

## FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

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AIR POUCH

TO : Department of State

FROM : HABANA 170 January 26 1950

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SUBJECT : CUBAN LABOR DEVELOPMENTS DURING THE FOURTH QUARTER OF 1949

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SUMMARY

The Cuban Government continued to support a high wage policy and during the last quarter of 1949 earnings remained at approximately the same level as during the previous quarter. Living costs were slightly lower but not enough to establish a definite trend. Opportunities for employment were not as favorable as during the earlier part of the year but over-all employment remained at a high level. No strikes of serious consequence occurred during the quarter but the usual sporadic work stoppages and slow-down movements were noted. No legislation affecting the basic labor laws was passed during the period under review. The non-Communist CTC continued to dominate organized labor.

WAGES

Wages in general remained at a high level throughout the last quarter of 1949. The administration continued to support a high wage policy and almost invariably came to the aid of the workers in their demands for maintenance of a high level of pay, without regard to the economic situation of the employers or their ability to cope with increased production costs.

Wage increases far outweighed the one instance where an agreement was reached between labor and management for wage reduction. The only wage reduction reported, during the period under review, was that of the employees of Compañia Cubana de Aviación. The employees accepted a 12.6 per cent cut in earnings after prolonged negotiations with the management and the appointment of a government interventor. The interventor was appointed after the company declared its intention of discontinuing business if it were not permitted either to effect salary reductions or dismiss some eighty employees, in order to reduce operating costs.

The employees of the Woolworth stores in Habana were granted a general wage increase of twenty per cent over present earnings, through amicable negotiation with management. Other

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gains realized by the workers include a monthly bonus of one peso for each year of employment and an annual Christmas bonus of six dollars per year of employment, with a maximum of ten years credit. The agreement became effective on November 10, 1949 and is to be valid for a period of two years.

An agreement was reached between management and employees of Laboratorios Sterling (American) establishing a minimum salary of one hundred pesos per month and a work week of forty hours. The forty-hour work week provision is considered important in that it is one of the few agreements stipulating a shorter work week than the forty-four hours provided for by the Constitution.

Collective bargaining between the Electrical Workers Syndicate and the management of the Las Villas power plant resulted in a general wage increase of twenty per cent for the workers. Other clauses of the agreement guarantee full salary payment for sick leave and time lost due to accidents on the job, fifteen days syndical leave per year and equal treatment for permanent and transient workers.

Workers in the Matanzas Clinic and the Medical Center of the same city were conceded a ten per cent increase in wages.

Statistics covering total industrial wage earnings are not yet available for the fourth quarter. However, the following figures for the first nine months of 1949 would indicate that the slightly downward trend noted during the second quarter has been curbed. In fact, the totals reached in August and September are higher than for the corresponding months of 1948. If statistics for the last quarter of the year show the same tendency, total earnings for 1949 may well exceed 1948 earnings, contrary to earlier expectations.

Private Salaries and Wages  
(Exclusive of Agricultural Labor)

<u>Month</u>	<u>1948</u>	<u>1949</u>
January	\$ 43,307,600	\$ 42,496,600
February	49,955,500	51,840,400
March	52,356,300	53,839,800
April	52,950,800	51,134,500
May	50,503,400	45,813,300
June	43,668,700	40,310,300
July	39,323,200	38,361,600
August	36,663,800	38,531,500
September	<u>36,747,900</u>	<u>38,276,900</u>
Nine Months	<u>\$405,477,200</u>	<u>\$400,604,900</u>

COST OF LIVING

There are no statistics on living costs available in Cuba. However, the fact that the administration has eliminated the obligatory posting of ceiling prices on foodstuffs is an indication that prices have become fairly well stabilized. Prices on scattered items of food have been reduced during the period under review but no significant downward trend has been evidenced as yet. Clothing prices remained at a high level throughout the quarter and no immediate reduction is expected.

Consumers in general expected the devaluation of the British pound would result in lower clothing prices, especially in men's apparel. Merchants claim, however, that they had large stocks of clothing on hand at the time the value of the pound was lowered and until such time as they can dispose of that merchandise no price reductions may be expected.

