

● PSF

SAFE FILE: SOUTH AMERICA



*PSF Safe: South America*

DEPARTMENT OF STATE  
WASHINGTON

September 7, 1939.

The Secretary of State encloses copies of the telegrams and despatches indicated below.

Since some of this material was transmitted in one of the Department's confidential codes, it would be appreciated if the enclosures could be returned to the Department as soon as convenient for appropriate disposition.

**Enclosures:**

Telegrams Nos. 79, Bogota;  
101, Managua;  
64, Montevideo;  
65, Montevideo.

PAP

GRAY

BOGOTA

Dated September 6, 1939

Rec'd 10:50 p.m.

Secretary of State

Washington

79, September 6, 7 p.m.

President of Colombia has this afternoon issued  
neutrality decree. Translation of the text is:

"The President of Colombia will observe complete  
neutrality in the present European conflict. The National  
Government will prescribe the necessary measures to  
maintain it, basing them on the principles of international  
law and in accord with the norms established by the pacts  
on the subject."

BRADEN

RR

BJS

This telegram must be  
closely paraphrased  
before being communicated  
to anyone. (br)

MANAGUA

Dated September 6, 1939.

Rec'd 10:54 p. m.

Secretary of State,

Washington

RUSH

101, September 6, 6 p. m. (SECTION ONE)

CONFIDENTIAL

Under instructions from the President of Nicaragua  
the Minister of Hacienda has informed me as follows:

One. The Nicaraguan Congress is passing legislation  
declaring under the constitution a state of national  
emergency under which among other powers (a) the President  
will be granted powers to control prices and (b) the  
commission of exchange control (\*) the power to regulate  
the amount of importations. The latter power would be used  
to prevent speculation in Nicaraguan exchange and the placing  
of large orders for goods based on the fear of world short-  
age and currency depreciation.

Two. Nicaragua wishes to establish such control be-  
cause it is felt that continuation of the war will mean  
disintegration of the coffee market its main source of  
divisen. It is its intention to maintain exchange at five  
to one. Should orders for imports placed speculatively  
and to avoid failure to obtain sufficient goods be continued

the

BJS -2- 101, September 6, rec'd 10:54 p. m.

the demand for divisos would quickly exceed the available dollar exchange, blocked balances again increase, the price of the cordoba rise (?) ~~is~~ <sup>far</sup> above its present street rate of six to the dollar, and the consumer be unable to purchase

Three. Nicaragua's trade must under existing conditions be principally with the United States since European trade is out of the question and Japanese trade is on a strictly compensatory basis. It is intended under the control of importations to permit the entry of necessities only such as cotton goods, flour, et cetera but not of alcoholic beverages, perfumes and other luxury articles. (END OF SECTION ONE)

NICHOLSON

CFW

(\*) apparent omission

CJ  
This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (br)

MANAGUA

Dated September 6, 1939

Rec'd 10:36 p.m.

Secretary of State,  
Washington.

RUSH

101, September 6, 6 p.m. (SECTION TWO)

Four. Articles VI and VII of the trade agreement appear to relate to import regulations. Nicaragua therefore proposes to give notice in writing under VI paragraph 2 (b) as a quantitative restriction to regulate the market supply and there is required thirty days notice in writing prior to establishing such regulation.

Five. It is proposed to work out at once with the Chamber of Commerce and other merchants an understanding that speculative orders would destroy the exchange and correspondingly the ability of the consumer to purchase imported goods. There will accordingly (\*) placed in effect shortly an understanding that divisens will not be available for merchandise ordered in this manner pending establishment of direct control after thirty days from notice in requesting your consideration of the proposed step, the Minister took pains to assure me that Nicaragua must

-2- #101, September 6, 6 p.m. (SEC. TWO) from Managua

must look to the United States for its imports in the present world situation, restrictive control will cease as quickly as the conditions bringing it into effect are (\*)

Please telegraph as soon as convenient whether there is any objection on the part of the United States Government under the trade agreement to Nicaragua's presenting such and establishing such a system. September 6, 7 p.m.

