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# POLICY STATEMENT

# CUBA



DEPARTMENT OF STATE

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# CUBA

## A. OBJECTIVES

Our objectives with particular reference to Cuba are to: (1) obtain the maximum support of the Cuban Government and people and their collaboration in the defense of the Western Hemisphere and those areas vital to such defense (with particular reference to preserving the U.S. Naval Base at Guantanamo), (2) assist in the development of a healthy Cuban economy, (3) promote mutually advantageous trade and other commercial relations between the United States and Cuba, (4) encourage full observance by the Cuban Government of its international commitments and (5) strengthen the traditional bonds of friendship between the Cuban Government and people and the Government and people of the United States.

## B. POLICIES

United States relations with Cuba are affected significantly by geographical and historical forces. Cuba, lying 90 miles to the south of Key West, Florida, is of great strategic importance to the US both because of its location with respect to the Panama Canal and the sea lanes of the Caribbean and because in two wars it has been the major and most readily-expandible source of sugar which has been essential to the war effort of the United States and its allies. The fact that Cuba gained its independence as a result of direct intervention by the United States has also helped provide a unique basis for mutual friendship between the two countries.

As a result of such factors as proximity, climate, historic ties and the stage of economic development of the two countries, commercial intercourse of the United States with Cuba is of much greater importance than that with other countries of similar size. United States private investments in Cuba total approximately three-quarters of a billion dollars and Cuba ranks high both among countries importing United States products and among those exporting to the United States. There are therefore firm bases for continued economic cooperation between the two countries.

Although United States-Cuban relations have customarily been characterized by mutual friendship and cooperation, there have been and continue to be a number of sources of friction. Some of these, such as some of our difficulties on trade matters and on maintaining clear channels for radio broadcasting, are at least in part attributable to our proximity to Cuba. Cubans

resent any tendency on our part to minimize their own contribution in gaining their independence. They still criticize us for having reserved and used the right to intervene in their domestic affairs under the Platt Amendment despite the fact it was repealed in 1934. They are also concerned over their overwhelming economic dependence upon the United States. At the same time they are inclined to assume that their problems are our problems and that we are under a special obligation to solve them. Finally, the Cubans criticize us fully in their press and elsewhere while they remain deeply sensitive to criticism from the United States.

The Cuban Government has shown a growing interest in diversifying the country's economy with a view to reducing its present dependence upon a single crop, sugar. As long as such diversification is in agriculture and in industries that are economically sound it should be advantageous to both Cuba and the United States. It should help to prevent or to mitigate severe economic crises; the resulting elevation of Cuban living standards and purchasing power should lessen communist strength and influence in the island; and trade relations with the United States and the rest of the world should improve.

The Cuban Government, however, has been inclined to favor any new industry without regard to its economic soundness or its relative contribution to the Cuban economy. The Cuban Government, moreover, has been unduly receptive to the pressure of local business and labor groups whose interests may be incompatible with the overall interests of the Cuban people. It has adopted nationalistic employment laws that are regarded by American interests in Cuba as appreciably handicapping their businesses. Cuban labor regulations, under some conditions, have the effect of forcing the utilization of a larger labor force than is necessary, e.g., the regulation that requires that certain merchandise transported from the United States to Cuba in railroad cars by Seatrains or car ferry shall be unloaded after arrival for customs inspection and placed on other cars before proceeding to its destination. Previous to the issuance of this regulation, railroad cars proceeded to interior points of destination where customs inspection took place. Cuba's stand on economic matters, generally, has been characterized by a desire to perpetuate its preferential treatment by the United States, particularly with regard to its sales of sugar. For its part, however, it has frequently violated its trade agreement obligations with the United States.

The Cuban Government has also not demonstrated a fully responsible attitude in the observance of some of its other obligations and commitments. Cuba has persistently failed to meet sizeable long-standing claims of United States citizens and corporations, although the validity of many of these obligations has been judicially recognized in Cuba. It has from time to time tolerated, if not encouraged, the revolutionary activities of the co-called "Caribbean Legion" directed against the Governments of such countries as the Dominican Republic and Nicaragua.

The prevalence of what is graft and corruption by US standards as a traditional feature of Cuban administrations is a factor which must be noted.

It has resulted not only in an appreciable curtailment of Government revenues and in the diversion of considerable public funds to illegitimate and unproductive ends but also in the complication of normal diplomatic and foreign business relationships.

