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 (COMPAÑIA MEXICANA DE LUZ Y FUERZA MOTRIZ, S. A.)

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Personal and Confidential

Dear Dannie:

I understood that you were flying back to New York this last Saturday, but this morning I learned from a letter from Bachrach in New York that you have had to postpone your return until March 27 at least. I do hope that you will soon be able to return to New York and that I may have the pleasure of seeing you here for a quiet, peaceful visit. You know how much Marion and I would like to see you and Hettie here, as well as Yvonne and Edna, for a real visit.

I have been following the developments in the Argentine situation as closely as I can in the press and I am sorry to say that I see things going from bad to worse. Undoubtedly the President and the government are disturbed about the developments in the situation and are taking some steps in the agrarian and price situation in general to bring about some improvement. I do not adequately know from the press what these measures are, so I cannot judge of their effectiveness, but what I do know is that the measures come too late to help the present administration very much and even though they may be most constructive in character, it will be years before they can really work out advantageously in the Argentine economic situation.

I am sorry to say that things are taking the course that I foresaw when I was in Argentina at the beginning of last year. I do not see that anything has really been done during the course of the year that has helped to really fundamentally improve the situation. The fundamental problem is that they have nothing to sell and a great deal that they must have to buy and they have no credits abroad, and no credit or prestige.

I am prompted to write you this letter because in the New York Times of March 21 airmail edition I see an article entitled

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"Peron Threatens Seizure of Mills" and the article goes on to say that the textile manufacturers have practically told the President that the government will have to take over the plants as they cannot keep on running them. You will recall that when I was in Buenos Aires in February in one of the purely personal conversations I had with President Peron as a friend, I told him that I could not lay down a time-table or predict the exact time when it would happen, but I was sure that in view of the measures that the government had taken and was still taking with regard to industry, that the time would come, and not too far off, when the manufacturers would have to come to him and say "Mr. President, here is my factory. I cannot run it any longer because of the measures you have imposed upon us and the situation which the government has created. I cannot run the factory any longer and here it is". I said to the President that when the manufacturers came to him and said that, which they would most certainly have to do, he would be very angry and he would say that they were trying to sabotage his plans and the government. I said to the President that he would have no other recourse except to take over the plants and the government would try to run them and finance them and pay full time wages to the workmen, even though the factories might be running only a few hours a day and had no materials. I said that I did not know how long the government could keep that up, but it could not last very long because the printing presses would have to get busier than ever and the more money they turned out the less the money would be worth that the workers were getting. It seems that this is just what is happening in the Argentine. It was just as clear as day that this would happen, when I was there last February. What the answer is going to be I am not going to try to prophesy, but I do know that the government cannot run the factories very long. I just don't see how the administration can avoid financial and economic debacle and that means political consequences of the broadest and most serious character, and what has to concern us all who are really interested in that once great country, and which will sometime again be a great country, is that we cannot foretell with certainty what will take place in case this administration falls, and we know that the problems which any succeeding administration, no matter how capable it may be, will be just as grave and exactly the same problems which confront the Peron government at this time. It is a sad situation.

In another dispatch to the New York Times from Buenos Aires dated March 21 I see that the Ministry of Industry and Commerce has announced that the most stringent regulations governing the rationing of electric power consumption have been established. Those of us who know the situation of course know that the very strict rationing measures have already been in effect for some time. This article goes on to say that industrial plants have been directed to suspend activities once a week for 4 hours under set schedules; that home owners must cut by 20% all

Mr. Heineman

- 3 -

monthly consumption exceeding 40 kilowatts (and that means the very small domestic consumers) and that public lighting will be reduced 30%. In view of the fact that there were these very important restrictions already in force and that Buenos Aires is practically already a dark city at night, I wonder what a 30% cut in public lighting will mean. I would really be interested to know just what the actual restrictions in force are and have been for some time in Buenos Aires, as they are of course much in excess of those which this item in the Times announces.

I would be very happy if you could ask Colinet to write me about the general electricity situation in Buenos Aires and in the greater Buenos Aires area, as well as in other important centers of the country, and what the actual situation is with regard to the possibility of meeting the demand of industry and particularly to what degree industry has been obliged to slow down as a result of the power shortage -- which in the Buenos Aires area is entirely due to the lack of prevision of the government and because it has not paid any attention to what the Cade has been telling it for the last 3 or 4 years. I would also be interested to know just what the situation is with regard to the project for the large plant which the Dirección de Energía of the government intends to build at San Nicolás. Are the generators and turbines actually under production in Germany where I understand they were ordered? Do you happen to know whether they have been able to place the orders and get fixed deliveries for the long transmission line which would be necessary from San Nicolás to Buenos Aires?

In the meantime, I read every day the "Noticias de la Actualidad" which the Argentine Embassy sends out from Washington every day by airmail to a number of people, I suppose in our own country and in others, and this press propaganda which of course comes from Buenos Aires is really sickening. From it one would assume that everything in the Argentine is flourishing in every field. The attacks which the government is making against the United States now almost openly, particularly through this organization of Latin American workers recently formed under the auspices of the Argentine government, not to speak of the articles in Democracia, are really one of the most significant indications of the real weakness of the country and of the government. Our government is wisely taking the attitude of not paying attention to any of this and I think no one else does in the countries of Latin America or elsewhere, but what is serious is that through this puppet labor organization which is supposed to represent workers of Latin America, real unrest has already been caused in certain countries. It is unfortunately when governments are weak at home that they find purpose and money to try to foment trouble elsewhere. I am sure the Argentine will not succeed, but it is something which has to be taken note of because all these

1051

Mr. Heineman

- 4 -

things are dangerous in times as disordered as the ones in which we live.

Hoping that it may not be too long before we have the pleasure of seeing each other and that you will have Colinet write me a little note on the broad electricity situation in the Argentine and specifically the things which I have asked for, believe me, with affectionate good wishes from Marion and myself,

Cordially and faithfully yours,

A handwritten signature in dark ink, appearing to be 'Marion', written in a cursive style with a long, sweeping underline.

GSM/cbc