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GENOVA 44
MEXICO CITY
MEXICO, D. F.

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De jure
reception
23 Aug 54

Dear Dannie:

So much time has passed since we have seen each other and so much has happened that I do not know how to begin writing you. In the early days of May I was suffering from such distress that I became desperate and Marion and I went to the Lahey Clinic in Boston, where they found that I had a very large ulcer in the intestine right outside of the opening of the stomach made in 1920 in Antwerp when they operated on my for another ulcer. The doctors here, although they are good, had not found this ulcer and it proved to be the source of all the trouble that I had been having since the end of 1952 and which was attributed here to a hernia of the esophagus, which while present, they say in Boston has not caused any real trouble. After a month in the hospital and a month outside on practically the same level, the ulcer seems to have been completely cured and it is now a question of not having any recurrence.

I cannot tell you how much Marion and I enjoyed being with Hettie and Edna at Greenwich in June and how much I appreciate Hettie's kindness to me. It was wonderful being there with them and to be able to see Jimmy and June and Stephen and May and their families. It was wonderful to find Jimmy so well and I am sure that life will be more comfortable for him with this operation so successfully in the background.

Marion and I returned here early in July and are well settled. We are spending most of our time in Mexico City but I am hoping gradually to lengthen our stays in Cuernavaca. We usually leave here early Friday afternoon for Cuernavaca and return Monday noon. I am keeping a little office in the company building and am usually there several hours every day, although I am trying to reduce the time I spend there.

I have not been writing you because during the two months before I went North in early May I simply could not get myself to do any correspondence, for while I was getting around and attending to things, I had so much pain and discomfort that I could not get myself to write any letters, and during May and June while I was in the hospital, etc., I had no facilities to write, and to write a letter by hand for me is quite impossible, and in any event no one could read it. That we have been thinking of you and missing you I need not tell you.

D. N. Heineman, Esq.,
c/o Sofina,
38, rue de Naples,
Brussels, Belgium.

Maryssael and Draper have done a good job with the serious problems which the company has had since the devaluation. As no one is going to see this letter except you, I want you to know that Maryssael during the last six years has really grown into a first-class man. With his native capacities and the experience he was already a most useful man when I joined the company, but I think even though it may seem egotistic on my part, that our association during the last six years has been very helpful to him and I want you to know that he is really a first-class man. What the company would do without him I do not know. His judgment has matured and he knows how to handle our friends here and to talk with them, and he has great tact and understanding and great force of character, so that he knows how to stand up to situations and does it.

Draper has not been a disappointment. He is a man of great energy and great industry and there is not any doubt that he is giving himself in an extraordinary measure to the problems of the company and I think a good choice was made. He does not know yet our Mexican friends, but he is learning to know by experience, and I do not think that any grave mistakes, at least no irreparable mistakes have been made.

We are the biggest private company in Mexico and we are still completely foreign owned. The handling of our problems requires not only great firmness and great tact, but also that in our dealings with the government we make no mistakes. That means that in every conversation which we have with the authorities we have to be extraordinarily careful in what we say. Draper has on the whole made a good impression here and I knew that the President likes him, which is very important. I am not sure that Draper understands fully, or rather I should say did not understand fully how careful one must be in what one says in these conversations with important officials. For that reason I have in a discreet way made it clear to Draper that it is always desirable that in any conversations we have with high officials of the government that he be accompanied by Maryssael. I followed that practice and I think he now realizes how important it is to follow that practice. He is so eager to make progress that he does not always think things through and does not appreciate some of the background which we have to deal with. This means that at times he may be too pressing on our friends about some things and at others not sufficiently pressing about some fundamental factors. I think that he has learned rapidly and he already understands the situation here better, and I am sure that he will make a good man for the company.

Draper and Maryssael are getting along together very well. The one thing that Draper must guard against is taking too much initiative here, and he must leave the proper initiative and authority to Maryssael, for without that it is impossible for Maryssael to function. I think Draper appreciates Maryssael and I am sure that things are going well.

Neither Buchanan nor Maryssael have been very well and just

as soon as these tariff problems are settled I think that Maryssael should go and see some good doctors in the United States, because he is inclined to put off taking care of himself. He carries a very big burden and the strain of course is very considerable and it is extremely important that he look after himself. It is not only important for his own sake but it is important for the company.

I think that during the last years we have constantly been improving the administration of the company and I think you may be sure that that progress is continuing. There is a good spirit in the company organization and we are certainly functioning better as the years go on.

The devaluation was really a serious matter. I am not going to try to write in any detail about that because it is a step which has been taken and we have to live with it. The biggest step forward that we have made in Mexico so far as the company is concerned is that responsible elements in the government and in commerce and industry and banking realize the importance of the company in the economy of the country and they are stepping in to help us. That is the biggest gain that we can have, and for the long range means even more than tariffs do immediately. I wonder if you have read the letter which the Advisory Committee wrote to Draper on the question of the proper treatment of the company in the interest of the economy of Mexico. It is really an extraordinary document and it had great effect on the President and responsible members of the government in the handling of our tariff problem. I am sure that Draper is sending you a copy, if he has not already done so, and you will wish to read it.