The security of the United States, of this hemisphere, and of the remainder of the free world is our first objective. To further this end it is our policy to discuss our international objectives with the Cuban Government and to make known our views on specific international problems with a view to eliciting its fullest cooperation. We seek, by consultation, advice and mutual assistance, to cooperate with the Cuban Government in the development and implementation of measures directed toward the defense of the Caribbean in the event of war. Vital to this defense and to that of the United States is the Guantanamo Naval Base. While the Cuban Government has not raised any question to cast doubt on US tenure of this base, our policy must not take its present status for granted but remain alert for any development which can threaten this position. As a further means of assuring the security and stability of the Caribbean, it is our policy to encourage improved relations between Cuba and other countries whose governments it is inclined to regard as undemocratic, such as the Dominican Republic and Nicaragua, and to take appropriate steps to discourage toleration or support of revolutionary movements directed against such governments.

The sound economic development of Cuba is an objective fully in keeping with the Technical Assistance Program and it is our policy to assist Cuba in obtaining that objective through this program and by other appropriate means. Full realization of this objective will require, however, that the Cuban Government and people be made conscious of their primary responsibility in the solution of Cuba's economic problems. Specifically, the Cuban Government must take effective steps to improve the climate for foreign capital investments. Favorable climate would involve protecting US interests against discriminatory treatment, removing within the limitations of the Cuban Constitution, burdensome restrictive measures (such as those related to employment) and deterring unfair and irresponsible practices of labor, in so far as they constitute a barrier to the legitimate operation and development of American investments in Cuba.

We shall discourage whenever possible the creation or expansion of industries in Cuba the existence of which is dependent on a degree of protection injurious to foreign trade and the interests of the Cuban consumer.

In line with commitments under GATT, it is our policy to continue to move in the direction of gradual elimination of particular US tariff preferences to Cuba on products in which other countries are interested. In doing so, however, we shall give full consideration to the political and economic implications of each proposed change in order not to jeopardize Cuba's political and economic stability. We shall also seek the concurrence of the Cuban Government and request adequate compensation from other countries for any concessions involving reductions in our preferential arrangements with Cuba.

It is our policy to press vigorously for the satisfaction of outstanding legitimate claims of US nationals against the Government of Cuba. It is and has been the policy of the United States to refrain from giving any consideration to making governmental loans to Cuba unless a satisfactory arrangement can be worked out on such claims.

This policy should remain in effect until the Cuban Government makes a sincere and substantial effort to liquidate such claims. Requests for loans emanating from sources other than the Cuban Government, however, even though guaranteed by that Government, may be considered by US agencies on the basis of their economic justification.

Should the Cuban Government approach the United States for a loan pursuant to the authorization granted by the Cuban Congress to the Government to negotiate for a loan of \$200,000,000, the matter should be considered in the light of arrangements made for the settlement of the aforementioned claims, the economic soundness of the projects for which the proceeds of the loan are to be expended, and the extent to which granting the loan might enable the United States to realize its other legitimate objectives with respect to Cuban cooperation.

The immediate objective of the United States with respect to Cuban participation in the program for establishing and maintaining clear channels within the standard radio wave bands, is to arrive at an agreement with the Cubans, to which they will adhere, whereby frequencies assigned to US broadcasters and clear channels will be protected and their interference with US broadcasting will be reduced to a minimum. It is our intention, furthermore, notwithstanding Cuban opposition, to withdraw from the Inter-American Radio Office (OIR) which is located in Habana and which we helped establish, once the functions now handled by OIR for the North American Regional Broadcast Agreements can be transferred to another organization. OIR failed to produce any real accomplishments because of mismanagement under a number of Cuban directors and because it now receives the support financially and otherwise of only a limited number of American republics.

The prices and export market for sugar are inextricably linked with Cuban prosperity and stability, and since the US is by far the largest single market for Cuban sugar, our sugar policy will inevitably have a direct and important effect on the Cuban economy. It is an advantage to the US to have a mutually satisfactory arrangement with Cuba for the sale of Cuban sugar in the US for, among others, the following reasons: Cuba is a large-scale producer and therefore able to expand supplies as needed to meet US consumption requirements; the US, because of a decline in American sugar production and the elimination of other sources of supply, was heavily dependent on Cuban sugar production during the war and would undoubtedly find itself in a similar position in the event of another war; Cuba's climate, soil, topography and proximity give it a comparative advantage in the production of sugar and make the sale of this item to the US a classic example of complementary trade; the volume of the Cuban market for US exports has varied closely with the volume of sugar sales in

the US; and, finally, it is of strategic advantage to the US to promote Cuban economic stability. It will be our policy, therefore, to give sympathetic consideration to the participation of Cuban sugar in the US market under the US quota. Furthermore, since Cuba continues to produce a considerable volume of sugar which cannot find a market in the US, we will continue to give sympathetic support to the desire of Cuba to promote reasonable stability of world sugar prices by aiding Cuba in its negotiations for more favorable customs treatment for sugar in other countries and for a mutually advantageous international sugar agreement.

