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May 13, 1952.

Mr. Nelson G. Williams,
201-B Flavet III
Gainesville, Fla.

My dear Mr. Williams :

I have before me your letter dated May 3 to which you attached a study entitled "Liquidation of International Utility Capital - Economic Policy under Franco and Perón" .

I note from your letter that you are interested in knowing whether in my opinion the Mexican Light & Power Company, Ltd., or the Compañía Argentina de Electricidad would be interested in encouraging the research by an independent student, of the history of either or both companies. In this respect I can speak only for Mexican Light & Power Company, in which I am chairman of the Board. This Company and its subsidiaries have been in business since 1903 and since that time have been the principal factor in the supplying of electric energy in the central area of Mexico as well as the principal factor in the whole power production picture in Mexico. The Company has made from time to time various records of its history and studies of its problems as this is natural and desirable in a company with such broad activities and responsibilities as this one. Such a study again has been recently completed within the Company by its administrative, financial, technical and legal staff. We would therefore not be interested in having a study made by someone outside the Company, as we feel that the one we have made is complete, objective and factual.

So far as the Compañía Argentina de Electricidad is concerned I would not be able to make any comment , and you would have to address yourself to Mr. René Brosens, who is the head of this company in Buenos Aires.

I have read your letter with interest and I am glad to know that you have this interest in the study of public utilities and their operations and functioning, as well as of the problems of foreign-owned public utilities, especially in various Latin American countries. I have read the study which you were good enough to send me. My occupations are such that it is not possible for me to comment at any length or in detail

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on it. There is a good deal in it that is interesting and, as you say in your letter, as well as in the study, you have not had available all the data to make a full and adequate study. I am quite familiar with the public utilities picture in Latin America and have a good deal of knowledge of the Barcelona Company and of the electricity problem in Spain.

I would call attention only to one statement on the first page of your study, in which you say: "In return for exorbitant profits, the railroad interests actually did their worst to hinder development of adequate transportation in each country". I am not able to make any observation with regard to the railways in Spain, but I would say that your observation, so far as the foreign-owned railways in the Argentine are concerned, until they were acquired by the Perón government, is not accurate and in fact very misleading.

The only other observation which I have to make is on a statement which appears on page 33 of your study and reads : "It might be that Perón was using SOFINA as a random symbol of foreign capital, with no real threat to Compañia Argentina de Electricidad. This supposition is more likely, since Perón expressed no antagonism when a director of the utility, George Messersmith, replaced Mr. Braden as ambassador of the United States. Mr. Messersmith's business interests might easily have been attacked, as were those of Mr. Braden in copper and of Norman Armour in the meat-packing business". If you look at any issue of "Who's Who" of the last years or similar directories, you will find a statement concerning myself and you will note that I was in school work in Pennsylvania and Delaware from 1900 to 1914, and that from 1914 until the end of 1947, when I retired, I was in the United States Foreign Service in diplomatic and consular capacities continuously, and with the only exception of a period of three years (1937 to 1940) when I was an Assistant Secretary of State in Washington. You undoubtedly know that an officer of the career Foreign Service in the United States is not permitted to engage in any private business of any kind, and therefore I think I need not state that during the period of 1914 -1947 when I retired from that Service, I had no business connections of any kind, and of course no connection at all with the Compañia Argentina de Electricidad. Therefore, before my service in the Argentine as Ambassador from 1946 to the latter part of 1947, and during that period, I had absolutely no connection of any kind with any private business interest whatsoever. Your deduction therefore with regard to Perón's attitude has no basis. I have mentioned this at such length as, if you should write further about this matter of the Argentine electricity situation, you will wish not to repeat this inference you have made in the present study. It was not until after my retirement from the Foreign Service, that is, towards the end of 1947, that I became Chairman of the Board of the Mexican Light & Power Co., Ltd.

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I have taken time out of a very busy day to write you this fully, as I can see from your letter and from your study that you are endeavoring to take an objective view of the public utility problem and particularly of the electricity industry in the Latin American countries. From the exact knowledge which I have of the Spanish situation and of the work which has been done by the Barcelona Company and of the treatment which that Company has received from the Spanish Government and courts, I would say that that treatment is one of the most glaring examples of injustice done to a foreign-owned utility which did such a constructive job in the development of one of the most important areas in Spain.

So far as the Compañía Argentina de Electricidad is concerned, it is a company which has played a fundamental part in the development of the greater Buenos Aires area, and I do not know of any foreign or native company in the Argentine which has, over a period of so many years, made a greater contribution to the economic life of that country.

There is much that I would like to write you concerning the electricity situation in the Latin countries of America in which practically all the power necessary for their economy has been produced by foreign capital. Had it not been for the courage and initiative of European and American capital and to a certain degree Canadian, the development of these countries would have been even slower than it has been in certain cases, for native capital would either not have been willing, were it available, to take the risks involved in the industry, or to be content with the small return (and in some cases, no return) which this industry has had.

There is a great deal of misinformation concerning the role which foreign capital has played in the development of the economy of Latin American countries, and particularly in the field of electricity, and this is most unfortunate, because these countries need this capital from the U.S. and others in the electricity as well as other fields, as much as they ever did, and unless such capital gets proper and stable and adequate treatment, it cannot be expected that foreign capital will continue to take these risks. Unfortunately, in none of the Latin American countries is there sufficient native capital available to do this job.

It was thoughtful of you to write me and I regret that our Company cannot be of any assistance to you for reasons stated at the outset of my letter. There is no reason why you should not write to Mr. Brosens in Buenos Aires, if you so wish.

With all good wishes,

Sincerely yours,

George S. Messersmith.

GSM/go