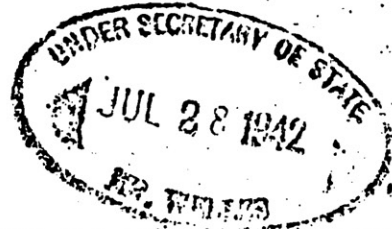




THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

Lima, July 20, 1942.
AMERICAN EMBASSY

Personal and Confidential



Dear Sumner:

The first week after my return to Lima was filled with visits and interviews so that I am well on the way to getting back into my stride here. I have had an interesting and satisfactory talk with the President; have seen Dr. Solf and others at the Foreign Office; and have exchanged news with a large number of Peruvians, Americans, and colleagues of the diplomatic corps. The Chilean Ambassador has been occupied with plans for his return to Santiago so that a meeting of the mediatory representatives to discuss the boundary settlement has had to be postponed until the latter part of this week. However, the boundary situation is satisfactory at present, which opinion is confirmed by Dr. McBride who came to Lima from Quito on July 17th.

President Prado is still glowing with the cordiality and enthusiasm of his visit to the States. His interest in questions relating to economic warfare was stimulated by Colonel Lord's visit. The President continues to be helpful and cooperative and is working along the lines of guiding Peru's economic policy so that the country will realize the necessity of adjusting its standards to the inevitable restrictions that are imposed by the world emergency. He is aware, I believe, that our first consideration must be to win the war and that our cooperation with and assistance to the other American Republics are limited accordingly.

The second matter in which the President is very much interested is the possibility of getting rid of the Japanese in Peru. He would like to settle this problem permanently, which means that he is thinking in terms of repatriating thousands of Japanese. He asked Colonel Lord to let him know about the prospects of additional shipping facilities from the United States. In any arrangement that might

be made for internment of Japanese in the States, Peru would like to be sure that these Japanese would not be returned to Peru later on. The President's goal apparently is the substantial elimination of the Japanese colony in Peru. I have written Breck Long about this.

I also found the President concerned about the situation in Chile. He feels that he will be able to do little toward bringing Chile into the American anti-Axis front. He apparently has been giving thought and effort to it, and he is discouraged about the failure of Chile to stand by the other nations of this continent. President Prado feels that Peru's measures in the interest of Hemisphere defense are threatened by the dangerous and unsatisfactory situation in Chile. In this connection, the action of the Chilean Senate in rejecting Ibanez' nomination as Chilean Ambassador to Peru may be a step in the right direction.

David Dasso is not going to be able again to carry the burden that he has been carrying. The President told me that his Administration has definitely lost the strength that Dasso brought to it. For the present, the President is using Pedro Beltran to follow up some of the work that Dasso had started. No decision has been reached about a new Minister of Finance. Rumor has it that Pedro Beltran, because of presidential ambitions, would not accept appointment as Minister of Finance - a post which means political enemies. Julio East and Manuel Gallagher are mentioned as possibilities. The Embassy also will feel the loss of Dasso's energetic cooperation.

With reference to the boundary settlement, I do not believe that there is any hurry about having Dr. Hitchcock come to South America. It will take some time to bring the Peruvians to agree to some procedure whereby the technical advisers can keep occupied by following closely the work of the Mixed Demarcation Commission. Until then, or until some difference arises between the Peruvian and Ecuadoran Commissions, there is little for the technical advisers to do. I shall discuss this with my Argentine, Brazilian and Chilean colleagues later this week.

My visit home this time was the most helpful one that I have had during my career. Direct contact between Washington and the field is the only solution for effective teamwork during these times of rapidly developing policies and new problems.

With cordial greetings and best wishes,

Sincerely yours,

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