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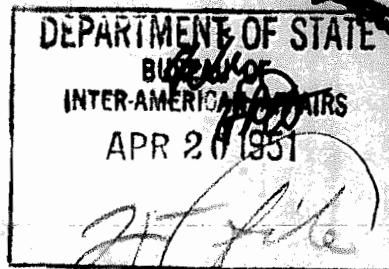
TO : Department of State

837.06/4-1651

FROM : HABANA 2099 April 16, 1951

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SUBJECT : LABOR DEVELOPMENTS IN CUBA 1950



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SUMMARY

1950 marked one of the most prosperous economic years in the history of Cuba. Labor enjoyed high wages throughout the year and gained additional advantages, such as improved working conditions, shorter hours and security of employment. Total wages paid to industrial workers were the highest in Cuba's history. Although wage rates were high, they probably did not keep pace with living costs which continued their upward trend.

The Government continued to pursue a policy of high wages, no dismissals, and intervention in private industry, with no indications that there would be a change of policy in the foreseeable future.

The non-communist CTC (Cuban Workers Confederation) dominated the labor movement throughout the year. Several attempts were made to achieve complete labor unity, but little success had been noted as the year ended.

WAGES

The prosperous economic situation which prevailed in Cuba throughout the year 1950 permitted the maintenance of a high wage rate. Wage increases were recorded in several industries, some of them voluntary, but the majority of the increases were effected through favorable Ministry of Labor decisions in wage disputes or by Presidential decree. Labor successfully warded off the few isolated attempts to reduce wages and was fully supported by the Government which maintained its policy of high wages and no dismissals. The Government indicated through its actions that wage reductions would not be tolerated, preferring, in those cases where a business could not operate under high wage rates, to name a government interventor and subsidize the industry. Wage increases ranged from 10 to 40 per cent, with the majority of them centering around the figure of 20 per cent.

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Minimum wages were increased in several industries and businesses by the National Minimum Wage Commission. Included in these groups were the bank workers, night watchmen, and tobacco workers.

Wages in the sugar industry were frozen for the year at the peak 1947 level. This move met little opposition from management since the entire Cuban sugar crop was disposed of without difficulty at favorable prices. The sugar workers were awarded additional income in 1950 as the result of the issuance of a Resolution requiring all sugar mills to pay their workers a minimum of six days extra pay as a bonus for so-called super-production. The award was made after prolonged discussions in which the workers claimed the increased daily production would reduce the number of working days and, consequently, mean a loss in earnings. Management, on the other hand, objected to the grant on the grounds that any increase in production stemmed from improved machinery and good quality cane rather than as a result of any additional effort by the workers, therefore no additional compensation was justified.

Total wage payments for the year 1950 reached an all time high in the history of Cuba with a total of \$546,049,076 being paid to industrial workers as compared to the previous high of \$531,050,100 paid in 1948. The above figures were based on Health and Maternity Fund taxes. The following table demonstrates the monthly amounts of wages paid to industrial workers in 1950 as compared to 1948 and 1949.

Private Salaries and Wages 1/

<u>Month</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>
January	\$ 43,307,600	\$ 42,363,200	\$ 41,722,200
February	49,995,600	51,840,400	50,186,600
March	52,356,400	53,839,800	53,096,000
April	52,950,800	51,134,500	50,594,100
May	50,503,400	45,813,300	48,415,400
June	43,668,700	40,310,300	41,937,100
July	39,323,200	38,361,600	40,105,000
August	36,663,900	38,531,500	40,569,600
September	36,606,300	38,276,900	41,858,700
October	39,793,200	39,481,000	42,360,600
November	39,040,500	39,185,100	44,468,600
December	<u>46,840,500</u>	<u>46,110,100</u>	<u>50,735,176</u>
Total:	<u>\$531,050,100</u>	<u>\$525,247,700</u>	<u>\$546,049,076</u>

1/ These amounts do not include wages paid to agricultural workers.