NICHOLSON

JRL:CFW

(\*) Apparent omission

EG

This message must be  
closely paraphrased be-  
fore being communicated  
to anyone. (Br)

Montevideo

Dated September 6, 1939

Rec'd 12:37 a.m., Sept. 7

Secretary of State,  
Washington.

64, September 6, 11 p.m.

Referring to the Legation's telegram No. 61,  
September 5, 9 a.m.

The Ministry of Foreign Affairs today delivered  
to the Legation the text of the decree dated September  
3 proclaiming Uruguay's neutrality in the European war.  
A copy of the decree will be sent to the Department by  
air mail.

DWYRE

RR

BJS

This telegram must be  
closely paraphrased  
before being communicated  
to anyone. (br)

MONTEVIDEO

Dated September 6, 1939.

Rec'd 12:39 a. m.

Secretary of State,

Washington

65, September 6, midnight

Referring to the Legation's No. 63 of today

The Minister for Foreign Affairs informed me today  
that he has received and accepted the invitation of the  
Panamanian Government and that while he would be unable to  
attend he would send one of the nearby Uruguayan Ministers  
to represent him.

DWYRE

CFW

*BoF PSF Safe: South America*

THE UNDER SECRETARY OF STATE  
WASHINGTON

June 14, 1941

My dear Mr. President:

I wish to bring the attached telegram personally to your attention.

It seems to me that the attitude of the Brazilian Government with regard to the Azores question could not be more satisfactory and that, consequently, you may find the cooperation of the Brazilian Government valuable whenever we have to ask for it.

Believe me

Faithfully yours,

Enclosure.

No. 660, June 13, 4 p.m.  
from Rio de Janeiro.

The President,

The White House.

WT

This telegram must be closely paraphrased before being communicated to anyone. (br)

RIO DE JANEIRO

Dated June 13, 1941

Rec'd 5:26 p.m.

Secretary of State,

Washington.

660, June 13, 4 p.m.

Department's 411, June 12, 10 p.m.

Aranha let me copy a part of his recent pertinent note to the Portuguese (\*). His numbered paragraph six reads in translation as follows:

"After having carefully studied President Roosevelt's speech we found nothing therein equivocal in regard to the Portuguese islands of the Atlantic."

His numbered paragraph seven reads:

"The President of the United States speaks of 'the common defense of the continent' and he points to the dangers which menace our hemisphere, indicating the origin of those dangers and their possible development. We do not believe that anyone can read into his words any threat to Portuguese sovereignty but he does indicate the fear of a possible extension of the European war in such a way that Portuguese sovereignty might be menaced by other countries."

CAFFERY

(\*) Apparent omission

EME

RS  
This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (C)

Rio de Janeiro  
Dated June 13, 1941  
Rec'd 4:47 p.m.

Secretary of State,  
Washington.

660, June 13, 4 p.m. (SECTION TWO)

Aranha repeats that if at any time you want  
him to take any steps with the Portuguese in con-  
nection with a threat from European sources against  
the sovereignty of the Portuguese islands he will  
be delighted to cooperate. (END OF MESSAGE)

CAFFERY

GW

DEPARTMENT OF STATE

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**THE SECRETARY**

January 19, 1942

Dear Miss Tully:

At the bottom of the first page of Section 5 of the attached message to the President from Mr. Welles, he requests an authorization from the President before he talks with President Vargas of Brazil this evening at six o'clock.

I thought you would like this to be called to your attention.

John F. Stone

Pres.  
AMT

This telegram must be closely paraphrased before being communicated to anyone. (SC)

Rio de Janeiro

Dated January 18, 1942

Rec'd 6:45 p.m.

Secretary of State,

Washington.

