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AIR MAIL

September 14, 1940

Dear Beaulac:

This is a rather hurried word and I shall be very brief. I arrived in Washington after a comfortable trip last Saturday noon and had an opportunity to see the Secretary immediately after my arrival, and Duggan and Briggs were present during the conversation. I gave the Secretary a picture of the situation as you and I know it in Cuba and told him that it was my opinion that we should not consider the question of a loan or any other problem of economic cooperation separately with Cuba, but that we should cover the whole range of problems which we have outstanding. I said that I thought as soon as Cuba had taken final and favorable action on the obligations we could begin conversations with her on a broad range of questions. These conversations could be conducted by properly-qualified people on the side of Cuba and a similar group on our behalf. The Secretary and Duggan and Briggs seemed to be in entire accord with this idea and there was complete understanding and agreement that the question of a loan should not and could not be considered separately.

As Mr. Welles was away on a very much needed holiday, I went to Hot Springs on Saturday evening to join my wife and she returned with me to Washington this Wednesday morning. I had a long talk with Mr. Welles on Wednesday and I discussed the whole problem with him, as I had with the Secretary, and he was quite in agreement that we must approach this matter on the broad questions rather than isolated ones. Our thought is that we should draw up an

agenda

Willard L. Beaulac, Esquire,

American Chargé d'Affaires ad interim,

Habana.

agenda of questions that we can appropriately discuss with Cuba and invite the Cuban Government to send people up here to talk with us. Now that the Obligations Bill has been passed by both Houses, and that you assure us that the House has passed it without any amendments, we feel here that we can go ahead and discuss these problems with Cuba. We take it that as soon as the President has signed the bill, you will let us know. When he has signed it, the Department will send a telegram to you authorizing you to approach the Cuban Government and suggest that we are prepared to talk over a broad range of problems with them and that they can send appropriate people here. This telegram is being prepared and of course will not go until we know that the President has signed the Obligations Bill.

It is my understanding that the agenda we have in mind will not be forwarded to you in this telegram, but that it will be presented to the Cuban representatives when they come here and they of course may want to make some counter suggestions for considerations. The agenda on our part has not been drawn up, but we have discussed it with Mr. Welles and for your confidential information I may tell you that it will include such matters as the assistance of American agricultural experts in making a survey of Cuba with a view to arriving at recommendations as to the possibilities of producing types of agricultural products now obtained almost entirely outside of the Western Hemisphere; the reorganization of the Cuban Treasury Department with the end of adoption by the Cuban Government of certain administration and other changes which you and I have discussed. I think it will also include the study of the possibility of financing through the Export-Import Bank of a moderate public works program, including probably the Habana water works, if the legal situation there can be untangled. It will include, I think, the negotiation of a treaty of commerce and navigation along the lines already proposed to the Cuban Government. The agenda too, I think, will include the discussion of outstanding claims owed to American citizens, such as the Morris claim, the Habana coal company matter and the prompt settlement by the Cuban Government of certain claims arising from the public works program of 1925-30 which are owed to public utilities companies operating in Cuba. It will of course also include a statement of our disposition to discuss the matter of sugar.

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Such matters as hemisphere defense, loan of officers to the Cuban armed forces, the extension of Decree-Law 522, a possibility of the Cuban Government's examining the moratorium and credit situation with particular reference to the transitory provisions on the moratorium in the Constitution and the securing of guarantees or assurances that no discriminatory measures will be undertaken by the Congress, et cetera, will not be put in the agenda proper, but undoubtedly will to some degree enter into the discussions of matters in the agenda, and it will be up to me to take up these matters on my return to Cuba in a less formal way.

You will get this telegram, I think, in the near future, but, as I said above, there will be no reference in it to the details of the agenda. We will merely indicate that we are prepared to have people come to talk to us. We can't tell the Cuban Government whom they should send, but I think in your conversations with Campa and the President, and I believe also with Batista, it would be very desirable to point out how important it is that the right kind of people be sent and naturally these problems have to be gone into carefully and by competent people. My own thought is that such men as Montoulou, López Castro, Oscar García Montes, would be the type of people to send. I think all three of them would serve admirably. It has been suggested here by Duggan and Bonsal that Dr. Albertini would be very useful because of his knowledge and background and of the situations here.

What I think we must make clear is that we are not going to discuss the matter of a loan, et cetera, separately but that we will have to examine the broad range of our problems, whether a loan or advances of any kind may be necessary or desirable, or feasible, can only be determined after the whole situation has been gone into. I don't know how far you feel you can go in making it clear that the right kind of people must be sent, but I think it must be as clear to them there as it is to us that it must be the right kind of people or else we can make no progress.

My plans are still to return on the Oriente, sailing, I believe, on September 28 from New York and I still see no reason why you should not take some leave immediately after my return.

I am delighted that the Cuban Congress has taken the action which it has, and that the way is now open to discuss these matters, but it will be useless of course to consider

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that the opening of these conversations means ill-considered, hasty action on our part. After the Cuban Delegates get here and have seen the agenda and realize fully our method of approach, it will of course be necessary for them to get the necessary data, et cetera, for the further deliberations and one cannot expect any too rapid action. I am sure we are ready to proceed now, but it will be on a sound basis and on the basis of full consideration of every factor involved. I know you will be as pleased as I am that we are now in a position to approach this problem in this broad, constructive way.

With every good wish to you all,

Cordially yours,