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SUBJECT: LABOR DEVELOPMENTS - CUBA
JULY - SEPTEMBER, 1954

USIA-10 HEW

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SUMMARY

The quarter was a relatively quiet one on the labor front, with the electoral campaign taking up an increasing amount of the attention of trade union leaders. Mujal's actions belied his declarations of political neutrality, as he and his chief lieutenants became increasingly identified with candidates of the Batista Coalition.

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There was some speculation in informed quarters that the victory of Batista might well mean the end of Mujal's period as CTC Secretary General, and rumors of union leaders' rearranging their alliances began to be heard. The evidence was somewhat more concrete of a certain animus on the part of leaders of the Worker's Bloc of the President's Progresistas toward Mujal. Nevertheless, it might lie well within Mujal's capabilities to impress Batista with the value to the Government of retaining him as CTC Secretary General.

The CTC was in financial difficulties. The situation was in part made public, but an accounting given the Executive Committee of the CTC was by no means complete. CTC international activities, as a result of the financial situation, were being curbed.

The CTC's representative in Guatemala sent back reports which were for the most part pessimistic, but he thought that with outside help the Guatemalan movement could advance.

The Sugar Workers Federation got a resolution issued by the Ministry of Labor ordering repairs to the sugar mills to begin on October 10. The resolution was scantily respected, however, and charges were made on this account against the interim General Secretary by the Vice Secretary General on electoral leave.

The Tobacco Workers Congress was postponed several times. Because of incompetence and charges of graft against the leadership, Mujal was searching for new leaders for the union at the same time as he took steps to keep Communist delegates or their tools out of the congress.

The anti-Communist campaign moved slowly, with only a handful of Party members being removed from two unions. However, the anti-Communist resolution had become an accepted part of the CTC rules and had proved itself susceptible to effective application.

Charges were made that the Gastronómicos' hotel would not be a success and of graft in its planning and building. A CTC commission was appointed to investigate.

Núñez Portuondo was named Minister of Labor. He intended to return to the UN as Cuban delegate after the elections.

Cuban ATLAS remained dormant but issued a statement against Romualdi's "interference" in Guatemala.

Mujal declared that the CTC favored a single retirement fund for all workers.

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I. THE CTC

A. Politics

As the quarter ended and the November 1 national elections loomed only a month away, two interesting developments involving the top leadership of the CTC appeared to be taking shape: 1. there were indications of a spreading belief in trade union circles that Eusebio MUJAL would not survive as CTC Secretary General the expected victory of the Government parties; 2. Mujal, perhaps because in some measure he shared this belief, was indulging in half-disguised but unmistakable gestures of support of the Government, despite his frequently enunciated determination to remain neutral in the campaign.

Towards the end of July difficulties seemed to be looming up for Mujal in connection with his insistence on trade union leaders' taking leave from their offices upon becoming candidates in the elections. Conrado BECQUER, Vice Secretary General of the Sugar Workers and Auténtico candidate for the House of Representatives from Las Villas, issued statements contending that Mujal as CTC Secretary General could not issue fiats imposing such a rule on candidates from member federations. Mujal replied that he was acting in accord with resolutions of CTC congresses, including the last. At the end, however, all union officials took electoral leave as Mujal had indicated they should. It was, however, remarked that some of them seemed still to visit their offices frequently and Mujal himself on one occasion took José Luís MARTÍNEZ, Secretary General on electoral leave of the Sugar Workers, to the Ministry of Labor to discuss an industry problem.

Early August found Mujal explaining several times over that he could not stand for political office. By that time the papers had made repeated mention of the possibility of Mujal's running for the Senate on the Government Coalition's Oriente ticket. To almost every mention Mujal made a written reply in which he spoke of the impossibility of his running while CTC Secretary General and of the importance of his remaining at the helm of the labor movement in these politically and economically agitated times. In one letter to a paper he said the CTC would in due course put out a "document of proletarian orientation regarding the elections of November 1." However, no such document has appeared.

An interesting statement on standing in the elections was made early in August by Calixto SÁNCHEZ Whyte, Secretary for Juridical Affairs of the CTC and former Secretary General of the Federación Aérea Nacional. He declared that he would not accept a candidacy and gave three reasons for his attitude; they were:

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1. The elections might legalize the constitutional situation but would do nothing to resolve the "difficult situation which the labor movement is suffering through the aggressions of the employers with the connivance of some functionaries of the Government."

