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AIR MAIL

Habana, Cuba, October 18, 1940.

Confidential

Dear Sumner:

I am of course very much interested in the developments in Washington in connection with the conversations which our Cuban friends are holding with us there. I was therefore pleased to have a brief note from Bonsal, dated October 14, with which he sent me a copy of the letter which you wrote to Martínez Fraga on October 12 acknowledging his, informing you that Lobo had been added to the Cuban delegation, and in which you stress the scope of the conversations according to our notion, and the undesirability of certain premature publicity. I am sure that this letter was very useful.

My knowing so little concerning the developments in the conversations in Washington has so far not materially hampered me in my work here, for the Cuban officials continue to refrain from even mentioning to me the proposed loan or the conversations in Washington. As I told you, even though I had a long talk with Batista after my return and just before his inauguration, he studiously avoided any reference to the loan request and to the delegation now in Washington. Although I have seen him a number of times since, when there was sufficient opportunity to have at least some minutes of serious conversation, he has avoided all reference thereto. The only member of the Government who has made any reference to me regarding the loan or the Washington conversations is Ramos, and his references have been only indirect and incidental. On the other hand, I am of course constantly seeing important Cubans, and they always want to talk about the loan and express the misgivings which they have. I think I should frankly tell you that I can only draw one conclusion from this, and that is that Martínez Fraga asked Batista not to discuss the matter with me and to carry on altogether in this matter through him in Washington. Similarly, I am sure that Fraga asked Batista that the conversations with respect to defense measures and what aid we might give to Cuba in this respect should be carried on exclusively through him in Washington if possible, rather than through us here as up to now.

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The Honorable  
Sumner Welles,  
Under Secretary of State,  
Washington, D. C.

This makes it necessary for me to revert to this question of Martínez Fraga, and I think I need not tell you that I am doing so not on any personal ground, nor out of any personal considerations. I have been with the Department for a good many years, and I have felt it my simple duty to always give it, wherever I was, the best I could. I have always felt that it is one of the primary responsibilities of us in the field to be absolutely frank with the Department, to give it all pertinent and useful information in our interest, and to absolutely disregard any personal considerations. It is in that spirit that I am writing.

It looks as though Martínez Fraga has declared a private war on me. This, of course, is a matter which would be of no concern to me personally, and it would be of no concern to us officially; but I think you will agree it is a situation which if it exists we must keep in mind if he is the Cuban Ambassador in Washington and I am our Ambassador here. You will recall that I showed you a letter in Washington while I was there which I had from Beaulac, in which he told me that Martínez Fraga had said to friends at a luncheon at the Hotel Nacional here that I had been "insolent" to him and that he had been obliged to put me in my place. Cosme de la Torriente came in to see me at the house for a long talk the other evening, and he said that apparently Martínez Fraga had "declared war" on me, but that this was a compliment to me, rather than otherwise. I did not ask him to expand on the statement, which I think he was prepared to do, but I thought it best to refrain from any discussion of the remark even with so good a friend as Dr. de la Torriente.

Martínez Fraga has undoubtedly got himself into a difficult position, as there is no doubt that he told Batista that Cuba could have any amount of money from us for the asking. Batista's own notions of a loan<sup>unrec'd</sup> recently have been modest, and he was interested principally in getting some money to cover the deficit for this and next year so that he would not have to reduce expenditures at the outset of his administration. Of course Batista has been, and is, interested in getting money for some of his pet projects, such as hospitals, roads, and the tourist commission. He is genuinely interested in these things, and it also suits his purpose to have money with which to satisfy his hungry followers, even if his own appetite is somewhat less, on which latter point I have no definite opinion. I believe, however, that he had sufficient knowledge of the situation to realize that no money could be had from us for such purposes in such difficult times as these. It

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was Fraga, according to intimate advisers and friends of Batista, who told Batista that he would be foolish not to ask for more money, for it could be got for the asking and we were "eager" to lend money. When López Castro, Montoulieu, and others, expressed their doubts, Martínez Fraga insisted that he knew of what he was talking, said to Batista that he knew the attitude of our Government, and that he had been told that Cuba could have the money. This was what led Batista to authorize Fraga to send the two telegrams we got asking for fifteen and later fifty millions. It was only after the first telegram was sent that other members of the Government were brought into the picture, although I do believe that President Laredo Bru was in the picture partially before anyone else in the Government had been informed by Batista.

