Dear Dannie:

I received in due course your telegram of June 30, which you sent to me through Amitas, and referring to the newspaper reports of Secretary Snyder's trip to London. I quite appreciate the considerations which lead you to send me this telegram.

You will recall that by the time I received your telegram, Mr. Snyder had already left for Europe accompanied by Assistant Secretary of Treasury Martin. It was therefore impossible for me to discuss this matter of Barcelona with him. I did see some mutual friends of Mr. Snyder and Mr. Martin while I was in Washington last week and I gathered from them the scope of the serious conversations which Mr. Snyder plans to have in Paris and London. These conversations which I had with common friends of Mr. Snyder, Mr. Martin and myself, convinced me that I had been right in my first impression when I received your telegram, that it would have been unadvisable for me to raise the Barcelona question with Mr. Snyder even though I had the opportunity to do so.

I will not go into detail but there are many disturbing factors in the economic situation which have their repercussion in the political aspects, with which factors you are very familiar because of your broad knowledge of developments in the political and economic picture. I cannot go into this, but certain clauses in the British-Argentine Agreement covering the sale of meat to Great Britain over a period of five years, brought into the foreground certain fundamental conditions. Great Britain, at the same time that she is receiving such broad aid from the United States, is entering into agreements which violate their own agreements with the United States and are also carrying forward a programme of socialization of industry which is unfortunately contrary to the basic principles which still control the economic picture in the United States. At the same time she is engaged in practices which are in violation of trading principles which she has committed herself to and which are the basic policy of the United States and many other countries.
D. N. Heineman, Esq.

July 12, 1949.

I think all thoughtful persons recognize the serious problems of Britain, and certainly the United States has been willing to consider them as has been shown by her concrete and generous acts in recent years. On the other hand, certain policies adopted by the United States, such as the Marshall Plan, can only be carried through with very broad popular support in the United States, and that support is being undermined by certain acts of Britain. So far as France is concerned, she is a somewhat lesser sinner. All these matters are causing big preoccupation for while the United States realizes the inter-dependence of economies, there is a limit to what she can do, and particularly when what she may be doing will undermine her own economic situation. These broad questions which have such realistic aspects are giving great concern to thoughtful people in the United States, and the question as to how long and in what degree the United States can continue certain policies has to receive great consideration and must have equally responsive and great consideration in other countries. This is the sort of thing that was the basis of Mr. Snyder's visit to London and Paris and under these circumstances you will appreciate that as important as the treatment which the Barcelona Company has been receiving from the Spanish authorities is, it is a secondary factor in such basic considerations which Mr. Snyder had in mind, and he would not have thanked me if I had taken up his time to again discuss the Barcelona situation with him at that particular moment. Had Mr. Martin not gone with Mr. Snyder, I would have been able to discuss it with him, but unfortunately both of them left at the same time.

So far as Mr. Snyder and Mr. Martin are concerned, you will recall, too, that I had mentioned to them in the recent past, the extraordinary discriminatory and utterly improper treatment which was being accorded the Barcelona Company by the Spanish authorities. I refer to this in my telegram to you No. 562 of July 7. I am sure that in their general attitude towards Spain and towards certain fundamental problems both Mr. Snyder and Mr. Martin have not been forgetful of this particular aspect of discrimination and improper treatment.

Although I was not able to discuss this matter with Mr. Snyder and Mr. Martin in the sense you had suggested, I was able to give a good deal of time to the Barcelona Company matter while I was in Washington this last trip. I think Mr. Bachrach has quite adequately informed you on the matter, and on my actuation. I will therefore not go into detail, as I am so pressed.

The important thing is, that the Department of State still feels as it has with regard to the Barcelona matter. I was able to determine, that even though the British Foreign Office may not join in a démarche in Madrid on the Barcelona matter, this will not necessarily deter the State Department from taking the step if the Canadians and Belgians do so.
D. N. Heineman, Esq.

There is no doubt that they feel very strongly that the British Government should join in this démarche, and they have good reason for so feeling, because their failing to do so certainly weakens the situation. While the State Department recognizes that the British Foreign Office may not join, it does feel that before it can act, it must know that the Canadian government has explored the situation and endeavored to secure the British participation. This has undoubtedly been already done, as you know better than I. But at least it is desirable that the Canadian government when it approaches the State Department be able to say that it has explored the matter with the British Foreign Office which has shown complete unwillingness to go along.