TRIPLE PRIORITY

21, January 18, 6 p.m. (SECTION ONE)

~~STRICTLY CONFIDENTIAL~~ FOR THE PRESIDENT

The highlights of the situation are approximately as follows: two days before my arrival in Rio de Janeiro President Vargas called together his Cabinet and his highest military and naval authorities and told them that he had reached the decision that, both from the standpoint of the highest interests of Brazil as well as from the standpoint of the commitments which Brazil had previously made, Brazil must stand or fall with the United States. He stated that any member of the Government who was in disagreement with this policy was at liberty to resign his position. He received a unanimous vote of approval though the chief of the General Staff and the Minister of War both of whom had during the earlier months of the war been unquestionably under the belief that Germany would

DECLASSIFIED

State Dept. Letter, 1-11-72

By J. Schauble Date \_\_\_\_\_

FEB 7 1972

triumph

*Answered 3 p.m. Jan 19*  
*HR*

-2- #21, January 18, 6 p.m. (SECTION ONE) from Rio de Janeiro.

triumph stated that Brazil's ability to defend herself was very limited and one of the chief reasons for this was the fact that notwithstanding the repeated efforts which the Brazilian Army had made to obtain armaments and munitions from the United States and notwithstanding the repeated assurances which had been given by the United States Government that such help would be forthcoming, up to the present time nothing but token shipments from the United States had been made.

WELLES

JRL

WM

This telegram must be closely paraphrased before being communicated to anyone. (SC)

Rio de Janeiro

Dated January 18, 1942

Rec'd 12:30 a.m., 19th.

Secretary of State,

Washington.

TRIPLE PRIORITY.

21, January 18, 6 p.m., (SECTION TWO).

They stressed particularly the point that even the few small tanks which had been sent without armament and were consequently practically useless. Both the Minister for War and General Goes Monteiro, however, stated that in their considered opinion the policy announced by President Vargas was the only correct policy for Brazil to follow. (I know from outside sources that both Generals have made statements to exactly the same effect to representatives of the Axis powers and to representatives of the Argentine and Chilean Governments.)

In the course of his statement of policy to his Cabinet, President Vargas emphasized significantly that his Government did not have to depend upon the armed forces of the Republic for the control of subversive activities, even including any attempt at a local uprising by German or Italian sympathizers.

He told his

-2- #21, January 18, 6 p.m., (SECTION TWO) from Rio de Janeiro

He told his Cabinet that the Brazilian people were 100% in agreement with the policy upon which he had decided and that the people themselves would be able to take care of any attempts at Axis inspired uprisings.

Since that moment the attitude of the Brazilian Government could not have been finer nor more firm from our point of view. The Brazilian press has cooperated completely in everything we have wanted and the atmosphere consequently created both by the press and by open public sympathy with the United States has needless to say been enormously helpful at this time.

WELLES

ILP

JCG  
This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (SC)

Rio de Janeiro

Dated January 18, 1942

Rec'd 3:45 a.m., 19th.

Secretary of State,  
Washington.

TRIPLE PRIORITY

21, January 18, 6 p.m., (SECTION THREE).

President Vargas has stated to the Argentine Foreign Minister that the Brazilian Government supports the United States completely and that the Brazilian Government considers it indispensable that a joint declaration by all the American Republics for an immediate severance of relations with the Axis powers be adopted at the Conference. He has sent a personal message to that effect by courier to the Acting President of Argentina and he is presently using all of Brazil's very great influence in Chile in order to bring the Chilean Government in line. It is not too much to say that had it not been for the strong and helpful position taken by President Vargas and by Aranha four of the other South American Republics would probably have drifted in the direction of Argentina.

Last night President Vargas sent for me and after I had expressed my deep appreciation of all that he

had been

-2- #21, January 18, 6 p.m. (SECTION THREE) from  
Rio de Janeiro

had been doing to cooperate with us he said that as I knew the decisions of his Government had been taken and that the decisions were final. He continued that as Aranha had told me earlier in the evening the latter had received during the day letters addressed to him on the German, Italian and Japanese Ambassadors. These letters whose texts I had seen stated, bluntly, in the case of the German Ambassador and in a more veiled fashion in the case of the Japanese and Italian Ambassadors that if Brazil undertook to break diplomatic relations she could anticipate a state of war with the Axis powers. (The letters were regarded as personal by the Brazilian Government and they are therefore anxious that no publicity should be given to their contents as yet).

WELLES

KLP

BAS  
This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (SC)

Rio de Janeiro  
Dated January 18, 1942  
Rec'd 6:17 a.m.; 19th

Secretary of State,  
Washington.

