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CONTROLS

C O N F I D E N T I A L STATE 217145

E.O. 12958: DECL: 11/18/2007

TEXT

TAGS: KNAR, PHUM, PREL, AR

SUBJECT: NAZI GOLD: E SENIOR ADVISOR BENNETT FREEMAN'S MEETING WITH ARGENTINE EMBASSY OFFICIALS

1. (U) CLASSIFIED BY E SENIOR ADVISOR BENNETT FREEMAN.
REASON: 1.5(B) AND (D).

SUMMARY

2. (C) ON NOVEMBER 7, E SENIOR ADVISOR BENNETT FREEMAN MET WITH ARGENTINE EMBASSY DCM SANTOS GONI TO BRIEF HIM ON THE HISTORIAN'S FORTHCOMING REPORT ON U.S. AND ALLIED WARTIME AND POSTWAR NEGOTIATIONS WITH NEUTRAL STATES ON LOOTED GOLD AND OTHER GERMAN ASSETS. HE ALSO STRESSED USG INTEREST IN THE HISTORICAL REVIEW COMMISSION WHICH THE GOA HAS ESTABLISHED. HE SOUGHT THE IDENTITY OF THE GOA DELEGATION TO THE LONDON HISTORICAL CONFERENCE (EMBASSY WILL CHECK), AND ENCOURAGED CONSIDERATION OF AN ARGENTINE CONTRIBUTION TO AN INTERNATIONAL FUND FOR HOLOCAUST SURVIVORS IN CENTRAL AND EASTERN EUROPE. GONI WAS ACCOMPANIED BY EMBASSY ECONCOUNS FRYDMAN AND POLOFF BELTRAMINO. ARA/BSC DESKOFF SANDERS (NOTETAKER) ALSO PARTICIPATED.

HISTORIAN'S REPORT

3. (C) FREEMAN OBSERVED THAT THE HISTORIAN'S PREVIOUS PRELIMINARY STUDY HAD FOCUSED HEAVILY ON SWITZERLAND AND HAD TREATED OTHER NEUTRALS SUCH AS ARGENTINA AND FOUR OTHER WARTIME NEUTRALS (PORTUGAL, SPAIN, SWEDEN AND TURKEY) IN RELATIVELY SUMMARY FASHION. THE NEXT REPORT WOULD COVER ARGENTINA IN MORE DETAIL. HE SAID THAT THE REPORT WILL INCLUDE STATEMENTS THAT:

-- ARGENTINA WAS ALONE AMONG THE AMERICAN REPUBLICS IN ADOPTING A NEUTRALITY DURING WORLD WAR II WHICH FAILED TO SUPPORT THE USG AND THE ATLANTIC ALLIANCE. IN FACT ARGENTINA GAVE SYMPATHY AND SUPPORT TO GERMANY UNTIL THE WAR WAS ALMOST OVER.

-- ARGENTINA REFUSED TO SEVER DIPLOMATIC AND COMMERCIAL RELATIONS WITH THE AXIS, PERMITTED CLANDESTINE TRADE WITH GERMANY, CONDONED AXIS ESPIONAGE OPERATIONS AND COOPERATED WITH GERMANY IN UPSETTING REGIMES IN OTHER SOUTH AMERICAN COUNTRIES. NAZI INFLUENCE IN ARGENTINA INCREASED FOLLOWING THE ACCESSION TO POWER OF GENERAL EDELMIRO FARRELL AND COLONEL JUAN PERON IN 1944.

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-- U.S. AND ALLIED ATTEMPTS TO MOUNT AN EFFECTIVE RESPONSE TO NAZI ECONOMIC PENETRATION OF ARGENTINA WERE HAMPERED BY DIFFERENCES BETWEEN THE TREASURY AND STATE DEPARTMENTS AND BETWEEN THE U.S. AND BRITAIN. TREASURY FAVORED MORE AGGRESSIVE ACTIONS AGAINST ARGENTINA; STATE FAVORED MORE CAUTIOUS DIPLOMACY. FOR ITS PART, BRITAIN WAS DEPENDENT ON ARGENTINE MEAT DELIVERIES AND WOULD NOT SUPPORT STRONG SANCTIONS.