The other point which I was able to clear up is, that the State Department thinks that the Canadian should really take the lead in this matter. This does not mean that the conversations which the Belgian Embassy in Washington has had with the Department, are improper in any way but it does mean that, as the Company is a Canadian Company, the Department feels the initiative should come from the Canadian Embassy and the Canadian Government and supported by the Belgian Government. I made this attitude clear to Mr. Bachrach who, I am sure, has conveyed it to you and to Mr. Allan Graydon in Toronto.

I was in touch with Mr. Opie while I was in Washington so as to make sure that what we were doing was well coordinated. I was in touch with Mr. Bachrach from time to time while I was North, and I feel sure that he is handling this matter from the New York end very effectively. I am hopeful that by this time the note has been dispatched and that it is in adequately strong terms. While certain diplomatic forms have to be observed in the communication between foreign offices and governments, this does not mean that even in diplomatic language one can be strong and precise in the expression of the duties of governments.

While I was in Washington Mr. Bachrach told me over the telephone, that the Belgian government was planning to raise in the Social and Economic Council in Geneva, in July, the question of discriminatory and improper treatment and he suggested that it would be advisable to mention this to Assistant Secretary Thorp. I had the opportunity of seeing Mr. Thorp, and I mentioned this matter to him. I said that the Belgian Representatives were planning to raise the broad question of discriminatory and improper treatment at the Geneva Meeting in July of the Social and Economic Council and were going to mention the treatment of the Barcelona Company as a specific example. I told Mr. Thorp that as I understood that he was planning to be at this Meeting it would be very helpful if he would consider the possibility of our Representatives saying some proper and adequate thing when the Belgians raised this question. Mr. Thorp said that he was familiar with the broad aspects of the treatment accorded the Barcelona Company by the Spanish government and authorities but that he did not have all the details he would like to have if he was going to talk cognizant if the American Delegation were to do something.
As he had been good enough to give me an interview during a week that he was very greatly occupied, and as it was impossible to take his time with a statement on Barcelona, he, on his own initiative, asked that I send him a very brief memorandum so that he would have it available in Geneva. I told him that I would send him such a memorandum. I informed Mr. Bachrach in the above sense by telephone, and asked him to send me a very brief memorandum covering the salient facts in the Barcelona case, to Mexico City so that I would send it with a covering letter to Mr. Thorp in Geneva, and I will see that he gets it.

Mr. Opie informed me of Mr. Steinbauer also being in Geneva with the American Delegation. I have known Mr. Steinbauer for years as he was a helpful officer in the Economic Section of the State Department when I was stationed in the Department. He is a very intelligent and understanding man.

I gather that Mr. Opie is sending Mr. Steinbauer some information. I think that it would be advisable for Mr. Opie to send Mr. Steinbauer more complete information on the Barcelona matter than I will give to Mr. Thorp in the brief memorandum that I will send him. In any event, Mr. Thorp will depend very largely on Mr. Steinbauer for documentation and orientation for Mr. Steinbauer is one of the leading members of the American Delegation. It will be helpful therefore for Mr. Opie to send to Mr. Steinbauer documentation on Barcelona, but even this documentation should not be too detailed. There should be an adequately comprehensive memorandum for Mr. Steinbauer to which some supporting documents can be attached, but I think it is proper to emphasize that even Mr. Steinbauer is limited by the broad subjects which he has to handle in the amount of reading he can do or in any one particular matter. Any presentation therefore, should be relatively brief.

I think that Assistant Secretary Thorp will be favorably inclined towards the American Delegation making appropriate remarks when the Belgian Delegation raises improper and discriminatory treatment, with Barcelona as an example, at the Geneva Meeting.

For purely background purposes, I also took occasion to mention the Barcelona matter to various high officers of the Department, and I found them familiar with the main aspects of the case.

I see in the Mexico City newspapers that Senator McFadden has succeeded in getting an allocation of fifty million dollars for Spain in the E.C.A. Appropriations Measure as approved by the Senate. I will not go into the background of this, and it is extraordinary that Senator McFadden should lend himself
D. N. Heineman, Esq.

July 12, 1949.

He is a man, however, of limited understanding and intelligence. He does however occupy a position on Senate Committees which enables him at times to go so far, but no further, on certain matters. In view of the definite policy of the United States Government with respect to Spain, and in view of the clearly defined attitude of the President, and in view of the clearly defined attitude of State and other Departments, I doubt very much whether such an amendment as that for which Senator McGovern has apparently been able to get approval of a Senate Committee, will pass the Congress.

With all good wishes,

George S. Messersmith
Chairman of the Board.