

James H. Heineman
Wooddale Road
Greenwich, Conn.

August 31, 1955

Mr. George S. Messersmith
Sierra Paracaima 1285
Lomas-Barrilaco
Mexico D.F. 10, Mexico

Dear Mr. Messersmith:

I appreciate more than I can say your two last letters and your thoughtfulness in sending me the copies of the letters you sent to Father and to Rene. If I appear late in answering your letters, it is due to the fact that we have closed the house for a couple of weeks and I have been out with June and the family at Sharon. I am now staying at the Biltmore in New York for the next few days. Your letters have had quite a time catching up with me.

I am absolutely delighted to know that you are now feeling so very much better since your last trip to Boston. What a relief it must be for you not to have to worry so much about your health and diet. Let us hope that things continue this way indefinitely. I have had a couple of letters from Father. He tells me that he is feeling very well, but that he still feels somewhat weak as a result of his recent operation. I am sure it is only a question of time before all discomfort and weakness will be a thing of the past. Mother and the other ladies are all well, so well in fact that Mother has done some mountain climbing.

Enclosed with this letter you will find a copy of a letter that Solly has addressed to the Executive Secretary of the American Chamber of Commerce in Belgium, and one to Mr. Snow of the American Embassy in Mexico City. Father was sent a copy of each of these letters, since he is a member of the American Chamber of Commerce in Brussels. He wrote to ask me what I thought all this was about, but since you are in much closer touch with these matters I am taking the liberty to forward them to you to ask you to give any comments you may have. It would appear that there are any number of U.S. residents abroad who are not declaring the full extent of their unearned income and that the Treasury is trying to get after them. To what measure this is true, I am unable to say. I do feel, however, that there should be some tax revision for non-U.S. residents, since the situation as it is I feel discourages many Americans from going abroad and undertaking important tasks which are so vital to every country's economy. I am sure that Congress will never pass a law such as

the British and Belgians have done, freeing the non-resident nationals from their country's income tax. Such a law has of course helped greatly in developing British and Belgian interests abroad. Although I am sure that our Congress would never agree to such a law, I do feel that some liberalization of the present provisions should be passed.

I want to tell you again how much I appreciate your continued keen interest in my behalf and how useful all your thoughtful comments are to me. In practically all cases I share your opinion, although I have some reservations that my aptitudes and bent ~~do not~~ lie in the field of investment banking. It is quite true what you say, that even should I join Warburg, and it does not work out to our mutual satisfaction, I can still make a change. However, I feel reluctant to do this since I do not feel sufficiently sure that I can come up to Warburg's expectations. Moreover, so many people have one way or another become involved in this matter of my joining Warburg that I feel that I have a definite responsibility towards them too. As you can guess, Father has gotten quite a number of people to speak to Warburg for me, and I don't want to let Father, his friends and Warburg down. Warburg, as you know, will be here next month and I shall go over with him again the whole picture. When I was in London recently, I made it very plain that I had some strong reservations as to my qualifications about an association with that type of business.

You asked me why I am so interested in Pan American Airways. I can best answer that question by saying that when I left Sofina I wanted to become associated with a basic industry with international overtones to it, and ~~not merely the~~ financial agent to it. As you know, I have spoken to quite a number of American companies with such a background and I feel that due to my Sofina training and educational background, Pan American is a company which I could most readily serve. Actually, I do not see too much difference between Pan American and Sofina. They are both international operating and holding companies; both operate under terms of concessions and franchises; both are basic to the economy of the countries they serve (although Sofina is more important in this respect); both contribute to trade and commerce; both sell good will and service and both must meet the same kind of difficulties. Pan American is undoubtedly the largest transportation company in the world, and as soon as it can reduce its freight charges, which it hopes to do in the very near future, it will be competing with the railroads and shipping companies. As it is, Herod of the General Electric Company was telling me that all G.E. equipment from toasters to heavy power transformers are flown by Pan American to Caracas for the Venezuelan market. Although it is a little more expensive to fly this equipment to Venezuela than to ship it, G.E. considers that in the long run it is cheaper since there is less handling, less breakage, no demurrage and much smaller inventories. With the development of better means of aerial transportation, a company like Pan American

will be the spearhead of opening new trade possibilities wherever it can obtain a franchise. I am much less interested in the side that occupies itself in ferrying people across the Atlantic satiated with five-course meals and vintage champagnes, than in contributing to the economic consequences to third parties ~~of~~ a well-run international transportation company.

