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FOREIGN SERVICE DESPATCH

DEPARTMENT OF STATE  
INTER-AMERICAN AFFAIRS

FROM : AMEMBASSY, HABANA

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : 000183 Labor Developments

SUBJECT: Industry Ills Highlight Rail Workers' Convention

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Discussion of political, social and economic issues facing the Cuban railway industry and its workers dominated proceedings of the recent three-day Fourth National Congress of Railwaymen which closed in Habana January 31.

The delegates, members of the Federación Hermandad Ferroviara de Cuba, and representing some 20,000 operating and non-operating railroad workers, again renewed their often-made demand for nationalization of the ailing United Railways of Habana. This carrier is British-owned but is presently operating under Cuban government intervention.

Javier BOLAÑOS, president of the union, who had just returned from a trip to the United States, told the convention that as a result of his trip plans were underway for 6,000 prefabricated low-cost houses for railway workers. The housing scheme, he reported, would be financed by a 25 million dollar loan from the International Bank, a private institution apparently having nothing to do with the International Bank for Reconstruction organized under the auspices of the United Nations.

Although the union leader's announcement was greeted with enthusiasm by the delegates, there is considerable doubt as to the exact status of the project. When Bolaños arrived from the United States he talked as if the loan and the entire deal were accomplished facts, but subsequent statements in the press have led this officer to believe that the project is still in the idea stage and nowhere near realization. The plan, which would be administered by the Railroad Workers' Retirement Fund, immediately drew fire of opposition from two other groups: one, the carpenters' union who said they needed the work and were ready to build the houses; and two, the building contractors who asserted that the money should be spent in Cuba rather than in the United States. The original plan called for American prefabricated housing to be sent here.

Bolaños returned to Cuba accompanied by two Americans, Mr. Forrest JOHNSON and Mr. P. E. SAN PAUL, who he said, were members of an American business syndicate interested

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in the purchase of United Railways.

Mr. Johnson addressed the convention, but spoke in only the vaguest of terms regarding purchase of the railroad. He said that the firm he represents was interested in purchase of the road and that the matter would be studied in conjunction with the government and the union while he was in Habana.

In his main address to the convention, Bolaños accused the government of not having enough political courage to nationalize the hard-pressed transport services of the country, especially in the case of the United Railways. He spoke of the necessity of a special session of Congress to make good the offer of President PRIO last December (see Habana despatch 1036 of December 27, 1951) of nationalizing the railways through a 6¢ per sack tax on sugar. The rail leader also complained that Cia. Omnibus Aliados, whose workers participate in the Railroad Retirement Fund, had not been paying its quota into the fund and was 6 million pesos behind.

Eusebio MUJAL, CTC secretary-general and member of the Cuban Senate (PRC government party), applauded the social policies of the government but seconded Bolaños' statement that it had not had enough courage to come face to face with the transportation issue generally, much less with the problem of United Railways. He pledged CTC support to the rail workers and added that if President Prio asks it, Congress, with the government majority, will approve the necessary laws for nationalization in a special legislative session.

Bolaños' criticism of the government was refuted by Minister of Labor, Edgardo BUTTARI, who made what appeared to be a political speech for the administration. He said that the administration had always responded to the defense of the workers, had not vacillated and never lacked courage to nationalize employers who refused to comply with the social laws, pointing out as one example the intervention of United Railways itself - a powerful company, he emphasized, owned by British capital. He closed by assuring the union that the President of Cuba and the Council of Ministers were very interested in solving the railway problem.

Prime Minister, Dr. Oscar GANS, representing President Prio, discussed the rail plight and promised the delegates that a special session of Congress would be called before the next election in June 1952 to pass whatever laws were needed to nationalize United Railways.

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Resolutions calling for the following action were adopted:

- (1) Restoration of Seatrain service, which operated formerly between Habana, New Orleans and New York, with no toleration of interference from the maritime union.
- (2) Demanding that the government and interventor of United Railways provide a final solution for the problems of the company within 30 days. This should include purchases of necessary equipment and repairs to right-of-way.
- (3) Demanding settlement of outstanding wage grievances within 30 days by the interventor of United Railways.
- (4) Called upon the government to levy a 20 per cent surcharge on all passenger tickets issued to non-government officials or employees. This money would go into the retirement fund.
- (5) Demanding that Cia. Omnibus Aliados begin paying within 30 days its normal contributions to the retirement fund and make arrangements for paying amounts past due.

The resolutions contained threats of "drastic action" if action demanded was not carried out.

The delegates reelected Bolaños and the other members of the union's executive board.

#### COMMENT

There are two major rail systems in Cuba, United Railways of Habana and Consolidated Railways. Consolidated is in fair financial condition and is owned by Cuban and American capital. Intervention of United Railways is result of its failure to comply with wage grants decreed by the government and also its efforts to reduce personnel after boom business of World War II. Failure of the government to pay a transportation debt of 5 million dollars to the railroad, plus steadily declining traffic and rising labor and other costs during the past few years, are major factors in the plight of United Railways. Rolling stock and roadbed of Consolidated, while superior to United Railways, does not compare to railroads in the United States. Here, as in the United States, the carriers are hard-pressed by over-the-road truck competition.

The demand for nationalization by the union men is a desperate attempt to keep an industry going which seems destined

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for the scrap heap. Of all the unions this officer has visited and observed here, the rail union appears to have the most responsible and efficient management. It owns its own four-story office building, employs 125 clerks and officials who keep regular hours and appear to handle the union's business in an orderly and efficient manner, this in contrast to the confusion apparent at CTC headquarters and in other affiliated unions.

Newspapers generally made adverse comment on the union's nationalization demand.

For the Ambassador:

*Irvin S. Lippe*  
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Attaché

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452