

Department of State

BUREAU | RA
DIVISION |

ENCLOSURE

TO

Letter drafted 9/25/41

ADDRESSED TO

The President.

Santiago, August 28, 1941

Dear Mr President:-

I am inclosing a letter I am sending Welles which I consider of much importance. I am suggesting that the Chilean Ambassador be called in for a straight from the shoulder talk on the attitude and conduct of Chile in reference to all American investments, in which reference may well be made to the fact ^{that} while the agreement with Chile for complete cooperation and collaboration in continental defence was given in the most forceful, unequivocal manner, it is noted that there is less of it here than in any other South American country. I would suggest that I be instructed to see the President and frankly ask him if there is any change in Chile's attitude or policy since the positive pledge was given personally by Aguerre Cerda. Without any direct threat I would suggest that in talking with the Chilean Ambassador it be remarkable ^{ed} that in view of the seemingly anti-American attitude of the Government on our investments, and all of them, we would like a restatement of present ^{attitude}. I am convinced that the time has come for us to show our teeth. I doubt if we get anywhere with these people without it.

I first noticed a change in the pro-American fervor of Aguerre Cerda about four months or five ago. The first was over the rejection of the five millions to the Bank here. Then came an ugly spirit over the fact that Chile was not included in the mediation between Peru and

x242-A

Ecuador ,for which he was holding us responsible ,and while I was able on information from Washington , to daisabuse his mind of that , and he knows that Argentine was the moving spirit ,I have seen no evidence of it in his attitude. Then came the Uruguan proposal for which he held us responsible. I was able to tell him that we have had nothing to do with its initiation.

He has amazed me by saying that it is all right to indulge in friendly assurances but that concepte things are wanted. I reminded him of all we have done that are concreete enough ,but he went right on without comment.

He whined to me about the fact that no arament was sent when the blame was wholly here and when I had been urging on him personally the importance of action here .He simply takes no note of facts. It has been weeks since we made our extraordinarily generous armament offer and the Government here ,including the Senate, is fiddling about.

Then ,unhappily American correspondents have sent to American papers articles that have been offensive to him. I do not blame him for taking offense but he should be big enough to understad that our Government is not responsible .But he is very vain, and I think along with his vanity goes a pronounced inferiority complex.

All these things may enter into the explanation of his present strange attitude .

But I think that he is also playing, consciously or otherwise ,with the Nazis through their Fifth Column of Chileans who I am sure ~~that~~ ^{are} whispering in his ear against us ,and stirring him up to these anti-American

x1661-A

gestures of late.

I am unable to satisfy myself as to whether he is afraid of the Nazi element here or, at heart, is in sympathy with them. It must be borne in mind that in proportion to the entire population there are more Germans here than in any South American country, and that they are prosperous, industrialists, bankers, land owners, and have intermarried generally into prominent Chilean families. In the last World War Chile was pronouncedly pro-German. The great majority of the people here now are pro-ally and pro-American. But these are not the rich and powerful and these are not organized as are the Germans.

But I feel that the time has come to have a show down. Without our most generous aid Chile would be in the dog house now. We have had no expressions of appreciation, only whines. I am hoping that we will show our teeth in Washington to the Chilean Ambassador. And that I be instructed as to how much I shall say and how far I am to go with the President himself.

With some of the Government, my fight over the Consul at Valparaiso and the picture, "Parson Hall", and the Chilean Minister in Guatemala has not endeared me. The Foreign Office is entirely, cordially friendly. It is in the Ministry of the Treasury and the Interior that I find our ill wishers.

With warmest regards,

Sincerely,

Charles F. Bowen

Hon. Franklin D. Roosevelt
The White House.

x46326

Santiago, August 27, 1941

My dear Mr. Welles:

. There are certain indications here affecting Rossetti, who we all agree, is head and shoulders above any of his predecessors during the last two and a half years, which may be of interest to the Department. You may have observed in the report of Miller and Williams of the Metals Reserve Company on their discussions here that the impression of Rossetti they got is precisely that which I have reported as my own. This without any suggestions on my part. When I saw the Minister Tuesday, he said that he had gone his limit in creating the right atmosphere for these negotiations; that he had made extensive use of the press to this end, as he did in long articles clearly inspired by him; that in the luncheon he gave our agents he had invited some Radical members of Congress in the hope of lining them up more satisfactorily.

I got the impression from his statement to me on Tuesday concerning the bill for the increased export tax on copper that he was giving me just what is in his mind. He said that unfortunately Chile had been educated for forty years to look to foreigners to pay expenses of the Government rather than to domestic taxation, and that the popularity of the proposal to increase the copper tax is due to this. He reiterated what he had said to me before, - that because of the general popularity of this proposed tax, if Congress took the initiative the Government was not in position to stop it, and that the Government could not afford to be put in the position openly of opposing it. He then said that there are two plans - one to apply the increased copper tax to armament, this supported by the Rightist; and the other to apply the proceeds to domestic works. He said the Government would put in a measure of its own along the line of the latter; that the reason is that this would mean an interminable debate on the projects; that Congress adjourns on the 18th of September and that the Government hopes and expects that as a result of the debate nothing will be done this session. This sounds like Rossetti tactics. He is a fine parliamentarian and he understands Congress as none of his predecessors have.

The Honorable
Sumner Welles,
Under Secretary of State,
Washington, D. C.

Then, to my amazement, I found that he had heard nothing of the proposed increase of 1-1/4 cents a pound on copper. He asked me to send him a memorandum, which I did. This strikes me as scarcely playing the game on the part of Michels, who we heard did not notify certain private interests here without informing his Minister. I have a very distinct notion that this is part of the Radical Party's scheme to get Rossetti and other Ministers out to make way for "deserving" Radicals, whom I do not trust.

Another illustration of the treachery in evidence is this: the other day when we asked him for the list of material needed by Chile, in accordance with our instructions, he was thoroughly aroused and said he had been informed by the proper authorities that this had been done and he said he proposed to take it up in the Council of Ministers.

II

The case of the Electric Company is known up to date by the Department. The Company makes its answer on Friday to the proposition of the Minister of Finance and of the Interior. The attitude of Pedregal is remarkable. We made him. By his success in Washington he was lifted from a somber job to the Ministry of Finance. When he came back from Washington he was fulsomely friendly and grateful. He has recently been heard to complain that at Washington we kept him on the door step and snubbed him. When he returned he expressed his surprise and gratification because he had been instantly received by you. He may have turned pro-Nazi; again he may be trying by strong arm methods to buttress his precarious position in the Treasury, due to the fact that he has behind him no political or important personal following.

III

I notice in the Department's instruction No. 649 of August 18, 1941, reference to the conversation between the Minister of Bolivia and a representative of the Department. It is difficult for me to believe that Bianchi when in La Paz sought to persuade the Ecuadorans that they should make war on Peru. At the time of the agreement here as to continental solidarity and security the President here said to me that every effort would be made by the Totalitarians to split the American nations by working up quarrels and conflicts and that one of our important functions would be to prevent this.

However, there is a very open wound to Chilean pride in the exclusion of Chile from the mediation, and I have found with each recurrence of trouble on the border that Chilean leaders seem greatly pleased. Is this because she is pleased that the mediation without her aid is threatened with failure, or because Chile is playing the Nazi game? If Chile actually has tried to get up the conflict as this instructions say, then, in view of

what Aguirre Cerda told me, she is doing the very job she said would be tried by the Nazis.

IV

At this time there is no doubt that all the Totalitarians, German, Italian and Spanish are concentrating their utmost efforts in propaganda against the United States and that the Fifth Column here is cooperating to the utmost. England is ignored. We are the enemy. And I am persuaded that this attempt to weaken us here is taking the form of attacks on our interests, our investments here. I am positive that the purpose is to embroil us in a conflict with Chile over property interests here, and then to make the most of this as showing that the good neighbor policy is just the old wolf in sheep's clothing. I am positive that this is true.

And I am also pretty sure that it is the Nazi and Fifth Column crowd that is putting these ideas into the heads of Chilean Government officials, probably from the President down.

When Pedregal and Olavarría go so far as to say to Salazar and Ford that we must be careful about pressing the rights of the Electric Company since "the Army is pro-Nazi", it seems to me that it would be proper for the Department, for you or Hull, to call in Michels, review these anti-American gestures, and ask bluntly whether Chile has reconsidered here agreement as to continental security and defense. And if it could be done without involving Salazar and Ford to say that since two Ministers of the Government have said that the Army is pro-Nazi it would be foolish for us to arm that Army to be used against us. But I cannot see how we can admit to knowledge of this threat without putting the Electric Company on the spot.

In brief, I do think that Michels should be asked about these anti-American gestures so that he can report here that we are cognizant of them and by no means unmindful of them. Since without our aid Chile would be in the dog house, and they know it here, the effect might be salutary. I merely send this as a suggestion you might care to think over.

With best regards, I am

Sincerely yours,

CGB:LRL

PSF: Chile Folder

1-41

THE WHITE HOUSE
WASHINGTON

October 9, 1941.

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

FOR PREPARATION OF REPLY
FOR MY SIGNATURE.

F. D. R.

Letter to the President,
dated September 30, 1941, from
Ambassador Bowers re the Papal
Nuncio, Monsignor Laghi's re-
quest to have the ban lifted on
his funds in the National City
Bank of New York.

*file
personal*

*Chile Folder
1-41*

Santiago, October 13, 1941

Dear Mr President:-

Your statement given out for Columbus Day was superb and threw a monkey wrench into the plans of the totalitarians under the ostensible leadership of the Spaniards to make the "Day of the Race" day a totalitarian holiday. The day turned out sadly for the enemy. Dr. Guzman, the intensely pro-American Prime Minister, sponsored a great parade of the Democracies and probably nothing more impressive on our side has been seen here since the war began. There has been fear before, lest there be disorders; Guzman told me it was time to find out if in a democratic country the democratic sentiment can be intimidated. He took his official life in his hands for if there had been rioting he would have been savagely attacked. The order was perfect. He reviewed the procession in behalf of the Government from a balcony of the presidential palace, thus proclaiming openly Chile's stand. The hugest portraits I have ever seen, painted, of yourself, Churchill, and other leaders of democratic nations were carried.

The Spanish Ambassador, as I wrote you or Welles, tried to use the day for totalitarian purposes and he arranged a Te Deum at the Cathedral and was going to invite only the South and Central American diplomats. Rossetti dryly told him he had always understood that Columbus discovered America, not just South America. "Then you are inviting the Ambassador of the U.S?"

asked Luca de la Tena. "Certainly", said Rossetti. "Then I will invite him to the dinner for the heads of American missions that night", said the Spaniard. "Certainly" echoed Rossetti. And so I went. The Marques is a good sport and a gentleman and he made the best of a bad bargain and I was treated with every consideration, much to my surprise. Most of the diplomats present were openly on our side. The Argentinian looked disgusted, our friend Cruchaga seemed nonplussed to see me there ^{but} quickly recovered his old joviality, but E. Vagara, the Nazi Intendente was there and as usual smirked over me. He is the man who unlawfully has prohibited the anti-Nazi pictures. He is on his way out. Guzmans first act was to deprive him of the right to pass on pictures; his next to send for me and ask me to petition for the showing of Parson Hall. The Portuguese Minister and wife were there, quite openly denouncing Hitler. It was an amusing party.

I have written Welles about the gravity of the situation created here in our failure to furnish anything for essential industries and will soon have to close down unless we loosen up. Graham of the Guggenheim people here, acting for Metal Reserve, hard-headed business man, agrees with me that something must be done. Otherwise we shall lose all we have gained. The entire press is not clamoring. The Chileans cannot understand the general license given Argentina and the failure of Chile to get absolutely essential material on which the economic life of the country largely depends. They cannot understand why after sending 400,000 tons of copper to the States they cannot get necessary copper wire and must ~~buy~~ buy it at a fancy price from Argentina etc. The press is getting ugly. Our enemies are making the most of it. I think it positively

imperative that these essential be furnished some ^{day} or other. I am
having a list of these prepared--not a long, indeed a short list. But in
the case of these things in Heavens name let us find a way.

