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REC'D: 27/4/51 April 22, 1951.

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mess.

Copy sent Mr. Br.
Montevideo Apr 30
Wilms May 2

Dear Dannie:

Jimmy told me yesterday that he had a telegram from Hettie that she and Edna would arrive here Tuesday even by American Airlines. I called this morning and found that you had already left this morning for Virginia Beach and I had a talk with Hettie, who confirms that they are arriving here Tuesday evening. Hettie told Marion in New York that she and Edna want to stay with Jimmy and June first and Marion and I thoroughly understand this. We will meet them at the plane Tuesday evening and Hettie and Edna will stay with Jimmy and June until Friday, when we will all go to Cuernavaca for the weekend, and then when they come back to Mexico City on Monday Hettie and Edna will stay with us. We are looking forward so much to seeing them. I hope you and Yvonne will have a pleasant stay at Virginia Beach. I understand that it is a wonderful hotel but I have never seen it.

We did not go to Cuernavaca this weekend, as Dave Matson, who is the head of American & Foreign Power in Mexico, married off his daughter this weekend, and as we are very close friends we had to stay here for the civil and religious ceremonies. As a matter of fact I couldn't have gone to Cuernavaca anyway this weekend, as I had to be at the office on Saturday morning, and I have to spend this Sunday clearing up a lot of work which I have not been able to attend to at the office. Since my return I have been as much out of the office as in it and have had to spend most of my time talking in government offices, etc. on various matters. I wrote a personal letter to Graydon this morning in which I gave him some intimate background on some of the important matters we have before us these days, and I am sending you a copy herewith as there are parts thereof which you may wish to read. This question of the labor contract and the 15 per cent will have to be resolved in the next couple of weeks and it is one of those things which has to be done largely by the government rather than any negotiation between the syndicate and the company. The settlement by which the strike was settled last year was one dictated by the President, and whether he likes it or not he will have to settle it this year. I do not know what he is thinking but I know what his Ministers and collaborators are thinking and they are understanding of the situation. The only preoccupation which I have is that the President is naturally thinking of political considerations in view of the fact that everything that is being done in Mexico these days and until the election next year is going to be determined by pre-electoral considerations. The President however is, I believe, a very sound man. I have wanted very much to see him but I am sure that it will be useless to try to see him at this time, as for purely political reasons he would not wish the syndicate to know that we had been talking with him. The only thing we can do, therefore, is to see that the proper information reaches him through his Ministers and more personal advisors and we are not leaving a stone unturned in that direction. I think it will work out all right.

I am

D. N. Heineman, Esquire,
Hotel Cavalier,
Virginia Beach, Virginia.

I am not going to write about our Mexlight matters in this letter, but I wish to write you about Cade. So that you may know what I have before me I will recite the letters which I have from you and Colinet since my return. I have copies of the letters which you wrote to Brosens on March 20 and April 5. I have Colinet's letter of April 6 with which he sends me a memorandum covering the remarks he made to Mr. Brosens on the brief prepared by Cade for eventual submission to the Eximbank. I have Colinet's letter to me of April 10 in which he quotes from a letter he has from Cade asking whether the Eximbank would be disposed to discuss an operation directly with the Cade and with which letter Colinet sends me the draft of the letter addressed to Gaston which would accompany the brief. I have a letter from Colinet to me dated April 12 with which he sends me a copy of a letter dated April 4 addressed to you by Brosens, in which Brosens states that the Economic Council is agreeable that Cade, for its account, should make a demarche before the Export-Import Bank. I also have a letter dated April 19 addressed to me by Levitan with which he sends me a copy of a memorandum dated April 19 addressed by him to you covering a conference which he had with the International General Electric concerning the 100,000 k.w. machine for Cade which is now in the General Electric production schedule for delivery in September 1953 and which the General Electric may have difficulty in continuing to maintain in the schedule for reasons which are quite understandable.