2. The candidates to the legislature "do not offer the necessary guarantees, since there is (among them) no ideology or party doctrine; there are only apparent ambitions of a personal type."

3. Labor candidates all have gotten their places on the tickets through personal efforts and influences, without the movement's having influenced these candidacies or laying out a program for the Cuban proletariat's getting anything out of the elections.

Sánchez' declaration did not attract much attention but is worth mentioning for its considerable truth, especially in the second and third points.

By the end of August, Mujal was making it clear that there was some flexibility in his conception of political neutrality. It is quite understandable, of course, that the CTC and Mujal would be particularly interested in and sympathetic to the candidacies of trade unionists for office. But there was some surprise created when on the last Sunday of August a meeting was held in Pinar del Río in support of the senatorial candidacy of former Minister of Labor Carlos SALADRIGAS that seemed indubitably to bear the imprimatur of the CTC. It was a labor meeting, by and large, and it was addressed not only by local labor leaders but also by such national leaders as Antero PÉREZ Sánchez, Secretary General of the Cattle Workers, Gilberto GOLIATH, Secretary General of the Maritime Workers, and Mario ALDO Barrios, Secretary General of the Shoe Workers. Pedro Domech, Secretary General of the Motion Picture Workers, chaired the meeting. One paper alleged that Antero PÉREZ bore a letter to the meeting which accredited him as CTC official representative at it.

The question was naturally raised by labor columnists as to how this meeting in support of Saladrigas, a Government candidate, comported with the CTC's supposed attitude of neutrality in the elections. Mujal replied vigorously that the labor leaders present at the meeting spoke for themselves personally. On balance the columnists seemed to have the better of the argument.

It is of interest, incidentally, that shortly after this Pinar del Río labor meeting, Saladrigas was given a testimonial by an employers group in Habana. He would thus appear to have

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very well-rounded support. It may be worth adding that Saladrigas is reported by a CTC source to be regarded by Mujal as his best, and perhaps only, friend in the Government political leadership.

An even clearer indication of Mujal's sympathies (or of his interpretation of where his interests lie) in the present electoral campaign was given when on the evening of September 27 more than 400 labor leaders met in the roof garden of the Hotel Plaza and set up the Frente Sindical Social de la Provincia de la Habana, which was at first somewhat vaguely represented to be constituted for the purpose of supporting labor candidates for office. The Frente in fact declared itself only for the Progressive Action Party (Batista's Party) candidates for the House and the Habana Municipal Council. This fact was quickly remarked by labor columnists, who also pointed out that the large number of labor leaders attending the Frente's constituent meeting were for the most part closely identified with Mujal. In truth, the Frente was set up with Gilberto Goliath, General Secretary of the Maritime Workers, as secretary and Jesús ARTIGAS and Aldo Barrios, General Secretaries of the Medical and Shoeworkers respectively, as directors; all three are known as close collaborators of Mujal's.

A few days later Mujal journeyed to Oriente and in Guantánamo addressed a political meeting in support of PAP candidates. When labor columnists commented on this seeming departure from CTC "neutrality" he replied in a now familiar vein that he had spoken in a personal, not official, capacity.

On October 6 the Federation of Medical Workers held a banquet for President Batista in appreciation of his having had their occupation included in the Retirement Fund of Commercial Workers. Some 4,000 persons attended and among them Mujal sat next to the President. The banquet was planned as early as the end of last July. There was no mistaking its intended political connotations and to an American reader the newspaper reports echoed the celebration of a Jackson or Lincoln Day dinner.

As the elections approached there was speculation among those inside the labor movement as to how their outcome would affect the position of Eusebio Mujal. Such speculation was almost exclusively based on the hypothesis that Batista would win. Almost as exclusively, it contemplated that after the elections Mujal's position would be radically changed for the worse. There were some reports from inside the CTC, difficult to check on, to the effect that labor leaders were examining their political and trade union affinities with an eye to rearranging or strengthening them in the light of possible post-election developments. There were more tangible indications that José PÉREZ González and other leaders of the Bloque Obrero Progresista were regarding Mujal with an unfriendly gaze.

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Thus, it was rumored that the establishment of the Frente Sindical Social had ruffled José Pérez González no little. A CTC source reports him as saying that it was just an insincere maneuver of Mujal's in order to be in well with the Progresistas, because he recognized that they were the future leaders of the labor movement, Pérez González's displeasure was hinted at in the newspapers.