Although Cuba has participated actively in the inter-American system, her compliance with international commitments has generally been poor. It is the policy of the United States to encourage full observance and to bring violations to the attention of the Cuban Government in a friendly manner. If it declines or fails to take appropriate action, appeal will be made to international organizations. In the case of trade agreement violations, the United States will bring these matters before the contracting parties to the General Agreement on Tariffs and Trade as provided in Article XXIII.

In general, it is our policy to welcome Cuba's cooperation on major issues and to demonstrate a friendly and genuine desire to reach agreement on the other issues so that Cuba can become in all matters a collaborator and dependable supporter of the US position in the United Nations and in international affairs generally. This means that a firm yet friendly stand will be taken regarding problems of concern to the two countries, with a view to eliciting Cuba's support on as broad a front as possible and to strengthen the traditional bonds of friendship between the Cuban Government and people and the Government and people of the United States.

### C. RELATIONS WITH OTHER STATES

In inter-American affairs, some Cuban officials and politicians associated with the administration party, the "Auténtico" party, show a crusading "democratic" zeal that is a carry-over from opposition resentment against the administration of President Machado who was overthrown in 1933. They are zealously inclined to give sympathetic assistance to peoples in other countries whom they consider to be repressed and struggling for democratic expression. This has resulted in Cuba's initial reaction to support the Nationalists in Puerto Rico and assistance by its officials to the international revolutionary group known as "The Caribbean Legion" despite Cuba's inter-American non-intervention commitments. This group constituted a revolutionary threat to the Dominican Government in 1947; it assisted the present Costa Rican Government to win power through revolution in 1948; and its remnants in Costa Rica later created apprehension in Nicaragua. While there is no evidence of Cuban Government implication in an abortive invasion of the Dominican Republic in June 1949—organized by a group many of whose leaders were formerly identified with the "Caribbean Legion"—some Cubans are known to have been

involved therein and prominent Dominican revolutionaries continue to find asylum in Cuba.

Following investigation by a committee of the Organization of American States of a complaint by the Dominican Government, the Council of the OAS, acting provisionally as an organ of consultation, declared on April 8, 1950 that armed groups of various nationalities had existed in Cuba in 1947 (and within Guatemala in 1949) which were animated by the unconcealed purpose of overthrowing the Government of the Dominican Republic and that Cuban (and Guatemalan) officials had sympathized and lent aid to such groups, in violation of various inter-American agreements. The Council then resolved, in view of these and other findings, to request the governments of Cuba and Guatemala to adopt adequate measures to prevent the existence within their territories of groups conspiring against the security of other countries and the illegal traffic in arms, and recommended that the governments of Cuba and the Dominican Republic make an effort to arrive as speedily as possible at a settlement of their conflicts.

We have persistently maintained that inter-American treaty commitments must be observed for the maintenance of peace and solidarity in the hemisphere. To ensure such observance the US participated fully in the work of the five-man OAS committee looking toward the elimination of the Cuban friction with the Dominican Republic. The United States has similarly taken an active part in the deliberations of the Inter-American Peace Committee of which Cuba is also a member, looking to the removal of threats to the peace in the Caribbean.

Cuba's relations with her other neighbors have been on a calmer and generally more friendly basis than with the Dominican Republic. Relations with Haiti have generally been cordial although it may be said that this was largely the result of common antipathy for Dominican President Trujillo than because of any particular community of feeling in other political or economic areas. Relations with Venezuela, on the other hand, are not as satisfactory. They reflect Cuban disapproval of the military junta which overthrew the Gallegos administration. Recognition of this disapproval in addition to the presence in Cuba of active Venezuelan exiles at one time caused the Venezuelan government to consider breaking off diplomatic relations. This action was never taken, but the continuation of the fundamental sources of friction make it hard to foresee an improvement in relations in the proximate future. Relations with Mexico have been friendly. The issue which may be considered outstanding between the two nations is that raised by Mexico's claim to a nine mile territorial water limit. Cuban fishing interests (as well as US) complain that this claim excludes them from the desirable fishing grounds that would be open under the conventional three-mile limit and that their operations may be drastically curtailed as a consequence.

Cuban relations with the USSR have deteriorated sharply during the past two years. Reaction to the Mindszenty trial and the more recent Soviet outrages in respect of Korea has been bitter, and the Cuban Government has given serious consideration to severing diplomatic relations with the Soviets. Recent anti-

communist legislation introduced in the Cuban Congress appears to have failed of passage not so much because of the influence of the Communists, which is still rather strong in Cuba, as because the legislation was badly drafted. Important anti-communist action has been taken by the executive, however, such as closing down the Communist organ and hampering other propaganda and organizational activity.

Cuba maintains close commercial and cultural ties with Spain, but there is a strong anti-Franco sentiment among the liberal elements of the Cuban populace. This sentiment has prevailed to make Cuba abstain when the issue of restoring relations with Franco Spain has come before the United Nations.