With warmest regards,

Sincerely,

Claude S. Powers

Hon. Franklin D. Roosevelt

The White House.

Chile Folder

October 20, 1941

Dear Claude:

You will be glad to hear with reference to your letter of September 30, 1941 that Mr. J. W. Pehle, Assistant to the Secretary of the Treasury, advised the Department of State in a letter dated September 29, 1941, that the National City Bank is authorized to make all payments, transfers and withdrawals requested by Mons. Laghi in connection with his account at that Bank.

I am gratified that the Nuncio is a liberal and not at all in sympathy with either the Nazis or the fascists.

With warm personal regards,

Sincerely yours,

(Signed) Franklin D Roosevelt

The Honorable
Claude G. Bowers,
American Ambassador,
Santiago.

*Signed original sent to Hon. Sumner Welles
for delivery 10/20/41
HW*



DEPARTMENT OF STATE
WASHINGTON

October 17, 1941

My dear Mr. President:

I refer to your memorandum of October 9, 1941, requesting the preparation of a reply to Ambassador Bowers' letter to you of September 30, 1941, regarding the blocked funds of the Papal Nuncio at Santiago.

There is enclosed a draft letter for your consideration and signature, if you approve.

Faithfully yours,

Enclosure:

To Ambassador Bowers.

The President,
The White House.

C
O
P
Y

THE WHITE HOUSE

WASHINGTON

October 23, 1941

Chile Folder
1-41

My dear Claude:

I was particularly pleased to receive in your letter of October 5 your observations on the pro-democratic feelings of the new Chilean Minister of the Interior, Senor Leonardo Guzman. I shall be happy to note any immediate effects of this positive stand against totalitarian influence.

Very sincerely yours,

(Signed) FRANKLIN D. ROOSEVELT

The Honorable
Claude G. Bowers,
American Ambassador,
Santiago.

DEPARTMENT OF STATE
WASHINGTON

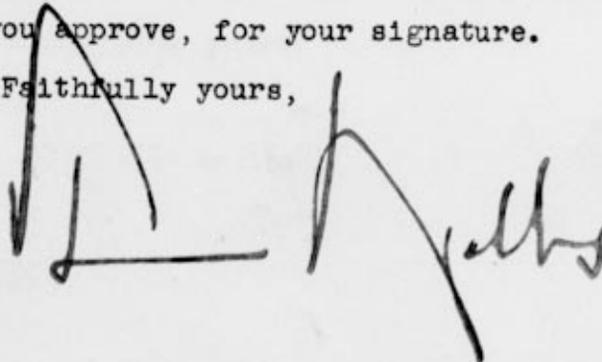
October 23, 1941

My dear Mr. President:

I have received your memorandum of October 13, 1941 enclosing for preparation of reply a letter dated October 5, 1941, from Ambassador Bowers at Santiago.

There is enclosed a draft reply for your consideration, and, if you approve, for your signature.

Faithfully yours,

A handwritten signature in dark ink, appearing to read "Mark E. Matthews". The signature is written in a cursive style with a large initial "M" and a long horizontal stroke.

Enclosure:

Draft reply.

The President,
The White House.

Department of State

BUREAU }
DIVISION |

RA

ENCLOSURE

TO

Letter drafted

ADDRESSED TO

The President.

PSF; Chile Folder

THE WHITE HOUSE
WASHINGTON

October 27, 1941.

MEMORANDUM FOR
THE UNDER SECRETARY OF STATE
FOR PREPARATION OF REPLY
FOR MY SIGNATURE.

F. D. R.

Letter from Ambassador Bowers,
dated Oct. 20, 1941.

*file
personal*

*Chile Folder
1-41*

DEPARTMENT OF STATE
WASHINGTON

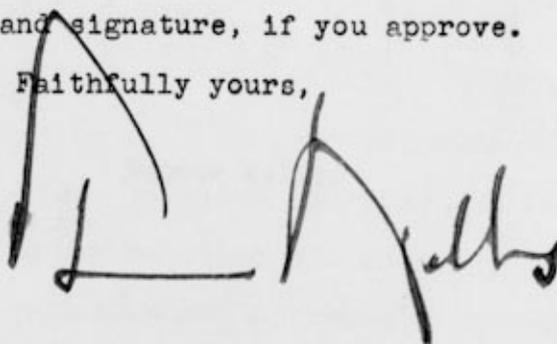
November 4, 1941

My dear Mr. President:

I have received your memorandum of October 29, 1941, requesting the preparation of a reply to a letter dated October 23, 1941 from Ambassador Bowers.

There is enclosed a suggested reply for your consideration and signature, if you approve.

Faithfully yours,



Enclosures:

1. Letter from Ambassador Bowers.
2. Suggested reply to Ambassador Bowers' letter.

The President,

The White House.

Santiago, October 23, 1941

Dear Mr President:)

I am inclosing a copy of a letter just written Welles which indicates the direction nazi propoganda is taking through the agency, largely, of the Franco facists. This morning, however, I had a long conversation with Rossetti, who seems chastened, and I understand that at a Council of Ministers yesterday the President sternly forbade any further plitical statements for publication from Ministers without his previous consultation and approval with the statement that should any Minister deviate his resignation will be promptly accepted.

However Rossetti was in a jubilant and happy mood this morning because of what I was able to tell him regarding the State Departments activities on priorities for Chile, and the promise to reconsider the licensing ~~is~~ system to the end that Chile will be put on a par with all other American Republics. This I know will have a tremendously good effect in offsetting the bad impression created by Chile's inability to get anything before.

In this connection, Rossetti expressed the earnest hope that when the armament bill passes here today or tomorrow, we can send something --"it need not be much--just two guns--just something so we can satisfy the army that something is being done". This, as you know, I have urged previously. I think it important for I do think it most unfortunate to place our friends, Generals Escudero, and Espinosa, in

a humiliating position before their associates. They themselves are asking, not much at all, but just a token on which they can rest their confidence in our intention to be of service in the matter of defence.

I have called on the Archbishop, a lovely old man, and extended the invitation from Cardinal Dougherty. He was delighted, and old as he is I am sure he is eager to go, though he would have to fly. He seemed to realize that this would be unwise, and we agreed that if Bishop Subercassaux, a very able youngish man, who speaks perfect English and knows the United States, can go, he will be designated. I expect to hear any moment.

I am afraid that the totalitarians, through what evidently is a very reactionary local committee, are preparing to do what they can to steal the Eucharistic Congress. The Spanish Ambassador is down on the program for a speech, following the Archbishop, and speaking "for the Catholics of Spain"--meaning of course the fascist ones! There is no possible excuse for this.

But last night the President of the Belgian House of Deputies spoke at the Catholic University and in the presence of the hierarchy, headed by the Archbishop, made a devastating attack on Nazi methods toward the Church. He was loudly cheered. It is not the hierarchy here we have to fear so much as the rich laymen, the 16th Century land owners.

I am trying now to get *Illustrado*, the paper owned by the Hierarchy, and read by all the Catholics to publish Meads speech on the treatment of the church in Germany, --the copy sent me in Spanish.

The Director had personally assured me that he would print anything I wish, but he also told Horace Graham, a Catholic, the same, and I have thought it best first to have Graham see him about the publication, thus leaving the Embassy out. I rather think we shall succeed.

With warmest regards,

Sincerely,

Claude H. Bowles

Hon. Franklin D. Roosevelt
The White House.

Santiago, October 22, 1941

My dear Mr. Welles:

The political propaganda here, relating to the Communists in general, may be in line with the policy of the Germans and Franco Spaniards throughout South America. At the time Hitler formed his connection with Stalin I failed to find in any of the extreme Rightist papers and from any other Rightist quarter the slightest reaction and certainly no comment. At the time the Communist papers here were daily exhausting its vocabulary of vituperation in denunciation of the United States and England, I failed to find any noticeable resentment on the part of any member of the Government here, which hide behind the "freedom of the press". While in Catholic circles and among the Rightist there has always been hostility to the Communists, it seems most significant to me that the intensification of this hostility has been since Russia became engaged against Hitler and in proportion to the trouble the Russians are causing him.

Until Russia entered the war there unquestionably was a connection between the Communists here and the Nazis. The enemies of Communism at that time did have the advantage of the high pressured Nazi propaganda. The intensification of the propaganda against the Communists has come since Russia began to interfere with Hitler's plans.

In the extreme Rightist papers I have yet to read one line to the effect that Nazi domination or Fascist domination or Falangist domination is in the least objectionable, but all along these papers have concentrated on the "Communist threat", even when Russia was remaining within her own territory, and Germany was destroying nation after nation by brute force.

This clamor about the "threat of Communism" has been greatly accentuated recently but I have found not one legitimate reason for it. The only difference I can find in the Communist since Russia entered the war is that instead of attacking the United States and England as before they are now writing favorably of these countries and attacking Hitler and the Nazis.

The Honorable
Sumner Welles,
Under Secretary of State,
Washington, D. C.

Under these circumstances it is rather remarkable that some members of the Chilean Ministry should suddenly become so belligerent against the Communists. Foremost among these is Juan Rossetti, the Minister for Foreign Affairs, an opportunist, with a morbid ambition, who has been attacking the Communists without any apparent reason that has not existed all along. He talks to me about the determination to prevent disorders, while no disorders exist or are apparent in the immediate future. This naturally plays into the hands of the German propagandists and it is just as well to bear in mind that before becoming a Minister he unquestionably had connections with the German propagandists and Embassy and it is generally thought that his paper profited by the connection.

It does not necessarily follow, I think, that his present position is dictated by the Nazis. A self-made man, morbidly ambitious, he has been resented and snubbed throughout his short and brilliant career in politics by the rich and the aristocracy. That his present anti-Communist flare is due in a measure to a desire to strengthen himself with this element, I strongly suspect; that he has been flattered by this element to this end and there can be little doubt.

In the case of Schnake, there is another explanation. He has been bitterly against the Communist all along, and he launched his bitter fight against them as a protest, in part, against their constant attacks on the United States. The feud between the Communists and Socialists is of long standing and has never been more fierce. So Schnake has not changed; and his partiality for the United States and the Democracies in the present war cannot be doubted. However, the effect is bad. He is permitting his hatred of a political rival to lead him into something very like support of the Nazi cause, though unintentionally of course.

The third Minister, Pedregal, has denounced the story that he joined, at a recent banquet, in an attack on the Communists. He is instinctively a Rightist, but without a party connection. But while against Communism I do not think that he is a party to the present strange crusade against the Communists which increases in intensity in proportion to the embarrassment the Russian resistance is causing the Nazis.

The one man, therefore, who bears watching is Rossetti. He is very noisy just now in his attacks on the Communists. The question is, - is this due to the fact that he maintains his close relations with the German Embassy crowd? Is his paper again being quietly subsidized by the German Embassy?

In justice to him, it must be said that in the matter of Wiedemann, of the German Consul at Valparaiso, of the Consuls of Germany and Italy expelled from the United States he stood

out courageously and firmly, and that he has most vigorously protested to Berlin against the arrest of Chileans in occupied territories, and that he has sent instructions to his Ambassador in Berlin to join other nations in most vigorously protesting against the arrest and imprisonment of Yugoslav diplomats and consuls. He has also been personally more than ordinarily cordial to me. The worst perhaps that can be said is that he may be trying to retain the goodwill of both sides.

In this connection I was impressed during my conversation with him yesterday with his evident eagerness that there be no war between the United States and Japan; with his question as to our reaction should Japan enter the war against Russia. Part of this I ascribed to the hope that the way to trade with Japan may be left open since he realizes that in the case of war with us nothing could be exchanged between Japan and Chile. For that reason I took a pessimistic view with him regarding our future relations with Japan.