TRIPLE PRIORITY

21, January 18, 6 p.m. (SECTION FOUR)

President Vargas then went on to say that the decision reached by the Brazilian Government implied inevitably that she would soon be actually at war. He said that the responsibility which he had assumed on behalf of the Brazilian people was very great. He said that it was peculiarly great because of the fact that notwithstanding all his efforts during the past eighteen months to obtain at least a minimum of war supplies from the United States I myself knew what the result of his effort had been. He said that he felt that in view of the present circumstances he could depend upon you better than anyone else to understand his crucial difficulties. He went on to say that obviously Brazil could not be treated as a small Central American power which would be satisfied with the stationing of American troops upon its territory, but that Brazil rather has a right to  
be regarded

-2- #21, January 18, 6 p.m. (SECTION FOUR) from  
Rio de Janeiro

be regarded by the United States as a friend and ally  
and as entitled to be furnished under the Lend-Lease  
Act with planes, tanks, and coast artillery suffi-  
cient to enable the Brazilian Army to defend at  
least in part those regions of northeastern Brazil  
whose defense is as vitally necessary for the  
United States as for Brazil herself.

WELLES

NPL

BS

This telegram must be closely paraphrased before being communicated to anyone. (SC)

Rio de Janeiro

Dated January 18, 1942

Rec'd. 6:05 a.m., 19th

Secretary of State,  
Washington.

TRIPLE PRIORITY

21, January 18, 6 p.m. (SECTION FIVE)

In view of the nature of the conversation I regarded it as inexpedient to take up with the President the issue of the stationing of United States forces in northeastern Brazil in line with the understanding which I reached with General Marshall before I left Washington. Personally I have no doubt that this issue can be met successfully and that the Brazilian Government will agree thereto provided the Brazilian army is given at least a minimum of materiel requested by President Vargas.

The conversation I had with the President was at a large gathering and I could only speak with him for a few moments. He has asked me to come to see him alone tomorrow, Monday, evening at six o'clock. I should like to be specifically authorized by you to state in the course of that conversation that I have communicated directly with you and that you

have

-2- #21, January 18, 6 p.m. (SECTION FIVE) from  
Rio de Janeiro

have authorized me to say to him as Chief Executive of one great American nation to the Chief Executive of another great American nation and also as a personal friend that if the President will give me a list of the minimum requirements needed urgently by the Brazilian army for the proper protection of northeastern Brazil you will give orders that the items contained in that list will be made available to the Brazilian Government at the first possible moment subject only to the exigencies of the present defense requirements of the United States of America and to any subsequent modifications that may later be agreed upon by the United States and Brazilian General Staffs.

WELLES

EMB

KD

This telegram must be closely paraphrased before being communicated to anyone. (SC)

Rio de Janeiro

Dated January 18, 1942

Rec'd. 5:50 a.m., 19th

Secretary of State,

Washington.

TRIPLE PRIORITY.

21, January 18, 6 p. m. (SECTION SIX)

As I knew you will appreciate the issue involved is one of the highest national importance. We cannot afford to treat Brazil any longer as the War Department has been treating her now that she is coming into the War on our side, and expect to make it possible for President Vargas to hold his army and his public opinion in line with the policy upon which he has decided. Like all armies, the Brazilian High Command is not inclined to be enthusiastic about getting into war if they have none of the basic elements for defense. If they are not promptly given the necessary assurances and if they are not able to see with their own eyes before long some concrete evidences of help coming, exactly that kind of a situation which the Nazis could use to their best advantage will be created.

The problem is one of such critical importance that I have

-2- #21, January 18, 6 p.m.(SECTION SIX), from Rio de Janeiro.

that I have felt it necessary to bring it to your attention immediately. I shall deeply appreciate it if you can let me have a favorable reply before my interview with President Vargas tomorrow evening.

I have talked frequently with General Marshall about this general question. His point of view has been that it is not safe to entrust the Brazilian army with effective weapons which might be used against us. On the other hand any revolutionary movement in Brazil at this time would have almost fatal repercussions and the effort which we would be forced to undertake, if in such a contingency we felt it necessary to move by force into northeastern Brazil, would be far greater than we care to envisage, particularly at this moment.