-- ARGENTINA SIGNED THE ACT OF CHAPULTEPEC, THE CORNERSTONE AGREEMENT FOR POSTWAR COOPERATION AMONG THE AMERICAN REPUBLICS, IN MARCH 1945, WHEN IT DECLARED WAR ON GERMANY ONLY WEEKS BEFORE THE LATTER'S SURRENDER. THE ACT LIMITED THE U.S. AND ITS ALLIES TO AN OVERSIGHT ROLE IN THE "SAFEHAVEN" PROGRAM IN ARGENTINA, WHICH WAS ESTABLISHED TO ELIMINATE AXIS FIRMS BY LIQUIDATION, EXPROPRIATION, AND FORCED SALE.

-- THE FINAL SAFEHAVEN REPORTS OF 1946 CONCLUDED THAT ARGENTINA HAD NOT BECOME A HAVEN FOR LOOTED GOLD OR ASSETS. RECORDS OBTAINED BY THE U.S. EMBASSY IN BUENOS AIRES DID NOT REVEAL THAT ANY GOLD IN ARGENTINA HAD COME FROM AXIS SOURCES, AND NO CACHES OF GEMS OR ART TREASURES LOOTED BY GERMANS WERE OFFICIALLY UNCOVERED.

-- BY THE END OF 1946, U.S.-ARGENTINE RELATIONS HAD IMPROVED, AND THE U.S. VIEWED ARGENTINA AS AN ALLY AGAINST THE SPREAD OF COMMUNISM AND A PROSPECTIVE MEMBER OF A WESTERN HEMISPHERE MUTUAL DEFENSE PACT (THE RIO PACT, ULTIMATELY CREATED IN SEPTEMBER 1947).

-- WHILE THE U.S. HAD BECOME AWARE DURING THE WAR OF EXTENSIVE COMMERCIAL RELATIONS BETWEEN ARGENTINA AND SWITZERLAND INVOLVING GOLD, IN DECEMBER 1946, THE TREASURY DEPARTMENT DETERMINED THAT THE CURRENT STATUS OF U.S.-ARGENTINE RELATIONS PRECLUDED INVESTIGATION OF RUMORED ARGENTINE ACQUISITION OF GOLD AND THAT NO NEGOTIATION OVER RESTITUTION OF GOLD COULD BE CONDUCTED.

4. (C) FREEMAN HANDED OVER A ONE PAGE "NON PAPER" SUMMARY OF THE HISTORIAN'S CONCLUSIONS REGARDING ARGENTINA AND ASKED DCM GONI TO PROVIDE ANY OFFICIAL GOA REACTION AS SOON AS POSSIBLE. (COPY OF THIS SUMMARY IS BEING FAXED TO EMBASSY BUENOS AIRES.) HE NOTED THAT THE REPORT WOULD BEGIN WITH AN INTERPRETIVE FORWARD SIGNED BY U/S EIZENSTAT, WHO HAS COORDINATED USG EFFORTS ON THE NAZI GOLD ISSUE. THE REPORT WOULD DISCUSS THE FACTORS WHICH SHAPED USG POLICY AFTER WORLD WAR II ON THE ISSUE; IT WOULD ALSO EMPHASIZE THE POSITIVE STEPS TAKEN BY EACH OF THE NEUTRAL COUNTRIES, INCLUDING ARGENTINA TO ADDRESS UNANSWERED QUESTIONS.