I note now that his paper is publishing some Japanese articles which means that his paper is being paid to publish them. They are not Anti-American articles, but are similar in character to those published regularly for months in EL IMPARCIAL - stories of Japanese culture, etc.

In this connection I again call attention to the fact that we have no funds with which to carry on such work ourselves. Our enemies have. I am in possession of \$2,000.00 sent by the Rockefeller crowd (Coordinator's Office) for use in connection with the March of the Democracies. I spent no more than 12,500 pesos, a little more than \$400.00. It would be advantageous if the \$2,000 authorization could stand. I could then draw on this for necessities in the direction indicated and report in each instance how spent and why.

Recurring to the purpose of this letter - it is very clear to me that every effort is being made here and probably all over South America, in Church and reactionary or extreme Rightist circles, to create sentiment for Hitler because of his fight against Russia. It is too early to estimate the effect of this propaganda.

With warmest personal regards,

Sincerely yours,

Claude G. Bowers

My dear Claude:

The decision of President Aguerre Cerda, given in your letter of October 23, that no political statements shall be given out without his previous consultation and approval, will, without doubt, result in a much happier situation.

I understand from Mr. Welles that he has answered fully the several points that you have raised in your letter.

Very sincerely yours,

The Honorable
Claude G. Bowers,
American Ambassador,
Santiago

Chile Folder

THE WHITE HOUSE
WASHINGTON

October 29, 1941.

MEMORANDUM FOR
THE UNDER SECRETARY OF STATE
FOR PREPARATION OF REPLY
FOR MY SIGNATURE.

F. D. R.

Letter from Ambassador Bowers
to the President, dated October
23, 1941, enclosing copy of a
letter which he sent to Secretary
Welles under date of Sept. 22, 1941.

Chile Folder

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personal -



DEPARTMENT OF STATE
WASHINGTON

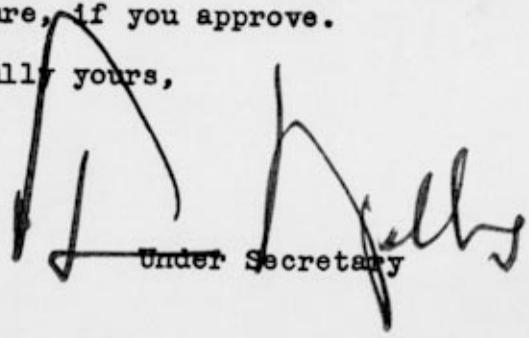
November 4, 1941

My dear Mr. President:

I have received your memorandum of October 27, 1941 requesting the preparation of a reply to a letter dated October 20, 1941 from Ambassador Bowers.

There is enclosed a suggested reply for your consideration and signature, if you approve.

Faithfully yours,



Under Secretary

Enclosures:

1. Letter from Ambassador Bowers.
2. Suggested reply to Ambassador Bowers' letter.

The President,
The White House.

My dear Claude:

The first severe trial which faced Dr. Guzman seems to have found him not only well prepared but entirely capable of dealing with the difficult situation which the whispering campaign had developed. Let us hope that those who gave the rumors wings will have learned thoroughly from this episode, if and when similar circumstances arise.

Your letter indicates that you were able promptly to spike each particular report, and is very encouraging.

Very sincerely yours,

The Honorable

Claude G. Bowers,

American Ambassador,

Department of State

BUREAU

DIVISION

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ENCLOSURE

TO

Letter drafted 10/29/41

ADDRESSED TO

The President

Santiago, October 20, 1941

Dear Mr President:

After a very hectic week, in which the totalitarian propogandists have waged a nerve war through ^{false} fanstic and sensational rumors put afloat, we have emerged with the Government greatly strengthened in its democracy. The appointment of the outstanding Chilean enemy of totalitarianism and friend of the United States and the allies, Dr .Guzman , was a bomb in the camp of the enemy. The fact that he, a militant pro-American democrat, announced at once that the nazi Intendente , who has been a thorn in our side all along, had to go , and that the military intelligence had a free hand with arrests where treason is involved , threw the totalitarians into a panic. They began to put out the most astonishing propoganda through the whispering gallery.

- (1) The story of the Presidents illness and the creation of a Junta which would be pro-nazi.
- (2) The story that the United States is insisting that communists here be given places in the Government.
- (3) The circulation of a forged "letter" from me to the Zig-Zag magazine threatening the periodical .I sent at once for the publisher who admits he never saw such a letter.
- (4) The story that I am very intimate with the communist leader and actually direct his policy . I have never spoken to this man and would

PSF: Chile

Santiago, October 20, 1941

Dear Mr President:

After a very hectic week, in which the totalitarian propogandists have waged a nerve war through ~~fanzatic~~^{fanatic} and sensational rumors put afloat, we have emerged with the Government greatly strengthened in its democracy. The appointment of the outstanding Chilean enemy of totalitarianism and friend of the United States and the allies, Dr .Guzman , was a bomb in the camp of the enemy. The fact that he, a militant pro-American democrat, announced at once that the nazi Intendente , who has been a thorn in our side all along, had to go , and that the military intelligence had a free hand with arrests where treason is involved , threw the totalitarians into a panic. They began to put out the most astonishing propoganda through the whispering gallery.

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- (4) The story that I am very intimate with the communist leader and actually direct his policy . I have never spoken to this man and would

not know him were I to see him.

(5) The story brought to the embassy by a priest that an Italian brigand here is saying that a man name Munstert, an American, is here and is sent here as your personal agent for the purpose of assisting in overthrowing the Government and setting up "a good one". We have looked in vain for the man named Munstert.

All this is overshadowed by the fact that Guzman is in and Vegara is out. In place of Vegara we now have General Barrios, commander of the crack artillery regiment stationed on the outskirts of Santiago. Guzman told me that he has been named for two reasons, first, because he is loyal to the constituted authority, and second, because he is a Rightest and his appointment is intended to show that the reorganization is not aimed at the constitutional Opposition.

Perhaps the most atrocious canard put out came to me at ten oclock Saturday night, brought by a member of my staff from a cocktail party where Helen Wessel, an American married to a Dane, was telling others that her physician who is the physician of the President had told her that the latter had suffered a stroke at Vina that afternoon. I thought the thing a lie, but thought it necessary discreetly to ascertain the truth. So I telephoned Labarca, former prime minister, and intimate personal and political friend of the President. He promised to investigate at once. Half an hour later he telephoned me from the presidential palace that the President had arrived from Vina at six, had just enjoyed a hearty dinner and felt fine. Indeed I saw and talked with him at a wedding the next morning.

This being the atmosphere here I hope that Washington will view with very serious misgivings any story that may reach it from outside the Embassy regarding conditions here.

General Escudero ,head of the army, came to me Saturday evening to say that the story of the proposed army coup was a malicious lie,that the army is loyal. He was clearly embarassed at the thought that we at home might get a wrong impression from the propoganda,and said these reports are an insult to the army. I assured him that in the United States we have the most perfect confidence in him and in his friendship for us. His eyes filled when I said this. This man is militantly our friend.

I am afraid that Rossetti ,morbidly ambitious, has had his vanity played upon and his jealousy,by the "better class" that dispises him but is willing to ~~use~~ use him through flattery against Gizman. But Rossetti has been chastened .

I saw him an hour and a half this morning and he asked me about Japan, if we were going to war with her,and told me the Japanese Minister had told him she would not. He admitted that the Minister might not know. I told him our relations with Japan were largely up to Japan. He then asked what our attitude would be were Japan to declare war on Russia. I told him I had no way of knowing ,but that we are against Hitler,that Russia is against Hitler,that Russia has exacted appalling tolls in life and material from Hitler ,that we are delighted with that ,and that any nation that would go to the rescue of Hitler could hardly be accounted our friend or the friend of the democracies.

He then asked if I thought the war would reach South America were we engaged with Japan. I told him in that event I had no doubt the Japs would try to break up the commercial communications between the United States and Chile. "So do I", he said, "and that is the reason we are consulting now with the army and navy men as to how best we can act in conjunction with the United States".

He then said that because "the canal can be bombed" ,it is vital to Chile and to all of us that the Straits should be kept open and that the Straits must be fortified. I asked him how he is progressing with his negotiations with Argentine on this subject. He said he was making progress ~~X~~ slowly because of some opposition in Buenos Aires. He said he may want our assistance in some way later in these negotiations.

With warmest regards,

Sincerely,

Claude B. Bowles

Hon. Franklin D. Roosevelt
The White House.

P.S. I wrote you that 12,000 were in the March of the Democracies a week ago yesterday. I find from four sources, including the British embassy which made a count, that the number in line was from 35,000 to 50,000. The English made it 38,000.

PSF: Chile

Very
confidential

Santiago, November 9, 1941

Dear Mr President:-

I inclose herewith a translation of the rather remarkable letter I have received from Rivas Cherif, the brother-in-law of Azana, written from the Central Prison in Madrid, slipped out I have no doubt by one of the prison nuns or priests to our Embassy, and thence sent to me by pouch. I am sure you will find it of great interest and possibly not without some value to reflecting the life in Spain, now that the "army of liberation" is in control, and the people generally are starving. This man whom I knew well, one of the great creative artists in the dramatic field, was condemned to death as you know on the sole ground of his republicanism and his intimate friendship with Azana. I do not know that we intervened to save him, since Weddell in sending me the letter apparently had not the most remote notion of his identity.

I know that some South American Republics who knew him through his artistic achievements did intervene vigorously and I have no doubt that is what saved his life. You may be interested in the conditions as he depicts them. Also in his reference to Portugal. Also in his reference to you. I wish there were some way to let him know I have received the letter but I cannot endanger his life. I have written Weddell that should he or any of his staff, who are absolutely discreet, ever visit the prison he might orally inform him.

The cold blooded tyranny and bloodthirsty cruelty of Franco, almost three years after the end of the Spanish struggle has no equal in the records of either Hitler or Mussolini. His present attempt to bully

France into sending him the venerable Largo Cabellero, for the firing squad, is but additional proof that the gangsters in control in Spain have the instincts of the ordinary, or rather the extraordinary assassin.

You will be interested in the outcome of the Eucharistic Congress here and in the success or failure of the totalitarians under the agency of the Spanish Embassy in the attempt to use Russia to bind the Church here to the chariot wheels of the dictators. The Spanish are said to have contributed 50,000 pesos toward the expenses. In addition they had posters struck reading, "Spain, Chile and Christ" which were pasted on the street cars. They also organized a small group which on every possible occasion gave vivas for Spain. But the demonstration was always confined, at least in my presence, to the little trained group of playful performers. More important, some laymens organization of reactionaries here managed to have the Spanish Ambassador put on the program for a speech--the only diplomat. I have failed to find that he has spoken. Certainly the press has been silent about it if he did. I am going to inquire, since it seems possible that the Cardinal on his arrival may have vetoed that plan.

Father O'Hara was very popular. I noticed on formal function occasions that he attracted more attention than any one else except the Cardinal. I really think I put on the best, certainly the most noticed show, of any Embassy. I gave a dinner Friday night in O'Hara's honor. I had thirty two men. And --please observe this--I had all the heads of the Hierarchy of the Church in Chile, the Archbishop of Santiago, who is in line for a Cardinals hat, his Chancellor, his secretary, the priest of the Cathedral, the other Archbishop of Chile Subercassaux, The Nuncio, the Nuncios Secretary, the head of the Seminary del Pontifico, the Rector of the Catholic University, the Sub-Rector of the Catholic

University, the Chaplain of the Chilean Armed Forces . Archbishop Caro, very old, very liberal, looking and acting much like Gibbons, never goes out at night but he came to my dinner. Not one of the high ecclesiastics but accepted. And because O'Hara is Chaplain of the Army, Navy and Air force, I had General Escudero, Commander in Chief of the Army, General **Castro**, Commander in Chief of Air, and Admiral Allard, head of the Navy came up from Valparaiso for the dinner. Then I had Rossetti the Foreign Minister whom I made co-host. Father Wiegel, American priest stationed here, of course was present.