More concretely, at just about the time that the Frente was being set up, Mujal issued a statement in response to a newspaper story on the desirability of a consolidated retirement fund for workers, in which he not only asserted that the establishment of a single fund was the objective of the CTC but went on to point out that 75% of the funds covering industrial and agricultural workers had been created during the time in office of the present leadership of the CTC; obviously he was seeking thereby to obtain credit for himself from the increase in coverage of the funds. It happens, however, that many of these funds have been created since the March 10, 1952, revolution and that they have thus been authorized by the Consejo Consultivo. Within the Consejo Pepito Pérez González and the Bloque Obrero Progresista members he heads there have been the champions of the retirement funds and have always been careful to have themselves identified as such. Mujal's statement about the 75% of the industrial funds that had been established during his time in office accordingly rubbed Pérez González and the BOP the wrong way, and they immediately issued a statement referring to the work the BOP members had done within the Consejo Consultivo on behalf of the funds and suggesting that Mujal in his statement had been motivated by partisan and personal considerations. Mujal answered with a statement in which he came as close to eating humble pie as he ever does, acknowledging the work of the Consejo and its labor members and disclaiming any intention to take a partisan view of the matter, though insisting on the accuracy of his original statement.

In the Embassy's view Mujal and Pérez González may safely be considered rivals. It may also be accepted that President Batista can be expected to ponder whether he does not want his own man in the Secretary Generalship of the CTC. In weighing the situation, however, one must remember that Mujal is extremely shrewd and experienced; that he has more mass following and support among union officials in Cuba today than any other labor leader; that he is already, however cautiously, giving support to Batista and his candidates; and that he may give them even more before the elections are held. In other words Mujal has support in, and command over, the labor movement of a kind that Batista would be glad to have on his side even after being duly elected. Mujal, with these assets, may find a way to sell himself to Batista. Attention is called, however, to despatch 267 of September 14, 1954, in which are reported Mujal's assertion to the labor reporting officer that he would not declare himself for Batista and Batista's

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remarks to the Chargé d'Affaires regarding Mujal. The latter make it appear doubtful whether Batista will continue to tolerate Mujal as CTC Secretary General in the event of his election to the Presidency.

There is a further informed point of view regarding this matter of Mujal's position after the election which may interest the Department. Queried on the point, a CTC officer told the Embassy's labor reporting officer that he thought the election itself would not represent a crisis so much as next May's biennial CTC congress. If by that time, as this source expected, the Government had once more aired its intentions of introducing a system of indemnified dismissal and the bulk loading of sugar, rank and file opposition to them would force a crisis on the leadership of the CTC and create a tension between the movement and the Government or the leadership and the movement, the resolution of which it was impossible at the present time to foresee.

Whether or not this consideration will really be of any relevance in the determination of who is going to be Secretary General of the CTC a year hence, it does conjure up what may well be one of the principal problems of the CTC in the next four years. During the last few months, with their political campaigning, the two issues of indemnified dismissal and bulk loading of sugar have been as dead as if they had been buried a hundred years. Whether, in a new period of office, the Batista Government will let them lie buried is a question.

No mention has been made here of the possibilities for the CTC of a Grau victory in the elections. In that event the repercussions within the CTC would be only a part of the generalized confusion that would no doubt reign throughout the country.

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B. Financial Situation

The financial situation of the CTC has become so bad that its employees did not receive their pay for the months of September and October till more than two weeks after it was due. This information was given to the Embassy in confidence, but in the time since its receipt the fact that the CTC was having a hard time financially became public knowledge, when at a meeting of the Executive Committee toward the end of September, at which newsmen were present, Financial Secretary Jesús Artigas made a report on the situation. According to one newspaper Artigas revealed that only 15.50% of the dues payable this year from the member federations had been collected. (This would appear to exclude the \$2 "voluntary" quota.) Artigas also reported that \$256,872 had been received by the CTC from the obligatory 1% check-off on sugar workers' wages, with a bit more than 11% of the total amount due still outstanding.