There isn't any doubt among informed people here that Martínez Fraga was the person here who fed out the information to the press that there was agreement in principle between the two Governments regarding the loan and that only details remained to be arranged. This unwarranted action of his is already having its repercussions, and Martínez Fraga is being held responsible in the Marina and in some of the other papers for having misled the Government.

You will recall that in one of my despatches I mentioned the memorandum which was given to Campa (which he intimated to me had been prepared by Martínez Fraga), which Campa was to use in answering questions when he appeared before the Senate Committee on the fifty million dollar loan. Campa told me that the memorandum stated that promises had been made by our Government, *had* not been made, and he was supposed to say to the Senate that such promises had been made. Campa told me that he was so sure that such promises could not have been made by our Government that he refused to make any use of the memorandum, and I know that he did not use it. *he believed*

I need not tell you that Fraga enjoys no prestige whatever in Cuba except with Batista and with a few of the politicians who believe that he is a useful medium in aiding them to help themselves. Whatever the facts may be, it is generally believed here that Martínez Fraga shared in the benefits resulting from an unsavory transaction several years ago. Fraga has been against the renewal of Decree Law 522 so that the distribution of the sugar quotas in Cuba could be put in the Department of Agriculture, and everyone knows for what purpose that would be. Just yesterday

a group was set up here in which Senator Pedraza is the moving spirit, and the object of which is to be a rival organization to the present association of sugar growers and refiners; to set up price controls on sugar; to bring about the dissolution of the Sugar Institute, and to give every mill a minimum quota of 60,000 bags!

Several weeks ago while I was home a friend of mine told me that Julio Lobo had told him that Fraga was going to have him put on the Cuban delegation. In view of the possibility of an increased demand for molasses from Cuba by us for defense purposes, a movement is already on foot here to have molasses exports, and price, as well as terminal and shipping facilities, for molasses controlled by the Government. It is generally understood here that Lobo is the one who is behind this scheme, and the objective, of course, is not to help the Cuban economy but certain individuals. Fraga cannot be unfamiliar with this, but at a time when Cuba is negotiating with us on such important matters he is quite willing to associate with the Cuban delegation a man of the unsavory practices of Lobo.

That he is irresponsible, and that he has deliberately kept on misinforming the Cuban Government and Batista concerning our attitude, I think there can be no doubt. If there was any doubt as to the manner in which he was misinforming the Government here, it was dissipated by the misinformation which he gave concerning alleged promises by us regarding a loan. While I have no direct evidence to prove it, there is no doubt in my mind that Fraga was in touch with Alliegro, who was the head of the group here trying to blackmail, through various people in the United States, Warren Brothers and Purdy & Henderson during the discussion preceding the final passage recently of the obligations bill. In this connection, it may be noted that it was on the day that Alliegro informed Batista that he and his friends had finally given up hope of getting any money from any source for their votes on the obligations bill, and were therefore prepared to vote for it because Batista wished them to, that Fraga came to see me and had the conversation of which I sent a memorandum to the Department and in which conversation he so completely lost his head. This is the conversation referred to in the first part of my letter, during which Fraga said to friends I had been "insolent" and he had had to put me in my place. If Fraga has "declared war" on me, his attitude may have been solidified by that conversation in which he so completely lost his balance and made such extraordinary statements. When Fraga came in to see me that day, I saw that he was laboring under some mental excitement. I realize now that the

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chances are that it was chagrin over the failure of Alliegro and his group to get any money from the public works creditors and of which definite failure he had just learned. You will recall that in a letter to you several months previously Martínez Fraga told you how glad he was that the obligations bill in the House would be in the hands of his good friend Alliegro. We know now that it was Alliegro who was in almost daily touch for weeks over the telephone with certain people in the United States who were telling Warren Brothers that unless they paid up, and paid up handsomely, the obligations bill would never pass. I kept my head during the conversation above mentioned, and was so coldly correct and polite that he realized that he was getting in very wrong, but he was so worked up that he only committed greater stupidities. As I have already told you, during that conversation he showed real animus. At the end of the conversation he tried to cover his retreat by saying that perhaps his feelings had carried him too far, et cetera. I want to make it clear that if there was any question of insolence during that conversation it was on the part of Martínez Fraga, and it was only the desire to avoid any break or any incident that prevented me from asking him to leave my office.