The press report of the dinner attracted enormous attention and the Catholics are immensely pleased. Cruchaga was present, and he laughingly said that he did not see any communist--referring to the fact that you and I are communists in the Spanish propoganda. I warned him he had not looked behind the curtains and under the chairs.

So I think we came out better than any other Embassy as far ~~thx~~ as the Congress is concerned.

One fine thing happened which I believe strengthens the Government here, especially the President . The President is ill, in bed. The Cardinal called, of course, and was admitted to see him. He went thence directly to the chapel of the Moneda Palace and prayed for the Presidents speedy recovery. This, together with the magnificent manner in which the Government cooperated to make the Congress a triumph has probably had effect on Rightests..It ought to anyway.

Hon. Franklin D. Roosevelt
The White House.

With warmest regards,
Sincerely

Claude H. Bowers

PSF: Chile

12-VIII-1941
Central Prison
Puerto de Santa Maria

To Mr. Bowers
Ambassador of the U.S.
Santiago, Chile.

Dear Mr. Bowers:

I have written to you twice with the promise on the part of those who took the letters to mail them in Buenos Aires. I deduce that they did not do so, as I have not had an answer. The amiability of your colleague in Madrid permits me to try for the third time with certainty.

I will tell you about my fate since the 10th of July of last year. You will not know that ~~xxxx~~ the Spanish Police arrested me with the help of the Germans without the slightest demand for extradition on the French Government in company with Don Carlos Montilla, ex-Chargé d'Affair in Belgrade and Havana, and with Don Miguel Salvador who had held the same post in Copenhagen. I was informed that Azana had applied to President Roosevelt that he should recommend to his Ambassador in Paris and he in his turn to Bordeaux our departure in an American ship. In effect I sent a telegram which undoubtedly never reached the President in view of the evasive attitude with which I was received by the American Consul in Bordeaux, and a few days afterward the Secretary of Mr. Biddle, functioning as Minister for the then unoccupied zone, denied me the possibility of talking with him, as well as being able to help the situation of President Azana and his family.

Taken to Madrid where we were incommunicado in a subterranean prison of the Puerto del Sol (the Old Ministry of the Interior) for 101 days. We were taken before a summary urgent court martial, the twentyfirst of October, together with the ex-Minister, Zugazagoitui (who had been brought to the prison after us) and the newspaper man, Cruz Salido, and the Austrian deputy, Teo Domiro Menedez, who were arrested in Bordeaux, and by chance brought with us - the last two. Afterwards they also brought President Compayns whom they took secretly to Barcelona, who was secretly executed in September, condemned to death for for adhesion to the rebellion. My case being considered more serious in the prosecutors charge for having suffered "the pernicious influence of the execrable Azana".

Serraño Suner arranged that Domiro Menendez should be condemned only to perpetual imprisonment. The lawyer and other family and friends succeeded in getting the execution for that night suspended on the grounds that the prosecutor had established a category of responsibilities in which my two diplomatic companions and I figured behind Dominro Menendez. The Minister of War, Varela took the case to

Franco when he returned from his interview with Hitler. Franco asked why in any case they had not shot the first two, so Zugazagoitui and Gruz Solido were executed on the ninth of November. On the third Azana had died at Montauban in France.

Our lawyer told me that Franco adduced that death to save my life, as justification to those who asked my head of him at any cost. Nevertheless we were not notified of the commutation until the fifteenth of January. In the meantime in the prison of Porlisco in Madrid we saw go out in periodical groups of twelve or eighteen a week sixty some people. The Chaplain of the prison told me that in a year and a half in that prison alone he had assisted (in executions) more than two thousand. Some had been condemned for months. In January there were 14,000 left waiting execution. At present it is calculated there are 750,000 or 800,000 prisoners. I do not know whether that includes those who are in concentration camps. There are a little over 5,000 of us in this prison. We have been more than 6,000. The prison had a normal capacity for 600. We political prisoners who are in the great majority are given the same treatment as the ordinary criminals.

During the winter months one or two people a day have died of hunger, with the diagnosis of heart failure. In the street the same thing happens, according to the nuns and monks who are in charge of the prison. Day before yesterday in Cadiz they shot a doctor, a communist deputy, Daniele Ortega who had been condemned in March, whose sentence I supposed had been commuted. With him twentyfive other people were shot.

In spite of the tremendous terror (there is a special tribunal against the Masons) the Captain General of Sevilla has had to dictate a special decree of repression against the armed parties which still remain in Sierra Morena and in the mountains of Asturias.

In spite of the total political organization of the Liberal leftists, the Republican sentiment continues with the strength unsuspected by those who read only the newspapers, and have only official information. Keep in mind that only the families of the Republicans dead or prisoners represent in round numbers, and I am being conservative (counting ten persons for each individual directly injured) some 12,000,000. More than half of the total population of Spain. Everyone including themselves has the impression that the present rulers will last as long as the Germans are in the Pyrenees.. I tell you this especially because I know to what a point you realize and informed President Roosevelt, what the ruin of the Spanish Republic signified for Europe and the world. If

only the other Ambassadors then, the English and the French especially, had seen as clearly as you ! I understand that the present Ambassador of North America in Madrid is perfectly informed of the situation. Without any Gallucci Poll at hand I can assure you that 75% at least of the Spanish, some through knowledge, and the majority through natural instinct, which as you know is very sharp among the Spanish popular classes, swears by Churchill and by Roosevelt, particularly Roosevelt because he has known how to define categorically the fundamental principles of this war for indivisible liberty. Spain is one of the neuralgic points and vital for America "and Africa".

I personally was much interested by the declaration made a few months ago by the American Minister in Tangiers, and the mere affirmation that America had never recognized de jure the Protectorate. Perhaps this interested me more because of my direct Cherrifian descent. I do not know if you know that my mother's great grandfather, son of the Sultan, renounced his rights to the throne to become a Catholic, and to marry in Spain in 1769. One of his sons commanded as a Colonel in the battle of Balien against Napoleon.

The police have returned to me alone of all my papers these family records.

I wish that you might say to your Colleague, the Ambassador in Madrid, to what a point it would be interesting for him to talk with me and my friends (although few of them remain and those in hiding in Madrid. Some contact must be organized with our immigrants in America.

I know that with all this I am risking my head a second time, if only it can be for something. Otherwise I know that thirty years of writing novels in a dirty prison await me. Mr. Hoares English are following the same prudent and short sighted policy. They do not finish informing themselves ever. They are sure but slow.

If you answer me through your colleague perhaps I can give you news of real interest with relation to Portugal in particular. I do not know if your colleague in Madrid knows the confidence which beyond our relationship united me with my brother-in-law. My wife and my sisters could not see the President on their way through America to Mexico, although they wanted to. They were very sorry.

Put me at the feet of your wife.

Your always affectionate

Cipriano de Rivas Cherif

PSF: Chile Folder

THE WHITE HOUSE
WASHINGTON

November 18, 1941.

MEMORANDUM FOR
THE UNDER SECRETARY OF STATE
FOR PREPARATION OF REPLY
IF ONE IS NECESSARY.

F. D. R.

Letter from Ambassador Bowers
enclosing copy of letter to the
Under Secretary of State. Letter
dated Nov. 13, 1941.

PSF; Chile Folder

THE WHITE HOUSE
WASHINGTON

PERSONAL AND ~~CONFIDENTIAL~~

November 18, 1941.

MEMORANDUM FOR
THE UNDER SECRETARY OF STATE
TO READ AND RETURN FOR MY
FILES.

F. D. R.

Letter to the President from
Ambassador Bowers, dated Nov. 9, 1941,
enclosing copy of letter to the latter
from Rivas Cherif, the brother-in-law
of Azana.

DECLASSIFIED

By Deputy Archivist of the U.S.

By W. J. Stewart Date FEB 4 1972

PSF: Chile Folder

*file
personal*

THE UNDER SECRETARY OF STATE
WASHINGTON

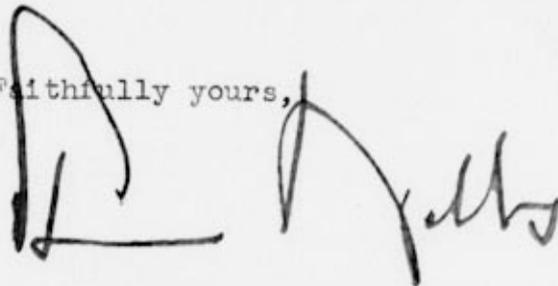
November 19, 1941.

My dear Mr. President:

Thank you for letting me see the attached letter to you from Ambassador Bowers. I have read it with particular interest. In accordance with your request I am returning it to you for your files.

Believe me

Faithfully yours,

A handwritten signature in black ink, appearing to be "R. H. H. H." with a large, stylized initial "R" and a long horizontal stroke.

Enclosures

The President,
The White House.

THE WHITE HOUSE
WASHINGTON

November 24, 1941

MEMORANDUM FOR THE PRESIDENT:

If we haven't already done so, I think we should find a way to express publicly our resentment of the article published in TIME MAGAZINE about the President of Chile.

HARRY L. HOPKINS

Chile Folder
Done
file
personal

THE WHITE HOUSE
WASHINGTON

Nov. 24, 1941.

GRACE:

Call up Welles and ask him to send over to me right away the file on the Time magazine article about the President of Chile and I think I should call this to the attention of the press on Tuesday afternoon, together with an official apology which was necessitated thereby.

F.D.R.

THE UNDER SECRETARY OF STATE
WASHINGTON

November 24, 1941

Chile Folder
file
present

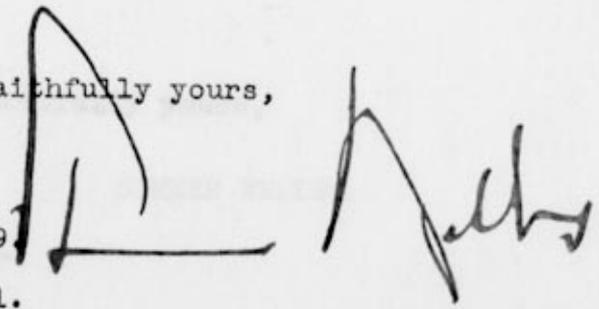
My dear Mr. President:

In accordance with our conversation on the telephone, I am enclosing herewith the telegraphic file on the TIME magazine question relating to the President of Chile. As you will see in the telegram which I sent to Ambassador Bowers on November 20, I discussed this question with the TIME people, namely, Felix Belair, with the request that my message be communicated directly to Henry Luce.

Let me say again that I feel that what you have in mind to say tomorrow will be tremendously helpful at this time.

Believe me

Faithfully yours,



Enclosures:

From Santiago, November 19.
To Santiago, November 20.
From Santiago, November 21.

The President,

The White House.

PSF: Chile Folder
1-41

file
plus mail

Santiago ,November 27,1941

Dear Mr President:-

I am inclosing a letter to Welles setting forth the political outlook in reference to the elections.

Your statement to the press made a magnificent impression here .The speed with which you and Hull acted was splendid since the papers that announced Aguerre Cerdas death played up your statement and Halls more conspicuously than anything in the issue aside from the report on the death.

Everyone here now is paying tribute to the dead President,even the Opposition. He was literally killed by his own party which forced crisis after crisis upon him for almost three years because of its hunger for jobs. He stood out courageously against its attempt to dictate to him.

He was an able man,a great humanitarian, an ardent Democrat, a true friend of the United States ,and an intense idolator of yours. His supreme ambition was to effect reforms here similar to those you have effected in the States . And he had a sweet disposition. The effect of his death on the masses here is really moving. His health was shaken late last summer. At his summer place at Vina I saw him then and I was impressed by his question as to how you stand up under the strain. When I told him you stood up magnificently I was really im-

impressed by the look of wonder in his eyes. I concluded then that
he was suffering under the strain.

With warmest regards,

Sincerely

Claude H. Rowe

Hon. Franklin D. Roosevelt
Washington D.C.