Naturally since my return I have been following the papers with regard to anything which affects directly or indirectly the Argentine and its reflection on the Cade situation. Nothing that I can see that has happened since I left New York has improved the situation and which would enable the State Department or the Eximbank to assume a more receptive attitude towards a Cade application for a credit at this time. The expropriation of LA PRENSA was made effective through the signing by President Perón of the expropriation decree. The decree provides for compensation to the Paz family in the form of Argentine government bonds, but as it is likely that all sorts of claims will be made against LA PRENSA and the Paz family for past taxes and on all forms of pretexts, it is quite possible that even though the actual amount of compensation fixed may be reasonable, the net return to the owners of the paper would be small and they might end up owing, according to the government, money to the Argentine Government. I know how things like that can be and are too often handled. It is not yet clear whether the government will use the LA PRENSA name and publish another government paper with that name or whether it will definitely disappear. Whatever the government does in this respect does not change the situation so far as public opinion is concerned, so that aspect is relatively unimportant. What is important is what the government will do with respect to LA NACION. You will recall that LA NACION published a very strong editorial about a week ago to the effect that the expropriation of LA PRENSA was unconstitutional, etc. That is bound to burn up the Peróns and it is not going to help the situation, and whether the action is constitutional or not I don't know, but there isn't any doubt that the Argentine courts would declare it constitutional if it came before them. The question is whether LA NACION can continue to live as an independent paper. Knowing the views of President Perón about these matters I think that he would wish to leave it alone. Knowing however, also, the views of others around him who are so much less understanding, and radical and arbitrary, I am not so sure as to what the action will be. I am inclined to think that LA

NACION

NACION will be let alone. If it is let alone and LA NACION editorially carries on an editorial policy such as that of the NEW YORK TIMES and the HERALD-TRIBUNE of sound, constructive criticism I am sure that that will not injure the paper. I am hopeful, however, that completely aside from editorial policy LA NACION will be more really a news paper than LA PRENSA was, for as is well known by those who really know this problem, LA PRENSA did not really publish the news in an unbiased way for many years and long before the present administration in the Argentine. If the Argentine Government is wise it will let LA NACION alone and that will go far towards convincing public opinion that there were other issues involved in this LA PRENSA matter, as some of us know were involved, than the freedom of the press. If LA NACION is permitted to live and maintains a really constructive editorial policy and really publishes the news it will be performing a great service to the country. In my opinion, however, there is just as much room for mistakes and just as much possibility of mistakes in this matter committed by LA NACION as by the government. When passions run high as they do in these and other matters in the Argentine or in other countries reason has little play.

The Association of Newspaper Editors in the United States yesterday unanimously passed a resolution condemning the action of the Argentine Government against LA PRENSA in the strongest terms. This is bound to have its effect because it means that every newspaper editor in the United States almost without exception is going to take his cue from that action and that means that any news from or about the Argentine is going to get a biased and unfavorable slant until there is some great change in the situation. Most of the feeling expressed by the papers in the United States about the LA PRENSA matter is honest. In a good many other countries where the condemnation is equally strong the criticism is ridiculous because the press is controlled in some of them even more definitely than in the Argentine. The ultimate effect, however, is the same. I am giving this emphasis to the LA PRENSA matter because if it had not been for the action of the government in this respect, whether it may have been justified or not, the relations between the Argentine and the United States would be infinitely better and the road towards better understanding and for better action in the United States and the Argentine would have been open. For the present I consider that this LA PRENSA matter has embittered the situation for months to come and the only possible way that I see at the moment by which the effect of the disappearance of LA PRENSA can be eliminated is by the Argentine Government giving proper treatment to LA NACION and by LA NACION conducting itself like a real newspaper. If that happens I think in the course of three or four months it will gradually sink through, even to the newspaper editors and owners in the United States, that the real issue in the LA PRENSA matter was not the freedom of the press, and in my opinion in the meantime some of the people will begin to learn to what degree the news from the Argentine has been influenced by LA PRENSA and by the United Press. I place a primordial importance on this question of LA NACION continuing to appear as an independent paper and LA NACION behaving itself as a self-respecting independent newspaper should.

