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Personal

Habana, Cuba,
April 10, 1940.

Dear Mr. Secretary:

I am sure that I need not tell you how deeply happy I and all of us associated with me in our establishment here are that the Trade Agreements Act has now been extended for another three-year period. I have had confidence from the outset that in the end this action would be taken by the Congress, but I know how difficult a task it has been to secure the renewal of the Act, and I know that it has been due to your courage and vision that this wise action has been taken. I am convinced that an overwhelming majority of our people at home, while they may not realize fully the importance of the program, are in favor of it. That so many of our people in Congress should, at this juncture in world affairs, be prepared to oppose a program which they know is so much in our own interests and that of the whole world, is rather a sad commentary on the times in which we live. It has been a magnificent victory and I am convinced that what you have done in the conception and the conduct and in the continuance of this program will prove to have been the most constructive piece of work of any statesman in the memory of many of us. I know what a deep sense of satisfaction the continuance of the program must give to you, and I am not referring to a very natural personal satisfaction. You have so clearly seen how important this program is as a part of the whole program for the maintenance of those principles which must be preserved if life is to be worth living anywhere.

There is much that I would like to write to you about, but I will not burden you at this time when I know that the demands on you are so heavy. I am, of course, keeping the Department informed by despatch of the steps which I am taking here to show to the Cuban Government and people in political life the importance of adopting a Constitution which will really serve as a basis for the reestablishment of confidence and financial stability. I am also working very hard on the question

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The Honorable
Cordell Hull,
Secretary of State,
Department of State,
Washington, D. C.

of the Public Works debt and the Morris Claim and, without being overly hopeful, I believe I may say that the prospects for real progress in these matters in the near future is good. What I am very fearful of, is that, under the pressure of various groups, our sugar legislation will be amended in such a way as to cut the Cuban quota. This, I believe, would be disastrous for Cuba and extremely disadvantageous for us because it would have its immediate repercussions on our trade. By cutting the Cuban quota for sugar we would give a certain advantage to a very few people interested in sugar, but we would do a great deal of damage to our agricultural interests in general at home. As a matter of fact, I think that our reducing the Cuban sugar quota at this time would be as bad for us as it would be for Cuba. We have to consider, of course, also that, with the Cuban economy so one-sided and so completely based on sugar, a cut in the quota now would mean provoking an economic situation here which would make any progress towards the reestablishment of financial stability and confidence much more difficult. In fact any unfavorable action which we take now on the sugar question may seriously affect the kind of Constitution which will be adopted here, and in this we are very definitely interested, for it will be a very great advantage to us if we can avoid any provisions with respect to the retroactivity of laws, or which would open the way towards expropriation. With favorable developments here I believe we can do a good deal towards counteracting the Mexican attitude on expropriations and retroactivity. It would complicate our problem immensely in the American Republics if Cuba should follow in the path which Mexico has followed so far. I am doing, of course, all I can in this situation but developments here will depend also a good deal on our own action in this matter of sugar for the next calendar year. If we can get a renewal of the present quota for 1941, it would provide the basis here for the more favorable situation which is developing, but which can easily be upset.

I will not offer any comments on the European developments, but I do want to send you herewith an extract of a letter (enclosure 1) which I have received from Foder who, as you know, is the principal European correspondent of the Chicago Daily News. He is one of the best correspondents in Europe and I have always found him very well informed. I am also sending you (enclosure 2) a copy of a memorandum which he sent me from Brussels on March 28th.

I am also sending you a copy of a memorandum (enclosure 3) which has been sent me by an American banker of German origin. He is a very conservative man and in touch with conservative

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banking and business interests in Germany. I believe you will be interested in reading the memorandum because it is the sincere conviction of one who has I know accurately gauged developments in Europe in recent years and who is fully informed as to the real objectives of the present Government in Germany.

We are very comfortably settled in our home here. We are opening today the bids for the new residence which we plan to build here.

With very good wishes to you and Mrs. Hull, in which my wife joins,

Cordially and faithfully yours,

GEORGE S. MESSERSMITH

Enclosures.

GSM:fm.