Dear Averill,

I am very sorry I did not see you the last two trips I made to Washington, but I know your occupations, especially these days. I think I am one of those who know what the burdens on some of our most responsible officials are in these difficult times, and it often seems to me that the tasks which some of you have to carry are beyond human strength. Not having had the opportunity of seeing you there are certain thoughts which I would like to convey to you as I believe they may be of interest to you at this time.

You know that I have followed closely for many years the European picture and since 1937 have followed very closely developments in this hemisphere as well. No one can believe more than I in the imperative necessity of our implementing to the full the Marshall Plan both with respect to Europe and the Far East. I believe that whatever the sacrifices involved are, and they are tremendous, we will have to carry through. While no one can tell whether we will succeed, we must take all of the risks involved for the result of inadequate implementation would be certain disaster for us and for all freedom-loving peoples. In the ways which are open to me as a private citizen, I have tried to make my friends in all parts of the country understand this.

I am, however, deeply concerned because I believe that many of us in this country, both in government and in private life, have not been giving adequate attention to the economic problems of some of the American countries, and the problems of some of these countries are very pressing. It is my conviction that if we do not keep our house in this hemisphere in order, we will not be able to carry through our obligations further away. We learned during the war how important some of these American countries are to us in our own economy and in the war effort we had to make. It is my considered opinion that we will not be able to carry through adequately the full implementation of the Marshall Plan in Europe and the Far East if we do not have the same kind of collaboration in the future, both economically and politically, from these other American countries, as we have had in the past. The tendency so common among many of us to believe that because these countries are relatively weak economically they are less important to us...
is a very dangerous fallacy, as you and I know.

One cannot neglect a friend and keep him. At the Defense Meeting of the American States in Rio, had it not been for the understanding and cooperative attitudes of Mexico and Argentina in particular, we would not have had a defense pact. It was these two states who used their influence to convince the other American states to put their economic preoccupations into the background at that meeting on the ground that we would be prepared at the Bogota Meeting to discuss in the most concrete way these economic problems which are pressing in on almost everyone of our neighbors to the south.

Because of close contact with American problems for years, and the relationships which I have with some of the leaders of opinion in these countries, I think I should tell you that some of them are getting very restive. The continued emphasis which we as a government, and which our press, and important spokesmen of our government, are giving to European and Far Eastern problems is understood by thoughtful leaders of opinion in the other American republics. What they cannot understand and what is increasingly causing the uncertainty is that there is no reference, or very little reference to their problems in these public utterances and statements. I can assure you that the position of some of our best friends in the other American republics, who have been helpful to us in so many ways and who wish to remain so, is increasingly difficult, vis à vis, certain public opinion in their respective countries.

I do not know to what degree we have made progress in the agenda and the concrete measures which we are ready to support or oppose at Bogota, but I am very certain that unless these matters are given adequate study by us, the Bogota Meeting will be a decisive failure and the consequences of such a failure in the interamerican structure will be very serious for us as well as these American countries.

I need not say to you that the problems of some of these countries are just as real as those of the European countries concerning which we are now so properly concerned. The inability of some of the American countries to provide themselves with adequate dollar exchange is just as real as that of the European countries. I think we all agree that it is in our interest to protect this position for them as we must do so in Europe. Those of us who think these things through realize that if the Marshall Plan fails, which I do not believe it will, then the Soviet would be on the Atlantic in no time and if, at the same time, interamerican collaboration should have broken down, we would be in a very bad way in this country.

There are a lot of things, even before the Bogota Meeting which in my opinion, prudence and wisdom dictate that we should do.
The temporary financial problems of some of these American countries could be met by us with very small sums, and with good prospects of repayment - something we are not expecting from some other places.

A more realistic consideration of what some of these countries need for their economies in the way of goods would be most helpful and in this respect, the Office of International Trade in the Department of Commerce can be most helpful.

Particularly in this respect, at the risk of making this letter longer than it should be, I must mention at least two concrete examples which have come to my attention and which are very important.

Mexico, for example, needs some oil well pipe anywhere from 2" to 13", some of which is for replacement, some for new wells and some to complete projects under way. I realize the steel situation, and particularly as it applies to oil well pipe, and I know what a problem we have to supply even the pipe for the important Arabian development which is so vital in the oil picture today. On the other hand, the pipe which would meet the present needs of the Mexicans is so small that we could take care of it, but the application of the rules laid down apparently makes it impossible for the people in O.I.T. to permit even a small part of this pipe to go to Mexico and I know it creates tremendous feeling in Mexico which is altogether unnecessary.

I am mentioning this particular incident because it is, in many respects, just as important for us as it is for Mexico that she arrive at a new oil policy and I believe that within a year, if we handle the matter properly, it may be possible for the Mexican government to change its oil policy in a way that will make it possible for foreign companies that can do a job, to do it. If, however, we continue to aggravate the feelings of important people in Mexico by what seems to them a complete lack of understanding of their present immediate problem, we are not going to help ourselves or them in the formulation of a sound oil policy. I do not wish to go into detail so as not to burden this letter, but I can assure you that I know of what I am talking.