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The Embassy is confidentially informed that Artigas' accounts as laid before the Executive Committee were far from complete. They did not, according to the Embassy's informant, include the CTC's income from the rental of a considerable part of the Worker's Palace to two government agencies and a large number of member Federations. Nor did the accounts show anything on the score of \$10,000 a month that the Government is reliably reported to give the CTC. (The CTC's subsidy under Grau and Prío was about five times this amount.) One curious item was revealed by Artigas and given publicity by Mujal shortly afterwards as will be described later in this despatch: appearing among the CTC's liabilities was about \$179,000 owing to Mujal personally, the unpaid balance of \$200,000 he had loaned the CTC.

Its financial situation has seriously affected the CTC's international operations. The Embassy has already had occasion to report how the organization has been unable to send an "activist" to Honduras as requested by a resolution of the ORIT secretariat and how it was unable to meet in full its pledge to ICFTU of \$86,000 for the establishment of sugar offices in several cities throughout the world. Only recently Rafael OTERO, the CTC's "activist" in Guatemala, has had to return because of lack of money. Finally, at the last moment the CTC was forced to cancel a visit it had announced of Raúl VALDIVIA, the Sugar Workers' Acting General Secretary, and Ignacio GONZALEZ TELLECHEA to Brussels to discuss the sugar offices project with the ICFTU.

C. International Activities

The meeting of the ORIT Extended Secretariat that took place in Habana at the end of August was reported upon by the Embassy in its despatch No. 217 of September 1, 1954. The Embassy also reported in despatch No. 267 of September 14, 1954, the desire that the CTC leadership retained in the wake of the ORIT Secretariat meeting to send one of its "activists" to Chile to continue with the anti-Communist campaign, which, in its view, so badly needs to be carried to a conclusion there.

The reports the CTC received from its representative in Guatemala, Rafael Otero Borlaff, varied from time to time in their degree of optimism, or, more frequently, pessimism. The principal element in the situation as he saw it, however, was Castillo Armas' inability to govern. He reported a state of semi-chaos in which employers and anti-Communist defense committees applied ignorant or self-interested criteria as to who was a Communist whenever they came to deal with workers. Landowners, he reported at one time, were engaged in wholesale dismissals. There were also in some instances shootings of workers, but these Otero laid at the door of buccaneering members of the Liberation Army.

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After greeting Otero cordially, the Government for some time refused to see him. Then Castillo appointed J. Skinner KLEE to talk with him and gave Klee full powers to deal with the labor situation. But after Klee and Otero had had a long talk, which Otero took as a good augury for the future, Klee, so far as Otero was concerned, seemed to have disappeared completely.

As already noted, Otero had to return to Cuba in mid-October, because the CTC could not afford to keep him in Guatemala any longer. He still held the view that Castillo Armas had no capacity for governing. The man is incapable, Otero alleges, of even working out a program that will command the support of a single segment of the population - as, for example, the Church, the business community, the landowners, or labor. Nevertheless, Otero remains confident that a job can be done in Guatemala in organizing the unions, but it will take outside help in men and money. He hopes the Catholics will not take over the movement; but even if they do, he feels they will bring it into ORIT and ICF TU. One point he stresses: there were very few actual Communists in Guatemala, and not every one who headed a union in the Arbenz period should be declared outside the pale today. Most such union officers, Otero thinks, were not Communists or sympathizers.

Otero is wonderfully pleased with the cooperation he got from our Embassy in Guatemala City. He feels a personal friend of a number of our officers there and is much impressed with what he obviously regards as the constructive, unselfish view of at least that American diplomatic representation in Latin America.

Mujal and the other CTC leaders interested in the international field will be watching with keen eyes for the results of the Rio Economic Conference. As the Embassy has pointed out before, despite Cuba's relative affluence and special economic relationship to the United States, and despite the freedom of the CTC leadership from the more shallow and extreme views of the Latin American, non-Communist Left, the thought has frequently been voiced here that Latin America is owing greater consideration and assistance from the United States in economic matters than it has been receiving and that at Rio the United States should be forthcoming with the comprehensive and concrete program of economic cooperation with its sister republics that it did not - or, because of force of circumstances, was not able to - produce at Caracas.

A striking example of how the CTC feels on this matter is afforded in a set of the minutes of the meeting of the Executive Committee of September 22, confidentially supplied to the Embassy. Actually, these minutes are so skimpy as to be little more than a retrospective agenda, but a paragraph in a section on economic problems reads as follows:

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"There is in contemplation, also, the new idea of the Americans of working toward a kind of Marshall Plan for Latin America and therefore it is necessary to coordinate interests (sic) with the object of industrializing our country. The Secretary General of the CTC himself is assigned the responsibility of carrying out this mission and, further, of drawing up brief public declarations on this subject and others of greater scope for union organs."