PSF: Chile

Santiago, November 27, 1941

Dear Mr. Welles:

The speedy action of the President and Mr. Hull was tremendously impressive here and it was played up more than any other news aside from the story of the President's death. It will have a most excellent effect. The reply of Mr. "Loose" was just as disgusting as the article in Time. "A sympathetic story"! Good God! The man has the Goebbels technique down fine.

The death of Aguirre Cerda has caused a great emotional reaction here. The mass of the people seem really stricken, and the opposition which has been most offensive toward the President is loud in kindly comments now. The great throngs that today are lined up for blocks for the laying in state may make an impression even on the army.

The important thing to us just now is the election, the manner of its conduct, and the selection of the candidates. I shall follow this intensively and gather information from both Rights and Lefts among men I can trust. In view of the fact that the Popular Front won the presidential election in 1938 by 6,000 majority and the congressional election this year by 60,000, indications are that the chances are strongly in favor of whoever heads the Popular Front ticket. This is up in the air

because

Hon. Sumner Welles,

The Undersecretary of State,

Washington, D. C.

because there are so many aspiring men among the Radicals who, as I have written you before, impress me more than any other party as composed of mine-run politicians eager for office at any price. My frank opinion of the Radicals is for you alone. The Radicals are disturbed because of the multiplicity of candidates. Those now mentioned as candidates for the Popular Front nomination are Gonzales, former Minister to France; Rios, who wanted the nomination in 1938; Duran, president of the Senate; Marcella Mora, former head of the Bank and Minister of Foreign Affairs and later Finance; and Hernandez, Rector of the University and Minister of War.

While I do not wish this to be taken as the last word, my impressions on these men are as follows:

Gonzales: He is said to have initiated the Popular Front in 1938. He has been described to me even by Guzman, who seems favorable to his candidacy, as demagogic and excitable, and the Opposition insist that he is a "communist", by which they may mean that he is a liberal and favors an electoral combination, as before, with the communists. He is considered by the conservatives, not using the word in its party sense, as an extremist. Guzman says he hopes that his experience abroad may have toned him down. But as matters look now, I have a hunch that in the event of his nomination the Opposition will attack him as a communist and that this may possibly impress the army. His attitude toward us I do not yet know.

Rios

Rios: He is an able man, very ambitious, and he was rather bitter when he lost the nomination to Aguirre Cerda in 1938. He belongs to the extreme Right Wing of the Radicals and personally I have the feeling that he is so far to the Right that it may require a microscope to differentiate his position from that of a totalitarian. In a conversation with Allan Hayden, the newspaper man, within the last ten days, he asked what the reaction of the United States would be should the army take over. Hayden replied that he had no possible means of knowing but that he suspected that such an action would be interpreted popularly at least as a nazi coup. He says he is an admirer of the United States but all candidates will say that just now. I do not know.

Duran: He is president of the Senate. I have met him several times and he has dined at the Embassy. I had assumed, without having heard anything one way or the other, that he was pro-American. I was shocked therefore recently when I was told that in a private conversation he had said that Chile's interest was with Germany rather than with the United States. He belonged to the Right wing of the Radicals. He does not impress me as a strong man.

Mora: A very charming, handsome man, with a German wife, who is an opportunist. He was friendly when he was Minister of Foreign Affairs but he always impressed me as a man eager to get everything possible from us without giving us anything much in
return

return. When his intimate associate, Alamos, was Minister of Foreign Affairs, the Nazi crowd was in clover and I am positive that Alamos was directed entirely by Mora who had become very open in his bitterness against us on the refusal of the five million bank credit. It was during this period that the Nazis won victory after victory, the Prévault business, the oiling and provisioning of the German ships here, the return of the German consul at Valparaiso, etc. He has since cooled down and is very friendly but I do not trust him. He may not be anti-American but he is not pro-American and his relations with the enemy are much too friendly to suit me. However, he is not a strong man and I do not think he will be nominated.

Hernandez: For many years Rector of the University and a close friend of Aguirre Cerda. He seems most friendly to us and unquestionably he is soundly democratic. We had selected him as one of the three outstanding Chilean educators to be sent to the United States and he was beside himself with joy over the trip. He came to thank me on the morning of the day he was again made Minister at midnight. He was going to Washington and he wished to see you and others.

He has been described to me as a very ambitious man with a great capacity for simulating indifference which holds off enemies. When Minister of War before, he had the complete confidence and respect of the army. He has everyone's respect

in

in fact. I hear that his selection for Minister of War at midnight the night it seemed the President's life hung on a thread, was made at the Moneda when the ranking officers of the army were there and that they insisted that he be made Minister of War. He is not yet openly a candidate but there is a strong movement on foot to put him in the race by people who believe that he, better than any other, would reconcile the different groups, and who know that in the event of his election the army would prevent any Nazi move against him.

We shall know more about the political line-up next week.

As to the Opposition candidate: One story that comes to me from a good source is that in the event Gonzales is nominated, the Opposition will nominate Alessandri. This would make it a mean and dangerous campaign since Alessandri would attack Gonzales as a "communist" and Gonzales would attack Alessandri as a Nazi, and the two extremes would be brought to the fore and democracy overlooked. This would create a situation that fits in with the usual Nazi pattern in Europe. My informant implies that Alessandri would not be nominated unless Gonzales is.

However, Alessandri is very aggressively seeking the Opposition nomination. I sent you recently his very remarkable interview in the Nazi-financed paper here which certainly was unfriendly to us and most partial to the Nazi element. He said he greatly admired the United States, in low tones, and then

throwing

throwing himself into a fighting mood he added that, however, he did not propose that any nation should make a "vassal" of Chile. There was no occasion for that and it works in perfectly with the Nazi propaganda here. When asked what the effect on Chile of a Hitler triumph would be, he said "None at all. Its all communist stuff." And when asked how he felt about the "persecution" here of German "citizens", he said it was all the work of the "communists".

But Alessandri's principles can shift as rapidly as events. I wrote you of his sudden ardent flirtation with me. I thought at the time that this came from his decision to seek the presidential nomination. Guzman now tells me a remarkable story: The other day Alessandri went to Guzman's house to express his indignation because he had been taken out of office. Guzman said to me that his evident hope was to align him in resentment against the Popular Front and with him. Guzman smiled and said he was not caught. Not content with that, Alessandri's son, the Senator, then went to Guzman's house to urge his father on him. Guzman referred to the anti-democratic interview which the son brushed aside as meaning nothing.

BUT while suddenly becoming friendly to our people, he is also willing to make friends with our enemies. Thus at a funeral the other day he ostentatiously became reconciled with von Marees, the Nazi leader here, shaking hands with him in the presence of a multitude. He had put Von Marees in jail at the time of the shooting of the facists youth in the last days of the Alessandri administration

administration. You can reach your own conclusion as to the dependability of Alessandri. My own impression is that he will play both ends against the middle.

I shall try to keep you intimately informed as events come. I think I have given you an objective report on the present candidates and outlook.

I am taking the liberty of sending a copy of this letter to the President to facilitate any discussions you may have with him about the situation here.

With warm regards,

Sincerely,

P.S. Rossetti and Nieto both tell me that Aranha told them that the Chilean Ambassador in Rio is a bad egg, and Rossetti said parenthetically that soon "Carlos Dávila will be my ambassador in Rio." Take it or leave it.

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URGENT

file personal.
[TRANSLATION]

Chile Folder

RCA - 3

1941 Nov 29 PM 11 28

WB82CL CHS130 Santiago Chile 57 29 2206

His Excellency
Franklin D. Roosevelt,
President of the United States of America,
Washington, D.C.

In the name of the Government and people of Chile
I thank Your Excellency very sincerely for your state-
ment of deep condolence on the death of His Excellency
Pedro Aguirre Cerda, President of the Republic of Chile

Jeronimo Mendez
Vice President of Chile.

Tr: :HSF

THE WHITE HOUSE

WASHINGTON



December 1, 1941

Respectfully referred to the Department of State for translation.

A handwritten signature in cursive script, appearing to read "M. H. McIntire".

M. H. McINTIRE
Secretary to the President



DEC 1 1941

FAST



RCA

DIRECT



RADIOGRAM

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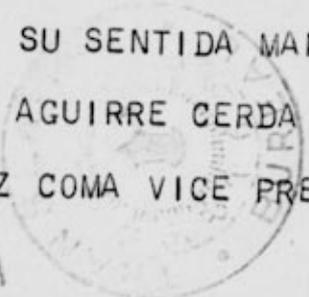
1941 NOV 29 PM 11 28

EXCMO SR FRANKLIN D ROOSEVELT

PRESIDENT DE LOS USA DE AMERICA

WASHINGTON DC

EN NOMBRE DEL GOBIERNO Y PUEBLO CHILENOS COMA AGRADEZ CO MUY SINCERAMENTE
A V E SU SENTIDA MANIFESTACION DE CONDOLENCIA POR LA MUERTE DEL EXCMO SENOR
PEDRO AGUIRRE CERDA COMA PRESIDENTE DE LA REPUBLICA DE CH ILE STOP JERONIMO
MENDEZ COMA VICE PRESIDENTE DE CHILE



11

Telephone: National 2600

Form 112WN—TD 127

To secure prompt action on inquiries, this original RADIOGRAM should be presented at the office of R.C.A. COMMUNICATIONS, Inc. telephone inquiries.

quote the number preceding the place of origin

PSF: Chile

DEPARTMENT OF STATE
WASHINGTON

November 29, 1941

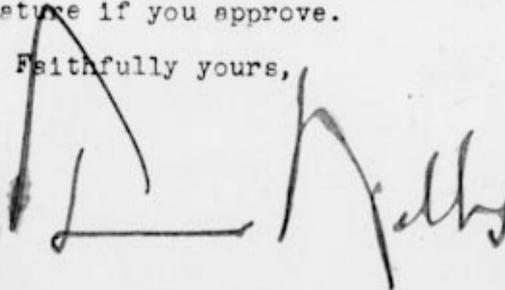
In reply refer to
RA

My dear Mr. President:

Reference is made to your memorandum of November 18, 1941, enclosing a letter dated November 13, from Ambassador Bowers.

There is enclosed a suggested reply for your consideration, and signature if you approve.

Faithfully yours,

A handwritten signature in dark ink, appearing to read "A. H. Kelly". The signature is written in a cursive style with a large, prominent initial "A".

Enclosures:

1. To Ambassador Bowers,
November 22, 1941.
2. From Ambassador Bowers,
November 13, 1941.

The President,
The White House.

Department of State

BUREAU

RA

DIVISION

ENCLOSURE

TO

Letter drafted 11/22/81

ADDRESSED TO

The President

DIVISION OF
NOV 21 1941
THE AMERICAN REPUBLICS
DEPARTMENT OF STATE

PSF: Chile
ADVISER ON POLITICAL RELATIONS
MR. DUGGAN
NOV 19 1941
DEPARTMENT OF STATE

Santiago, November 13, 1941

*ackd
12/1/41*
Dear Mr President:-

I inclose a letter to Welles setting forth in some detail my impressions of the political situation here ,in which you may be intrrested .I need add nothing now. There is complete serenity. Only the extreme Rightests of the lunatic fringe of the Opposition, which is more or less pro-totalitarin,and ,of course the Nazis and Falangists,try to stir up turmoil but as far as the public is concerned they have not yet made much of an impression.

of any
A
Last night,the day of his arrival,Aranha gave a "intimate dinner" at thē Brazilian Embassy which was confined to the members of the Brazilian Embassy staff ,Rosetti and the Sub-Minister Ruiz and Nieto,the political advisor,with only Cruchaga and myself besides. I am sure you will agree that there is some significance in my inclusion to the exclusion of all other American diplomats. He delivered quite a long eulogy on me for the benefit of all assemblē and reached a climax by saying that you had spoken to him about me in terms of intimate friendship. If you did not it is worth something to have had him say so,and if you did not,you should! At any rate it made a very decided impression on Rosetti and the Foreign Office crowd.