Weighing the two possible dangers in the balance, I am myself convinced that we would come far nearer to playing safe by giving President Vargas the minimum of what he requires than by holding aloof as we have done so far.

(END OF MESSAGE).

WELLES

RDS

~~SECRET~~

*Safe: S. American*

*Box*

WAR DEPARTMENT  
WAR DEPARTMENT GENERAL STAFF  
MILITARY INTELLIGENCE DIVISION G-2  
WASHINGTON

March 16, 1942.

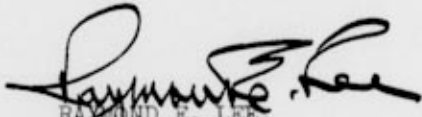
MEMORANDUM FOR GENERAL WATSON:

Subject: Secret German radio stations.

With reference to our telephone conversation a few minutes ago, I discovered this morning that:

a. F.B.I. prepared a study in February 1942, giving the exact location of one station (including street address in Rio de Janeiro) and the approximate locations of the four other operating stations (one in the vicinity of Santiago, Chile; three in the vicinity of Rio de Janeiro). The study includes names and locations of agents, types of information transmitted, etc.

b. The U. S. Navy is furnishing the equipment for a party being arranged for by the State Department to go to Brazil and assist the Brazilian Government to locate stations accurately in preparation for their elimination.

  
RAYMOND E. LEE,  
Brigadier General,  
Assistant Chief of Staff.

**CLASSIFIED**

E. O. 11652, Sec. 3(E) and 5(D) or (E)

NND

760111

By SLR

Date APR 22 1976

~~SECRET~~

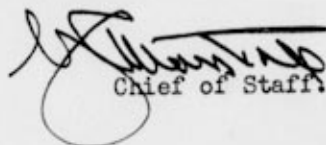
**WAR DEPARTMENT**  
**OFFICE OF THE SECRETARY**  
**MEMORANDUM**

March 16, 1942

MEMORANDUM FOR  
THE PRESIDENT:

Attached is a report from General Lee, which indicates the extreme hazards to which our overseas troop movements are exposed.

The loss of the "Queen Mary" with 9,000 American soldiers aboard would be a tragic misfortune and would inevitably produce heavy political repercussions. We must make such shipments, but it seems most unfortunate that we cannot better protect ourselves.

  
Chief of Staff

[REDACTED]

WAR DEPARTMENT  
WAR DEPARTMENT GENERAL STAFF  
MILITARY INTELLIGENCE DIVISION G-2  
WASHINGTON

March 16, 1942.

MEMORANDUM FOR THE CHIEF OF STAFF:

Subject: Secret Radio in South America.

1. The following news was radioed from a secret station, believed to be in the vicinity of Rio de Janeiro, South America, March 7th, to Germany:

"At 9:45 local time on March 6, the Queen Mary arrived with troops from the South."

Received G-2, March 12th.

On the same date a radio message from the same source stated:

"Queen Mary took on 1,500 tons oil and provisions. Leaves March 7th."

Received G-2, March 12th.

On the same date:

"Queen Mary has on board Indians, Africans, English. Tanks; dismantled airplanes; came from D.E.I. by way of S. Africa."

Received G-2, March 12th.

On March 8th:

"Queen Mary left today two o'clock Middle European time."

Received G-2, March 12th.

[REDACTED]

REFUSSE

R. O. 11652, Sec. 3(E) and 5(D) or (E)

UND 760111

By SLR

Date APR 22 1976

On same date:

"Queen Mary left March 8th, 18:00 o'clock local time."

Received G-2, March 12th.

2. The following was picked up by F.C.C. during March 13th:

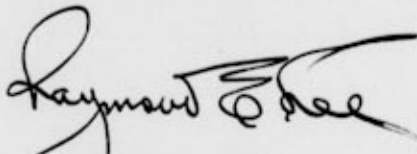
"Rome announced, without citing source, that a report claims the British liner "Queen Mary" which left Rio de Janeiro a few days ago with 10,000 United States soldiers aboard, had been seriously damaged by a torpedo and is now attempting to reach the Falkland Islands."

