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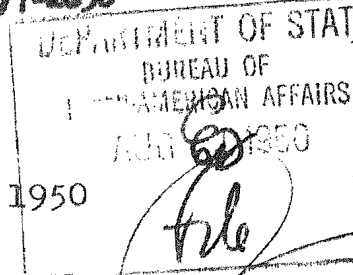
TO : Department of State

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FROM : HABANA 193 July 26, 1950

REF: 00Q19

SUBJECT: LABOR DEVELOPMENTS IN CUBA--SECOND QUARTER 1950



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SUMMARY

The Cuban Government continued to support a policy of high wages and intervention in private industry. No wage data are available for the period under review but all indications are that total industrial earnings were at least equal to the corresponding period of 1949. Living costs were higher than during the previous quarter. Employment was high during the first two months of the quarter but with the end of the sugar grinding season the usual seasonal drop in employment took place. Sporadic strikes occurred throughout the period as well as the usual slow-down movements. The non-Communist CTC continued to dominate organized labor.

WAGES

Wage rates remained at a high level throughout the period under review with wage increases far outweighing the few instances where wage reductions were effected. Repeated statements by prominent Government officials made it clear that the present Administration plans to continue to pursue a high wage policy without regard to the employer's ability to pay. Illustrative of the wage increases granted to workers in divers industries are the following: The National Federation of Bank Workers announced that it had obtained a 15% increase for employees of the Trust Company of Cienfuegos and Sancti Spiritus and a 20% increase for the employees of the Agricultural and Mercantile Bank of Habana (Banco Agricola y Mercantil de La Habana); Representatives of the employees of the Royal Crown Cola plant signed a new contract with the management which included a clause granting a 21% wage increase; Vicente RUBIERA, Secretary General of the National Federation of Telephone Workers and prominent independent labor leader, successfully negotiated a new contract with the Cuban Telephone Company which provides for a general

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increase of ten pesos per month for all employees of the Company; wage increases of an undisclosed amount have also been reported in some textile plants; the National Minimum Wage Commission approved salary increases for watchmen and caretakers of Government work projects.

There were additional demands for wage increases but most of them were still being negotiated at the close of the quarter.

Several industries, claiming inability to maintain present wage rates, requested permission to cut wages, but such requests were, in most cases, vehemently denied by the Minister of Labor who stated, "The Government will maintain its policy of requiring capital to accept compliance with labor laws and will not tolerate wage reductions, nor will it permit the abuse or exploitation of the workers."

The latest available statistics covering total industrial wage earnings (based on Health and Maternity Fund taxes) show a total of \$145,004,800 for the first three months of 1950 as compared to \$148,043,400 during the first quarter of 1949 and \$145,659,600 in the corresponding period of 1948. Although the first quarter total for 1950 was lower than 1949, it should be noted that it was almost equal to the total for the same period in 1948 which was the peak year for industrial earnings in Cuba's history. The improved situation, as compared to 1949, in the textile industry coupled with the extra wage payments to sugar workers (see Labor Relations) may well bring the total earnings for the first six months of 1950 up to the total of 1948.

A Resolution was approved in April which froze wages and working conditions in the sugar industry throughout the so-called dead season.

#### COST OF LIVING

The complete lack of reliable data on living costs makes it literally impossible to do more than conjecture as to actual expenditures of the working classes. However, available information would indicate that the trend is definitely upward. This upward trend in living costs was stimulated in a large measure by near-critical shortages of some domestic items and increased prices on certain food items, imported from the United States. Housewives were paying as much as forty percent over ceiling prices for meat. Retailers evaded ceiling prices by charging first grade prices for second grade meat and demanding a premium for first grade meat. Eggs were in extreme short supply and were consequently being sold at increased prices. The increased cost of rice imports from the United States was reflected in both the

Cuban wholesale and retail markets. Prices of most vegetables increased and while some seasonal fruits showed a slightly downward trend, the few items thus affected were not sufficient to offset the increased prices noted above as the Cuban worker's diet is composed primarily of meat, rice, beans and bread.