In the meantime some of the statements of President Perón have not been helpful. Some days ago he saw a group of businessmen from the United States in Buenos Aires, and in connection with the agricultural situation he said that of the Argentine were able to get certain agricultural equipment in

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the United States she could increase her production and would need no money from anybody to pay for the machinery. He keeps talking about not needing any foreign money when he knows he needs it, but there are those around him who are constantly telling him that he doesn't need it and that is, as you know one of the dangers of the situation. Naturally such a statement by the President doesn't help the lending authorities in the United States, who need a certain ambiente also for lending to particular countries. The statement, too, was unfortunate because President Perón keeps forgetting that because of lower agricultural production in the Argentine in the last years and because of high prices asked for her products the rest of the world which used to look to the Argentine as a natural supplier is leaning more and more that it doesn't need the Argentine. I recall the years when the Argentine used to produce 1,500,000 tons of linseed a year and more and had steady customers in the United States and elsewhere for all she could produce, and it was a tremendous source of foreign currencies to the country. Because of the high prices imposed by Miranda, under Perón, we in the United States who used to depend on the Argentine for linseed, started to produce it again, with the result that today the Argentine is producing about half a million tons a year and in many ways it is likely that the outside demand for this linseed from the Argentine is largely gone. The other countries are depending on their own production and on chemical substitutes for linseed oil. I pointed out to Miranda and to Perón in 1946 that this was what was going to happen and Miranda laughed at me. In a measure this is happening to other agricultural products of the Argentine and after all these products are and will be for years to come the real source of her wealth, because she has no minerals in any quantity to export and her industrial production for export will for many, many years be small. She has been destroying the sources of production which produce the money which enables her to buy the things which she needs. For the lending countries this is a very important factor because, as you know, one of the principal factors the Export-Import Bank and the World Bank keep in mind in lending is whether the borrowing country will have available the foreign exchange with which to meet amortization and interest and returns on investment.

I have not called up anyone in the Department as yet, as I indicated to you over the telephone some days ago I would, because I do not think it is yet quite opportune for me to do so. I think in another ten days or so I can do so. Mrs. Hughes, who has been staying with us at the house during the last three months while she is working at the Embassy here, will be returning at the end of April or in the first days of May to Washington, to the Mexican Division, and I am going to ask her to explore the situation with some of the people in the River Plate Division to give me as full information as they can with regard to developments since I was last in Washington. That will be the best way of getting the atmosphere in Washington at this time, since it is impossible for me to get it directly myself through a visit there. I doubt, however, whether there has been much change in the situation and they are following a policy of watchful waiting and observation.

You may have seen an article in the NEW YORK TIMES about ten days ago written by Milton Bracker, who is the NEW YORK TIMES correspondent in Buenos Aires but who was in Washington covering the meeting of the American States.

States. In this article which he wrote in Washington he said that the State Department was going to follow a policy of "correctness" toward the Argentine and of absolute courtesy in relationships, but do nothing, and indicated that the Department would look for moves from the Argentine rather than from the United States. I do not have much opinion of Bracker as a correspondent or as a man, but he must have got that pretty much from the horse's mouth in Washington, because it represents the attitude of the Department as I see it. The attitude of the Department of course goes deeper. They lament and deplore the situation. They would like to do things for the Argentine and their attitude is basically friendly and they are prepared to ignore many things which they do not like in the Argentine situation. They cannot ignore the LA PRENSA situation or the press situation as it now stands, both as a matter of principle and because of public opinion in the United States. I do not believe that the United States Government will make any moves with respect to the Argentine. You will recall I told you that our Government would refrain from any statements which would aggravate the situation and certainly up to now and since that decision was reached about six weeks ago they have done so. It is really up to the Argentine to endeavor to improve the situation. There are many secondary matters in which the Argentine has made promises as to what it would do that it has not carried through. Irrespective of the fact that this situation is delaying action in the Cade matters which are so important both for the Cade as well as for the Argentine, and I believe for us, I cannot but believe that the attitude which the Department and the bank are taking at this time is the only one which they can take.

In the meantime every day which passes is dangerous for the Cade and for the Argentine economy, as well as for the Argentine Government. The letters which I have mentioned at the outset do not give me too much information as to what Brosens actually thinks about what is happening in the Argentine with respect to the Cade. It does say definitely that the government has indicated that it will be all right for the Cade to make an application on its own account, I suppose on the basis of 100,000 k.w. with auxiliary works instead of the 200,000 k.w. for which provision should be made now. He does not say whether the government is prepared to give its guarantee. The draft letter Brosens has prepared for the Export-Import Bank to accompany the brief does contain the statement that the Argentine Government would give the guarantee of the Central Bank to a Cade credit, but I gather from the correspondence that the Argentine Government has not yet formally approved this draft letter of which I understand a copy has been given to the Economic Council. Alejandro Shaw, who arrived from Buenos Aires yesterday and who had luncheon with me at the house here yesterday, tells me that it is his understanding that the Argentine Government does not wish to give the guarantee of the Central Bank for a Cade loan.

