

December 18, 1953

Confidential

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Dear Mr. Graydon:

I am sending you herewith a clipping from Excelsior from the issue of December 17 covering an AP dispatch from Columbus, Ohio. The clipping covers extracts from a speech made by Mr. John Cabot, the Assistant Secretary of State for Latin American Affairs in Washington, the speech having been made before the Export-Import Club of the Chamber of Commerce in Columbus, Ohio.

The policy of the Department of State with regard to foreign investments has been pretty clear. The policy is one which has been in effect for years and under different administrations. Under the Truman administration there was considerable criticism of the Department of State to the effect that it did not go far enough in the protection of American investments abroad, but the general policy of the United States government during the Truman administration remained very much the same as it has been for many years, and that is that the United States government must make appropriate representations and take appropriate steps to protect the interests of American investment abroad and to do all in its power to maintain the principle of private investment.

The new administration has been emphasizing in many ways its interest in American foreign investment and its determination to protect such investment through the means within its power. The present Assistant Secretary of State for Latin American Affairs, Mr. John Cabot, comes from a very wealthy and distinguished family in Boston and his father is a very wealthy and important businessman in New England with many interests abroad which are of a constructive character. Mr. Cabot served with me as Counselor of the Embassy while I was Ambassador to Buenos Aires, and while I realized that he did not have the broad experience and understanding of many problems required in that post, there was much reason to believe that he would make a quite acceptable man in that position. Strangely enough, the speeches which he has made since he is in his present position have been at times equivocal in substance and he has had a tendency to be critical of American investment and its activities in certain foreign countries, rather

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than understanding of the difficulties which certain foreign governments are increasingly placing in the way of foreign investment. As a result there has been persistent rumor during the last few months that Mr. Cabot will be relieved of his post in the Department of State and will be sent to the field, probably as a Chief of Mission. The only speech which he has made in which he has taken a definite stand against improper treatment of American foreign investment abroad was the one which he made referring to the acts of the Guatemalan government against the United Fruit Company, the railway and the subsidiary of the American and Foreign Power Company in that country. His general attitude was leaving a wrong impression as to the policy of the United States government and was in my opinion having harmful effects, and in the opinion of many others.

With the foregoing background you will read this report of his speech at Columbus with much interest. It is a very strong and a very correct speech and it will have a very good effect in more than one country. There are only two possible reasons why Mr. Cabot has made this strong, unequivocal speech. It is possible that his superiors in the State Department, who know of the criticism which has been made of Mr. Cabot by important business circles in the United States, and who have not been satisfied with Mr. Cabot's actuation, saw to it that he made this speech and in these very specific terms which correctly interpret the policy of the United States government. The other possibility is that Mr. Cabot, knowing that he is under attack and that a successor to him is being considered, is trying to save his own job by making this strong and correct statement. Which ever of the two reasons may be the correct one, it was necessary that such a clear statement should be made and it will be very helpful.

Whether Mr. Cabot will remain in his present post I do not know. I do know that his successor is being considered and that the person now being considered as most likely to take his place is a first-class man in every respect and much more competent to carry the responsibilities of this post than Mr. Cabot.

I am sending a copy of this letter to Mr. Heineman for his personal information and the comment of course which I have made in this letter is entirely confidential.

I am, with all good wishes,

Cordially and faithfully yours,

George S. Messersmith

GSM/cbc