What we must see behind all this manœuvering of Martínez Fraga, leaving aside what other unworthy and personal motives there may be, is his definite desire to carry on all contact between the Cuban Government and ourselves, except on minor matters, through him in Washington. He has the presumption to wish to have our Embassy here and our Ambassador to be mere figureheads taking care of routine matters, while he handles everything of real importance in Washington. This is the important phase of the matter which we cannot disregard. We could not permit any man, no matter what his prestige or capacity, to determine for us whether certain matters shall be discussed by us with another Government through its representative in Washington, or through our representative at the post. Certainly we cannot permit a man of the character, irresponsibility, past record, and known performance of Martínez Fraga to arrogate to himself the position of sole channel of communication between our two Governments. If the Cuban Government chooses to permit a man of his record and performance to remain as Cuban Ambassador, that is for the present still a matter of principal concern to them. It may at some time become a matter of immediate and definite concern to us, and I am wondering whether that time

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is not approaching. Completely aside from any question of our dignity, self-respect, and adherence to usual and established diplomatic procedure, we cannot permit such a person to arrogate for himself such a position of sole medium of contact between our two Governments merely to satisfy his personal vanity or personal objectives. Our relationships with Cuba, small as she is, are too important to us in the big picture of our relationships with the Americas at this time to permit any individual to get away with anything like this.

I hardly need add that I have referred to this situation, not because I think our Government in any way has given Martínez Fraga any encouragement in his idea or has facilitated his way of carrying on. I only want to point out that there is no doubt as to his attitude in this respect, and that to permit him to get away with it would not be in accord with our dignity and interests. If we were prepared to let him get away with it, we would have no need of maintaining an Embassy or an Ambassador here, for our routine functions could be carried on by a Consul. As I am writing you so frankly, I think I should tell you that in a very delicate way responsible people here have referred to this obvious effort of Martínez Fraga during the last few years to endeavor to make it appear here that our Embassy does not count, as "he can take care of everything much better in Washington".

My own feeling is that I do not see how Martínez Fraga can maintain his position any length of time. Cortina is an easy-going man also, but I do not think he would put up with what Campa has put up during the last few years. Among Batista's friends they feel that Martínez Fraga has somehow temporarily hypnotized Batista, and they realize that he has abused his confidence and misinformed him. Among responsible people here generally Fraga has no friends and only a very unsavory reputation. When Batista finds out, which he is in the process of finding out now, how thoroughly Martínez Fraga has misinformed him, I am inclined to think the chances are that he will drop him like a hot potato. Up to the present, however, there is no definite indication that Batista realizes the situation.

I need not tell you that I have not permitted myself to be in any way influenced in my own conduct by this problem which Fraga has created. It naturally makes my task more difficult. When I went to see former President Laredo Bru to say goodbye the other day he said that he wanted to tell me how much he and those who were associated with him in the Government appreciated

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the way in which I had dealt with them during the time I have been here. They realized, he said, that I had dealt with them in an altogether frank, friendly and constructive manner. He went so far as to say that I had gained in an unusual degree the respect of all those who knew anything concerning our relationships with Cuba and who desired to put them on the sound, constructive basis on which they should be. In that conversation the former President referred, without any comment from me, to how helpful it would have been if the Cuban Government had been equally frankly and correctly informed "by some of its own officials".

Please do not bother to acknowledge this letter, which I felt it was necessary to write in order to complete the background on this situation.

With all good wishes,

Cordially and faithfully yours,

George S. Messersmith

GSM/nw