Another of the points which I was requested by President Roosevelt and Secretary Hull to discuss with the Cuban government immediately or as soon as possible after my taking up my duties in Havana was to get settled a debt of some 7 or 8 or 9 million dollars, I forget the amount and I shall have to refer to my records, which the Cuban government owed to Stone and Webster. I think the greater part of this debt represented payments still due and long overdue for the building of the road which ran the whole length of the island. Stone and Webster, as a result of not receiving prompt payment from the Cuban government, had been in bankruptcy for some years. It was doing a great deal of harm to Cuban credit, as Stone and Webster was a well known and respected firm in the United States and had done a good job for the Cuban government. Naturally, private credit was not available to Cuba with this debt outstanding and it made it difficult for any well founded requests for loans from the Cuban government.

As it was very likely that the Cuban government would need some money for certain public works and in which program we wished to aid, it was desirable that this matter should be cleaned up as soon as possible. Therefore almost immediately after my arrival I began to discuss this with President Batista. He recognized the necessity of clearing the matter up. He said the difficulty was that it required a passage of a bill by the Congress and that in order to get some of the members of Congress and an adequate number of members of Congress to vote for the bill it would mean paying some money to them. He quite recognized that our government did not wish any money to be paid and he did not wish any to be paid. I asked him whether he really wanted the necessary legislation to be passed by the Congress. He said that he not only wanted it to be passed but that it would have to be passed. I said that that was fine. I said the next thing to do would be to find out how he could get the legislation passed. He said that that was a matter on which I could help him. He said that of course he had, that is to say his party had, a majority in both Houses of the Congress, but among some of the people
in the parties which formed the coalition behind him were those who would not vote for the bill unless they got some compensation for voting for the bill. I told him that it was very difficult for me to understand this. I thought he had sufficient control over the party to see that any legislation was passed. I was asking this merely for information. He said that he had to tell me very frankly that there were some of these people whom he could not control in a matter of this kind and he repeated that I would have to help him. I asked him how he thought I could help in the matter. He said first of all I could help in the matter by making it clear to everybody that there was to be no money paid and to make clear what the attitude of the Embassy was. I said this was a matter of local legislation and that it was the sort of thing in which our government did not intervene. This was a matter of policy for the Cuban government and it was one where he would have to take the initiative and carry through. The President said he quite understood all this but that he was sure that the Embassy would be approached about this matter and that if we took a certain definite stand there and made it clear that no money would be paid, that it would be very helpful. I said that of course there was no question as to what the attitude of the Embassy would be when it was approached, but we would not take any initiative in the matter.

He then went on to say that it was very important that Stone and Webster make it clear that they were not going to pay anything. I told him that Stone and Webster was not in a position to pay anything. They were in bankruptcy. They were in the hands of a receiver. I said that I was sure Stone and Webster knew that if they did try to influence legislation through payment of money that our government would remove its support from the whole matter, and we were definitely supporting now the Stone and Webster claim, which was well justified. The President said that that was very important. He asked me to think about how I could be helpful in the matter and how I could be helpful to him, because it was he who would have to carry the burden of seeing that this matter got through the Congress and it should
be done very soon.

I began to think about ways that I could be helpful in getting this matter out of the way. I had to do whatever I did in a most indirect way. I therefore decided on the following method of approach. I began to invite members of the Congress, irrespective of the parties to which they belonged, whether they were in the government parties or in the opposition, to come to the Embassy Residence in the late afternoon for a cup of tea or for a drink. I would usually ask only three or four at a time. As I had been in Germany and in Austria from 1930 until 1937 and as I had been Assistant Secretary of State, they considered me in the position to give them interesting and useful information concerning Europe. All these men were interested in the outcome of the war. They were wholeheartedly with us in the war effort. They were anxious that Cuba should do what it could within her capacity. I therefore talked to them about Europe, about the problems of the war, about what had brought about the war, about what had happened in Germany and in Austria, about what had happened to countries like Belgium and Czechoslovakia and Poland. I spoke of the weakness of the Nazi regime, of its objectives of world domination. I spoke to them as interestingly as I could. They asked many interesting questions which provoked further information. I spoke to them as though they were statesmen and as though they were really aware of many of the things which I was talking about.