The average consumer may be in a better position than he was at the close of the previous quarter. The purchasing power of the peso should be slightly higher in view of the maintenance of high wage rates coupled with a small reduction in the price of certain staples such as beans, soap, etc.

EMPLOYMENT AND UNEMPLOYMENT

There were no marked changes in the employment situation during the period under review. Most industries operated normally throughout the quarter and no appreciable number of dismissals was registered. However, it is becoming more evident that those persons who have lost employment due to reduction of personnel in certain industries, such as textile establishments, are encountering considerable difficulty in finding new jobs. This condition may be attributed to the fact that no new industries have been established nor have any of the industries now in existence expanded their operations sufficiently to absorb the surplus workers, discharged by companies forced to curtail their operations due to adverse economic conditions. Alleged lack of funds has prohibited the Government from expanding and in some cases has forced it to abandon public work projects which normally serve to absorb a certain number of unemployed.

In view of the complete lack of reliable statistics, it is impossible even to estimate the number of workers in various industries. Reliable sources, however, concur in the opinion that there has been little change in the over-all picture during recent months.

LABOR RELATIONS

The continued benevolence of the Government and the prosperous economic condition of the country have enabled management, in general, to maintain a high level of wage payments. This situation has eliminated the necessity of labor's resorting to wide-scale strikes. However, labor has continued to resort to such tactics as slow-down movements, brief sporadic stoppages, work interruptions, etc., in order to obtain acceptance of wage increase and other demands. When these tactics have not brought immediate desired results, labor has repeatedly sought Government intervention. The use of this method in pressing for wage increases and especially in preventing decreased earnings or dismissals has become increasingly more prevalent.

Some relief for management, in combatting these practices, is seen, however, in a recent decision handed down by the Supreme Court. The Court ruled that management has the right to dismiss any employee who willfully resorts to the slow-down, popularly known in Cuba as the paso de jicotea (turtle walk).

A labor dispute between management of Compañia Cubana de Aviación and its employees culminated in strike action in mid-October. The employees stopped work in protest to wage and personnel reductions, authorized by government interventor. The Government, after having authorized the company to dismiss some eighty employees and reduce wages, suddenly changed its stand and issued orders to the company to refrain from releasing any workers. Subsequently, at a meeting of the company executives, it was decided to recommend to the stockholders that the company be dissolved, in view of the impossibility of operating at a profit under the conditions forced upon it by labor's demands. Employees of the company, fearing the discontinuance of the airline and consequent loss of jobs, met and agreed to accept a wage cut of 12.6 per cent but remained firm in their demand that no dismissals be effected. Discussions were continued throughout the month of November with offers and counter-offers being parried back and forth between management and the syndicate. An agreement was finally reached in early December which contained the following outstanding conditions.

The syndicate agreed to accept a general wage reduction of 12.6 per cent, to be restored after one year if the financial condition of the company permits. No personnel to be dismissed and no new hiring to take place for one year.

The company agreed to continue operations under the above conditions and at the same time effected additional reductions in operational costs, through the transfer of some sixty

employees to a newly formed express company. Compañía Cubana de Aviación was also permitted, under the agreement, to revise the classification of jobs, permitting greater elasticity in work assignments and thus more efficient operation.

#### PROPOSED LEGISLATION

Senator Eusebio MUJAL, Secretary General of the CTC, presented a bill to Congress proposing an obligatory union dues check-off of one per cent on wages and salaries; the proceeds would be received by labor organizations. The more salient parts of the proposed law are as follows:

An obligatory tax of 1 per cent would be imposed upon wages, salaries, commissions or any kind of remuneration received by workers. Proceeds from the tax would be split between the syndicate legally representing the workers, the Federación Sindical legally representing the syndicates, and the Confederation in which the majority of the federaciones sindicales are registered.

Employers are directed by the proposed legislation to deduct the obligatory contribution from employees' wages or salaries, whether these are paid daily, weekly, fortnightly, or by month or year, regardless of the class of work for which payments are made.

These deductions from employees' wages must be deposited by employers, within five days after effected, at the Administraciones de Zonas Fiscales, together with corresponding sworn declarations on official blanks approved by the Minister of Labor and the Treasury Minister.