With warmest regards,
Sincerely,

Hon.Franklin D.Roosevelt
The White House.

Claudio G. Bowles

December 1, 1941

Dear Claude:

Thank you for your letter of November 13 enclosing the one of the same date addressed to Mr. Welles. The Chilean political situation will of course be greatly affected by the death of the President, whose loss I sincerely regret.

Your description of the visit of Aranha to Chile and its effects on Rossetti was most interesting.

Very sincerely yours,

(Signed) Franklin D. Roosevelt

The Honorable
Claude G. Bowers,
American Ambassador,
Santiago.

Signed original sent to State for

PS F. Chile Folder

THE WHITE HOUSE
WASHINGTON

December 2, 1941.

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

TO PREPARE REPLY FOR MY
SIGNATURE IF YOU DEEM IT NECESSARY.

F. D. R.

Letter from Ambassador Bowers
to the President, dated Nov. 24/41.

file
personal

Chile Folder
p-41

Santiago December 8, 1941

Dear Mr President:-

The stupidity of the Japanese in making the attack has had a tremendous effect in Chile and certainly serves to unify our people at home behind a resistance by force. You will recall that our agreements here and presumably through South America were that in the event any one of the American nations were attacked they would all make common cause. No one can question now who made the attack.

I find the Government here acting on the theory that Chile is in, and as an ally. Rossetti was up until 2 this morning arranging with the armed forces and police and secret service about protecting our mines from sabatoge. He is to give out a public statement this evening.

The press, even the Rightest press, which has been cagey heretofore, comes out today with the declarations that continental solidarity and the support of the United States is now imperative. El Mercurio says that the fiction of neutrality must be abandoned. In brief, thus far Government and press are squarely with us.

The attack serves us again in that candidates for the presidential nomination here who have hid behind neutrality or silence no longer can stand mute. Juan Antonio Rios comes out squarely today for closest support for the United States. Gonzales previously had done so. These are the leading candidates.

Yesterday Ibanez had his public meeting and made a speech in which he harped on the need of "discipline" and "order"--when there is no disorder,--,thus giving a weak imitation of the speeches of Hitler, Mussolini and Franco . He also amuses me by saying that this country does not want any "totalitarian communism". You note he does not say any totalitarianism,since that would be againt the Nazis,the facists and Fanlangists. However Rossetti tells me that Ibanez has an inconsequential following ,which I believe. But should the Conservatives and Liberals in a moment of stupidity decide to support him he might become a dangerous contender . I understand you discussed him with Cruze Coke and you will know whether he talked as though it were possible his party would support this totalitarian or Nazi.

The Japanese attack has cleared the air remarkably here and now it should be much easier .

I spare you more this time. You must be overwhelmed the last two days..Hulls flaming denunciation of the lies of the Japanese note made to the face of the Japanese Ambassador was printed conspicuously here and has made a fine impression.

With warmest regards,
Sincerely,

Hon.Franklin D.Roosevelt
The White House.

Claude A. Bower

file

PSF; Chile Folder
1-41

Santiago, December II, 1941

Dear Mr President:-

I inclose a copy of a letter to Mr Welles which may be of interest. The reactions here have been beyond my hopes . Rossette has crossed the Rubicon with a bang and has gone the limit with us. In Congress and in the Council of Ministers he defeated a feeble opposition from the Nazis and the timid. The press is with us --all except that subsidized by the German Embassy. All the diplomats from South and Central America have come to me with offers of all cooperation except the Ambassador from Argentine who is a Nazi and our enemy, and the Ambassador from Peru who is a nice old fellow who seems afraid of his shadow and whose wife thinks that Franco is a saint from heaven sent to save the Church from such people as Azana. He is not against us but he is not ^aapallar of strength. The Spanish Ambassador and the French Minister very cool when I ran into them in the reception room of the Foreign Minister yesterday . I had three meetings with Rossetti yesterday ,the last at 9 last night . He fought through a ratification of the agreements of Lima, Panama and Habana in the Senate night before last. Yesterday he pushed his solidarity with the United States pronouncement in the Council of Ministers through, and then carried it immediately to the Senate where he succeeded against opposition from some pro-Nazis and Conservatives in getting approval. Today in a public

banquet for the new Bolivian Ambassador he made a really militant speech which astonished many present by its audacity. Very cleverly he drove the Conservatives (Church party) to silence, as outlined in the letter to Welles.

All-American cables inform me that last night when an employee was leaving the office he was approached by a well dressed man speaking perfect Spanish with the offer first of 500 pesos a day for copies of our cables and then he raised it to 1000 a day. The man thought him a Spaniard.

Your speech came over splendidly and made a profound impression.

With warmest regards,

Sincerely,

Claude G. Bowles

Hon Franklin D. Roosevelt
The White House

Santiago, December 11, 1941

Dear Mr. Welles:

For manifest reasons all the most important events here have been reported by telegraph, this week. There are phases however that I think should be explained to you very confidentially. The long telegram I sent on the 10th needs some amplification. I do not place absolute confidence now in any one here, and Rossetti, has been an opportunist, but he has been insistent on his support of the United States and he gave numerous proofs of his sincerity before Aranha came. Since then, however, he has been more open and audacious. He tells me that he reached an agreement with Aranha to act in absolute conformity with Brazil and the United States.

With the action of Japan, he certainly acted with decision and effect. Sunday night he was at the Moneda until almost three giving instructions to all the armed forces and police about the protection of our property against sabotage. He then did what no other Minister has had the courage to do, - he went before the Senate and faced a fight on the ratification of the agreements of Lima, Panamá and Havana. He tells me he was questioned and attacked by the Nazis and a portion of the Conservatives who reviewed some difficulties Chile has had about primary material, etc. He was asked to cite one piece of defence material that has been sent here. Well, he won. They ratified it, but it was a fight.

He then put himself squarely on our side in the Japanese conflict and prepared a policy declaring for absolute solidarity with the United States. He had first to fight this out with the Council of Ministers. Yesterday afternoon he told me of his experience there. Pedregal was very ugly, very sour at us, because the Fomento Corporation has been
unable

The Honorable
Sumner Welles
Under Secretary of State,
Washington, D. C.

unable to buy primary material; because of the copper matter and the loan renewal matter on which he seems to feel rather bitterly. Even Schnake seemed sour because of the treatment of the Fomento Corporation, which after all is a governmental organization created constitutionally by Congress. The Minister of Agriculture took a fling at Rossetti's partiality for our cause, using Chile's inability to get essential steel wire. The atmosphere was very bad. Rossetti made a fight and at one point threatened to resign unless his proposition was accepted and Mendez, the Vice President sided with him.

When he told me this he was dreading, or pretending to dread, going before Congress in the evening to get a ratification of the decision of the Council since he said he knew he would be attacked along the same line, and because if asked what he had in writing that promised aid to Chile if she were attacked as a result, he had nothing. In the fight in Congress over the ratification of the agreements he was directly asked, and he confessed to me that he bluffed, saying that he had the promise thus. He expected to be asked again last night and he asked me to get something from Washington. I told him it would hardly be possible to get a reply before six o'clock. But feeling the situation too serious to leave him unarmed, I told him I would send him a note he could use if absolutely necessary, pending a reply from Washington.

He sent for me again at 8:30. I found him in hilarious good humor and proud as Lucifer for he had triumphed over the opposition in the Senate where again he was attacked by the Nazis and at first by the Conservatives. He was asked if he had anything formal and in writing. He barked at them that he had, dived into his pocket and waved my letter without reading it or telling them it was from me. It had the desired effect of silencing them in that point. Then he took the offensive against the Conservatives - the Church party. He told them the issue was very simple - whether Chile proposed to take her stand, whether Chilean Catholics intended to take their stand, for the white man's Christianity or the yellow man's paganism. He said he knew there was a prejudice against the United States because of the American financiers, but that financiers were unpopular the world over, and those in Chile were the same as those in the States. But he said there are 20,000 of these in the United States with a population of 140,000,000 people. And among these 140,000,000 there were 40,000,000 Catholics. He asked the Catholic party if it proposes to take its stand with the Pagan Japs against the forty million coreligionists in the States. Thus he silenced the Conservatives. But it was a fight. And he won.

Now

Now I have come to the conclusion that the issue involving the war is of the utmost importance here now, overshadowing all others involving differences as to money. I have discussed it with members of the staff, including Brooks. We have done our utmost as to copper and the loan, and I think that must be admitted by the copper and bank people. But I am sure the time has come to consider whether under the circumstances in Chile now, we can continue to stand against the Government's proposition as to copper. And I would not be so sure that the Government's loan proposition is so possible but for the fact that the Bank here left no doubt in the mind of Pedregal that it was not an impossible proposition. You may be sure if we do stand pat it will be used against those in the Government who are our friends.

There is another explanation of Pedregal's bitterness in the Council. Rossetti complained to me that Horace Graham had been very offensive to Pedregal and to Chile and had quarreled with him violently. It presented me with a delicate problem which was solved that night when Graham told me on his own, and with evident satisfaction. Pedregal had made some observations which Graham met with the statement that it was "a cockeyed statement" and that he and Chile are "chiselers". Apparently, judging by what Graham told me, it was a violent quarrel. I cannot think that such a quarrel with the Government here when that Government was determining its way policy was wise. But, unhappily in this case, Graham is an able and most useful fellow to us, and he, too, is proud as Lucifer and sensitive. I merely told him that Rossetti had informed me and that Pedregal had been very bitter about it in the Council.

Ibañez is out with his full statement, a full fledged candidate, and on a platform clearly Nazi in tone and purpose. As I telegraphed, General Escudero told me at my house on Monday evening that he knows that Ibañez's candidacy is backed by the German, Italian and Spanish Embassies with an abundance of money; that Ibañez spends much time at the German Club, the meeting place of the Nazi conspirators; and that he is very thick with Von Mares.

So the issue is clearly drawn in the elections.

Cruz Coke has announced his candidacy for the Rightist nomination. We know he is satisfactory to us. Some of the Rightist are not happy about it since they resent his liberalism and his independence. But everyone, even including these, agree that he would get more votes than any other Conservative candidate.

It still looks like Juan Antonion Rios is in the lead but you will know before this reaches you. Gonzalez had been badly handicapped by not reaching Chile until the pre-conventional campaign is half over.

If

If Rios is nominated Senator Lafite, Communist leader in the Senate, told Cecil Lyon, who was on a boat with him returning from Magellan, that the Communists might abstain from voting.

General Escudero is afraid that with three candidates no one can get a majority of all the votes which would throw the election into Congress and in that event he fears that the bitterness may be such that trouble will be inevitable.

I discussed frankly with him our misgivings that should our enemies get control of the Government it would not be so sweet to have arms or war material sent here by us used against us. He said that could not happen without a civil war and that in the event of a civil war we should want our friends, who would have the material, well equipped against the common foe.

This background information may be useful.

With warmest regards,

Sincerely,

PSF: Chile Folder

THE WHITE HOUSE
WASHINGTON

December 20, 1941.

MEMORANDUM FOR
THE UNDER SECRETARY OF STATE
FOR PREPARATION OF REPLY
FOR MY SIGNATURE.

F. D. R.

Letter to the President from
Ambassador Bowers, dated December
15, 1941.

file
personal

PSF: Chile

Santiago, December 21, 1941

Dear Mr President:-

As you know I have always insisted that the dangers from the totalitarian enemy are greater here than in any other nation in South America and for reasons set forth. I still think so. We have reasons to believe that orders have gone out to all the Nazi agents to concentrate here. And the death of Aguerre Cerda and the resulting elections opens the way for all manner of things.

I am reluctantly bothering you with this note because of Ibanez telegram¹⁵ to Carlos Davila promising him the ambassadorship in Washington, saying he is friendly to us, complaining that many here think otherwise, and asking him as his unofficial ambassador to reassure~~us~~ us as to Ibanez^{'s} position. I think there is a touch of Nazi or totalitarian impudence in this.