Colinet tells me in his letter of April 10 that the Cade has asked whether the bank would be disposed to treat an operation directly with the Cade. Of course any loan operation for the Cade would have to be between the Cade and the bank but it would have to be clear to the bank that the Cade application had the approval of the Argentine Government and that any Cade credit extended would have the proper guarantees of the Argentine Government at least through the Central Bank, which is the minimum guarantee which the bank could accept. I am not quite clear what this

inquiry

inquiry from the Cade means, but the question carries the implication, as I see it, whether the bank would be prepared to make a credit directly to the Cade without the intervention of the Argentine Government. As you and I know, that is out of the question under the bank statutes and rules.

A.E.G.
If the Cade wished to inquire whether the bank would be prepared to consider a credit for the Cade with the guarantee of the Argentine Government, even if the Argentine Government did not make any application at the same time or about the same time for works of its own, I am not able at this time to answer this question. I still remain of the opinion, which I am sure Brosens shares, that any application of the Cade will fare better before the bank or the State Department if at the same time the Argentine Government asks for a credit for some works of its own. A dual approach of this kind makes it easier for the bank and for the State Department, and it certainly is to the advantage of the Cade for many reasons which it is not necessary to go into here. I would gather from the inquiry of the Cade that the Argentine Government is not disposed to ask for any money from the Eximbank for electricity production at San Nicolas or elsewhere and is thinking of getting the credit elsewhere.

If they are thinking of private credits in the United States that is fantastic, because if government credits are not available at this time private credits are less available. I had hoped that I had made this abundantly clear in the conversations which I had with government authorities in Buenos Aires recently. They must be thinking of getting machinery elsewhere on credit.

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barber
This latter assumption seems to be given some confirmation by the fact that Alejandro Shaw told me yesterday afternoon that the Argentine Government has been in touch with the A.E.G. for 150,000 k.w. for San Nicolas and that the A.E.G. has indicated that it is willing to accept the order at the equivalent of about \$80 dollars a k.w. and to accept payment on delivery of the machines and not to require any payments in the meantime. I gathered from Shaw, too, that the A.E.G. apparently was willing to accept merely the promise of the Argentine Government that it would pay the full price on delivery. This seems fantastic to me. because I do not see how the A.E.G. can carry through the long manufacturing operation of the turbines and generators without getting anything until delivery, nor do I see how the A.E.G. could accept a mere promise to pay on delivery of the machines. That they can deliver the machines for less than the American manufacturers I can understand, but in view of the precarious position in the world situation and in view of the electricity situation in the Argentine it is certainly a lack of further understanding on the part of the Argentine authorities to place their dependence for delivery of such heavy equipment from European producers.

From the information which I have from the letters before me I gather at least the inference that the Argentine Government is not interested any longer at present in making an application to the Export-Import Bank for the foreign currency needs of the San Nicolas proposed plant. This probably because the A.E.G. has been telling them that they will not

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require any money now but only on delivery of the machines, and the Argentine Government is attracted by lower price and speculating on the hope that it can pay on delivery. What is the A.E.G. going to do if the Argentine Government cannot pay on delivery? Is it expecting the United States Government to make it up through the funds it supplies to the German Government? How is the A.E.G. going to finance the construction of such big units during the period of construction without any payments from the Argentine unless it is depending upon the aid which it gets from the German Government which comes from us in the United States?

