AIR MAIL

Habana, October 5, 1940

Dear Sumner:

I wrote you on October 3 sending you a copy of a letter of the same date which I sent to the Secretary. I am sending you herewith a copy of my despatch No. 395 which, I believe, you will wish to read before beginning the conversations with the Cuban representatives.

Casanova was in yesterday and he is greatly disturbed. We know how bills are railroaded through Congress here and they usually stand up in spite of how irregular the procedure may have been. Casanova says, however, that the procedure in the Senate in connection with this $50,000,000 loan bill was so irregular that he is doubtful whether it would stand if it were ever attacked. It is a factor which I do not believe we can altogether leave out of consideration.

Casanova expressed himself as being greatly concerned about this loan matter. He plans to go to the United States very soon and I think it would be advisable for you to see him as I think he can give you directly some very interesting background. He spoke yesterday in the strongest terms concerning Martinez Fraga, who, he said, had been continuously misinforming the Cuban Government concerning our attitude and concerning what was said to him by officers of our Government. He spoke of him as the evil genius of Batista and of the Cuban people. I naturally refrained from any comment to him.

The Honorable
Sumner Welles,
Under Secretary of State,
Washington, D. C.
Mr. Chadbourne of New York, whom I am sure you know, was in to see me the other day and, on his own initiative, spoke of Martínez Fraga as an utterly irresponsible person who is doing Cuban interests, as well as our own, a great deal of harm. He said that from time to time Martínez Fraga had made statements to him concerning the attitude of our Government, of the Export-Import Bank, and of individuals in our Government, which he knew must be entirely unfounded and he had, on every occasion, warned Fraga to be careful.

As I said in my letter of October 3, some of the most intimate friends of Batista are tremendously concerned with respect to Martínez Fraga. They say that Batista believes whatever Fraga tells him and they know that he must be completely misinforming him concerning our attitude, particularly recently, with respect to loans. Some of these people, of course, are disturbed for personal reasons because of the influence which Fraga has over Batista, but I think their concern goes deeper because they feel that Batista, under Fraga's guidance, is riding for a fall and that it will involve them.

As I emphasized in the despatch hereto attached, there is no responsible person in Cuba who does not feel that the situation is critical, due to this unwise procedure with respect to the loan, and they consider that it would be a calamity for us to consider a loan without taking into account all the problems involved in our relationships and getting the situation on a sound basis. I am personally convinced that, unless we proceed at this time firmly and with the utmost care, we will have chaos here, and if we give a loan of any kind in any amount without full consideration and agreement on a wide variety of problems, we are going to precipitate chaos in any event.

Although I sent word to Batista in the usual manner that I would be glad to see him at any moment, I have now been here since Tuesday morning and have
and have had no word from him. I know that he is busy about this question of whether he will actually take office on October 10, but it is not sufficient reason for him not to have seen me as yet, under the existing circumstances.

With all good wishes,

Cordially and faithfully yours,

Enclosure

CMM/hnc