The pretext cited for this paragraph - i.e.: "The new idea of the Americans of working toward a kind of Marshall Plan of Latin America" - is attributable to certain agency messages out of Washington which appeared in the press here and, it is to be presumed, in the rest of the Hemisphere, reporting that in fact a Marshall Plan for Latin America was being worked out in Washington and would be presented in Rio by the United States. This supposed Plan was connected by the papers with Assistant Secretary Holland's journey through South America.

More recently, the Embassy may add, the agencies have reported out of Washington that the United States would reiterate at Rio its policy of Caracas. Although Cuba is probably not greatly affected directly by this news, the CTC with its particular international aspirations cannot have received it in very good spirit.

The Rio Conference was also discussed in the editorial of the Boletín Informativo of the CTC for September, which is being forwarded under separate cover. Its results, in effect the Boletín says, will be dependent on the attitude of the United States. Assistant Secretary Holland's trip is taken as a pledge or at least a portent that that attitude and our policy at Rio will be helpful and constructive. In a number of lettered paragraphs some of the essential points which in the CTC view should be decided at Rio are set forth. They include: the assurance of a market of Latin American products (at a good price is the implication); industrialization, with "the cooperation of foreign capital, above all from the United States"; an expansionist commercial policy, including a lowering of tariff barriers, "which would obviate the obstacles that our products at times encounter in the markets of the United States"; strengthening of the various currencies; a special (and more liberal) section for Latin America of the International Bank.

There is no need to pass judgment here on these familiar points of view. But it is hardly possible to suppress the observation that the CTC could do a lot more about increasing investment in Cuba than just talk about the matter frequently, generally and ineffectually. That does not mean that it would be easy for the CTC leadership to do something about the problem, but so far it has not even started.

(See preceding section for effect of CTC's financial situation on its international operations.)

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II. THE SUGAR WORKERS

Toward the end of September the Sugar Workers' Federation (FNTA) prevailed upon the Ministry of Labor to issue a resolution obliging all sugar mills to begin their repairs before October 10. With the coming zafra expected to be smaller than any since 1947 and the present economic situation throughout the Cuban countryside depressed, the FNTA wished to get its idle members employment just as soon as possible. Nevertheless, the Embassy is informed that it was pretty well recognized in the CTC and FNTA that the resolution would be little more than window dressing intended to create the impression that leadership of the movement was looking out zealously for the interest of the sugar workers, while actually the mills would from necessity ignore it. And in fact on October 10 fewer than one out of five mills had begun their repairs, while two weeks later the number was reliably reported as still less than half the total number of mills.

While under any circumstances complaints would no doubt have been numerous from the FNTA member unions at the failure of the mills to obey the resolution, the fact that the political campaign is on has led to an attack on the Acting Secretary General of the FNTA, Raúl Valdivia, by Conrado Becquer, Vice Secretary General on electoral leave, who is now an Auténtico candidate for the House of Representatives from Las Villas, which has resulted in an unusually bitter row and considerable newspaper comment.

Becquer implied that Valdivia had only gone through demagogic motions and demanded that the CTC investigate his conduct. Valdivia answered sharply that he had spent considerable effort getting the resolution put through the Ministry and called upon the member unions to see to it that the mills carried out the decree. As already stated neither the decree, the spat between Becquer and Valdivia, nor the local unions has succeeded in getting a majority of the mills started on their repairs even as of the time of writing this despatch.

Another and rather nastier spat within the labor movement originated with another charge by an FNTA Auténtico candidate for Representative from Las Villas and ran in the papers almost concurrently with the Becquer-Valdivia altercation. This argument began when Conrado RODRIGUEZ, a former CTC Vice Secretary General and a man of leftist inclination, charged that Mujal had already agreed with certain leaders of the sugar mills and haciendas to cut the wages during the coming zafra by 20% and do away with "superproduction" pay.

In hotly denying Rodríguez's charge Mujal applied the following words to him: "ignorant", "wicked", "lying", and "cowardly". He charged also that Rodríguez was suffering from pre-electoral fever. Mujal also threw in a few hard things about the "sugar marquises", meaning the owners.

