

1948

12

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Subject: Movement towards the nationalization of the cement industry in the Argentine.

The cement industry in the Argentine, like so many basic industries in that country and in others of Latin America, has been established by British and American companies. The market for cement in the Argentine developed more slowly than it did in several of the other Latin countries of America. The American companies predominated in the cement industry in the Argentine. They were operated as Argentine companies but were owned very largely by the parent companies in the United States. As I recall, when I arrived in the Argentine in May 1946 there were some 11 or 13 cement companies in the country, of which I believe seven were owned by companies in the United States. There were only a few Argentine-owned cement companies. They were not operated as efficiently as the American and British companies. With the wave of nationalism which was sweeping the country with the advent of the Peron administration, a movement was started by some of the Argentine companies, or rather by these few Argentine cement companies to nationalize the industry. The demand for cement was increasing for many purposes. The road building program was beginning to make real progress and the Peron administration had rather ambitious plans for road building. The public works program undertaken by the administration was going to require considerably increased quantities of cement. What the Argentine companies which started this movement towards nationalization hoped to gain I was never quite able to determine. I think that the principal reason probably was because they saw a more efficient operation of the foreign-owned companies and began to fear that they would not be able to compete and share in the larger markets. They wanted higher prices for cement.

In any event, they were able to get the ear of members of the Congress and the government began to make the operations of the cement companies more difficult. These cement companies I soon learned, and as a matter of fact I had known from my previous stay in the Argentine, were well operated and were producing cement econo-

mically and they were operating on a reasonable profit. They were not making any exaggerated profit/^{as} was alleged by the government. The representatives of the American cement companies in the Argentine discussed this matter with me continuously and I did what I could to try to stem the tide. I had reason to believe that the government had seen the folly of nationalizing the industry, as it would result in higher operating costs and higher prices. They also realized that it would involve the investment by the government of considerable money in the cement industry, which they no longer saw available. They realized that it would be better to leave the matter in the hands of the private companies.

It was therefore with a good deal of surprise that I learned from one of the most responsible cement men in the industry that a very definite movement had become crystallized and that a bill was about to be presented to the Congress providing for the nationalization of the industry. In view of what I had been told by the President and by high officers of the government with regard to this matter, I could hardly believe that the information which my friend was giving me was correct. It could, however, not be ignored because I knew him to be so highly responsible a man.

It so happened that I was not well at the time. I was just recovering from a severe attack of a stomach ailment which had intermittently given me concern for years. When this representative of the American cement company asked me to see the President of his company, who happened to be in the Argentine briefly on a visit from the United States, I told him that I would be very glad to do so. I was spending the weekend quietly at home when the President of this cement company in the United States called me in a rather peremptory way on the telephone to say that he was leaving that Sunday night for the United States and that he had to see me before he left. I was really feeling very miserable. I told this man that I had seen the head of their company in the Argentine and was in constant touch with him, and that as I was feeling so badly and really should not see anyone, it would be better if he would leave the matter in the hands of his local company, which was in constant touch with

me. In a really very crude and abrupt manner this man insisted on coming to see me. My relations with businessmen in the United States and abroad, that is to say our representatives abroad, have been so friendly and so helpful and so cooperative that the behaviour of anyone such as that of the president of this large cement company in the United States was really quite exasperating. It so happened that in spite of my not feeling well, after the head of the company in the Argentine had been to see me I had asked to see the President and had talked with him the Saturday night preceding the Sunday night that this man insisted on coming to see me. When I told the President that this movement for the nationalization of the cement industry had crystallized according to information that I had, and that one of the most responsible and respected members of the Peronista party in the Congress was sponsoring the measure, and that he was known to be one of the most reasonable and understanding of the men in the party, the President was surprised and said that he had no knowledge whatever of this movement in the Congress. He asked me before he took any steps whether I ~~XXXX~~ was absolutely sure that this man was about to present this bill, and I told him my information was such that I had every reason to believe it was correct. The President told me that the bill, if presented, would not pass, but that he would see this man the next Monday and endeavor to get him not to introduce such a measure. He ~~XXXXXXXX~~ said I could be completely reassured that so far as the cement industry was concerned the government had not the slightest intention of taking it over and nationalizing it. What it did wish to see was a control of the prices of cement and better distribution, but that there was no intention of keeping the companies from making a reasonable profit. I had no reason to doubt what the President said.

When, therefore, the head in the United States of this cement company came to see me after I had asked him to let me have my Sunday in peace, and when he began to berate me for not giving attention to this matter, I told him that if his company president in the Argentine used the same tactics and carried out the same practices

1948

- 4 -

that he was carrying through with me, I could readily understand why there would be nationalization of the cement industry in the Argentine. I confined myself merely to saying that I was giving the matter attention and would continue to treat it with the company president in the Argentine. I asked him to be good enough to relieve me of his presence, ~~as~~ if for no other reason than that I was a sick man. I was not going to give him the satisfaction of knowing that I had seen the President the night before and that the issue was a settled one. If he was going to have a disturbed mind going home before he ^{he knew} knew from his company president in the Argentine, it didn't give me too much concern.