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September 21, 1950.

Mr. Wilgers
M. de Bruyn
M. Colinet
M. de Jenneau

PERSONAL AND CONFIDENTIAL.

Dear Dannie:

(personal)

Hettie told me over the phone that you mentioned having received a long letter from me and I assume that this is the personal and confidential note of September 15 which I wrote you on returning to New York from Toronto. There is not very much to add to that letter at this time. I have written you a letter on the question of possible financing of fuel for the CADE. I have a good deal to do here and I am not particularly eager to prepare the memorandum, but one of the important things about the memorandum for the Export-Import Bank is that it is drawn up, at least so far as its final form is concerned, by someone who knows intimately the procedures of the bank. Perhaps one of the best ways of doing it would be to have New York and Buenos Aires send their information on the matter to Colinet in Brussels, who could draw it up in English and then let me have it here and I could polish it up and put it in final form. In some ways I would prefer that to putting together the three memoranda from Brussels, Buenos Aires and New York myself. Besides that, I would feel a little safer about the presentation of the facts if it is done that way.

My

D. N. Heineman, Esquire,
c/o Sofina,
38, rue de Naples,
Brussels, Belgium.

My own impression is that things are not going too well in the Argentine. The damage which has been done during the past fewyears to the industry and economy and the general social structure of the country is tremendous and I am afraid the principal culprit is Madame. A lot of people do not realize how difficult it is to undo the damage once it is done and what is worse, it takes a lot more time to build up again than it does to do the damage. While I have great confidence in the future of the Argentine, I see that under the best circumstances which can prevail that she will have a difficult period through which to pass. While I believe that the worst period of doing damage is over and while they are trying to get on the right path, that progress for the present is still very slow and there are some radical steps which have to be taken. Whether these will be taken and whether the period of newunwise measures is over I am not able to tell.

One important factor is that now the United States is willing to help, even with the steps which have so far been taken. The government has shown it by expressing a willingness to make this $125,000,000 loan and in favoring a loan by the private banks. It is important for the Argentine what whatever is necessary to be done to complete the $125,000,000 loan be done. Private banks in the United States are not yet eager to do anything in this lending picture, but once the Export-Import Bank loan is working then I think the private banks in New York will have to do something.

I know that in the U. S. Government circles there is a desire to do more than this $125,000,000 for the Argentine. I know that the Argentine Government has been very much disappointed over the size of this original loan. I can understand their disappointment. I think, however, in view of the feeling which existed in the United States over a period of years; and in view of the strong feeling there was in business and banking circles with regard to the measures taken in industrial, financial and labor fields in Argentina during the first years of the Perón government; and with regard to the feeling there was among people in the United States generally concerning certain developments there, a larger loan at the outset would not have been feasible at this time considering the situation which still exists there, even though some progress has been made. As it was, I am sure you know that the Administration has been severely criticized for even making this loan of $125,000,000. I know, however, that so far as the State Department and the Treasury and the Eximbank are concerned they consider the Argentine creditworthy of a larger sum and are prepared to do something more substantial but some more water has to run under the bridge.

They are of course well informed in Washington concerning the actual state of affairs in the Argentine. I am not very well informed myself concerning the actual present industrial and agricultural situation but it certainly has deteriorated through their own acts and through acts of God such as drought and the Argentine economy has been laid pretty low. In connection with this matter of fuel I was thinking the other day that lacking other things, if they had to burn wheat and corn and linseed again as fuel they wouldn't really, with short crops and lack of stocks, have even these available as fuel. In many respects this fuel situation for the Argentine is more serious than it has been at any time in many years. I

hope

hope the government realizes that, because it has to realize it if there is to be a solution through the establishment of a stockpile and through financing from the United States.

You may be sure that in any way that I can be helpful in this I will be glad to do it. I think it is quite probable that once this memorandum is in the hands of the Export-Import Bank and of the State Department, Nat Samuels may be able to carry on some useful conversations in Washington, and of course if you are home at that time it would be most useful if you could talk to John Snyder and Bill Martin, and probably Gaston also. We can see how things develop.

So far as the World Bank is concerned, I think they would be interested in doing something in the Argentine because they are really looking for good business. The World Bank is having a good deal of trouble in broadening their field because of the greater activity of the Eximbank and I wouldn't be surprised if the feeling between the two banks for that reason is greater than before. The rate of interest at which the World Bank has to lend is a great disadvantage to it compared with the lower rate which the Eximbank can offer. I inquired in Washington what the status was of the Argentine becoming a member of the bank and I found that while the Argentine has expressed an interest in becoming a member of the bank it hasn't gone much further than that yet. I do think, however, that the reduction in the number of types of exchange rates for the peso was one step forward which the Argentine took in making it possible for her to become a member. I am studying right now the articles of agreement through which countries can become members of the bank to refresh my mind on this phase.

The question of bonuses for Maryssael, E. A. Graydon and myself was fully discussed at the Board meeting in Toronto and decisions taken, and the alternative arrangement which you suggested in your telegram was the one which was followed and was really the only one which could be followed. The arrangements made for Maryssael and Graydon are very satisfactory to them and I think very proper and you will find them so also. So far as I am concerned the matter is worked out along the line which you suggested and Allan Graydon is drawing up some sort of document of which, as soon as it is ready, a copy will be sent you. I do not want to go into detail in this letter as I will be writing you in my own hand shortly, but I did want you to know that I am one hundred per cent satisfied and happy and deeply gratified and appreciative.

I am sending you herewith a copy of a letter which I have written to Nat Samuels, which will be held for his arrival in Amitas, and which has to do with the conversations he has been having with Kilberry.

I found Marion very well. If possible I want to go to Cuernavaca during the weekend to look over our newhouse and to make plans for the building of the addition we want to make to it as soon as possible. I think it will give us a lot of pleasure. I certainly hope that very shortly after you return from Belgium you and Hettie and Edna can come down to see us. There is so much to talk over.

I am

I am working at home today and will take it fairly easy during the next two weeks. Marion joins in love and good wishes and I do hope you will tell Yvonne how much our thoughts are with her, for we have an appreciation of how difficult and distressing her mother's illness must be to her.

Cordially and faithfully,