COST OF LIVING

The cost of living in Cuba remained at a high level throughout the period under review. The value of the Cuban peso in the purchase of food dropped steadily from January through August, with a slight improvement being noted in September and October. However, November showed a small decline in its value and by December the value of the peso had reached the lowest point since June 1949. The peso was worth 0.456 in January 1950 as compared to 0.407 in December 1950 and 0.459 in December 1949. (1937 equals 1.00)

The outbreak of hostilities in Korea resulted in a sharp increase in living costs at the beginning of the second half of 1950. Hoarding, chiefly by importers and dealers, pushed the prices of basic foods and some items of clothing upward. Increased costs of imported goods was reflected almost immediately in the living costs of the working classes. Subsequent favorable developments in Korea reduced "scare buying" and hoarding somewhat and by October prices had returned to almost normal. The term normal should not be construed as meaning prices were at pre-Korean levels but rather that the trend was a gradual increase in prices as had been noted during the first six months of 1950. As the year closed the tense world situation was again reflected in a new upward swing in prices.

EMPLOYMENT AND UNEMPLOYMENT

Any attempt to analyze employment and unemployment in Cuba is severely handicapped by the total lack of statistics on the subject. It is only possible, therefore, to describe the picture in generalized terms.

There is no evidence to indicate any significant change, aside from normal seasonal fluctuation in the volume of employment and unemployment in 1950 as compared to the previous year. The sugar grinding season was slightly shorter than the previous year, but workers were compensated for days lost as a result of improved operations which cut down the length of the grinding season so that the effects of the shorter season were not reflected in sugar workers' earnings. Other activities such as shipping and rail transportation were favorably affected by the high sugar production with more frequent opportunities for employment. Finally the entire economy of Cuba was stimulated by the high production and high price obtained for sugar and the economic prosperity was reflected in greater and steadier employment. The Government's public works program was expanded in 1950 and provided employment for a large number of workers. Salaries paid to these workers amounted to nine million pesos in 1950, as compared to about three million during the last half of 1949.

3. The question of the use of two hundred pound sugar bags.
4. The workers asked that measures be adopted which would guarantee that during the year 1951 the same workers who were employed in the mills and on the plantations in 1950 should be employed, and that no reductions in personnel be made due to any improvement at the mills or plantations resulting from mechanization.
5. The improvement of living conditions for the workers at the mills and plantations.
6. The question of holiday pay for agricultural as well as industrial workers.
7. The check-off system for payment of union dues.

Work at the port of Habana and, to a lesser degree, in other ports throughout the Island was disrupted on several occasions, with work stoppages ranging from a few hours to several days duration. Many of the disputes involved issues of a rather trivial nature, presented by unscrupulous labor leaders, and frequently did not enjoy the support of the rank and file workers.

Similar work stoppages were noted in the rubber industry, the textile factories, henequen workers, tobacco workers and

No important new industry was established which would furnish an additional labor market to such an extent that any sort of a trend was established. Also, the Government's policy of no dismissals prevented any sporadic dismissal of workers from adding up to a trend of unemployment.

Although the Ministry of Labor maintains no statistics on employment and unemployment, officials at the Ministry state there was no significant change in the over all picture. The consensus at the Ministry is that if there were any change it was toward increased employment, pointing out that the total wages paid as compared to previous years would indicate an improved situation.

### LABOR RELATIONS

Even in face of the fact that Cuba enjoyed one of its most prosperous years and wages were at an all time high, wage disputes, work stoppages, slow-down movements and continued agitation for improved living conditions were in evidence throughout the year. Management, in general, was in a position to meet most of the demands made by labor. There were, of course, isolated cases where wage increases were not economically feasible. The majority of such disputes were settled through government intervention of the affected industry and subsidization. The sugar industry, especially; was favored by high prices and realized large profits in spite of alleged increased production costs due to high wages and super-production pay.

