

FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

Handwritten notes and signatures at top right.

SECURITY : RESTRICTED w/CONFIDENTIAL

SECTION PRIORITY:

AIR POUCH

837.06/2-2151

TO : Department of State

FROM : HABANA 1744 February 21, 1951

REF : 000183 Labor Developments

XR 837.19
837.062
937.50
937.513

DEPARTMENT OF STATE
BUREAU OF
INTERNATIONAL AFFAIRS
FEB 21 1951

SUBJECT : PRESIDENT PRIO INDICATED GOVERNMENT MAY BE PLANNING TO NATIONALIZE ENTIRE TRANSPORTATION SYSTEM

Embark given citation & despatch.

FR
DCR
OLI
E
UNA
USUN
EUR/X
L
COM
FRB
ICC
LAB
NLRB
NSRB
SEC
TAR
XMB
mls

President PRIO indicated in a speech made before a large assembly of transport workers on February 19, 1951, that the Administration may be planning a program of nationalization of transport and other public service facilities. President Prio stated that he would shortly request Congress to provide sufficient funds to nationalize the United Railways of Havana. He added, "The nationalization of Autobuses Modernos, S.A., was a measure which begins a series of moves to solve the fundamental problems of companies unable to pay their way, in some cases, and badly administered, in others."

The President's speech was delivered at a rally given in his honor by the National Federation of Transport Workers. The meeting was held primarily to thank the President for nationalizing the bus company, Autobuses Modernos, S.A., established by William D. Pawley, and to urge the nationalization of additional public service companies.

Marco HIRIGOYEN, Secretary General of the National Federation of Transport Workers and leader of the labor union of Autobuses Modernos, stated in the opening address that the nationalization of the bus company would benefit not only the workers but the public in general, since the service would be greatly improved. He praised President Prio for his action and requested him to take steps to liquidate the workers' vacation pay which, he states, is four years in arrears.

Facundo POMAR Soler, Secretary General of the Omnibus Aliados' labor union, added his praise to the President's action and requested that Omnibus Aliados also be nationalized.

The next speaker was Javier BOLANOS, President of the Railway Brotherhood of Cuba, who praised the nationalization of the bus company and asked for the nationalization of the railroads, stating that such action would materially improve this vital public service.

RHCrane/elw
Feb. 21, 1951

RESTRICTED W/CONFIDENTIAL SECTION

837.06/2-2151
DC/R
Confidential File

MAR 12 1951

ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

2. Habana 1744

Eusebio MUJAL, Secretary General of the Cuban Workers Confederation, also addressed the assembly, pointing out that the present Administration is the first Cuban government to carry out the nationalization of a public service. He mentioned the economic disasters which had resulted from operation of the Havana Electric Company by private companies and praised the government for having appointed an interventor and finally nationalizing the public transportation service. He then referred to the precarious financial situation of Omnibus Aliados, as reported by the Government named interventor, and demanded that the nationalization of that company be effected immediately.

President Prio was the final speaker of the evening. In addition to the above statements, he added that his government had always tried to maintain high wages and had successfully counteracted a conspiracy of the employers to reduce wages early in the present regime. He said he was of the opinion that present wage rates should be sustained because lowering rates in one industry would bring a wave of wage reductions and the subsequent impossibility of raising them again to the present level. He said the transportation field had always been a serious problem, adding, "The government was forced to nationalize the bus company and has sought to create a company which, supported and directed by the government, can maintain the wages of the workers, give good service and realize profits. It is not a private company but a public service company for the good of the people of Cuba and its workers."

The President assured the workers their legitimate trade union rights would be respected by the Government.

CONFIDENTIALComment:

The writer seriously doubts the correctness of the various speakers' assertions to the effect that service to the public will improve under Government supervision as compared to private management of the transportation system. Government management, through intervention, has not proved effective in the past and the mere fact that the term has been changed from "intervention" to "nationalization" will not improve the ability of a Government official, inexperienced in business, to successfully operate a public utility.

The President's statement that the nationalization of Autobuses Modernos is the first of a series of such moves has been accepted in usually well-informed labor circles to mean

CONFIDENTIAL

that all transportation facilities may be nationalized shortly with the possible exception, at least for the immediate future, of the airlines. If nationalization of the transportation system proves even mildly successful, the movement may well expand to include other public utilities such as the telephone and electric power companies. Such action has already been publicly advocated by Eusebio Mujal (Habana's 1290 December 18, 1950).

The Embassy's sugar reporting officer is of the opinion that President Prío's inference that industries which cannot afford to pay a high wage rate will be nationalized may well be a warning to the entire sugar industry two or three years hence, if world as well as Cuban sugar production continues to outstrip potential consumption.

For the Chargé d'Affaires ad interim:

Ray H. Crane

Ray H. Crane,
Assistant Attaché.

CONFIDENTIAL

grom