

Buenos Aires, Argentina
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Dear Dannie:

I had intended to write you quite a long letter but I have been dictating all morning so this will have to be fairly short. I wrote you a letter in my own hand yesterday which you will undoubtedly have received.

I have spent a great deal of time with Brozens since I am here. As you know, this is carnival period in most of the Latin cities and this week, beginning Monday, is practically a dead one in Buenos Aires. Brozens had planned to spend this week in Punta del Este with his family and he wanted us to come over but I decided it would be better, as I will be here only one month, to remain here, but I insisted that he not remain and he will be coming back this day a week. We really spent a great deal of time together in the day and evenings last week and I thoroughly familiarized myself with the situation here and I have done a lot of reading as well on the problem. I have spent a great deal of time with Mallory in the Embassy and with some of his associates so that I have a pretty good idea of the whole economic situation and problem. I spent Saturday in the country with Reese of the American and Foreign and I know their problem and they don't seem to have made much progress. I had a long talk with the Uruguayan Ambassador during the week who is an old friend and who came to see me so that I am informed of the latest situation with respect to Salto Grande. I think I have the whole situation pretty well in mind.

When I arrived, President Perón sent the Chief of Protocol to the boat to give us a very nice welcome and he indicated that he would see me at any time. I saw him last Friday and we had a good talk. I told him that I would like to discuss the electricity situation with him while I was here because of my interest in the CADE and the Argentine, and because this situation was so fundamental in the maintenance of stability and for any sound Argentine program. The President was very understanding and friendly and I think his disposition towards the CADE is good but I do not think that his understanding and attitude has penetrated some of his important collaborators. I took the liberty of suggesting that early next week Brozens and I have the opportunity of discussing the matter with him in full and he said that he would be glad to give it all the time necessary and in order

to do so we could talk at his house instead of his office. I took the further liberty of suggesting that when we have this talk Cereijo be there as he is in many ways a key figure and the President agreed. I think, therefore, on Tuesday or early in the coming week we will have this talk with the President when I will have the opportunity of really going into this matter with him on the fundamental points and on which I am sure he has not adequate information. Brozen has done and is doing, as you know, a tremendous job and has done all that can humanly be expected to be done and more but there are so many problems here requiring attention and there is so little understanding of the relative importance by some of those in the government concerned that I feel that all the fundamental aspects have to be explored before adequate action can be taken. I have found the President in the past to be so understanding in these economic matters once they were brought into perspective with him that I feel sure that it will work out that something can be done. I feel sure that this first conversation which I have spoken of for next week will lead to others and I am going to try to get things on as concrete and definite a basis as possible so that it can be determined here and at home what action can be taken. I think it is useless for me in this letter to go into further detail except to state that since I have arrived I am more than ever convinced that this matter has to be settled now in the interest of the Argentine government and our government and of the CADE because otherwise the economic situation here will without any question further seriously deteriorate, which will be a catastrophe and it is a catastrophe that has to be avoided.

I also had the opportunity of discussing some other matters with the President and he indicated that he would be asking Marion and me to lunch with him and Mrs. Perón tomorrow or early this week at his house in Olivos and that we might have several talks this week on general matters before we discuss electricity in detail next week as already indicated. I am very hopeful that I may have these conversations this week with the President as this is a quiet week in many ways in business and government and is an ideal opportunity to talk things over at leisure.

Marion and I are seeing many old friends and it is very pleasant to be here. The weather has been very hot since we came except yesterday and today when it has been quite pleasant and coolish. There are, as you know, these big variations in temperature here.

I said in my letter yesterday that I was greatly disturbed that I didn't get any letter from you as yet and I am interested so much in knowing how you are and hope you will drop me a line now and then even if it is only a line.

With affectionate good wishes from us both to you all,

Cordially and faithfully yours,

George S. Messersmith