Why?
yes
Alejandro Shaw put the question to me as to whether there was any way in which the United States Government could put a stop to such offers by the A.E.G. when it is so obvious that the A.E.G. is only able to do this because of aid which the German Government and German industry receives from the United States Government. What will American manufacturers say when they know that their business is being taken away from them in this way? I do not believe myself that the A.E.G. has told the Argentine Government that it will build these machines for San Nicolas without any payments until delivery, but it is always possible. I see in an article in the NEW YORK TIMES airmail issue of Saturday, stating that Adenauer expects, now that the Schumann Plan has been signed, that there will be money available from the United States for aid to German heavy industry. You know that I believe we should do these things to help the government of West Germany, but there are certain limits to which we must keep and if our government does not keep to these limits we will destroy the public opinion which makes it possible to furnish this aid. I have been thinking of the possibility of writing a letter to McCloy asking him whether any aid which we are giving to Germany and which Germany can give to the heavy industry would make it possible for the A.E.G. to make such an offer to the Argentine Government. I would see no impropriety in writing such a letter. I can, of course, also make inquiry in a discreet way in the State Department. I don't believe that the A.E.G., if it has made such an offer to the Argentine Government for the 150,000 k.w. for San Nicolas or elsewhere in the Argentine, can carry it through, but you and I know that it is this sort of offers that has been making the Argentines believe that they can get away with certain things and in the meantime such irresponsible action is doing tremendous injury to the country.

In any event it looks to me as though such an offer by the A.E.G. which Shaw speaks of may be responsible for the apparent lack of interest of the Argentine Government in asking for money for San Nicolas or its electricity program, and may be the reason why Cade is asking whether the bank would consider a direct operation with the Cade, and why, as Shaw says, the Argentine Government may not want to guarantee a Cade loan. All these are important questions to which I do not have answers but to which there must be answers in Buenos Aires, and we must know what these situations are before we can really do any constructive thinking and planning with respect to action in Washington, and certainly we would have to know the answers to these questions before we can talk in the most informal way again in Washington.

I also cannot gather from the correspondence before me just what the opinion of Brosens may be as to the attitudes of the Argentine Government and to what degree the situation stands as it was in the last conversation

which

which he and I had with the President and Cereijo on the morning of March 2 in the Casa Rosada. That conversation was very definite and I have no knowledge as to what deviations there may have been from that and in what degree except the implications which I can draw from the correspondence before me and the information which Shaw gives me which I gather he must have got from the Cade. I wish that it were possible for Brosens to go to Montevideo and write you a letter giving you fully the situation as to the intimate and realistic developments at the Buenos Aires end, as I would think that from Montevideo, by mail or otherwise, he would have some safe way of sending a letter. A telegram is not sufficient because what we must have is details and atmosphere.

If there is one thing I believe that Brosens and I accomplished while I was in the Argentine it was to reinforce and to strengthen the knowledge which the President and certain officials of the government have as to the fundamental importance of this electricity situation in the country, not only in the industrial and economic field, but in the financial, social and political field. The situation with respect to production and consumption there is already such that it is calamitous. The trouble in the Argentine is that the President lets himself be influenced by the things which some of his advisors tell him who are utterly incapable of advising him properly and it may be that the President has been convinced again by someone that they don't need any money for machines from the United States and they can get them from Europe. This is not only bad for them but it is going to be bad for the Cade. I don't see any harm to the Cade in the government building up some production a part of which can be sold to Cade, and it is not necessary for the Cade, in my opinion, to install all the capacity necessary to keep on supplying the Buenos Aires area. It would, of course, be the best way for the government and for everyone if that were the way the thing were done, but in the kind of world in which we live we have to recognize that this government initiative is in the picture in practically every country and is bound to stay. The danger lies in the Cade becoming merely a distributing unit increasingly for power produced by somebody else. This would destroy the Cade. It will not destroy the Cade if the government builds some capacity at San Nicolas, of which some will be sold to the Cade or other companies.

y2 I have a feeling that some of the people in the Cade, and I am not speaking of Brosens, have the feeling that the Cade should do everything possible to stop the government from producing power. That is just ridiculous and unrealistic. When it comes to actual lending for government or private projects, you and I know from experience that these are kept in perspective by the lending agencies if the lending agencies are the Export-Import Bank or the World Bank, and they are the only ones available. Of course if the United States Government is going to give dollars to the German Government which the German Government can give to the A.E.G. to supply units to the government on credit, then one cannot blame the Argentine Government for trying to get them in Germany, but I do not believe that the A.E.G. or any other German industry can get away with that when the facts are known. That would be a way of replacing credits from the Export-Import Bank and the World Bank through direct subsidy by the United States Government, and I don't believe that we are at the point yet where we are going to do that and where we are going to destroy our own industry through such action.