The question of payment of a super-production bonus was the subject of prolonged discussions and resulted in the almost complete paralyzation of the sugar industry for a short period (see above section on wages). Sugar workers, as the year closed, had presented a long list of demands to be met by management prior to the beginning of the 1951 season. A stalemate had been reached on certain of the demands and threatened to delay the beginning of the harvest. The following are some of the principal points which were still being debated as the year ended:

1. A basic wage increase of twenty-five per cent.
2. Super-production pay.

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small manufacturing plants. The disputes almost invariably resulted in wage increases ranging from 10 to 40 per cent being granted by the Ministry of Labor.

Habana's bus and streetcar systems were repeatedly tied up by stubborn labor action, causing serious inconveniences and loss of time to the public. The continual disturbances and disputes over wages and working hours finally ended in government intervention of the entire bus and streetcar systems.

The continuous labor disturbances and disputes eventually forced management to seek protection through the organization of an employer's confederation which would unite in opposition to any unjust labor demands. Although the formal organization of a confederation was not effected in 1950, labor was warned that employers would unite in preventing labor from overstepping its bounds. The warning came in the form of a meeting, attended by some five thousand merchants and industrialists, held in Habana on October 29, 1950. The meeting was held despite labor's threat to prevent it and the calling of a seven hour protest general strike (see Embassy's despatch 953, October 31, 1950).

Eusebio MUJAL, Secretary General of the CTC, called a general strike on October 28 in protest against a meeting of employers for the purpose of forming an organization to oppose unwarranted encroachment by organized labor. In so far as preventing the meeting of the employers the strike was a complete failure. However, as a display of workers' unity and acquiescence to labor leaders demands, and as an indication of the potential power of labor, it did achieve a certain degree of success. The details of the strike were included in the despatch referred to above.

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### LABOR ORGANIZATIONS

As the year 1950 ended the Cuban labor movement was divided into four separate organizations, each vying for the favor of the workers. The most important and only organization officially recognized by the Cuban Government is the non-communist CTC (Confederación de Trabajadores de Cuba). The CTC controls all but two of the national labor federations and approximately 1800 out of some 2000 local syndicates. The two national federations not controlled by the CTC are the National Federation of Telephone Workers and the National Federation of Electrical, Gas and Water Plant Workers, headed by Vicente RUBIERA and Angel COFINO, respectively. These two federations withdrew from the CTC in 1949 and formed the CGT (Confederación General de Trabajadores). The new confederation

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lasted slightly less than a year when Rubiera resolved to leave that organization, due, primarily, to personal differences with Angel Cofiño. Several attempts to achieve labor unity were made during the year but relatively little progress was realized. Angel Cofiño has indicated a willingness to affiliate the electric workers to the CTC but to date his price has been a little high. However, the fact that he now controls such a small segment of the total labor force and is anxious to remain in the labor picture may be sufficient to bring him into the fold. Rubiera, on the other hand, seems to prefer to play a lone hand and remain an independent. He is believed to favor unity but has evidenced no interest in joining forces with the CTC until such time as he is convinced it is completely divorced from politics.

The fourth labor group, headed by Lazaro PENA, is the communist CTC. At the present time Peña's group controls no national federation and perhaps not more than forty local syndicates, but it has succeeded in maintaining a certain amount of influence among the maritime, sugar and tobacco workers.

The following table, drawn up from unofficial information obtained from the Ministry of Labor, demonstrates the number of federations, labor syndicates and employer organizations, according to Province, existing in Cuba as of December 31, 1950.

<u>Province</u>	<u>Federations</u> 1/	<u>Syndicates</u>	<u>Employers' Organizations</u>
Pinar del Rio	1	168	8
Habana	39	522	98
Matanzas	1	228	5
Lás Villas	5	538	9
Camagüey	1	205	8
Oriente	<u>1</u>	<u>409</u>	<u>9</u>
Totals	48	2,070	137

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GOVERNMENT LABOR POLICY

The Cuban Government maintained a consistent policy of high wages, resistance to dismissal of workers, subsidy wage payments to certain unemployed and intervention in private industry throughout the year under review. President PRIO and Ministers of Labor--of which there were three during the year--publicly promised the workers and warned management that the Administration supported a high wage policy and would not tolerate wage reductions nor dismissals.