As a possible additional indication that the cost of living is increasing in Cuba, the following information compiled by the Ministry of Agriculture is submitted: The purchasing power of the Cuban peso for food was \$0.450 in April 1950 as compared to \$1.00 in 1939, \$0.459 in December 1949, and \$0.458 in March 1950.

The cost of clothing, rent, fuel and utilities remained high and stable throughout the period under review with little or no change from the preceeding quarter.

#### EMPLOYMENT AND UNEMPLOYMENT

With sugar mills operating at capacity and a bumper crop, employment in the sugar industry is reported to have reached unusually high levels during the month of April and to have remained fairly high throughout the month of May as some mills continued to operate until June. However, with the termination of the sugar-grinding season the usual seasonal drop in employment has taken place, the majority of the industrial workers and a large percentage of the field workers being laid off during the dead season. These unemployed sugar workers will, as has been customary in the past, be occupied through the remainder of the year in one or more of the following ways: cultivating fruit and vegetable crops for their own use or resale; odd agricultural jobs; migration to the cities where part-time employment may be obtained in other industries; or employment on Public Works Programs.

Employment in the textile industry held up remarkably well throughout the quarter. The fear that large numbers of employees would be laid off during the months of May and June, as occurred last year, proved to be unfounded as production was maintained at a high level through that period. The new rayon factory 1/ is operating at full capacity and has orders booked far enough ahead to assure full employment for the foreseeable future. The fact that cotton textile mills are no longer making sugar bags has reduced production somewhat but normal seasonal activities are above those of last year. Prospects for the immediate future are considered favorable.

1/ Rayonera Cubana, S. A.

Manganese and copper mines are operating at full capacity and at the present time are inclined to expansion rather than retraction so that employment prospects in that field are also favorable.

Other industries operated normally throughout the quarter with no large scale dismissals being registered. Also an expanded Public Works Program was inaugurated during the period which should be helpful in absorbing some of the persons who became unemployed at the close of the sugar-grinding season.

### LABOR RELATIONS

In spite of the prosperous economic conditions existing in Cuba and the high wages being paid to practically all classes of workers, which conditions have heretofore served to curb, to a great extent, wide-spread strike action, the quarter under review was marked by sporadic strikes and repeated threats of nation-wide strikes. The work stoppages ranged from a few hours to several days in duration with a certain amount of confusion reigning in some cases for several weeks.

The true motives behind the work stoppages and strike threats are nebulous, but it is believed that the labor leaders are determined to resist any wage cuts or dismissals and are using the tactics described above to warn both management and the Government that labor will resort to any measures it deems necessary to protect the gains it has made during the past few years.

The sugar industry was constantly threatened by strike action and sporadic work stoppages occurred throughout the Island during the entire harvest and grinding season. On one occasion about 95% of the sugar mills were paralyzed. This general strike involved the question of extra pay for alleged "over production". The workers maintained that the daily increase in sugar production would reduce the number of working days and, therefore, they should be reimbursed for the number of days they would supposedly lose. Management, on the other hand, claimed that the increased production stemmed from improved machinery and good quality cane rather than as a result of any additional effort by the workers, therefore no additional payment was justified. The strike was finally settled by the Minister of Labor with the approval of the President who ruled that the workers should be granted a minimum of six days extra pay as a bonus for "over production". The measure was extended to include every mill regardless of whether or not the mill increased its output of sugar. In some cases mills which actually produced less

sugar than in previous years were forced to pay the six day bonus.

Work at the port of Habana especially and to a lesser degree at other Cuban ports was disrupted by work stoppages several times during the quarter and the threat to declare a nation-wide port strike was asserted by the National Federation of Maritime Workers on various occasions. Railroads were also under the constant threat of having operations disrupted by strikes. One railroad (Guantánamo and Western Railroad) was paralyzed for ten days in June over a trivial matter. Airlines also suffered from strike threats and were the victims of a short protest movement. Bus transportation in the interior was affected for several days with some violence being registered in certain areas. Members of the caterers syndicate were constantly bickering with management over wage rates and working conditions and some work stoppages were registered, especially among the larger casinos.

In each of the above labor disputes the issue at stake was either of such a trivial nature or involved such exorbitant demands that it was difficult to understand how it could develop into a labor problem. All in all, labor's demands appeared to be centered not so much around wage increases as on obtaining something for nothing.