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Rodríguez's rejoinder repeated his charges about the agreement between Mujal and the sugar owners, said that Mujal's epithets were self-revelatory, and scoffed at the thought that Mujal had no political ambitions, alleging that he had had a poll taken in Oriente which had shown him that he had no electoral strength there. For good measure Rodríguez added that Mujal should stop playing a double role of employer and leader of the CTC; for at the expense of the working class's hunger he was building a pasteurizing plant in his farm and had bought 350 fine cows for it.

Mujal replied that the poll undertaken in Oriente had revealed that he would have come in second on the Auténtico ticket for senator in Oriente and third on the Government's ticket. (Just how these alleged polls, or "surveys" as they are called here, are taken, the Embassy does not know; but it doubts their reliability.) He then alleged that he and a group of others were trying to establish a well organized dairy farm, that they had bought only forty cows, and that they had a \$70,000 mortgage on the farm. (In last quarter's labor report the Embassy informed the Department regarding this farm of Mujal's.)

The Embassy should add regarding the Sugar Workers that there may well be difficulties in the negotiation of the terms for the 1955 zafra and even harder times on the countryside for the sugar workers next year than this. It will be recalled that even though the 1954 zafra was smaller than that of 1953, through President Batista's intervention the CTC and the FNTA managed to get the same conditions set for the 1954 as for the 1953 zafra. Obviously, with a further reduction of the zafra for 1955 of more than 10% (from 4,750,000 Spanish long tons to an anticipated 4,250,000 or 4,000,000 Spanish long tons) the owners are going to fight all efforts at maintaining the standards of the last two years for yet another. And even if the standards are maintained, with the shorter, smaller zafra the sugar cane workers are going to earn less. It is generally acknowledged that there has been misery among the sugar cane workers during the dead season just ending. It is hard to see how their situation can be kept from deteriorating next year.

III. TOBACCO WORKERS

The National Federation of Tobacco Workers (FNT) is suffering from internal difficulties of some gravity, which brought its affairs into the papers repeatedly during the quarter and led to the postponement several times of an impending national Congress.

On August 21 the Executive of the Federation met, with Mujal taking the chair. Immediately an objection was made to the presence of the three Communists on the Executive as contrary to the latest resolutions of the CTC on the issue. Mujal ruled that they be thrown

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off the Executive. This was protested by their leader, Faustino CALCINES. Mujal thereupon put the matter to a vote and was upheld by 58-1. In addition to Calcines, Diego LEON and Inaudi KINDELAN were thus removed from the Executive. (Gonzalo COLLADO, the fourth Communist elected to the Executive last year, shortly afterwards defected. Although some reports reach the Embassy that he has merely gone underground, CTC circles seem to regard his defection as genuine and the CTC leadership is using him on anti-Communist assignments.)

This meeting of the Executive postponed the FNT national congress scheduled for August 28 till October 8. It has since been postponed till October 16, then till October 20; and because of the elections it is now, in accordance with a Ministry of Labor resolution, postponed for at least another month.

Amid considerable comment in the press, Mujal and the CTC leadership has been working hard on organizing the Tobacco Workers' Congress. They have been inspecting the organization closely, and announced that out of some 250 member unions of the FNT 50 have been stricken off the roles as existing only on paper and 4 will not be permitted to attend the Congress unless, by the time it is held, it is perfectly clear that these four local unions have been cleansed of Communists.

The Embassy is confidentially informed that there are three principal problems which Mujal has to tackle in the Tobacco Workers. The first is that it has suffered from poor leadership. SERRANO Tamayo has simply not been able to run the Federation, as witness the fifty unions which have had to be eliminated because they were set up, or are said to have been set up, in order that certain persons could claim to have a trade union base for the promotion of their political or trade union ambitions.

The second is the problem of the Communist infiltration of local unions. Mujal and his lieutenants are busy at work seeing that not only do known Communists not come to the Congress in representation of local unions, but that they do not send stooges or fellow travelers to it to do their bidding.

The third problem is related to that of the Federation's poor leadership and revolves about the fact that it is almost public knowledge that the present leadership has been involved in graft in connection with the management of the Tobacco Workers' Retirement Fund. Not only has the Tribunal de Cuentas found irregularities in the management of the Fund, but it is widely alleged that when the Fund undertook to build a Tobacco Workers housing development, union officials set up a dummy company and bought the land on which the development is being built, selling it to the Fund at a large profit. For this reason, in addition to that of the leadership's ineptness, Mujal is finding it necessary to rework the leadership. At the

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present time it is generally believed that Arsenio GUTIERREZ will be chosen Secretary General at the FNT Congress. It is an indication of how concerned Mujal is regarding the leadership of the Tobacco Workers that through Gutiérrez's assuming the FNT Secretary Generalship, Mujal would lose a competent Secretary General of the CTC Las Villas Provincial Federation.

