

May 15, 1951



Dear Bill:

Your letter of May 8 reached me a few days ago and Marion and I were delighted to have news of you and Jean. I was surprised to learn that you had made one of your commuting trips to New York and I regret that it was so short a trip that we did not have an opportunity to see each other there or in Mexico City. Marion and I left New York for Mexico City on April 3 and since my return here I have had my hands full, and in fact have just been able to keep my head above water.

I think I told you that as soon as we arrived in New York from the Argentine I had to go to bed with a bad attack of grippe which kept me laid up in the hotel for a week, and since that time I have really not felt like myself. I have had a lingering cold which has bothered me continuously a great deal and last week it put me to bed. This is the first day that I am up and I hope to be able to go back to the office. They shot me full of penicillin and streptomycin (which strangely enough was not Squibb's but from one of our competitors here), but it seemed to do the trick, except that it has left me as weak as a kitten. I guess I am getting almost a little too old to try to carry on the way I do.

Aside from all the difficulties one normally has in any business these days in almost any country, we have in addition in Mexlight all the normal and particular difficulties of a public utility. On top of that, we have this tremendous construction program of Mexlight which we have to carry through on schedule because of the importance of each one of the various plants being completed at specific periods, to meet the constantly developing needs of the economy of the central area of Mexico for power.

Now that the financing problems have been resolved, and you know that they were difficult to resolve and that it was almost a super-human task, we are actually carrying through the construction program, and of course are

H. A. Arnold, Esquire,
E. R. Squibb & Sons Argentina, S.A.,
Casilla de Correo 1597,
Buenos Aires, Argentina.

meeting difficulties which we could not foresee some months ago. We would never have been able to carry through the financing problems of so huge a program of construction which involves about 30 million dollars in foreign currencies and about 160 million pesos for local works without the understanding help of the Mexican and United States governments and of the International Bank. Now that the production controls and allocations and priorities have been placed in effect in the United States as an indispensable measure in connection with the defense program which the United States has to carry through in the interest not only of ourselves but of so many countries, it is quite natural that these controls have affected us in Mexico very intimately. We have on order at least several hundred different items of equipment running all the way from big generators and turbines to the smaller accessories. This means that we have to depend upon the production capacity of several hundred suppliers in the United States and elsewhere, and of course principally in the United States, and this means that we have to have the necessary priorities for our equipment. I am glad to say that we are getting the same understanding help from the Mexican and United States authorities in connection with materials as we got in connection with the financing. Without this understanding appreciation of the character of our program, we would not be able to carry through our schedule of works on time and I need not tell you that the failure to get any one of these hundred of items that enter into our program on time would mean delaying the completion and going into operation of one of our new plants, and such delay, even a short one, in our schedule, would necessarily mean tens of millions of pesos in losses to the industries which depend on us for the supplying of the power when they need it. I need not tell you what an impossible task this would be if it were not for the understanding there is all around of the importance of our program to the Mexican economy and to the defense effort in the United States. There is one satisfaction that I and others who are doing this can have, and that is that we know that we are doing something really constructive in the Mexican economy, as well as to help the defense effort and both the Mexican and United States authorities appreciate this.

I am not surprised that on your trip to the United States you found that any private financing in the United States for industrial or other projects in

the Argentine was out of the question for the time being. It is too bad that this should be so, but it is just one of those circumstances that has to be taken into account realistically. There will have to be further lending in addition to the 125 million dollars by the Export-Import Bank to the Argentine before private financing will feel that it can take the risk for any initiative in going to the Argentine. When I left for the Argentine in early January of this year the situation was really better and both private finance and the Export-Import Bank were in a favorable mood towards the consideration of further financing in the Argentine. I know that there was a real desire in both the Export-Import Bank and in the State Department and in other circles in the United States government to endeavor to further additional constructive projects in the Argentine--both projects undertaken by private initiative and also some which the Argentine government might wish to undertake. There was a particular interest in these circles in endeavoring to see what could be done to aid the electricity situation in the Argentine, for as you know, these economic problems in the various countries of the American Republics, are carefully studied in the government agencies in Washington and these realize that the first and basic need in the Argentine is for electricity production, for there is not any use in talking about increasing production or of establishing new industries until there is adequate provision for electric power.

