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Metropolitan Club
Washington, D.C.

May 5, 49

Dear Dannie:

I have explored fully Spanish situation in Dept. of State and ExIm. Bank. Both say there is no change of attitude. What has happened is that Dept. has told ExIm. Bank that it has no political objections to loans, but that economic objections are as great as ever. As one of economic objections Dept. of State has indicated treatment private capital, as in case Barcelona Company. It is clear that State Dept. still opposed loans.

State Dept. says there is no change in attitude as it has told Spaniards for a year it has no political objections, but very strong controlling (2) economic objections until Spain cleans its house.

State Dept. says Spaniards can now talk directly to ExIm. Bank about loans, and believes that ExIm. Bank can bring more effective pressures on Spanish business men than State Dept.

ExIm. Bank is not pleased as this brings more direct pressure on them by Spanish interests - and friends of such interests.- It is clear however that ExIm. Bank has no thought of making any loans until conditions are present in Spain which bank requires for loans.

The Catholic-Irish pressures have been important but have not got what they wanted. The results of the pressure are hollow but the press publicity has been helpful to Spain and is very undesirable, as it misinforms public opinion as to real attitude U.S. and weakens in a measure the general situation. Will write you more fully from Mexico.

I hope to cable you about Argentine to-day.

All affectionate regards,

Cordially,

(Sg:) GEORGE