IV. ANTI-COMMUNIST CAMPAIGN

The CTC's anti-Communist resolution was applied on September 5 at an Extraordinary National Council of the Federación Nacional de Vendedores with Mujal in the chair. It was moved, on the basis of the resolution, to expel Humberto CARTAYA and David CRUZ, two Communists, from the meeting. The motion was carried unanimously.

Toward the end of the quarter an interesting situation was shaping up in Habana. The Sindicato General de Mecánicos, Montadores, Ensamblajes, y Similares de la Provincia de la Habana was engaged in a campaign against the Communist-led Sindicato Industrial de Obreros de Talleres y Similares del Automóvil. The latter organization has contracts with most of the leading garages of the city. Its secretary, Valentín GONZALEZ, is a veteran Party member, who has been to Moscow more than once and has taken a prominent part in Party public activities. The Mecánicos are led by a group of young officers who are fervent anti-Communists.

The Mecánicos have been operating through the simple method of trying to take the members and the contracts at the various shops away from González's union - a clear if excusable example of "raiding." The Mecánicos have been running into the difficulty that most of the garages have always got along well with González and found him a reasonable union official. By the end of the quarter the leaders of the Mecánicos had concerted with Mujal the application of the CTC anti-Communist resolution to González's union and plans were being laid at the Ministry of Labor to issue a resolution calling on the CTC through the Mecánicos' officers to intervene their Communist-dominated rival.

Surveying the CTC's record since its passage of the anti-Communist resolution early last June, it could not be asserted that the resolution had been applied in such a way as to effect any prompt and thorough housecleaning of Communists from the ranks of the CTC and its member unions. Mujal had told the Embassy's labor reporting officer, in effect, that such a housecleaning could weaken the labor movement but was obliged to admit in the next breath that Communist infiltration of the Cuban unions was not all that extensive (despatch 267 of September 14, 1954).

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There are a number of unions where Communist leadership is well known to be established (the Club and Beach Workers Union of the Gastronómicos Federation, for example, and some of Port of Habana unions) and nothing has as yet been attempted.

On the credit side of the campaign is the fact that already the anti-Communist resolution has been used frequently and effectively enough to consecrate it as part of the CTC constitution and as a weapon of proven effectiveness in the anti-Communist fight.

(See Section III, Tobacco Workers.)

V. THE GASTRONÓMICO'S HOTEL

The foundations for the Gastronómico's Habana-Hilton Hotel are nearly completed; but considerable agitation and argument have broken out over the economic feasibility of the project, the wisdom of the contract terms for the operation of the hotel, and whether there has not been a great deal of graft involved in the entire matter.

The principal objectors to the contract have been the members of a group within the Restaurant Workers' union, called the Comité Central Pro Defensa de los Fondos del Retiro Gastronómico. This group, as its name implies, thinks that the hotel is an uneconomic proposition and that to go on with it is to risk the solvency of the Retirement Fund. The group held a lunch on September 18 at a Vedado restaurant. Certain toughs known to be close to President of the Fund Francisco AGUIRRE showed up at the restaurant, as if by coincidence, and occupied tables near the luncheon party. But, happily, a few officers of the national police, as if by another coincidence of the same nature, occupied other tables close to the luncheon party and outside there were a few policemen waiting on their orders, so that despite a certain tenseness in the atmosphere, the affair went off peaceably enough.

In the meantime labor columnists have been uninhibited in suggesting that there is plenty of grafting going on in the building of the hotel. They raise questions as to why at various times the cost of the project has been announced as \$8,000,000, \$10,000,000, or \$12,000,000. The Hilton interests, they allege, have never previously entered into an agreement of the kind involved in this instance, and they go on to insinuate that the Hiltons would not have made such a departure from their usual practice if the contract was not excessively in their favor.