through I think I can more readily adapt the spirit with which I was dowsed while in Sofina to a company like Pan Am with which I would be directly associated, than being the representative of a banking house which touches but one facet of a number of industries. The years I spent with Sofina, and particularly the six years I worked for you in Mexico, have contributed to make me think the way I do. I remember how we both felt in 1948-49 when you were getting directives from Brussels as to how things should be run, when nobody with any operating experience had been near Mexico for years. I recall mentioning at the time that Sofina's attitude was very similar to the old British colonial office when the British Government believed that it could run the world from Whitehall. You know how much everybody has learned to appreciate your placing the management of Mexlight in Mexico and removing it from Brussels. I cannot help but feel that a comfortable office in downtown New York is not the proper place from which to build, develop and create industries. The demands of bankers as regards management, operations and development of companies which require financing, at times show their complete ignorance of the local conditions and the ways these companies should be run. Six years with an operating company have taught me to respect the poor man in the field more than the rich man at home. Of course, bankers do take their licking, but the rewards are often, in my opinion, completely out of keeping with the effort that they have furnished. I realize that investment banking is a very much more liberal trade than it ever has been, and it is getting to be more so all the time. However, I do feel that an investment banker, necessary as he is, is somewhat like an old fashioned midwife who is essential at the birth, but has seldom been known to produce children of her own.

There are very many sides which are extremely stimulating to investment equity banking. The range of possibilities is as large as one's imagination and I do not deny that it is most attractive to me. But due to what the French call "professional deformation" I do feel that I would be happier completely identified with one international basic industry in all its ramifications, than with many companies of completely different types and then only in one phase of their activities.

I do hope that I have made myself clear in what I have been trying to say, and I want you to know that although I appreciate your kind advice in encouraging me to join Warburg

because the field is so broad and the possibilities of return much more considerable, I find it hard to reconcile in my own mind that I could be as useful there than in a company of the Pan American type. I must thank you for your very thoughtful and generous intervention in my behalf with Wilbur Morrison, for although you say you cannot understand why I am interested in Pan American, you have nevertheless done all you could to help me join that company.

I spoke with Mr. Blake, the person I had seen some six weeks ago, two days ago on the telephone. He told me that the letter that I had written had impressed quite a number of people in his office and that there was definite and real interest about me. He told me that I could expect to hear from him in a couple of weeks. Should they offer me something, it will be most important to see what they have in mind for me, for it would be useless to join that or any organization if it were in the wrong spot. If the offer is attractive, I shall then have to weigh the Pan Am proposal with that of Warburg. Assuming that the offer is attractive, it will not be easy to decide what I will do, for Warburg cannot be dismissed lightly, and as I said before, an association with him can be most stimulating.

Engracia is in Mexico and is returning here on the 15th of September. Each year while she is gone, June and the children spend some time at Sharon to visit her family. I went out with them recently and plan to go back soon to return to Greenwich with them. They are all well, growing up, and the children are getting fat and sassy. Marilyn enters first grade this year. I don't envy her too much, not having been too fond of school myself. However, I am taking some Russian lessons at Berlitz right now, and since I have quite a lot of time on my hands I find this a useful and interesting way to fill it. Russian isn't easy, by any means. Eventually Russia will have to blow up or open up, although I fear the former, and anybody with some knowledge of the language should be able to make himself useful in either event.

This letter has gotten to be terribly long, but I do want you to know how much I continue to appreciate your constant and continuing interest in my behalf. It makes me feel more than good. Please give my love to Mrs. Messersmith and tell her that June is determined to visit both of you soon in Mexico. With all best wishes to you and thank you again,

Affectionately yours,

P.S. Please excuse the rather choppy way this letter reads, but I am dictating it straight to the typewriter.