

1705
AIR MAIL

RESTRICTED

México, D.F., April 11, 1945.

Dear Will:

I am sending you herewith a copy of a despatch which I have written the Department which covers my conversation with the President of Mexico on loans. It is rather long but I hope you may have the opportunity of reading it for it contains observations which I think are of primary importance. While they are familiar to you and I am sure you are in agreement therewith, there are still those in some of the agencies of our Government who so far as Mexico is concerned are governed by their prejudices rather than by the facts and as you know, this is a luxury which we cannot permit ourselves in these days.

It is a curious thing that among a good many of the people in our Government there is always a complete lack of understanding of what has been happening in Mexico during the last four years, and of the changed character of our relationships and more particularly of the steps which Mexico has been taking herself to put her house in order. Some of our people have been prepared to fall all over themselves in giving various types of assistance to some of the American Republics which have shown much less tendency to help themselves and to put their house in order.

I have been in this business now for a good many years and I think I have retained my complete objectivity and I always keep primarily in mind the interests of our own country. I am, however, thoroughly convinced that unless something very unfortunate happens this country is going forward and its relations with us will become necessarily even more important than they are now. From the political and economic and defense point of view I consider that our relationships with Mexico are of even more immediate and fundamental importance to us than those with Brazil which so many people are inclined to put forward. Our military

are in

The Honorable
William L. Clayton,
Assistant Secretary of State,
Washington, D. C.

are in complete accord with this fundamental importance to us of the happiest and most collaborative arrangements with Mexico.

They have a presidential election in Mexico next year and a great deal will depend upon the way in which we carry on our relationships with Mexico this year. If we fail to show adequate understanding of the problems here, it will be seized upon by those in Mexico who are trying to substitute a policy of collaboration with one of pressures. This would be a return to the unhappy situation which existed some years ago which the new circumstances in the world do not permit us to envisage.

You will note from the appended despatch that the President of Mexico has wisely decided that the one loan which we are prepared to approve at this time is the \$10,000,000 additional for roads which will make available to them \$30,000,000 for a continued well planned road program. I think the President's decision is wise and sound for this opening of new roads has been one of the principal factors in helping to bring about the unification of Mexico and the development of law and order in the measure that has been achieved.

The other two loans for railway equipment and for electrification can be considered later in the year and I found full understanding in the President of Mexico of our reasons for wishing to approve only one loan at this time. It has been a very real fortune for us as well as for Mexico that Mexico during these difficult periods has had a President as understanding and as sound as President Avila Camacho. Of course we must bear in mind that when Mexico raises these questions of the two other loans, which the Department and the Export-Import Bank have approved in principle, that they must go forward but I do not believe that this question will arise until after the San Francisco meeting and I hope in the meantime some action may have been taken by Congress on Bretton Woods and on the increase of capital of the Export-Import Bank.

We you will note from the despatch, there is to be no publicity with regard to this \$10,000,000 increase in the amount available to Mexico for roads. I think this is a good thing from their point of view and ours. The publicity can be given later when it may be found convenient to either or to both Governments. In the meantime, of

course,

course, the arrangements for the additional \$10,000,000 for roads with the renewal of the \$20,000,000 credit now outstanding can be concluded and there is no need for any publicity.

The President told me he would authorize Suárez to complete the arrangements for the road loan and tell him to discontinue conversations with regard to the other two loans. Suárez is, I am sure, authorized to complete the arrangements for the road loan while he is in Washington but he has been told to refrain from any publicity or public statements.

I wish to express to you my very real appreciation of your understanding helpfulness in these matters which I need not tell you is a very precious thing for me in my work here and which is so important in our relationships with this country.

Believe me,

Cordially and sincerely yours,

George S. Messersmith

Enclosure:

Copy of despatch with original only.

In duplicate.

GSM:NA