#### D. POLICY EVALUATION

When Cuban administrations have been convinced that there was any critical international issue at stake, they have generally been fully cooperative with the United States. Cuba cooperated closely with the US during World War II without, however, sending troops to the battle areas. The reiterated assurances of its Government officials and the attitude of the Cuban people indicate that cooperation would be given again if we should become involved in another major war.

President Prío's administration has shown a somewhat better disposition than that of his predecessor, President Grau (1944-1948) to work closely with the United States. Since the beginning of the Prío administration, Cuba has assumed in the United Nations a position closely aligned with that of the United States on major political problems such as Korea and the question of Chinese representation. Throughout its period of membership on the Security Council, which began January 1, 1949 and ended December 31, 1950, it cooperated consistently with the United States Delegation. It may be added, however, that Cuba has appeared to be at times more concerned with the prestige connected with holding positions of leadership in the United Nations than with discharging the full responsibilities attached to such leadership—an attitude perhaps not atypical of many other countries.

Cuba's attitude on problems of dependent areas, however, has been different. In this field, Cuba has shown great interest and has played an active part in United Nations discussions. The Cuban representative has for several years introduced numerous resolutions and has made outspoken efforts to press the colonial powers to speed up the granting of independence to colonial peoples whether or not they are adequately prepared. This attitude has caused difficulties for the United States, which is seeking a more enlightened and reasonable attitude among both colonial and noncolonial powers and has the stability and security of the Caribbean area in mind as a further consideration. Cuba's attitude is likely to continue to create problems for the United States. For example, there was considerable sympathy, even among official circles in Cuba, for the Puerto Rican Nationalists in their recent attempt to assassinate Governor Muñoz Marín and the Cuban Government failed to inform the Cuban public of the real facts of the Puerto Rican situation.

During President Prío's administration there has also been some improvement in our economic relations with Cuba, although these are still not satisfactory. A somewhat more sympathetic attitude has been demonstrated toward the payment of claims of United States citizens against the Cuban Government, although no adequate arrangement has yet been made for such payment.

In the field of tariff and trade agreements, the Cuban Government has agreed to participate in negotiations at Torquay under a procedure which contemplates the possible reduction (but not elimination) of Cuba's tariff preference on sugar in the US market. Cuba withdrew from the 3rd Session of the Contracting Parties to GATT in August 1949 because of failure to receive the support of the other Contracting Parties in a disagreement with the US regarding the right of the US to reduce rates of duty to third countries without Cuba's concurrence. To Cuba this meant a lessening of its preference in the United States market. It has been possible meanwhile for the United States and Cuba to conclude negotiations on a limited number of commodities not involving the question of preference on which negotiations were in progress at the time of Cuba's withdrawal from the Annecy Conference.

The Cuban Government has also expressed a desire during the past year to reach a mutually satisfactory solution of other pending economic and other problems, but no progress or only very limited progress has been made on most of these.

Various examples of uncooperativeness on the part of Cuba have occurred in our relations in comparatively recent years such as arbitrary reductions on employment of foreigners, employment restrictions, trade agreement violations, failure to pay debts to American citizens, a rather calloused attitude at times toward the difficulties of American companies doing business in Cuba, and the impatience to eliminate US air bases in Cuba promptly after the period of active wartime cooperation. These have been due in no small measure to: (1) a spirit of nationalism fanned by extremists and a vocal communist minority; (2) a psychological feeling of inferiority on the part of a small and comparatively underdeveloped country lying next to a large, powerful and highly developed neighbor; and (3) the low moral and ethical standards of the Cuban governing classes.

On the other hand, the basis for cooperation between the two countries has been strengthened by the self-respect gained by Cuba through full and active participation in the Organization of American States, the UN and related agencies, which has been encouraged by general US policies; the confidence engendered by US policies such as respect for the juridical equality of the other American states and nonintervention in their internal affairs; basic faith in the political, economic and ethical principles practiced in the US, as exemplified in official and private relationships and portrayed in the information program and by other means; and the military security—with complete political freedom—enjoyed by Cuba in its close relationship with the United States.

Cuba has recently given some evidence of a desire to resume more normal relations with the Dominican Republic, principally by returning to the Domini-

can Republic the motor schooner "Angelita", which was captured by the Cayo Confites group that planned the invasion of the Dominican Republic from Cuba in 1947. The two countries are, however, still charging each other with unfriendly acts and cannot be expected to reach any real degree of close cooperation for the time being.

An over-all view of US relations with Cuba, however, can end on a favorable note. The Cuban people and their Government are basically friendly to the United States and have indicated that they generally approve our position on international problems. These circumstances appear to offer us a favorable opportunity to seek the fuller realization of our objectives to the mutual benefit of both countries and the free world.