I gathered

I gathered from what Alejandro Shaw told me yesterday that the A.E.G. has indicated to the Argentine Government that they will prepare all the plans for the Dirección de Energía for the San Nicolas plant. In other words, if Shaw is properly informed apparently the A.E.G. is going all out, and as the Argentine Government knows by this time, at least in a measure, how incompetent its engineers are in the Dirección de Energía, it would welcome such assistance from the A.E.G. The President told Brosens and me on the morning of March 2 that he wanted the Cade to help the Dirección de Energía with regard to the plans for San Nicolas, etc., and in the drawing up the brief. From what Shaw tells me it would appear that the A.E.G. is prepared not only to sell the machines on credit, but to do all the work in planning the San Nicolas plant without cost. Of course I do not know how adequately or accurately Shaw is informed. It would be very helpful to know whether Cade or Brosens have information on this point and to what degree.

I have been very much interested in Levitan's letter to me of April 19 with which he sends me a copy of this memorandum of April 19 which he addressed to you covering the meeting with the International General Electric. This is a serious matter. It has been very helpful and very collaborative of the General Electric to keep this 100,000 k.w. unit in their production schedule for delivery in September 1953. I note that the same delivery schedule appears on the order board submitted to the National Production Authority. In spite of all the difficulties in the whole problem, the Cade has been able to maintain this unit so far in the production schedule of the General Electric, which was of tremendous importance and is now of even greater importance in view of the new situations growing out of government controls in the United States. I note that the General Electric has to submit a revised order board to the N.P.A. on May 15. I know that this unit has been put on their production schedule without request from Cade or Cade's representative, and that therefore General Electric does not feel that they are able to maintain it on their production schedule beyond that date without a firm order, or at least a provision and conditional order permitting the Cade in the latter case to cancel it without charge during a specific period of time.

I can quite understand what the General Electric have done in this respect. These order boards submitted by the producing companies to the government authorities are going to be subject to examination. There are some companies that are not going to be correct in the order boards which they submit. General Electric has to be correct in a matter of this kind. Too much is at stake for it and for its customers. With the best will in the world, and they have shown good will, they are in a difficult position.

I note that the International General Electric will write a letter incorporating their reasons as indicated above, and you are familiar, I am sure, with this whole matter already. Just what the Cade can do in placing an order or a provisional order subject to cancellation I do not know, because it is difficult to place such an order without knowing how you are going to pay. On the other hand, it seems to me that the International General Electric is putting the matter up to the Cade in such a way that the Cade may be able to do sufficient for the records of the I.G.E. so that it can properly maintain the unit in schedule. The only reason I am mentioning this in this letter is because you appreciate better than I

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how important it is to maintain this unit in the I.G.E. schedule, for once it is out of the schedule I don't see how it can get back for anything like a delivery date as favorable as the one now indicated and that delivery date is so important to the Argentine economy and to the Cade. As I have already said, the only reason I am mentioning this matter is because I know how difficult it will be to get such a unit into schedule with the I.G.E. or any other company once it is out, and I also realize the situation with which the I.G.E. is faced in this matter.

This is a very long letter and while there are many reflections which I might make on the Argentine situation, etc., I have given you the main points I have in mind. A tremendous amount depends upon LA NACION being left alone by the Argentine Government and LA NACION conducting itself as a really great independent paper. For the moment I think it is useless to make any approaches in Washington because more water has to run under the bridge. Any approaches now to the Department or to the bank would do more harm than good. Their basic attitude towards the Argentine is friendly even towards the government, but they are inhibited for the present from doing anything now if there is to be a chance of doing anything later. Certainly the next steps are up to the Argentine Government. If Perón would only stop making these completely unnecessary statements which he makes for internal consumption but which do him so much harm abroad.

If you have a way of getting a copy of this letter to Brosens without sending it through the mails to the Argentine, or a really completely safe way of sending it to him, I have no objection to sending it to him, and if you wish to send a copy to Wilmers for his confidential background I have no objection. I do hope that Brosens will find a way to give you some information on these points which I have covered in this letter and on which we can only draw, so far, inferences, or at least concerning which I myself can only draw inferences from the information which I have. I will be going north again around the 15th of June for the Directors Meeting and the Annual Meeting in Toronto in the last days of June, and I intend to spend three or four days in Washington immediately after the 15th of June, and I think by that time a lot of things will be clearer than they are today and the people in the Department and in the bank will again be able to speak with more definiteness. It is for this reason that I think you and I should have as much information as possible from Brosens.