Unfortunately, the developments which have taken place in connection with La Prensa have created an attitude in public opinion in the United States which makes it impossible for the time being for the Export-Import Bank and for the State Department to move. You know that I am one of those who believe, from the knowledge I have of the situation, that the question of the freedom of the press was not the only one involved in the action which the Argentine government took with respect to La Prensa. As a matter of fact, I have gone so far as to say that I think that basically there were internal situations in the Argentine which were more controlling in the Prensa matter than the freedom of the press. I felt it my duty, however, to tell President Peron as a friend that in my opinion the outside world would not understand these internal considerations and could not be expected to, and that in the outside world the action against the Prensa would be and could be considered only as a movement against the freedom of the press. I am afraid that I did not convince the President, and now there is a fait accompli which

is being constantly exploited in the press not only in the United States but in practically all countries. This makes the task of the State Department and of the Export-Import Bank in doing what they would like to do to help in the Argentine situation an almost impossible one for the time being. In fact, if they tried to move at this time in a favorable sense, it would be in the end contra-productive for good results.

I need not tell you how terribly distressed I am about all this, for you are one of those who know how real and unselfish my interest is in all that pertains to the Argentine, and you know how much I have wanted to try to help the President and Mrs. Peron because of the friendly and understanding sentiments I have with respect to them. You appreciate this because you have the same friendly and unselfish sentiments that I have. I have really been distressed beyond measure because I do not know what there is I can do at this time.

I am inclined to think that a great deal will depend upon the way things go in the Argentine. I realize that this is a period preceeding an election and that there are naturally many things which are done which have purely an electoral slant. I am hopeful, however, that some of the constructive measures which the Argentine government had been undertaking will go forward more rapidly and that the Argentine government will show in its acts the really good understanding which I believe President Peron has of the real nature of the times in which we are living and of the great dangers which threaten us. I wish that I could have the same confidence in some of the men on whom the President must depend, that I have in him.

There are of course many things to be considered, but it occurs to me that if La Nacion can really continue as an independent newspaper, it may go a long way to convince public opinion elsewhere that the basic issue in the matter of La Prensa may not have been the freedom of the press. As a matter of fact, I sometimes think that one of the principal hopes which now remains to get anything like a favorable and receptive attitude towards Argentine problems is in this matter of La Nacion. If it is harrassed and burdened and restricted, then I have very little hope that those in the United States who have tried to help the Argentine and the President can have very much success.

I know that the good will to help in the United States exists and I know that there is very real understanding of Argentine problems in high circles in the United States. What everyone who has to deal with the United States must know is that the United States government can do nothing without adequate public opinion behind it.

One of the things which bothers me most is that there persists in certain circles in the Argentine this idea that the Argentine does not need any financing help from abroad. I do not know of any country in the world that in important stages of its development did not need such help. The United States, at one very important stage in its development, needed this help and got it from Europe. There is nothing that affects the dignity or the sovereignty or the self-respect of a country in borrowing money under proper conditions, and certainly the United States has never imposed any improper conditions.

I am sorry to have imposed so long a letter on you, but as I have been confined to the house with this cold, I have been able to attend to some personal correspondence and I could not resist the desire to send you these thoughts which I had the leisure to write you, because of this deep interest I have in the Argentine.

I am going north on the 15th of June to spend a few weeks in New York, Washington and Toronto. I have to make this trip in connection with company meetings which Mexlight is having in Toronto towards the end of June. I hope that while I am in Washington I will be able to see some of those in the government who are really desirous of helping in the Argentine problems and by that time I hope that sufficient water may have run under the bridge and there may have been sufficient constructive developments in the Argentine situation so that there can be some constructive action, or at least the beginnings of consideration of constructive action. For the present it is useless to broach any further action of private credits or government loans--not because good will does not exist but because the background of popular opinion which is necessary for action of government is lacking.

Marion is well but she will not make the trip to New York and Toronto with me, as she enjoyed the trip to the Argentine so thoroughly that she says she is quite happy to stay home for a while. We have had a house full

of guests ever since we returned and will have guests almost continuously until the end of June. Marion and I are looking forward to the time when we will have the pleasure of seeing you and Jean in our home in Mexico City and in Cuernavaca.

I understand that Bill Reece has retired. I am sorry to hear it. He is a fine person. I hope that you will give our good wishes to any of our friends you may see and tell them how much we enjoyed every day of our stay in Buenos Aires and the opportunity to see them.

I almost forgot to tell you one of the principal things I wanted to mention in this letter, and that is that we had a meeting of the Squibb's de Mexico Board the other day and when I told Allen Ellis what a wonderful plant you have in Buenos Aires and what you are doing and how you are expanding penicilin production, etc., he was green with envy. I really congratulate you on what you have accomplished in so short a time.

Marion joins me in affectionate good wishes to you and Jean and I hope the next time you come north you will have the opportunity to send me a word before you leave, so that we may see whether we cannot see each other in New York or here. With affectionate good wishes to you and Jean,

Cordially and faithfully yours,

GSM/cbc