1/ There are only 31 national labor federations. The remaining 17 federations mentioned are comprised of professionals, such as doctors, lawyers, et cetera.

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The Administration and labor leaders continued their strong nationalistic attitude which excludes foreigners from occupying any position or job which might be filled by a Cuban, with the exception of managerial positions. According to information obtained from the Ministry of Labor, there were only seventeen work permits for foreigners approved during the last half of 1950, and a total of thirty for the entire year.

That the present policy will continue into 1951 appears quite evident from the Minister of Labor's annual message to the President. This report has not been published but the writer was permitted to read a draft copy prior to its submission to President Frio. The message recommends that the high wage policy be maintained. The recommendation was based on the premise that where, in the past, management had claimed it could not operate successfully under the high wage policy, it has now conceded that the extra money put into circulation is to its advantage because of the increased purchasing power of the working class. (Comment: The Embassy is not aware of management's having made this concession, but the above information and recommendation has been sent to President Frio and he may be expected to use it as a basis for a continuance of his present policy.)

#### LABOR RELATIONS

Despite the highest wage rates in Cuba's history, labor continued to press for increased earnings. These demands may have been motivated by one or more of various reasons, some of which are the following:

(1) In spite of high wages and an extremely prosperous year, soaring living costs forced workers in many industries to seek wage increases. Reliable statistical evidence of the soaring living costs is non-existent, however, even those meager statistics published by the Administration indicate a definite upward trend. In considering published statistics, one must take into consideration the admitted fact that they have been prepared by the Ministry of Commerce for the express purpose of demonstrating to the Cuban people that the present Administration has been successful in holding increases in living costs to a minimum. Items of food priced vary from month to month and, invariably, the published indices reflect only the prices of items in full supply, such as seasonal fruits and vegetables, imported items which are seasonally low in price, et cetera. The Administration takes advantage of every opportunity to quote high wage rates in contrast to the modest increase in living costs as reflected by the false statistics.

(2) Labor's demands frequently do not originate directly with the workers but are made by unscrupulous labor leaders who employ the use of exorbitant demands and strike threats as




a means of obtaining a "pay-off" from management in return for avoiding a strike or slow-down movement. This weapon is not infrequently used against management and labor leaders reportedly receive substantial amounts of money for "convincing the workers that they should avoid strikes originally instigated by those same leaders."

(3) Another reason for labor's continued demands for wage increases, improved working conditions, shorter hours, paid holidays and pay for time not worked (examples--summer work week, 6 for 8 formula on bus lines and super-production pay in sugar industry) possibly stems from a trait which has developed among Cubans to get something for nothing. It is accepted practice in Cuba for an employee to do just as little work as possible so long as he continues moving and does not actually interfere with the work of others.

(4) Perhaps the most important reason for labor leaders attitude is a matter of survival. Until 1947 the Cuban labor movement was under the control of communist labor leaders and regardless of our present views toward them it must be recognized that the Cuban workers made tremendous strides under their leadership. Wages were upped and working conditions improved considerably through the efforts of the communist labor leaders. In 1947 when the communists were removed from the leadership of the CTC, the leaders appointed by the Administration were in doubt as to what extent they could count on the support of the average worker. Consequently they were placed in a position where they either had to produce or risk losing the workers to the communists who had proven to the workers that they would protect their interests. As a result, they have been incessant in their demands for higher wages, improved living conditions, better retirement funds, job security, et cetera, since their continuance in office depends to a great extent on their ability to satisfy the workers.

For the Chargé d'Affaires ad interim:

  
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