It required a good deal of effort after long days in the Embassy to carry on this sort of conversation in the afternoon at the house. I felt that it was useful. I never once mentioned in any of these conversations with these various groups anything about the debt agreement or the bill before the Congress. I made no reference to Stone and Webster or to anything in the most remote way connected with this problem. The gatherings were purely social gatherings. Most of these members of the Senate and the House of Representatives, and particularly the latter, were men whom a foreign Chief of Mission would not ordinarily meet in any way during
his life in Cuba. It was therefore a rather novel experience for them to be asked in this informal way to an Embassy, and especially to an Embassy of the importance of that of our country. That alone pleased them. They were pleased, I think, with the way in which we treated them in the residence. I talked to them as responsible men who had their own opinions about things and I did not endeavor to influence their opinions. Although it was in a way hard work I continued these efforts for some months. The President heard about it and was very much pleased and told me that it was having a tremendous effect. He said that it was the most useful thing that I could do. There was no more effective way in which I could help him in getting the passage of the bill, because these men were flattered that I was treating them as equals and that I was giving them such interesting information concerning things which were remote from Cuba but which were vital to Cuba and in which some of them, although not too well educated, were really interested. I told the President that I thought it was the best way I could be of help and I was glad to know he thought it would be helpful.

It looked as though the bill was ready for passage. The President told me he was going to see that days were fixed for voting in both Houses. He said he felt the time was ripe. A few days before the date for voting on the bill was fixed in the House of Representatives a group of 6 or 7 members of both houses came to see me in the Embassy. They told me that they wanted to see this bill pass, but that it was not going to pass. There were certain people who were expecting money for their vote and it was useless to expect that they would vote for the bill without being paid. I led them on a little bit and I gathered that they were thinking in terms of several million dollars as the payoff. I knew that these men were talking really for themselves rather than for others. However, I took them on their own evaluation and spoke to them as though they could not be influenced by money and that they were really concerned about passage of the bill. I told them that the bill was going to pass and that I thought that everybody
should get on board the bandwagon. I was not interfering in anything connected with the work of the Congress. I couldn't in any way be brought into it. I did know enough about practical politics to know that when the government wanted a bill to pass the Congress in so important a matter as this, it would be pretty bad for any particular member of Congress who was dependent on his future in the Congress to vote against such a measure, particularly when it was so much in the public interest. They caught the point. All except one, when the bill came up for final passage, voted for the bill, and the debt settlement was made.

In connection with the settlement of this matter and the passage of this legislation it is, I believe, worth while to take note of the following. Immediately or shortly before these bills were voted upon and just about the time these members of Congress came in to see me to make it clear that something would have to be paid to the members of Congress and a very considerable sum at that, one of the most important American businessmen in Cuba came to see me. I say important in the sense that he occupied one of the most important positions among American businessmen in Cuba. He was the head of a very important company in Cuba. I had seen very little of him up to that time during my stay in the Embassy. I understood that he was rather rough and arbitrary and a difficult person. I understood that he led a rather disordered life but was considered a good businessman by his principals in New York. He didn't seem to be too popular among the Americans or the Cubans. I understood that his company was one of those which endeavored to get his problems settled with the government by bribes and irregular methods. I will say that it was one of the two or three American companies in Cuba which were, to my knowledge, using methods of this kind. Most of the American businessmen in Cuba conducted their business in entirely correct ways.

This man came to see me in a very angry mood. I received him courteously, as I would any American coming to the Embassy. He said that he understood that Stone and Webster and the Embassy were taking the position that nothing should be
paid to legislators in connection with the passage of this bill for the liquidation of this long-standing debt. I told him that so far as I understood Stone and Webster was not paying anything and wouldn't pay anything and shouldn't pay anything. So far as the attitude of the Embassy was concerned, it certainly was to the effect that Stone and Webster should not pay and that no one should pay anything, and that the bill should be passed on its merits. This was a matter for the Cuban government to decide. He then said very roughly and in a most obnoxious way that I was bothering in a matter which was none of my concern. It was something that the Embassy should stay out of. This bill would not pass unless the legislators got paid off. It was a practice in Cuba to do things that way and this bill would not pass if the pay-off was not made. He knew it would not pass if the pay-off was not made. He said that I should keep my hands out of the matter and that our government should keep its hands out of the matter and that we should let it be known that we were not interested whether any money was paid or not. He said that Stone and Webster could well pay several million dollars out of the 8 or 9 that they were expecting to get to get this matter settled.