3. The history outlined by the above dispatches and radio broadcast demonstrates the extreme hazard to which our ocean transport is exposed by the existence of these secret German stations in South America.

The same is true to some extent of the movement of our airplanes across Brazil, the arrivals and departures of which are promptly reported.

These illicit stations are operating without control by the local governments concerned.

The Queen Mary is actually loaded with 9,000 American troops.



RAYMOND E. LEE,  
Brigadier General,  
Assistant Chief of Staff, G-2.

NND 76041

*Safe: S. America*  
~~SECRET~~

*S. America*  
~~SECRET~~ 6

DECLASSIFIED

E.O. 11652, Sec. 3(E) and 5(D) or (E)

*DoD Memo 3 May 72*

By *ALT* NARS, Date *11/25/85*

WAR DEPARTMENT  
OFFICE OF THE CHIEF OF STAFF  
WASHINGTON

March 18, 1942.

MEMORANDUM

Subject: Latin American officials suspected  
as Axis agents.

Herewith is a summary of three cases in which Latin American officials were apparently attempting to gain information in the United States for transmission to the Axis powers.

EDUARDO PATOW DEL BUSTO, Peruvian.

On January 25, 1942, two special dispatches were received in the War Department from a special source, disclosing that Eduardo del Busto, son-in-law of the Peruvian Minister of War, General de la Fuente, was planning to visit the United States to act as a Japanese spy. His visa to enter the United States had been granted on January 3rd by our State Department. His visa was subsequently cancelled on January 21st. Our Military Attache in Peru stated that the cancellation had perhaps caused some anti-United States feeling.

CAPTAIN TULIO NASCIMENTO, Brazilian Army.

On February 19, 1942, a similar dispatch was decoded by the United States Coast Guard which stated that a Brazilian Captain in the service of the Axis would visit the United States at the invitation of General Lehmann Miller and would act as an informant after inspecting arsenals and aircraft factories.

It was later learned that a Captain Tulio Nascimento had approached the Sperry Corporation, Brazilian Minister of War, and General Miller, and requested permission to proceed to the United States at his own expense to pursue a practical course of instruction at the factory of the Sperry Corporation, and had obtained their approval. G-2 cabled General Miller that it would be impossible to arrange for Captain Nascimento to study the manufacture of fire control directors in the United States, and no permission will be granted this officer to make visits to confidential factories should he arrive.



~~SECRET~~

~~SECRET~~

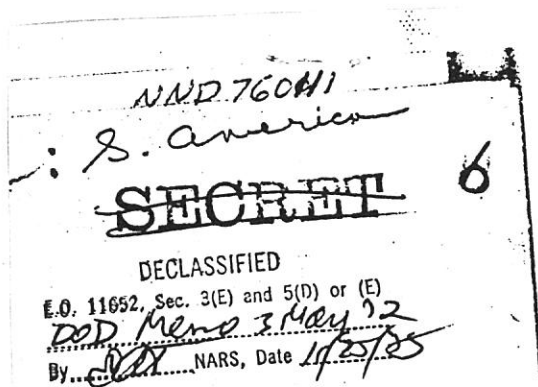
COLONEL MARTINEZ ERDOZAIN, Argentine Army.

In the latter part of February, 1942, six Argentine officers were detailed to attend the Armored Force School at Fort Knox. Among them was Colonel Martinez Erdozain. Colonel James C. Crockett, G-2 of the Armored Force, invited these officers to dinner and was surprised to find that Colonel Erdozain had been a fellow student of his at the German Kriegsakademie in Berlin. They conducted their conversations during the evening in German, that being the only language common to both.

Colonel Erdozain informed Colonel Crockett that a group of Argentine officers had been invited by the German Army to observe certain armored operations in Germany. He said that he had been unable to accept the offer himself on account of his detail in the United States but that he hoped to proceed to Germany following his departure from this country.

Colonel Crockett gathered that the German invitation was still open to Colonel Erdozain after his completion of duty in the United States and upon his return to the Argentine.

The full texts of the dispatches concerning Eduardo del Busto and Captain Tulio Nascimento, Brazilian Army, are available in the War Department.



~~SECRET~~