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THE MEXICAN LIGHT AND POWER COMPANY, LIMITED

(COMPAÑIA MEXICANA DE LUZ Y FUERZA MOTRIZ, S. A.)

DIRECCION TELEGRAFICA / CABLE ADDRESS "MELIPOCO" — 2A. CALLE DE GANTE No. 20. — APARTADO POSTAL / P. O. BOX 124 818

MEXICO 1, D. F.

AIR MAIL

January 16, 1952

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FILE: Hessersmith						

Purely Personal and Confidential

Dear Dannie:

In a letter I have written you in the last few days I mentioned the loan of around 29 million dollars which has been made by the International Bank to the Power Commission and which includes a considerable sum for the foreign currency needs of the Commission in building the Tingambatu plant, which is the last of the series of plants in the Miguel Alemán System. I am inclined to think that the International Bank has made a mistake in granting this loan so quickly, especially so far as the part relating to Tingambatu is concerned. I am afraid that without intending to do so the Bank has done injury to the interests of private initiative abroad, not only in the electricity field but in other fields. I am sure that this was not the intent of the Bank, but it may have certain harmful effects, and in any event I am inclined to think that when the facts are known that the Bank will be subject to criticism in many quarters in the United States and even in various departments and agencies of the United States government, and also that it will cause wrong conceptions of the Bank's policy in other countries. Sometimes one has to act in a hurry, but there was no need for acting in a hurry in this case except for political pressures from Mexico.

So far as the loan provides money for projects outside of the central area, I am very glad that the loan has been granted, because I think the power that will be created in other parts of Mexico through this loan is needed.

I am naturally interested in anything that affects our company, but I have this deep and abiding interest in our loan policy in the United States. I think it is better for all of us to refrain from any comment about this matter and we are doing so here.

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

I have, however, written a purely personal and confidential letter to Mrs. Hughes in the State Department, which letter I have written to her home, and which I am sure does not present any imprudence as she will not use this information in any way which would be improper or hurtful to us, but some of the comment I make is useful for her general background. I am sending you a copy of my letter to Mrs. Hughes, but I would very much appreciate your keeping it entirely for yourself and would really prefer your destroying it.

Maryssael and I had a conversation with the Under Secretary of Economy last night and he repeated to us what the Minister of Economy has kept on saying to us, that we are to make certain studies of projects which we could carry through for the needs from 1955 to 1960. We explained to him how much we were hampered in the making of these studies as the result of the arbitrary decision of the Power Commission to build Tingambatu but that we were nevertheless doing the best we could. I think that there are a good many people here who were not happy about the Power Commission being able to proceed with Tingambatu, and I think some responsible people in the government are quite concerned about the situation because they have more confidence in what our company does and its capacity to build cheaply and well and to provide power at the lowest cost.

It will all be very interesting to watch and I somehow feel that we will come out of this matter quite all right, but the fact remains that the International Bank has, in my opinion, made a mistake. There will be representatives of the Bank here before the end of January to see us and to help us in connection with the problems which we have with the Mexican government, and it will be very interesting to hear what they have to say about this matter.

With all good wishes,

Cordially and faithfully yours,

GSM/cbc

Enclosure