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Personal for Mess

Mr. H. H. H. H. H.

April 24, 1953

Strictly Personal

Dear Gene:

I am very sorry that I did not have the opportunity of seeing you during this last trip north. I understood you were returning to New York Friday, the 17th, but as it was urgent that I get back to Mexico City as soon as possible, I felt that I could not stay over another day. I am extremely sorry to have missed you as there are really quite a number of things apart from Mexlight which I think it would be useful for us to have an opportunity to talk over, particularly with reference to this hemisphere.

I hope that your long trip was not too tiring and I am sure it must have been interesting.

You will have been informed concerning the meeting of officers of the Bank with the Board of Mexlight in New York on April 14. I wish to tell you that I appreciate, as we all do in the Board of Mexlight, the initiative of the Bank in having this meeting with the Board and we think that it was most useful, as well as opportune. I wrote a long letter to Graydon, the Vice President of the company in Toronto, about the meeting and the conversations which Maryssael and I have had with Carrillo Flores and Loyo since our return here. I think you will wish to have someone give you a resumé of these conversations and particularly the one with Carrillo on Tuesday of this week.

To someone who does not really live in these countries it is really difficult to appreciate how inadequately they at times face up to situations, even though they may be of the most primary and essential importance to them. It not infrequently happens that they have to pass through very difficult and bitter experiences before they see the light.

So far as Mexico is concerned, in recent years she

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has been on the whole assuming more sound and understanding attitudes. It was quite obvious that this new administration which came in on December 1 last year would have a lot of problems. It knew it would have the electricity problem to deal with as it had been neglected by the last administration, particularly during the last three years thereof. Unfortunately, however, they not only have this serious electricity situation to face up to and which is fundamental in every way for them, but they have a heritage of the old administration to deal with which increasingly it is clear is a heavy mortgage on them for this and very probably for next year. Something new seems to turn up every day to increase the problems of the new administration.

I somehow feel that although they have this electricity problem and some other really serious unexpected problems to deal with, they will take care of this electricity situation, but unfortunately they have already lost a great deal of time in going into the matter as it should have and the solution in the matter of Mexlight is imperative and urgent. I have felt for the last two months that we cannot get a full solution of Mexlight and of the private companies now, because they have lost too much time and in the case of Mexlight the solution has to be found immediately, even if it is only an intermediate one. The new administration had a wonderful opportunity to settle this matter of electricity on a sound and long range basis and knew they had to do it, but instead of settling down to it, the Ministry of Economy has played with it as it did before. Now the only solution so far as Mexlight is concerned has to be an intermediate one, because time does not permit to go adequately into the questions of equity financing, etc., ~~for the longer range~~ before action has to be taken, but such an intermediate solution can be linked up with a real study of the problem as a whole of the industry, which study can be accelerated and a firm policy laid down for the longer range. The establishment of such a firm policy adequately implemented is the only hope there is for the longer life of the private industry in this field in Mexico, and in fact for industry in general. The sound and overwhelming number of industrial, commercial and financial leaders in Mexico realize that the private electricity industry and foreign capital, and particularly Mexlight, have played an overwhelming role in the development of the country and I find that they are of the opinion that the company will have to play this role for years to come, if there is to be any reasonable basis for industrial, agricultural and general



economic development in the country. This general recognition is very important and its influence is making itself felt.

The difficult part of the problem is that there is an immediate problem which has to be settled so far as Mexlight is concerned. Maryssael and I are doing our best to get a rapid and as adequate an arrangement as possible and as the time element is so important, we should in another few weeks be able to have a meeting of the Board and then approach the Bank with the best that we have been able to get.

Garner handled the meeting with the Board very well and the attitude of the Bank has been most constructive, as usual, and we are deeply appreciative of it. As the conversation with Carrillo Flores on Tuesday of this week was so unsatisfactory in some ways, I wrote him requesting an urgent conversation before he goes to Acapulco for the Mexican Bankers Convention tomorrow or next day, and Maryssael and I are seeing him this evening. I think he is a very much harassed man and has many problems and no one hopes more than I that he will be able to stand up to them. I think all the best elements here have placed their hope in him for the next years and certainly the best elements in the United States have placed their hope in him and I hope and pray that he will be able to stand up to the situation in the understanding and constructive way that he has in the past. I have great personal respect for him and great admiration really, as well as friendship, and I want to see him succeed for his country's sake and his own, but it will require on his part a great deal of courage and the continued understanding which he has shown in the past.

With all good wishes to you and Mrs. Black,

Cordially and faithfully yours,

GSM/cbc