INITIAL REACTION

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5. (C) GONI SAID THAT HE WOULD SEE THAT THE GOA WAS INFORMED IMMEDIATELY. HE THEN OFFERED AN INITIAL REACTION, WHICH HE STRESSED WAS ONLY PERSONAL. HE SAID THAT THE REPORT WOULD HAVE GREAT IMPACT IN ARGENTINA. HE SUGGESTED THAT THE CONCLUSION THAT ARGENTINA HAD BEEN PRO-NAZI REQUIRED SOME QUALIFICATION. THERE HAD BEEN A DIVIDE BETWEEN PRO-ALLIED AND PRO-NAZI FORCES. THERE HAD BEEN A LARGE FACTION IN FAVOR OF BRINGING ARGENTINA INTO THE WAR ON THE ALLIED SIDE, BUT THE DECISION IN FAVOR OF NEUTRALITY, HE SUGGESTED, WAS A RESULT OF ARGENTINA'S ECONOMIC LINKS TO ALL EUROPEAN COUNTRIES, BOTH AXIS AND ALLIED. GONI ALSO SAID THAT IT WAS GOOD NEWS THAT THERE WAS NO EVIDENCE THAT GOLD BELONGING TO VICTIMS ENDED UP IN ARGENTINA, AND URGED THAT THE REPORT NOT RAISE THIS AS EVEN A POSSIBILITY, GIVEN THAT THERE WAS NO MORE THAN "RUMOR" OF ANYTHING MORE.

COMMISSION

6. (C) FREEMAN SAID THAT THE USG WAS IMPRESSED BY THE HIGH QUALITY OF THE PARTICIPANTS ON ARGENTINA'S HISTORICAL REVIEW COMMISSION. HE SAID THAT HE HAD RECENTLY MET WITH ONE MEMBER, DAVID HARRIS OF THE AMERICAN JEWISH COMMITTEE. HARRIS HAD EXPRESSED SOME CONCERN ABOUT MAINTAINING COMMUNICATION BETWEEN THE INTERNATIONAL MEMBERS AND THE LOCAL HISTORIANS WHOSE WORK THEY WOULD REVIEW. FREEMAN ASKED IF MEETINGS WERE PLANNED. EMBASSY POLOFF BELTRAMINO SAID THAT IN FACT HE UNDERSTOOD THAT SUCH A MEETING WAS BEING ORGANIZED. GONI SAID THAT IT WAS IMPORTANT AND POSITIVE THAT ARGENTINA'S EFFORTS TO ADDRESS THE NAZI GOLD ISSUE THROUGH ITS COMMISSION WOULD BE RECOGNIZED IN U/S EIZENSTAT'S FORWARD TO THE HISTORIAN'S REPORT.

LONDON CONFERENCE

7. (C) FREEMAN SAID THAT U/S EIZENSTAT WOULD LEAD THE U.S. DELEGATION TO THE LONDON HISTORICAL CONFERENCE IN DECEMBER. HE ASKED WHO WOULD ATTEND FOR ARGENTINA. HE SUGGESTED THAT U/S EIZENSTAT MIGHT WANT A BILATERAL MEETING WITH THE HEAD OF THE ARGENTINE DELEGATION. GONI SAID THAT HE WOULD QUERY BUENOS AIRES.

CONTRIBUTION

8. (C) FREEMAN OUTLINED THE INTERNATIONAL EFFORT TO MAKE A CONTRIBUTION (AMOUNT AND MECHANISM STILL UNDETERMINED) FOR THE NEEDS OF HOLOCAUST SURVIVORS IN CENTRAL AND EASTERN EUROPE. THE U.S., UK, AND FRANCE WERE WORKING TO CREATE A FUND THROUGH THE TRIPARTITE GOLD COMMISSION. A BILL IN THE

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U.S. CONGRESS IS SEEKING TO APPROPRIATE USD 25 MILLION. AMONG THE NEUTRALS, SWEDEN HAS EXPRESSED SOME INTEREST IN MAKING A CONTRIBUTION, WHILE PORTUGAL AND SPAIN HAVE ALSO INDICATED SOME WILLINGNESS TO CONSIDER SUCH A STEP. FREEMAN URGED THAT THE GOA BEGIN TO THINK ABOUT SUCH A CONTRIBUTION. ALTHOUGH THE LONDON CONFERENCE WOULD NOT BE A VEHICLE FOR SEEKING PLEDGES, IT WAS LOGICAL THAT SOME DISCUSSION OF THIS TAKE PLACE ON THE MARGINS, HE SUGGESTED. GONI SAID THAT HE WOULD SEE THAT BUENOS AIRES WAS INFORMED. TALBOTT

ADMIN
END OF MESSAGE

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