For more than two years Ibanez has figured always in all the talk of a Fifth Column and Nazi coup d'etat. He made one attempt by force to overthrow the constitutional government in 1939.

Our information is that he is being partly financed by the German and Spanish Embassies; that the pro-Nazi Bank of Chile has contributed two million pesos to his fund; that a month ago he had a conference with the brown shirt Counsellor of the German Embassy, von Pockhammer, at Vina del Mar; that he is on the most intimate terms with von Mares the fanatic open leader of the Nazis here and a bitter enemy of the United States.;

and that he has been seen at a late hour emerging from the German club here where the nazi plots are hatched .

I know that in none of his speeches or full page and double page press advertisements has he given expression to one ~~sympathic~~ word indicating the most remote sympathy with the policy of continental defence and solidarity, and not one word favorable to the United States. He is the only candidate in the field of which this can be said.

There are unmistakable indications that he has a slush fund of unprecedented proportions for Chile ,and this early in the campaign he is using full page and double page advertisements daily in all the papers and has been able to buy time on several radio stations for daily bhats.

In addition the two openly Nazi papers here are supporting him warmly while attacking the Government.

This is the situation at the present. What he may do later is on the lap of the gods. There are many who might support him but for the fear that because of his well known views and associates , we might, in the event of his election, shut off supplies for Chile. I think his droll telegram to Davila was meant for home use to reassure these doubters.

The Radical candidate Juan Antonio Rios has come out strongly for solidarity in international affairs with us, and he has a substantial support from the Chileans of means. He is openly an enemy of the communists and can scarcely get their votes .This would not be so bad if he could get the Sociolists votes; but the Sociolists have been fed up with the twisting and turning of the Radicals who brought on their own President every single crisis of his regime ,and these finally

killed him, that they have nominated Schnake .

Schnake is running as a nationalist candidate, not as the candidate only of his party. He is generally conceded to be by long odds the best qualified of the candidates and I hear this from many strong Conservatives and ~~Radiants~~. Liberals In fact I hear that he may have very strong support from the Liberal party. He is a personal friend of Cruz Coke ,also a candidate ,and I know there is much talk in inner circles about the possible unification of the Cruz Coke and Schnake forces if the situation justifies it. I also hear from many quarters that with more than two candidates in the field the election will be thrown into Congress where Schnake will have the best chance.

Cruz Coke 's candidacy is frowned upon by that element of the Conservative party which is pro-nazi at heart ,and prone to support Ibanez, but his party will act today or tomorrow. If it does not nominate Cruz Coke he will continue in the race as an independent.

Thus Rios, Schnake or Cruz Coke are friends of ours. I would rate them as to the sincerity of their friendship with Schnake and Cruz Coke on a par, and Rios a bit behind but dependable. There is one candidate who impresses me as the Nazi candidate, Ibanez ,and he will have all the money he requires. Rios will have money too, but less. Schnake and Cruz Coke our best friends, will have to depend on something other than money

Fernando di los Rios has been to the house several times ,and he is lecturing here at the University ,sponsored by the Vice Rector, the son of Alessandri. I handed him a copy of your telegram on the day the Beasts of

Madrid sentenced him to thirty years in prison for being a republican and
,as I read between the lines, a Mason,though I do not know that he is one
There is a lot of irony in the world today.

With warmest regards,

Sincerely,

Claude A. Bowers

Hon. Franklin D. Roosevelt
Washington D.C. The White House.

P.S. Lest you get a wrong impression I may add that we of the Embassy
are expressing no opinions here regarding the candidates ,and,of course,
anything said openly here by the Embassy or by the Government in
Washington would throw us open to the charge of interfering in the
internal politics of Chile.

Chile Folder

file
personal

Santiago, December 24, 1941

Dear Mr President:-

I am inclosing a letter to Mr Welles that may be of interest to you since it pertains to the conference at Rio and some views thereon by Rossetti.

The election situation here is still complicated but certain things stand out like a pike staff to me. First } and most important, is the fact that all the organized Nazi forces are behind the candidacy of Ibanez; all the papers subsidized by the German Embassy are ardently supporting him. I am not surprised that quite a number of our representative^s of business down here have been trying to sell him to me, but, being a "red" they have not succeeded, though I am saying nothing on the subject beyond observing that in none of his speeches has Ibanez yet expressed any interest in continental security and defence, much less solidarity with the United States.

A portion of the Conservatives and Liberals, the opposition parties, is eager to support him. This is the extreme Right element which is nazi at heart. The very rich mostly are for him. He has an enormous slush fund, judging from the fact that this early in the campaign he is appearing daily in full page and even double page advertisements in the press.

He cannot be elected in my opinion. He certainly cannot get the support of more than a portion of the Conservative and Liberals; probably

sixty per cent of the Conservatives and thirty per cent of the Liberals. Since the last elections show the ^{united} opposition 60,000 to the bad I cannot figure his election.

The Conservative reactionaries frown on Cruze Coke because he is too humanitarian . It still remains to be seen what they will do. Up to this moment there seems little doubt that both Cruze Coke and Schnake will remain in the field as independent nationalist candidates and I have heard from the inside that they will join forces in favor of the one showing the most strength. One of the strange features of the situation is the fact that among conservative business men there is great admiration and respect for Schnake as the best qualified man in the field.

The Ibanez crusade may force the restoration of the Popular Front under one candidate and this would make his election certain.

If more than two candidates of any significance run, no one will get an absolute majority and under the laws here this would throw the election into Congress and many think that here Schnake would have a better chance than any one.

I have a feeling that should Ibanez be defeated at the polls the plans are already made by the Nazis and the Fifth Column to raise the hue and cry of "fraud" and "intimidation", as in Spain, and that the long predicted attempt at a coup d'etat would be made. I do not think any important portion of the army would support the attempt.

Everyone realizes that should an open enemy of the United States win we could throw him out in six weeks by merely shutting off supplies. That

would wreck the country economically. No one wants Chile to make that challenge. Even should Ibanez be elected he would not dare come out openly for the Axis. There would be a lot of treachery, a lot of double dealing, and I suspect all we say to the Foreign Office would be transmitted to the Axis embassies. We would get along but we would have to use the club.

Fernando di los Rios has been splendidly received here by the University and press. I have seen him frequently and had him to my house privately several times. The day I gave him your message the press here announced the criminal had been sentenced to thirty years for the crime of being a republican and a Mason. The son of Alessandri is Assistant Rector of the University and has shown him all honor. On Monday at the University just before he leaves he tells me he will speak on the international situation.

I am watching the French and Spanish developments with keen interest. I suspect that the game is for Hitler to "invade" Spain, for Franco to publicly protest that he can do nothing about it, and yet have a complete worked out plan of cooperation. Thus Franco will emerge from the coming peace congress a "victim" and still a "saint" and not a criminal. It is rather appalling. And I am afraid that Chamberlain's "Hoare" will be all for that.

With warmest regards,
Sincerely,

Claudia Bowers

Hon. Franklin D. Roosevelt
The White House.

PSF: Chile

Santiago, December 23, 1941

Dear Mr. Welles:

I am enclosing copy of a report from Burt at Valparaiso on the Friends of Germany. You will note the very large proportion of the leaders who are for Ibañez.

I talked an hour and a half with Rossetti yesterday evening and the conversation was such that I feel you should have the substance before the meeting at Rio. He saw me in the reception room because his office was the scene at the time of a wordy conference with Felix Nieto, Ruiz, the Sub-Minister and others who are to accompany Rossetti to the Conference. He tells me that he is taking along a goodly delegation, including some economic experts and, if the situation here permits, General Escudero and Admiral Allard. If the situation does not permit these two will designate the military and naval experts.

He talked at length about the forthcoming work of the Conference and he inquired just what I thought would be asked of Chile. He then launched into a long exposition of Chile's position, speaking apparently with complete frankness. He does not like the idea of this and that country of the Americas declaring war and breaking off diplomatic relations and thinks there should be more uniformity of action. As to Chile, his position seems to be as indicated in the following:

Chile is in the greatest danger of attack from the sea. There are submarines in the waters of Chile according to the belief of the Navy men here. He is convinced that Japan wants Chile to declare war and he says that the attitude of the Japanese Minister is provocative and insulting in the extreme. He believes that Japan wants an excuse for attacking here but is afraid of an unprovoked act of aggression since that would outrage the whole of South America. He thinks it statesmanship to disregard the offensive language of the Japanese Minister at this juncture.

The Honorable
Sumner Welles,
Under Secretary of State,
Washington, D. C.

He says he assumes that our object is to win the war; that we want to escape the necessity of diverting our forces which would result from an attack in the Americas; that Chile's greatest contribution to our cause is in the field of industrial support from the mines, etc., and that with war between Chile and Japan this would be greatly hampered; that nations bordering the Atlantic and those not touching on the Pacific are in a different position than that of Chile which has more than 2,000 miles of coast to defend. I gather from all this that he will not be in favor of inviting a struggle with Japan unless necessary; if attacked by Japan, Chile will do all it can to defend itself.

In this connection he said, what the Navy men here have said, that he would welcome some of the American fleet in Chilean waters.

He evidently thinks that in the matter of essential war supplies Chile is of more vital importance to us than Peru, for instance. He said we get oil from Peru, but if shut off there we can get all we need from Mexico, but that Chile's nitrates and copper is a different matter.

I gathered from his tone that he wants to completely satisfy us at Rio but that he rather dreads the probable position of such of the American nations as have declared war and broken off diplomatic relations. He clearly does not want to do that unless it is made necessary by actual aggression.

Into all this I read his personal difficulties with the Opposition in Congress who are already charging that he is driving Chile into war. He says that especially now in the midst of a presidential election of the greatest importance it would be bad for the Government to do anything drastic that might give color to the charge.

Now a word as to Rossetti and on how to handle him. He is very clever, sometimes naive, often brilliant, always forceful and emphatic, inordinately ambitious, extremely anxious to make a fine impression on us, and very vain, and not without some justification. He is young, but in practical politics older in experience than his years, much older. His very brilliance is apt to make him erratic. He has something like awe for you, and I am convinced that you will be able to take him into camp by treating him very seriously and by flattery. He thinks Roosevelt the greatest man in the world. I am of the opinion that it will be well worth while to cultivate him. If you can convey the impression that you think him our friend and in the class with Aranha - whatever you think - it will be effective. He must not be slighted
in

in any way. He is a fighter, very proud and vain, and if he thought he was being slighted in any way he would make his resentment felt. I think it would be well to drop the word that I have a great admiration for him.

Felix Nieto del Rio, you know. He is very friendly, and I think he exercises a restraining influence on Rossetti. You know him and he has great respect for you.

When I ascertain the personnel of the entire delegation I shall send you some observations on each that may be helpful, and shall send this, since it will be too late to reach you in Washington, to Rio by air mail or telegraph in the most confidential code.

I may add that it is not at all difficult for me to understand Rossetti's point of view as outlined in this letter.

With warmest regards, I am

Sincerely yours,

Very confidential
T file

Chile Folder
1-42

Santiago, December 29, 1941

Dear Mr President:-

Your order to the Navy to establish a patrol along the Chilean coast will have a most salutary effect on the Government here which is confidentially informed.

Because in my opinion a deliberate and systematic and highly subsidized attempt is being made by our Axis enemies to capture the Presidency in the elections of February 1, you will pardon this intrusion since I feel that you should have the picture here.

Ibanez is making some headway according to what everybody says, but no one can suggest whence his additional strength comes. I suspect he has his runners out repeating "Ibanez is gaining" to everyone, who, without knowing anything, repeat it to others. He is supported by all the totalitarian elements here and we are all convinced, financed in part by rich Rightists of the Ross school and by the German Embassy. Fabulous sums are being spent on his candidacy, fabulous for Chile. Full pages in all the papers daily, evidently prepared by an experienced propagandists, probably of the German Embassy, cost money. It has intimidated our friend Cruz Coke.

