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México, D.F., March 22, 1945.

Dear Carrigan:

I have your interesting letter of March 20 in acknowledgment of mine of March 14, both bearing on the very real accomplishments of the Mexico City Meeting on Problems of War and Peace. As you well say in your letter, the Resolutions are so comprehensive and far seeing that they defy casual comment and will require careful study by Government agencies in Washington as well as in other capitals.

As a matter of fact, all these Resolutions, particularly those bearing on the strengthening of the inter-American system, on the Pan American Union, the Act of Chapultepec, and the various economic resolutions, have a very broad and deep significance. The only one on which the American press seems to have commented in full is the Act of Chapultepec because it is the one which would strike them most. It is perhaps the most important single Act of the Mexico City Meeting and I consider it an extraordinary step ahead but you appreciate that it also requires so far as the closing part of the Resolution is concerned some implementation.

I will not even begin to comment on the various Resolutions because we shall have to do so from time to time in detail. I do wish to say just a word concerning the Economic Resolutions which are really of far reaching importance. The important thing for some of us to bear in mind is that the appropriate agencies of Government were represented in the Mexico City Meeting in our delegation. They had full opportunity to express points of view and you may be sure that the War Production Board and the FEA expressed their views. On the other hand, the final Resolutions, as they were agreed to by our delegation and as they came out of the Conference, had the approval of all of our delegation. This means that our Government must stand behind them and must appropriately implement them.

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These Resolutions in the economic field, some of our people will be inclined to think put a halter on us. As a matter of fact, they put more of a halter on some of the other American Republics than they do on us. Perhaps the best way to put it is not the foregoing but to say that they are very wise and sound Resolutions in the common interest of all of us. This means that if we expect implementation by the other American Republics in a really sincere way, we have got to implement the Resolutions in a sincere and constructive way ourselves. We cannot expect one sided performance either by ourselves or by the other American Republics. The carrying through of many of the obligations in these economic resolutions by the other American Republics is of very primary importance to us because I think we have stopped the flood of restrictive measures which some of them were planning. We cannot, however, simply stop on this because if we do not implement equally faithfully we will find that the other countries will disregard the Resolutions just as we do. I make mention of this important point because we have a very important situation to deal with in our Government just as it has to be dealt with in every other Government.

What I refer to is this. One of the principal things which has hampered us in recent years has been that in the Department and more so in some of the other agencies of Government and even more in the new agencies of Government there have been those occupying lower positions in these organizations which have completely disregarded policy decisions made at the top irrespective of a policy directive from the President or the Secretary of State or of our Government. There have been those sitting down the line who sat on papers indefinitely and would not take action in accord with these policy directives and when called to account they blandly stated that they were not in accord with the policy. So far as the Department of State is concerned, I am sure that Secretary Stettinius will not permit any of that sort of business for if there is a policy directive it is going to be a policy directive and whoever there is in the Department is going to work on that basis and carry out that policy or he will get out. It will probably take some time for this discipline to permeate even the Department but so far as the Department is concerned, I am sure that it will.

When it comes to some of the other agencies of

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Government and more particularly some of the new agencies, I am not so sure that this same discipline and understanding will prevail and I think as these matters fall primarily within the province of the Department of State, the Department is going to have the responsibility of seeing that policy directives are carried out not only in the Department but in other agencies, when such directives affect the conduct of foreign policy or international obligations and understandings.

There are some of these Resolutions of the Mexico City Meeting which are very wise and sound and constructive but which will require implementation and action from time to time in concrete matters by other agencies of the Government as well as by the Department. The work of this Meeting was so important and the basis which has been laid for constructive action is so significant for the future that we, of course, have to see that the spirit as well as the letter of these Resolutions is carried through.

You are quite right in pointing out in your letter under reference that the section on price controls will have a very important bearing on present consideration being given bananas and cotton textiles from Mexico. So far as bananas are concerned, you may have thought that my airgram with regard to banana prices and the changes which the OPA wished to make in accord with the instruction I received was very strong but I had to make it so in order to make it clear to the OPA that when it comes to fixing prices which affect commodities produced largely outside of the United States, we can't take the arbitrary measures which we may take in the United States. I also had to make it clear that so far as bananas are concerned, the base price to which they wished to revert was one which had been fixed in the most arbitrary and cruel and discriminatory manner by several banana companies in the United States in direct discrimination against Mexican bananas. I do not know whether you recall it but in the brief of the OPA on this matter, which was transmitted with the instruction to me, the OPA made reference to the fact that some importer of bananas in Laredo, I believe, had complained about the price of Mexican bananas!!! That seemed to me to be reducing the matter to absurdity for of course an importer in Laredo would want to get Mexican bananas at 3.25 cents per pound and all the Mexican bananas he could get at that price and then sell them at the same price which he would have to sell Central American or other bananas.

International relationships can only be conducted on a sound and just and equitable basis and the proposed action

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of the OPA with respect to bananas was about as ill considered and unsound and discriminatory as anything I have yet seen come out of a Government agency.

So far as cotton textiles from Mexico are concerned, Mexico, as you know, produces only low class cotton goods which in ordinary times have no market in the United States. The only reason they have a market in the United States now is because we want this Mexican production. When the war ends this importation from Mexico will stop for the Mexican textiles cannot compete in our market under normal conditions. The textile manufacturers in the United States have brought this pressure on the OPA with regard to certain cotton textiles from Mexico for one reason only. They want to use this opposition to get their own prices raised. They are not afraid of the Mexican imports because our mills are running full blast and the Mexican imports do not in any way interfere with our production. These same manufacturers know that at the end of the war these imports from Mexico will cease automatically.

I agree that we must see that undue profits are not made through prices which Mexican cotton textiles may command in the United States now because of the scarcity and Lockett is working on a reply to the Department's airgram which we have discussed and which will go forward in the next day or two.

I mention these two examples which you mention in your letter only because they are pertinent. Such action as that which is planned by the OPA with respect to the price of Mexican bananas and textiles would be completely out of accord with the spirit of the Resolutions of Mexico City, which are so sound and if we proceed to take action along the lines of that planned by the OPA, we will merely open the way towards Mexico disregarding these same Resolutions and taking all the drastic measures with regard to controls which she planned to take before the Mexico City Meeting.

These are just a few thoughts which occurred to me in connection with your very constructive letter of March 20. I have no objection to your giving this letter such circulation in the Department as you may see fit.

With all good wishes,

Cordially and sincerely yours,

G. S. Messersmith

In duplicate
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