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AIR MAIL

Habana, Cuba, October 25, 1940.

Confidential

Dear Summer:

I had a long talk with Cortina on October 23, and on the following day he had a two-hour talk with the President. I am sending you herewith a copy of the despatch in which I reported the conversation with Cortina and to which I append a translation of the article from the Marina, which reported Cortina's conversation with the President. It is obvious that Cortina himself prepared this article on the conversation with the President.

From one important point of view the conversation with Cortina was very satisfactory. Since he has taken over the Ministry, he has in public addresses and statements, and in private conversation, committed himself very strongly to the most complete cooperation with the United States. You know how fluent he is, and he could not have been more profuse in this conversation under reference in his protestations of the desire to cooperate. In talking about the treaty he had in mind, he spoke of it as though it should establish a relationship which would make Cuba practically a part of our economic system. He was not specific enough for me to know yet just what he has in mind, but I can readily see that a treaty along broad lines and for a long-range period could be a very desirable arrangement.

On the other hand, I should tell you that I had the very unhappy feeling during our conversation that he was not forgetting any of his personal interests, and that even in speaking about the treaty he was thinking of a means of consolidating such personal interests he has here. We know from experience that this is one of the unfortunate characteristics about Cortina, for filled as he may be with good will he simply cannot escape keeping his personal interests in the foreground. I gathered that in speaking of the treaty one of the things he had in mind was freezing the sugar situation in such a way as

to

The Honorable
Summer Welles,
Under Secretary of State,
Washington, D. C.

to give him an assured personal position for the future.

Another part of the conversation which destroyed the effectiveness of a good deal he had to say was the unrealistic manner in which he spoke about the credit situation and the attitude of the American banks. I quite agree that a central bank is a desirable and necessary thing here, but he seemed to conceive of it as a central bank which would be in a position to advance funds on a basis which a private bank could not do, and that we would be supplying all the capital - in other words, that we would aid Cuba to establish a central bank which would make the unsound loans which private banks are refusing to make now. He spoke with extraordinary bitterness of the National City Bank, but he did not spare the other banks here. He spoke of the foreign banks as throttling Cuban industry and the entire Cuban economic situation. I did not fail in this connection to point out that the banks were private banks which had a definite responsibility to their depositors and stockholders, and that their experience had been very disastrous. I told him that with the moratorium legislation as a background, and with the escape clauses still in the Constitution, it was very difficult for banks to make any kind of loan. Cortina made all these severe strictures on the banks, apparently completely disregarding the fact that he was one of the principal men responsible for the moratorium and therefore for this credit situation. So far as the banks are concerned, they are naturally making every loan they can possibly make with safety, but it is true that men like he are finding it difficult to get any credit whatever.

I am sending you herewith also a copy of a despatch with regard to Casanova's further activities on molasses. I was hoping that we would get a more constructive attitude from Casanova. Lobo is not the only one who is interested in trying to use the possible increased demand for molasses for purposes of private profit without any regard to the Cuban economy as a whole. It is useless to place any confidence in Casanova, for there is no certainty whatever as to where one finds him on any important issue.

We have been working for some days on our comment on the memorandum which the Cuban delegation presented on the loan,

and

and I hope to mail it not later than Monday or Tuesday of next week.

We are giving a dinner of sixty for the President and Mrs. Batista at the house on the evening of October 31.

With all good wishes,

Cordially and faithfully yours,

George S. Messersmith

GSM/HDW