

FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

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TO : Department of State

837.06/1-3150

R B FEB

FROM : HABANA 212 January 31 1950

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
FEB 6 1950
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REF :

SUBJECT : LABOR NOTES ON HABANA - JANUARY 11-30, 1950

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SUGAR WORKERS

Threats of strike action on the part of Cuban port, transport and sugar workers have been manifested on several recent occasions. The principal basic differences between management and labor appear to be the following:

1. Labor's demands that payment for amounts due them as extra compensation for the 1948 season, in accordance with a 1948 decree, which provides for 48 hours pay for 44 hours work, be effected before the beginning of the present harvest season.
2. That mill owners comply with Decree No. 1581 of 1948 providing that sugar should not be packed in bags exceeding 200 pounds.

Legally, labor is justified in its demand that workers be paid according to the '48 for 44' formula. Mill owners and growers, however, have based their non-conformity with the decree on the fact that the Government has failed in its agreement to compensate them for extra wage payments which they were forced to make in face of Government's action in freezing wages at peak 1947 level. There also appears to be some question as to whether or not employers are obliged to pay workers on '48 for 44' basis during dead season.

In an effort to appease cane growers and avoid the delay of the harvest season, the Cuban Cabinet on January 19, 1950 approved a measure providing for the payment of one-third of the total amount due them for extra wage outlays during the 1948 season. This action has apparently lessened the immediate danger of strike action.

Money for payment of this amount is to be drawn from a special fund in the Treasury, set up precisely for this purpose. It is generally conceded, however, that the depleted condition of the Treasury will not permit payment of the one-third promised, not to mention the remaining two-thirds due the cane growers.

The second question is still being warmly debated in labor circles and work stoppages are being threatened by port, transport and sugar workers. Information available indicates that compliance with Decree 1581 will be extremely difficult,

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primarily in view of non-availability of 200 pound bags and also mill owners reluctance to employ the smaller bags, which would result in increased handling and transportation costs.

In spite of the many strike threats and sporadic work stoppages, which are not common at the beginning of the grinding season, the sugar harvest and grinding is moving ahead at an almost normal rate.

The administration's action in freezing wages at the 1947 peak level coupled with the high price of sugar virtually assures both labor and management a prosperous year. It is believed therefore that the present movement is primarily an attempt by labor to strengthen its position for future bargaining as well as a warning to administration that workers are not inclined to accept wage cuts nor non-compliance with labor legislation.

Although the final outcome of the dispute cannot be easily predicted, it is believed that no large-scale strikes will occur. Sporadic disturbances may be expected, but eventually each employer will probably be obliged to work out an agreement with his workers, satisfactory to both parties, without strict adherence to labor laws. Such action has frequently been resorted to in the past and there is no reason to believe that the present season will be an exception.

RETIREMENT FUNDS

Several new complaints^{1/} against officials responsible for the administration of various funds, established by law to provide disability, retirement and death benefits in appropriate cases, have been registered during the past two weeks. The critical financial condition of the funds has had a demoralizing effect on contributors and some opposition to the establishment of new funds has been noted.

A committee representing the transport workers filed a complaint with the Minister of Labor to the effect that their retirement fund showed a deficit of some four million pesos. The committee attributed the shortage to the fact that contributions made by employees of the United Railways, the Havana Electric Railway Company and the Cooperativa de Omnibus Aliados had not been deposited in the National Treasury, as provided by law.

1/ See this Embassy's despatch No. 917 of November 15, 1949.

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A similar situation exists with regard to the retirement fund of members of the medical profession. They claim that some 600,000 pesos paid by members have not been deposited in the National Treasury.

Sugar workers have filed similar complaints. They are especially concerned over funds, destined for the construction of low cost housing.

The situation appears to have reached a point where some corrective action on the part of the Government must be taken, if confidence in Government handling of pension funds is to be regained. Public attention has long been focused on the misappropriation of funds contributed mainly by workers and employers of private industry. The present crisis has only served to accentuate the seriousness of the situation.

Contributors to the various funds are beginning to voice their fears that money paid into them is lost and if the present state of affairs continues, the entire pension and retirement fund structure may be destroyed.

ORANGE CRUSH WORKERS

Labor's opposition to the mechanization of industry was again evidenced, when the employees of the Cuban Orange Crush plant refused to work as a result of the dismissal of 15 employees, whom they claim were displaced by machinery. Management asserted that a reduction in personnel was necessary to permit the company to continue operations.

The dispute was taken to the Ministry of Labor where it was resolved to re-instate the 15 employees until such time as three auditors, to be named by the Minister of Labor, could examine the company's books to determine whether or not its financial situation would permit the maintenance of the workers on the payroll.

For the Ambassador:

Ray H. Crane
American Vice Consul

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FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

SECURITY : UNCLASSIFIED

PRIORITY: AIR POUCH

TO : Department of State

837.06/2-150

FROM : HABANA 218 February 1 1950

DEPARTMENT OF STATE
BUREAU OF
INTERNATIONAL AFFAIRS
FEB 18 1950

REF : Embassy's 212, January 31, 1950

SUBJECT : CORRECTION

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Please change line six of page two of despatch No. 212 from this Embassy to read "stoppages which are not uncommon (not common) at the beginning of the grinding".

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837.2351

For the Ambassador:

SCM 837.06/2-1150

Ray H. Crane
American Vice Consul

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