Maryssael and Draper and Martinez and all of our people have put in a tremendous and really effective effort on this tariff problem and we now have a decision from the government which gives us about three fourths of what we need to put our position at what it was before devaluation and the promise that within ten or eleven months there will be a further increase to completely restore our position. The World Bank has been taking a very constructive interest in this matter of the company and as usual has been very helpful. Consolo arrived here about a week ago and things have moved. This afternoon Draper and Maryssael are seeing Loyo to get the decision of the government, which we know already, and under all the circumstances I think we have done very well. It would take a volume to tell you just what has been done to bring about this result, but you will be getting a letter shortly telling you in exact terms what has been done and what the effects are on our financial situation and you will be able to form your own judgment. We should be able to pay a 25 cent dividend on the Common Stock this Fall and another 25 cent early next year and put the Common Stock on a dollar a year basis before the end of next year. I think it is not being overly optimistic to believe that we shall be able to do this. It will mean of course hard work in the meantime because the government has to be constantly aware of what has to be done for the company, and that means hard work for our people here.

The government had promised to make new rates effective by August 1, but now it will not be done until around the middle of September and the October billings should be the first to cover the new tariffs.

One of the biggest things that has grown out of these negotiations is that the government has agreed that the tax subsidy which we are to get so as to reduce the present impact of the rates, is to be eliminated by the end of next year. I had feared that this would be not a "temporary" but a permanent thing and that would have been very bad for the company, as well as for the government, which needs the revenue. Shortly after my return here I wrote a memorandum for Draper and Maryssael of which I enclose a copy and from which you will see my points of view. The Bank shared these points of view so far as the tax subsidy is concerned, and as I said before the Bank and Consolo have been very useful again, as in the past.

I think that we can feel very happy over the result so far. It is difficult for these Latin governments to face up realistically to situations such as ours, but the government has gone pretty far in facing up to this one and we have the definite assurances to ourselves as well as to the Bank that the rest of the needs of the company will be taken care of within a maximum of ten or eleven months.

The important thing is that we are able to continue to pay the Preferred dividend and will be able to pay this Common dividend of 25 cents this Fall and that the government recognizes that we must keep on a dividend paying basis if we are to do our job and they want us to be in a position to do our job.

We had an excellent meeting of the Board in Toronto. We missed you. I think it was important for Brosens to be there and I was very happy he could do it. I am sure he has told you about that meeting, so I need not go into detail. It was important that Draper should know that we have a Board of Directors which is a real Board of Directors and that no important decisions affecting the future of the company can be taken without the Board being adequately advised beforehand, and then acting. As a matter of fact, it was a good experience for Draper and I am sure that it will prove to be most helpful. I do not go into more detail as I hope Brosens has had the opportunity to tell you about it.

This is a very difficult letter to write because I have not written for so long and there is so much to say. As a matter of possible interest to you I am sending you herewith a copy of a letter which I wrote to Herbert Gaston, which copy I will appreciate your returning to me as it is the only copy I have. Gaston, as you know, is completely retired, but he was so helpful to us and such a good friend of mine over so many years that I wrote him the enclosed letter in reply to several which he had written me. It gives a little background which may be of interest to you.

I am not going to try to write more now but hope to write

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you again next week. I am sure you must have had a very interesting time in Brussels and seeing so many of your old friends in Europe, including Dr. Adenauer, who is doing such an admirable job, and I hope that he will stick to his guns. We have done everything we could in the United States to help him and have finally pushed the British to really being helpful so far as Western Germany is concerned. Our British friends are really behaving badly. I am very fearful about Eden. I sometimes think it would be much better if Butler instead of Eden were in. Eden seems to be more interested in making, or rather assuring his personal position than he seems to be in assuring safety and security.

I am doing what I can to be helpful with regard to the meeting of the American States which is to be held in Rio in late November. It is going to be a very important meeting. There are indirect ways in which I can be helpful to my good friends Foster Dulles and Henry Holland.

We are looking forward to seeing you and Hettie here. I hope that when you come back from Europe that you all will make us a visit here. I told Hettie how much we are looking forward to seeing you all and having a long visit from you. The Lord has been good to all of us, but there are some things that we must not put off and we do look forward to a visit from you.

This is a very hurried and unsatisfactory letter, but I shall be writing again next week. Marion joins in much love to you and Hettie and Edna and Yvonne. Everybody tells me how well you are looking, and I need not tell you how happy Marion and I are to have that news.

Cordially and faithfully yours,

A handwritten signature in dark ink, appearing to be 'W. J. ...', written in a cursive style.