I can appreciate the conditions under which Brosens is working even better than you, because I have had the opportunity of this stay recently in Buenos Aires, and it is tremendously difficult and in some ways discouraging task, which he knows how to handle with courage and understanding and decision. The only thing that can give him courage to carry through under these difficult circumstances is the knowledge that one has that one is doing something really constructive.

I do not like to write you this long letter at Virginia Beach, but knowing your habits I know you would rather have this letter now than later. Please do not bother to write me and I shall be keeping in touch with you as to any further thoughts I may have.

Incidentally,

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Incidentally, I should have told you that Alejandro Shaw is in Mexico for this meeting of Mexican bankers and from some of the other American countries at Guadalajara next week, and I think he is going to the United States and elsewhere probably before he returns to Buenos Aires. If you are in New York when he is there he will undoubtedly stop in to see you.

Marion joins in love and good wishes to you and Yvonne.

Cordially and faithfully yours,

A handwritten signature, likely of the sender, is written in ink. It is a cursive script, possibly reading 'G. Hunt' or similar, with a long, sweeping underline.

Wednesday, April 25
page 12.

I dictated this letter to you on Sunday, April 22, but I had loaded up Helen Hall with so much work during Saturday afternoon and Sunday that this letter was not typed until yesterday. On rereading it, I would like to emphasize the following points :

1) I think that Brosens should get to you and for my use also, information on the points which I have mentioned in this letter; what I think we particularly need is to know just what the atmosphere is in this whole matter and what has been happening in specific conversations which Brosens or Hernández or others of Cade have had with the President, ~~Greijo~~, or other persons in the Government including the Dirección de Energía. It is the atmosphere we need as much as specific facts.

2) It will be recalled that President Perón told me that he wanted to help CADE in every way, and what he wished was that there were two or three Cades in the Argentine instead of only one. I really believe that he wants to help Cade, but I am equally convinced that some of the people in the Government do not share his feelings and do not want to help, in fact wish to do the contrary. I am convinced that some of these people still feel that if they can make enough trouble for Cade and get the government electrical industry going, the Cade will gradually become weakened and become an easy prey. This is why I think they continue to hope for private financing and why they look to Europe for equipment and why they are taken in by offers such as that of the A.E.G.; which in my opinion is unrealistic, and the Argentine Government could not place any dependence for performance on such offers. The information which I have from Alejandro Shaw may be accurate but I think we should know from Brosens just what this A.E.G. proposal is in as concrete a form as possible. I think that, if Brosens will ask the President if he cannot get it from ~~Greijos~~ and others, he will get it from the President, who, as I think, is sufficiently concerned about this thing to know that the ideas of some of his collaborators are not sound and realistic. It is really impossible for us to take up this question of the A.E.G. offer or to know how to consider it or handle it until we know something definite about it, and I am sure that Brosens can send us this very quickly. I would not want to talk to the Department or any one in Washington or write McCloy, until I know what is really going on with regard to this A.E.G. alleged offer for 150,000 KW at San Nicolás.

3) I think everything possible should be done to maintain the 100,000 KW unit on schedule with the General Electric, and I believe this can be done.

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4) I read in the papers this morning that a meat agreement has been signed with the British on Monday. This is a good thing. So far as I can tell from the newspaper accounts, it is a reasonably fair agreement; it is certainly a good agreement for the British. Whether it is equally good for the Argentines I am unable to say. In any event the fact that an agreement has been signed shows that the Argentines are satisfied that they can make at least a little profit on the meat products they are selling to England rather than subsidizing, as they have done since 1939, the British meat eater and the British Government. It is a good thing all around that this has been signed; it is going to improve the Sterling situation tremendously for the Argentine and it is going to improve the Argentine general exchange position. Also, it should make it easier for Cade and the Argentine Government so far as fuel for Cade is concerned. On the other hand, increased Sterling balances of the Government may encourage certain people in the Argentine Government in endeavoring to get equipment for the electrical industry in England or in Europe, and that may increase financing problems in connection with the Cade operations for expansion. On the whole, however, the signing of this meat agreement is in my opinion a favorable development.

GSM/go