Another example of similar pin pricking and lack of understanding has to do with 500 tons of pipe manufactured in the United States some time ago for the use of several sugar mills being constructed in Mexico. The Mexican government has had pending a credit which it is seeking from the Export-Import Bank for these sugar mills for several years and the Bank has not taken favorable action and I think it may not. I am not questioning the attitude of the Export-Import Bank on the credit requested for these sugar mills. What has happened is that the Mexicans have gone ahead with the construction of the two mills and had ordered this pipe which is ready for delivery but which is held up because the O.I.T.
has not licensed. While the Mexicans can understand the Export-
Import Bank not giving the credit, they cannot understand the
license being held up for the exportation of these 500 tons of
pipe for the mills, the lack of which has held up progress on
their construction.

I am informed that the pipe is of a special type and could
not be used for other purposes and for the steel to be used other­
wise, it would make it necessary to re-work the entire lot of
500 tons. I know that the failure to get these 500 tons all ready
for shipment has caused a great deal of dissatisfaction in high
circles in Mexico which are friendly to us, because they cannot
understand our decision.

I have mentioned these two cases simply because they have
come to my attention recently in a very real way. What we have to
do, I think, is to understand that unless these American countries
get some consideration for goods, we are going to create for our-
selves a situation in all of Latin America which is going to have
not only its economic repercussions in those countries and for us,
but also political repercussions which will be most unhappy, and
the support which we have been getting from these countries for
our trade policies and in the United Nations, will be weakened.

The Argentine is a country which is very important in the
American picture and much more so than is realized by some, and
it is going to be increasingly important to us to have the full
collaboration of the Argentine. It is the only country in this
hemisphere, other than ourselves and Canada, which can really
be helpful in the matter of foodstuffs for the implementation of
the Marshall Plan - that is in appreciable quantities. In spite
of certain attitudes of the Argentine government up to now, I am
convinced that if the matter is adequately and discrdty handled
with the Argentine, and in an understanding way, it will be found
that the Argentine government will collaborate fully and effect­
ively. It cannot be done, however, by brow-beating and name-
calling. It can be done through understanding conversations and
through consideration of problems which the Argentine has which
it considers just as real inessence as those of the European
countries.

I think we must bear in mind that the Argentine will be as
much interested in certain equipment as it will be in dollars.
They need the dollars, but when we talk with them, I am sure
that they will say to us that they are more interested in goods
than they are in dollars. I am confident that we will find that
they will be prepared to sell at reasonable prices, and they will
make every effort to move foodstuffs. I am equally confident,
however, that they will expect from us a certain understanding
of their problems. They will say that they understand the need
for certain foodstuffs in Europe, and the aspects of the problem,
and that they are willing to help, but that they have a situation
with respect to certain equipment which for them is just as serious as the lack of foodstuffs is for certain countries of Europe.

One of the principal problems involved in the implementation of the Marshall Plan will be the carrying through of certain controls, and I am sure that this problem is of as much concern to you as it is to thoughtful persons who know so many of the factors involved. It was difficult enough during the war to carry through these controls adequately, and at that time we could call on a much larger reservoir of capacity, more than we would be able to do in this new emergency which is just as real. We have to expect a good deal of difficulty and a good deal of dissatisfaction with the controls which will have to be exercised. There are, however, some things which can be done on the policy level and I am convinced that the approach of some of our people to this question will have to be changed if we are to avoid all sorts of trouble for ourselves. There will be a tendency on the part of those exercising the controls to get everything to Europe and to the Far East on the basis of emergency, and to neglect the American countries. What these American countries need, compared with what Europe and the Far East and our own economy need, is so small that we can take care of it without in any way really depriving ourselves or Europe. But, if we start out with the wrong premise or policy, we are simply going to complicate the implementation of the Marshall Plan from the very outset. Knowing the American countries as I do, I am convinced that we can carry through our obligations in Europe and in the Far East and at home and, at the same time, give to these American countries their essential needs in goods, and I am convinced that we have to do this or we will find ourselves handicapped in the implementation of the Plan. I believe that we have to apply to these American countries the same criteria of understanding consideration that we are applying elsewhere.

This is a very inadequate letter and I must apologize for its length even at that. Knowing you to be interested in all these matters, I have wanted you to have these thoughts for such use as they may have, and I can assure you that I am not seeing Indians behind trees but that the thoughts which I have expressed are based on very realistic factors that I believe we must consider.

Mrs. Messersmith and I are leaving for Mexico on December 12 in order that I may take up my duties there as Chairman of the Board of the Mexican Light and Power Company, Limited. I will be in Washington again during the week preceding our departure and I shall look forward to the pleasure of seeing you then. I shall, undoubtedly, be under the necessity of making occasional trips by air from Mexico City to Washington and New York on the business of my company.

I know the burdens which you are carrying these days and it makes me and many others very happy to know that our government
and people have the benefit of your great knowledge and capacities
and background in these difficult, vital and trying times.

With every good wish,

Cordially and sincerely yours,

George S. Messersmith