Within five days after the deposit has been made, the head official of the corresponding district or fiscal zone, must send amounts received to the General Treasury of Cuba, which in turn will deliver the money to the duly authorized syndicate official within twenty days. Total collections would be distributed as follows:

- a) Forty per cent of the total to the syndicate which legally represents workers of the entity to which the contributor belongs; in case of workers in the same or similar categories the forty per cent will be allotted to the syndicate which legally represents them.

- b) Forty per cent to the Federación which legally represents syndicates of entities dedicated to the same class of production, or unions of the same or similar class.
- c) Twenty per cent to the legally constituted Confederación Sindical in which are registered the majority of the federations or syndicates.

The proposed measure has encountered considerable opposition from employers, the Cuban Chamber of Commerce, the American Chamber of Commerce, the National Manufacturers Association and a considerable portion of the labor force. CGT (Confederación General de Trabajadores) and the Communist faction of the CTC have, of course, protested violently to the measure, as they fear it would deprive them of their income because the Government recognizes the non-Communist CTC as the only legally constituted syndical confederation. Even within the non-Communist CTC there have arisen sharp differences of opinion as to the merits of the bill. Opponents of the measure maintain that it is unconstitutional, being forced syndicalism. The Constitution provides for freedom to join labor unions but prohibits forced payment of union dues. If the Mujal measure was proposed as a trial balloon to test public reaction to a system to check-off union dues, it might be expected that little further will be heard of it in view of widespread opposition.

#### LEGISLATION

Law No. 13, published in the Official Gazette of November 9, 1949, provides social security benefits to all members of architectural profession in Cuba. Funds for the accomplishment of the law are to be provided through taxes on all new buildings, imported and domestic cement and imported construction steel.

Law No. 14, published in the Official Gazette of November 10, 1949, created a retirement pension fund for employees of flour mills, bakeries and related industries. Income for the fund will be provided through a five per cent tax on payrolls and taxes on yeast and flour consumed by the industry. The above payments will be made by the employers. Employees will make no contributions to the fund.

Law No. 17, which was promulgated in the Official Gazette of November 30, 1949, established a general retirement fund for commercial agents, employees and workers. 1/

1/ See Embassy's despatch No. 106 dated January 13, 1950.

GOVERNMENT LABOR POLICY

There were no marked changes in the Government's attitude toward labor during the period under review. In a public address on the first anniversary of the present administration, President PRIO outlined the administration's policy toward labor, as well as commenting on the attainments of labor during the year.

The text of the President's remarks on subjects pertaining to labor is as follows:

"WAGES: In spite of the economic crisis faced by the country, the purchasing power of the people has been maintained. This has been accomplished through the payment of high wages to workers. The Government has consistently fought for an expanded sugar market and has been successful in keeping the price of sugar at a high level, thus guaranteeing sugar workers, who form such an important segment of the population, continued high earnings. The administration wishes to assure the working population that it will not permit employers to reduce wages.

"INTERVENTION: Conservative capitalists have constantly combatted the administration's intervention policy, but we are thoroughly convinced that the policy is one of the greatest social-economic triumphs of our Government. In view of the favorable results attained through this policy in the past, the administration will continue to appoint interventors whenever it deems such action is necessary. We aim to prevent any businessman from realizing exorbitant profits at labor's expense. Intervention is one means of determining the financial status of any company and thus avoiding exploitation of the workers and unjustified wage cuts or personnel reduction. When there is doubt there will be intervention, as only in this manner can the Government be certain that justice is being done when it authorizes reduced earnings or dismissal of workers."

"INDUSTRY: The present administration has developed a policy directed toward the protection of national industry and the maintenance of a high standard of living. It has consistently insisted that the price of sugar should not be reduced. Thus far it has been successful in attaining its goal and consequently wages in the sugar industry were frozen at the peak levels previously attained. The Government will continue to provide guarantees for national industry regardless of pressure frequently asserted by outside interests."

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There has been general opposition in the Cuban press to government intervention in industry, the point being made that what private business has been unable to do Government likewise has been unable to accomplish by intervention - in fact, in some instance intervention has brought about further deterioration in the affairs of the intervened industry. The point also has been made that the policy of intervention stifles private investment in industry, and is thus an obstacle to effective application of President Truman's "Point Four" program.

For the Ambassador:

Ray H. Crane  
American Vice Consul