I said first of all I was to remind him that with respect to his last remark Stone and Webster had suffered materially through this matter over the years. They had carried through an honest job and they could expect proper payment. There was no reason why they should pay anything to get this matter settled. Our government was solidly behind them in this matter. I then asked him whether he had any personal interest in this matter. He became very indignant. He said, "Why should I have any interest in this matter? It has nothing to do with my business." I said, "You have just been saying to me that the Embassy and I are bothering in a matter which is not our business. We are not doing what you think we are doing, but we are attending to our business in the way that we should attend to our business. You seem to be, according to your own statement, bothering about a matter and interfering in a matter which is none of your business."
I went on to say that so far as his approach was concerned, what he had said, etc., it was most improper and objectionable. I wanted him to leave my office without any further conversation. I was going to call his boss in New York that same evening and tell him about this improper conversation. I thought his usefulness on the island was finished. Certainly I should think that his usefulness to his company was finished. His reply was, "Call the boss in New York and he'll tell you what I have said."

I happened to know the head of this company which this man was representing and I seriously was considering calling him, as I thought a man of this kind was no proper person to head the important interests of an American company in Cuba. Within an hour or so after this man had left my office he called me on the telephone. He said, "Have you called New York?" I said, "I haven't done so yet," but I intend to." He said he hoped that I would not do so. He said that he would like to come in and express his apologies for what he had said and how he had behaved. I told him I was not interested in his excuses or his apologies and that it was not necessary for him to come in to see me. He said, "Will you call the boss in New York?" I said, "That is a matter that I am keeping under advisement."

It was not long afterwards that he was removed from his post. I had nothing to do with it because I did not communicate with the head of the company. I intended to have a talk with him the next time I went to New York. Apparently this man, after having been to see me, went out and told some of his friends what he had just said to me in the Embassy and it was from these friends that the matter came to the attention of his chiefs in New York and they, without any action on the part of the Embassy, separated him from his duties in Havana.

Parenthetically, I may say that in all my long experience in Latin America and in various countries I have met only a few American businessmen who took this attitude.

Much has been said about the superior quality of European businessmen in
Latin America over our American representatives. My experience has been fairly wide in the Argentine and in Chile and in Cuba and in Mexico and in Brazil, as well as Uruguay and Paraguay. In 1928 and 1929 at the request of President Hoover I undertook a mission which involved the determination of whether American businessmen were interfering in local politics, and if so in what measure, and also to what degree their methods were correct from our points of view in the United States. I was not able to visit all of the countries which I was supposed to visit, but I was able to report definitely on Argentina, Chile, Paraguay, Uruguay and Brazil. Before I could visit the other countries I was transferred during 1929 to Berlin. I found that the quality of our American business representation in Latin America was as high as that of any other country and in my opinion higher. So far as our procedures were concerned, they were certainly in most cases more ethical than those of some of the businessmen of other countries. We were more regardful of the law and almost without exception endeavored to carry through the letter of the law of the country in which the company was working. I have often wondered how this conception, or rather misconception, of the American businessman came to be rather current. I think it is due to the fact that we learn languages with more difficulty than the Europeans. The Belgians, the French, the Dutch, the Italians, the Germans when they go to these countries in Latin America make it a point to learn the language as one of the first things they do and usually learn it adequately. We Anglo-Saxons, that is the British and ourselves, seem to have a good deal of difficulty in learning foreign languages. The situation over the years has completely changed. There are very few American businessmen in Latin America who do not have a good command of the language.

In one respect the American and British businessmen have not been as alert as some of the Europeans. The Europeans, particularly the Germans and the Italians, settle down in the country where they go for life. They identify them-
selves very closely with a good many interests in the country. Aside from learning
the language many of them, as they plan to stay in the country indefinitely, marry
and raise their families in the country. In accordance with the laws of these
countries, the children born in the countries have the nationality thereof and in
the case of many of the Europeans settled in these countries, the children opt the
nationality of the country. The American and the British businessman does not go
off, or rarely, with the intention of staying. He wants to do his job well while
he is there but he is usually looking forward to another post in the company which
is more important in some other country, or he is looking to advancement in the
organization of the company itself. In most cases he is looking to eventual return
to the United States.

This is a very inadequate statement with regard to this particular situa-
tion and I will refer to it in another memorandum at greater length, as it is a
matter of primary importance. It is sufficient to say here that at this date
there are no foreigners resident in the Latin countries of America who are taking
more interest in really promoting the economy of the country and the interests
thereof and the mutual interests of our country and of the country in which they
are resident, than are our American businessmen. I have known our businessmen in
Europe in the large centers such as London and Paris and Berlin and Vienna, and we
do not have any higher type of representation anywhere in the world than we do in
Latin America today.