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#### LABOR ORGANIZATIONS

The non-communist CTC continued to dominate the Cuban labor movement throughout the quarter, but there were some signs of dissension among the leaders. Eusebio MUJAL, Secretary General of CTC, appeared to be losing ground in his struggle to maintain full control of the organization. Although Mujal was actively engaged in defending the rights of the workers and in several cases intervened successfully with President PRIO to obtain concessions for them, his popularity among the laboring classes did not improve. Persistent rumors to the effect that Mujal will not be reelected to the position of Secretary General of CTC were circulated among the working classes and among other labor leaders. Persons most frequently mentioned as possible candidates for Mujal's position include Emilio SURI Castillo, Secretary General of the National Federation of Sugar Workers; Pablo E. BALBUENO Carbonell, Secretary General of the Federation of Printers; and Marcos A. HIRIGOYEN, Secretary General of the National Federation of Transport Workers.

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Suri Castillo is probably the strongest candidate for the position for the following reasons: (1) He would have the support of the largest national labor federation (sugar workers--some 500,000). Their support would certainly be forthcoming since he has taken full credit for having obtained the bonus payment for "over production". (2) Suri has ample finances to carry out a campaign. (The coffers of the sugar worker's organization should be well filled since before delivering the checks for the "over production" pay (see above) one day's salary was deducted from each worker to pay back union dues.) (3) Suri's recent active campaign to have the Communist Party outlawed and the newspaper Hoy turned over to the CTC has increased his popularity with the administration as well as with the workers.

Pablo E. Balbuena is a diligent worker and extremely popular within his labor syndicate, but he does not have the numerical backing that is enjoyed by Suri. Also the fact that he is a negro would probably eliminate him as a serious contender.

Hirigoyen may become the dark horse in the race for election to the Secretary Generalship. He is popular with the workers and has the support of the ARG (Acción Revolucionario Guiteras) of which he is a prominent member. During recent weeks the ARG has been actively engaged in sponsoring a series of acts paying tribute to Hirigoyen's abilities as a true labor leader. The purpose of these acts is undoubtedly an effort to better acquaint the workers with Hirigoyen and the ARG.

#### THE CGT

The Government continued to tolerate the existence of the CGT although President Prio has repeatedly advocated the unification of all non-communist labor organizations. The split in the CGT has probably widened during the quarter and there has been no indication that a reconciliation between Vicente RUBIERA and Angel COFIÑO is in the offing.

#### BUS WORKERS FEDERATION

A National Federation of Bus Workers was organized at the first Congress of Bus Workers held in Camagüey during the quarter. The delegates attending the Congress reportedly represented some sixty thousand workers. It was resolved at the Congress to affiliate with the CTC. However, some informed sources are of the opinion that Lauro BLANCO and Vicente Rubiera have not abandoned the idea of joining forces and forming a new Confederation comprised of the bus and telephone workers (See despatch No. 643 of March 21, 1950).

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THE COMMUNIST CTC


The Communist labor leaders remained active throughout the quarter under review but made little headway in their efforts to regain control of organized labor. In fact it is believed that they lost control of a fairly large number of small syndicates as several instances were reported where non-communist workers were elected in syndicates which have traditionally been controlled by the Communists. Although there are no known Communists on the Executive Boards of any national labor federation, they still are able to exert a certain amount of influence among the sugar, tobacco and maritime workers.

GOVERNMENT LABOR POLICY

The Administration continued to support a policy of high wages, intervention in private industry, and accedence to labor's demands. Both President Prío and José MORELL Romero, Minister of Labor, publicly stated that they would not tolerate wage reductions nor dismissal of workers. The Minister of Labor during the course of a recent speech made the following statement which leaves little doubt as to the Administration's policy toward wage reduction and dismissals: "The Government will not permit wage cuts nor dismissals of workers; it will employ subsidies and intervention to maintain the present wage rates. Firms which claim they are operating at a loss should close their doors so that the Government can intervene and put them back into production."

The Administration has continued to advocate the creation of Labor Courts but no positive action has been taken.

For the Chargé d'Affaires ad interim:

  
Ray H. Crane,  
Assistant Attaché.

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