

911

August 7, 1951

My dear Friend:

I have just received your letter of July 31 acknowledging mine of July 18 with which I sent you the memorandum on developments in the work and operations of Mexlight during a three months period. I am very happy to know that you found this memorandum interesting. I have heard from most of our colleagues on the Board and they all say that they think this is a very good initiative and a very useful one. The majority seemed to think that I should not make the memorandum too short and do not find the first one which I prepared too long. I personally think it is a little too long, but I feel sure that through experience and practice these memoranda can be made very useful, but they do entail a lot of additional work. In the times in which we live and due to the fact that some of the members of the Board cannot attend many meetings, for the best reason in the world, I think it is really most important that we follow out this practice in Mexlight. I am glad to find the practice interesting and useful.

With regard to the Advisory Committee of the company in Mexico, I thought that I had told you about this when I last had the opportunity of seeing you in New York, but I obviously failed to do so. Martinez, who is one of the best officers of our company, is the only Mexican member of the Board of Mexlight and I do not see how we could put any more Mexicans on the Board now when there is practically no holding of our securities in Mexico and of the shares practically none. More than this, even though our shareholders would wish to elect some Mexicans to the Board, I am sure that Maryssael and I would find it difficult to recommend any further names, for I would not wish to recommend anyone else from the company at this time and could not do so without creating some well justified feelings among our people and so far as recommending to the shareholders the election of prominent persons in Mexico I would be in the same position, for we could put on only a few and in view of

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the importance of the company in the Mexican economy, some of the really important people here would be glad to serve on the Board even without compensation. If we endeavored to recommend some people from here, therefore, we would be almost certain to create more difficulties for ourselves rather than help the company.

Faced by this situation and at the same time by the imperative necessity of our having closer contact with important sectors in Mexico, Maryssael and I evolved this idea of an Advisory Committee and we have been talking to the Board for about a year about it, and the idea was received with much sympathy by the Board, but we were all of the opinion that after the Board had approved in principle we should not go ahead with the idea until Maryssael and I had explored with the people in the government here.

This we did during the early part of this year and we found the idea was received very acceptably. We originally intended to ask and hoped that we could have either the Secretary of Economy or the Under-Secretary of Economy an ex officio member of the Board, but they both said that in view of the fact that that Ministry is the one which has these regulatory powers under the Mexican law concerning the industry, they thought it was better for them not to be on the Advisory Committee. The Secretary of Economy indicated that he was already on the Board of the Federal Power Commission, which is the government entity operating some plants in Mexico, and he felt that even though he was a government officer and the Federal Power Commission was a de-centralized government organization, he found it at times inconvenient to be on the Board of the Power Commission.

We had also hoped to have the Director General of the Federal Power Commission on the Advisory Committee, but he told us that for a number of reasons he thought he could be more helpful not being on the committee than on it. I still think that he should be on it for any number of reasons and the chances are that some of the people in the government who are interested in the committee believe that he should be an ex officio member of the committee, but I think he had probably personal reasons of his own for not being on the committee. I still hope that in time the Director General of the Federal Power Commission will be a member of the Advisory Committee.

I am sending you herewith the two resolutions of the Board of Mexlight with regard to this committee and they give you the information which you ask in the second paragraph of your letter. The only ex officio member of the committee who holds an active government position is the Director General of the Nacional Financiera.

It is most important that the Presidents of the Confederations of Commerce, Industry and Banking should be ex officio members of the committee and they are all very enthusiastic with regard to this idea. The only disadvantage is that the Presidents of these confederations are elected only for a year by their respective confederations and it is not the practice to re-elect. We do, however, have, through the President being an ex officio member, this constant contact with these three important groups. I should add that the Confederation of Chambers of Commerce has hundreds of member chambers all over the country as does the Confederation of Chambers of Industry and of course practically all of the banks in the country and bankers belong to the Association of Bankers.

Among the other members of the committee I should add that Mr. Eduardo Suarez was for 11 years Minister of Finance of Mexico and until the present administration, and he has as such an extraordinary knowledge of all kinds of situations which are most important for the company and the industry. Mr. Carlos Novoa is the President of the Bank of Mexico, which corresponds to the Banco Central in the Argentine. Lic. Lagos and Lic. Fraga are two of the most important lawyers in Mexico who deal with important business matters and have particular knowledge of business law and of public utility law practice and problems.

Mr. Jean Bernier is the only non-Mexican member of the Advisory Committee, but we have him on the committee as he has for so many years participated in all policy decisions in the company in Mexico.

We have had the first meeting of the committee and it went off very well. We are going to draw up minutes of all these meetings and I shall be glad to send you a copy of the minutes of the first meeting as soon as they are completed.

I believe that this committee idea is going to work out very satisfactorily and I shall be glad from time to time to give you any details with regard to its operation which may be of interest to you.

I am sorry that you could not get to Mexico before returning to the Argentine, but I quite understand and I hope it may not be long before we will have the pleasure of seeing you here with Mrs. Brosens.

I had a letter from Mr. Heineman about the interesting proposals of Westinghouse and I wrote him quite a long letter. I was surprised that Mr. Gaston went as far as he did, even though we had done so much to prepare the ground in the bank. I think the Westinghouse offer is most interesting and they have certainly gone very far and further than anyone else, and I doubt if any other company could go further. Mr. Knox has

Mr. Brosens

- 4 -

shown very real and constructive interest in this matter, which I am sure will be kept in mind. I expect to be writing Mr. Heineman again in the near future and I will send you a copy of my letter to him.

With all good wishes to you and Mrs. Brosens in which my wife joins,

Cordially and faithfully yours,

George S. Messersmith

GSM/cbc

Enclosures