Whatever the merits of the argument over the Habana-Hilton, it has become hot enough for the CTC leadership to take note of it. The Executive Committee at its meeting of September 24 appointed a commission to investigate the entire matter. The

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commission is headed by Facundo POMAR, Secretary General of the Transport Workers, and consists with him of other well known CTC leaders. It is hardly likely to come up with a sensational exposure, the prospect being that the Gastronómico's hotel project will continue along the lines that it was started.

VI. MINISTER OF LABOR

In the reconstitution of the Cabinet that took place with President Batista's relinquishment of office to take electoral leave Ambassador NÚÑEZ PORTUONDO, Cuba's Permanent Delegate to the United Nations, became Minister of Labor. At a political rally the day Batista left office and he took over the Ministry, Núñez Portuondo declared that he was back in Cuba to campaign for Batista. He has also informed the Chargé that just as soon as the elections have been held he is going to resign from the Ministry and go back to the United Nations.

Why Núñez should have been given the Ministry of Labor is something of a mystery. Actually, he seems to have tried to tackle his ministerial duties more diligently than his campaigning. While there has been some comment on his ignorance of labor affairs in the papers, there has been general acknowledgment of his willingness to learn about them and otherwise to tend to his job.

Just before Núñez took the Ministry of Labor, Ricardo EGUILIOR held the portfolio for about a week. He then became Minister of Communications.

VII. ATLAS

The Cuban ATLAS continued during the quarter tucked away in its obscure corner, making little news, and apparently with no other purpose but to stay in existence.

In mid-August it issued a short statement in which it accused Serafino ROMUALDI of interfering in internal Guatemalan affairs and alleged that José GARCÍA BAUER had had to say to Romualdi: "You've been here two days, and you think you know more than we do." Only one paper, TIEMPO, reported these ATLAS charges.

The papers carried toward the end of August the news that Fernando PÉREZ VIDAL, former General Secretary of continental ATLAS, had been arrested in Texas as he tried to enter the United States on a Mexican passport not belonging to him. While the report was carried widely, it was plain to see that newspaper interest centered on the matter principally because other Cubans

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had tried to pass the frontier with Pérez Vidal in the same way and had also been arrested, and because all this suggested that the Party might have been involved in some revolutionary plotting against the present Cuban Government. Pérez Vidal's ATLAS antecedents added virtually no news value to the stories, and his case quickly dropped out of public notice. It is probably still pending in the United States.

VIII. RETIREMENT FUNDS

Late in September Eusebio Mujal declared that the CTC would press for the creation of a Single or Consolidated Retirement Fund, incorporating all the present industrial retirement funds as well as those industries and occupations not yet covered by the present separate funds. This was the occasion on which he made the statement about 75% of the funds having been established during the period of the present leadership of the CTC, which so irritated José Pérez González, leader of the BOP. (See Section I)

One newspaper commented that the CTC had theretofore opposed unification of the funds because the separate funds afforded so many more chances for jobs on the boards of directors for labor leaders and on the fund staffs for their friends. Mujal alluded to this allegation in a follow-up statement, saying that the CTC is on record for unification through Congress resolutions.

In illustration of what was reported in the last quarterly labor despatch regarding graft in the retirement funds, attention is called to Section III above, on the Tobacco Workers. Along the same line the Department will be interested in a confidential remark by a magistrate of the Tribunal de Cuentas to the labor reporting officer to the effect that in the Retiro de la Harina the Tribunal had found more than 150 jobs for which people were drawing money without actually doing any work. By abolishing these jobs and making other reforms the Tribunal was able to cut the budget of the Retiro to about 60% of what it had been.

IX. ELECTRICAL WORKERS

In the elections for officers of the Habana Provincial Federation of the Electrical Workers Federation, Angel COFINO's candidate, Guillermo MESTRE, won, as the Embassy had expected. While he had a clear majority it was not a large one, however. Mestre received 2,055 votes to 1,606 for Oscar SAMALEA and 370 for Oscar MESA.

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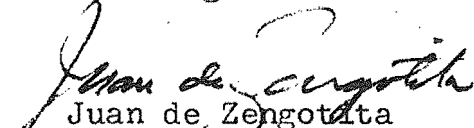
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According to occasional reports there have been some dismissals from the Electricity Company of workers who had opposed Mestre. The degree of understanding obtaining between Cofiño and the company is such that these reports might well be true. Samalea meanwhile is devoting himself to some vigorous political work on behalf of Grau's candidacy.

For the Chargé d'Affaires a.i.:


Juan de Zengotta
Second Secretary of Embassy

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