Souley
His active workers are the Nazi fanatics of the Von Mares party.

^
The most serious development in his candidacy is in the fact that the bosses of both the Conservative and Liberal parties are trying to deliver their party strength to him. Here they are meeting with a stout, open and defiant opposition from such strong and popular leaders of the

Conservative as Senator Walker and Cruz Coke . Whatever these parties may do formally ,Ibanez undoubtedly will get the support of the most reactionary elements in them.

Even with the unanimous support of the Conservatives and Liberals he cannot be elected according to the figures of the spring elections when the combined strength of these two parties was 60,000 in the minority. But efforts are being made to fool some of the middle class and even some of the workers by promising prosperity, as under him before when he did a lot a building due to the enormous loans forced upon him by American banks at that time.

That which alarms me, and I find not a few of the right people here, is that thus far there is no concentration on a single Leftest candidate. The recent primaries gave the Radical party nomination to Juan Antonio Rios over Gonzales Vidale, who with but two days here for campaigning only lost by 700 votes. Had he had two days more he would have won despite the fact that Rios had more than two weeks of intensive campaigning.

Now I have always doubted Rios since he is stronger with the Rights than with the Lefts outside the Radical party. He specializes in denouncing the communists with their 60,000 votes ,and thus drives them away from Popular Fronte .He ran far ahead in all the German regions. The Socialists will not support him, the communists cannot support him ,and the Radicals are now so worried that they are actually discussing the wisdom of agreeing on some compromise man. This has so aroused Rios that the other night he went so far as to talk about getting the Presidency if necessary "with bullets". It does not smack much of democracy.

There are several possibilities. Schnake has much strength and is respected and trusted as a man by many extreme Rightists who are not politicians. He also went after the communists when they were constantly going after the United States.

There is some talk of compromising on Mendez the acting President who has no enemies and no admirers. He is a decent fellow and under normal conditions would probably make a good President.

The Sociolists put up Schnake recently but the other day he sent them a formal statement releasing them and giving them their freedom to do what they think best for the democratic cause. I know from a personal conversation that this is due to his fear that unless there is a unification on one man Ibanez may win. I told him, which is true, that numerous people have told me that should the election go to Congress he would be elected. He seemed to doubt it--thought the minority might go to Ibanez and if the latter has an unlimited campaign fund he might buy up a few Radicals.

He and Cruz Coke are said to have an understanding that if both run independently the one showing the least strength will withdraw in favor of the other.

All this should and must be ironed out within a few days. If the Radicals name another candidate, and Rios continues in the field the effect would be, in my opinion, to split the rightest vote.

If the Leftest can agree on some one his election is assured.

In the meanwhile,--and this is the real reason for this long letter--- this situation has arisen: Both the British Embassy and I are convinced that from the view point of the war Schnake would be the ideal man. Neither

of us is satisfied that Rios is wholly divorced from Nazi influence.

I am inclosing an amazing leaflet presumably sent out by his people and intended exclusively for Nazis in the South. The British are much excited about it but I suspect strongly that it is put out by the Ibanez people, since while I could understand the daring and the risk of sending them a leaflet denouncing the Jews, denouncing us as a Jew-run nation, and praising the Germans as the great people who have done more for Chile than any other race, I simply cannot believe that any sane man would attack the Christian religion and the Catholic Church in this Catholic country and dub Christ the Jew leader. I think it must be a trick to array the Catholic against Rios.

Now the great problem here is the communists. They have the best disciplined of all the parties. They will do what they are told. They are an obstacle now because they are not friendly to Schnake, but more especially because they are making too much noise and playing into the hands of the Ibanez propogandists. The wise thing for them would be ostensibly to abstain and then vote and in the meanwhile say nothing in favor of any candidate. I have discussed all this with the British who agree strongly. The proposition they put to me after we had discussed the matter and agreed on the ideal policy is that our people, Washington and London, bring the actual situation here to the attention of Stalin and get secret orders from him to these people here to follow this course. I understand London is being cabled and interrogated on its reaction. It has been suggested that you might have some influence on the Ambassador in Washington who is, as you know, a strong, ~~an~~ man and sympathetic toward the Democracies.

Another matter discussed with the British: If when the candidates to be voted on are in the field, and against Ibanez, there is a candidate who is with us there remains the fact that the German Embassy, probably Government, and, as we think, the Spanish and the Japs, are handsomely financing the campaign of Ibanez, and our candidate may be seriously handicapped by lack of ~~money~~ competing funds. They ask whether we will join very secretly in helping finance the candidate against Ibanez. I told them that was against our policy but they reply that this is ~~part~~ war and this a part of the fight. I told them that I would call it to your attention .

Meanwhile it may be that Halifax will speak to you--though there was a time when he was enamored of the totalitarians because of the communists. I would not mention it to him, of course, unless he brings it up, but I am told that he is being informed. Whether it is wise for you to feel out ^TLivinof on keeping his people here quiet you will know best.

II.

I am concerned over the fact that Rossetti and the Foreign Ministers of Peru, Bolivia, Paraguay, Uruguay are all going to Rio via Buenos Aires where our friends will have them to themselves for a day and a half on land and two or three days at sea. We have not forgotten our experiences in Lima and Habana. Two days ago when I saw the Mexican Ambassador he had just opened a cable from his Government calling attention to this danger of a ganging up under the leadership of Argentine. Without making a too pointed reference to Argentine of course I am going to manage to convey a warning to

Rossetti . He was beside himself with jubilation when he thought he had reached an agreement with Argentine on the fortification of the Straits. Now it is being held up by the Argentine Minister of War ,and I am afraid this is being held out as a bargaining point with Rossetti as to his course in Rio. The Argentine Ambassador here is absolutely insolent in his friendship with the Germans. He even attends their cocktail parties at the Embassy .The other evening he gave a cocktail for some military attache of his and Lyon of my Embassy attended and found the German military attache there. Talking with one of the Argentine secretaries , the latter told Lyon that a certain Italian was "going to Rio to the conference". Raising his voice Lyon said in amazement, "What is an Italian diplomat going to do in Rio?". The Argentine Ambassador overheard and looked daggers at his subordinate. I have not missed my guess on him. After six years experience I can smell 'em.

Now let me make it plain that all this about getting the communists quieted down and about possibly furnishing some aid to an anti-Nazi candidate is locked in my own mind. My conversations with the British were in my house alone and I have not hinted anything of the sort to a single member of my Embassy .

III.

The other night Rossetti asked me to the Moneda at nine at night, and, apologizing for talking in the Moneda and saying that he was speaking to me not as a Minister, he said he had been told that two of our big financial groups here are said to be helping finance Ibanez and that he had been promised proof within three days which he would show me if he got it. If he did not get proof he asked me to forget the conversation . He did a

brilliant piece of work in Congress when he acted as the chief prosecutor in the investigation of the queer doings of the Bank of London and the methods of Ross when Minister of Finance and candidate for President. He knows how money can be advanced by round about ways. I told him I am sure his informant is mistaken. However I instantly thought of two of our people who have several times tried to sell Ibanez to me ,saying they did not think him a Nazi. I intend to warn our people in a private meeting .

IV.

Whoever is elected,even Ibanez,will have to play with us because of the economic situation ,but in his case,if the fortunes of war swing toward Germany he would probably swing with them. I think we want a man if possible who will stand with us through everything.

Forgive the length of the letter but I think it worthy of your attention if only for your background information.

With warmest regards,

Sincerely,

Claude R. Bowen

Hon. Franklin D. Roosevelt
The White House.

My dear Steve:

The enclosed is
rather urgent and very
confidential and

I wish you would
see that it reaches
the President
promptly

Sincerely
Bowles

CONCIUDADANO:

En todo país libre y donde el pueblo elige a sus gobernantes, influenciado más por la propaganda judía que por su propio criterio democrático, se hacen los mismos preparativos que en Chile, es decir: promesas, intimidaciones por intermedio de matones, cohecho y cuanto medio existe para llegar a un fin que todos lamentamos. Pero hoy la situación es absolutamente distinta y ya no se trata de elegir a un presidente para que gobierne durante seis años con provecho de sus amigos y partidarios, pues el caso de la elección actual significa para nuestro país o convertirnos en una factoría de los judíos del norte o seguir siendo una República libre.

Han estado haciendo cuanto es posible por alejarnos del único amigo poderoso y desinteresado que teníamos y del que nunca habíamos recibido una ofensa y menos una humillación; ese amigo es Alemania, la gran Alemania y su Jefe, cuya doctrina nueva traerá un nuevo orden adaptable a las circunstancias, lo que podríamos llamar un cristianismo modificado con 19 siglos de adelanto y consultando todas las necesidades de la humanidad, pues para nadie es un secreto que el mundo está cansado de sustentar ideas que una cantidad de comerciantes en la fé tratan de sostener. Esa idea caduca fué predicada por un miserable pueblo judío y monopolizada por unos pocos que se atribuyeron la representación registrando la «Marca» y al igual que los industriales hasta la titularon con el pomposo nombre de «Católica, Apostólica y Romana», formando así una casta de fanáticos que han sido y siguen siendo la peor plaga del mundo, por que para lograr sus fines han hecho inmundas promiscuidades de razas, con perjuicio de toda la humanidad. Los responsables de estos hechos son los mismos que han desencadenado la actual guerra.

Sólo un hombre hay en Chile, que en este instante y con mano de hierro y sin contemplaciones de ninguna especie, sin torpes sentimentalismos patrióticos ni cobardes eufemismos puede llevarnos al puesto de directores de hombres que nos corresponde desde esta parte del Continente Americano: ese hombre es don Juan Antonio Ríos Morales.

Acaba de desencadenarse la guerra en el Pacífico y ya nadie duda de que la gran Alemania será la vencedora y dominará al mundo con su cultura y su nueva doctrina, más pura, más sincera y más humana, mil veces que el gastado cristianismo. Será la luz que alumbrará la ruta de los países que desean triunfar y nosotros lo queremos porque somos amigos de la gran Alemania y Juan Antonio Ríos es el abanderado del nuevo orden en esta parte del Continente.

Hacen pocas semanas que las autoridades, influenciadas por cierta prensa aprehendieron a varios ciudadanos alemanes por el delito de reunirse para recordar y celebrar los triunfos de su patria. Por suerte para el prestigio nacional, los Tribunales de Justicia rechazaron estas acusaciones dejando en libertad a los procesados, pero las molestias y sacrificios gratuitos causados a esta raza que lo ha dado todo por Chile y cuyos hijos son chilenos, tiene que haber dejado resentimientos. Pues bien, es esta la única oportunidad que se nos presenta de hacernos dignos amigos y para esto necesitamos colaborar con ellos y para ellos, enviándoles cuanto sea posible, ya que desde aquí están saliendo vapores cargados con nuestros productos para países que nunca nos conocieron y que jamás han tenido ni un gesto de gentileza para con nosotros. No debemos olvidar que nuestra cultura, el ejército, nuestras industrias y todo el sur de Chile son un testimonio viviente de lo que debemos a la gran Alemania. La elección de don Juan Antonio Ríos Morales, nos proporcionará los medios para sentirnos más cerca de ese país y de su jefe y creador de la más humana doctrina universal.

Los políticos profesionales tienen una frase gastada y que dice: «los momentos actuales son de realidades». Hoy esta frase tiene razón de ser, porque los momentos son de realidades. Los cobardes votarán en contra de Juan Antonio Ríos, pero junto con votar en contra obtendrán su pasaje que los conducirá fuera de los centros de lucha y actividades de la nueva generación y nunca como hoy se aplicará para ellos la amenaza del mismo judío de Galilea y que dice así: «El árbol que no dé fruto, córtese y échese al fuego»... Al fuego de su perdición irán todos aquellos que luchan en contra del Candidato de la Libertad, Juan Antonio Ríos Morales.

Coopere al nuevo orden americano:

Haga circular esta nota de mano en mano.