

UNCLASSIFIED
with CONFIDENTIAL Section
(Classification)

DO NOT TYPE IN THIS SPACE
837.06/10-351
Mr. Tolson RR

FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA

570

DESP. NO.

October 3, 1951

DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON.

DEPARTMENT OF STATE
BUREAU OF INTER-AMERICAN AFFAIRS
OCT 19 1951
File

Pouch OCT 19 1951
42
For Dept Use Only

REF : OOSA32

SUBJECT: SUMMARY OF LABOR DEVELOPMENTS DURING FIRST HALF OF 1951

R
E
C
D
OCT
22

WAGES

With the beginning of the sugar harvest and grinding season in January the question of sugar wages and working conditions became the primary labor problem in Cuba. The demands presented by the sugar workers prior to the start of the season included a 25% wage increase, a one percent check-off of union dues, payment for legal holidays and super production pay. After prolonged round-table discussions between management, labor and officials of the Ministry of Labor it was agreed to freeze wages and working conditions at the same levels set by 1950 labor agreements. (The 1950 agreements included super production pay, but did not provide for a wage increase except on the basis of increased sugar prices.)

A
C
T
I
O
N
E
L
AG
COMM
FRB
LAB
NLRB
NSRB

Wages in other industries remained at a high level, with the Government maintaining its attitude of opposition to wage cuts and dismissals and continuance of subsidy wage payments to employees in uneconomical industries. Wage increases ranging from five to twenty percent were granted to workers in various industries by Ministry of Labor Resolutions. The following examples are illustrative of the wage raises granted: Lithographers and printers were granted a general 10% increase; Port workers handling sugar received a 15% raise while other employees of shipping companies were given a 10% increase; employees in establishments handling pharmaceutical products were given increases from 5 to 20%. Voluntary increases, averaging about 10%, were granted by individual textile mills and one or two other industries.

Prior to the celebration of International Labor Day the Cuban Confederation of Workers (CTC) announced that it would demand a general wage increase of thirty percent. The CTC again stated at the Seventh National Congress (May 28-30) that it would demand a general 30% increase. This action has been reflected by a series of demands from almost every labor group in Cuba for wage increases, with the full support of the CTC. An indication that the Government may be contemplating a general wage increase

837.06/10-351
DC/R Central Files

Confidential File
RA112

RHC Crane:WJN
REPORTER(S)

UNCLASSIFIED
with CONFIDENTIAL Section

PREPARATION TIME

ACTION COPY - DEPARTMENT OF STATE

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

UNCLASSIFIED
(Classification)

is the fact that in each of the Ministry of Labor Resolutions mentioned above, provision was made for the increase to be made part of any general increase granted during the next year. Statistics covering industrial wage payments indicate 1951 may reach an all-time high. In January 1951 payments reached a total of almost 48 million pesos as compared to the previous high for January of 42 million in 1948. February 1951 registered the highest total for any one month in the history of Cuba, when 55 million pesos were paid in industrial wages as compared to the previous high of 53,800,000 in March 1949. For the first two months of 1951, the latest available statistics, a total of \$103,150,400 was paid as compared to 91,907,800 in 1950 and 94,203,600 in 1949. The above statistics are based on payments made to the Health and Maternity Fund and do not include payments to agricultural workers.

There was no legislation enacted during the period under review which would change the legal minimum wage rates. Although it was consistently rumored that a bill would be introduced into Congress, which would increase legal minimum wage rates from the present \$1.60 and \$2.00 daily rates to \$60.00 and \$75.00 monthly for agricultural and urban workers respectively, no action was taken prior to the adjournment on May 29, 1951.

Cost of Living

Although reliable statistics on living costs are not available to the Embassy, conversations with both labor and management would indicate that there is general agreement on the continued upward trend in living costs.

The difficulty and sometimes apparent lack of interest in enforcing existing price ceilings, permits both wholesalers and retailers to evade price ceilings and mark up prices in accord with supply and demand situation. This situation is most noticeable in foodstuffs, especially meat and seasonal fruits and vegetables, which comprise the main part of the working man's diet. Slight increases were noted in some items of clothing, while the costs of rent and utilities remained unchanged.

The Ministry of Agriculture published statistics on the buying power of the Cuban peso in the purchase of food, which show that the cost of food increased considerably during the first three months of 1951, as compared to 1950. The following table demonstrates the comparative value of the peso in the purchase of food during the first three months of the years 1948 through 1951.

UNCLASSIFIED

UNCLASSIFIED
(Classification)

<u>Month</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>
January	0.382	0.412	0.456	0.399
February	0.373	0.420	0.458	0.396
March	0.399	0.426	0.458	0.399
December			0.407	

Employment and Unemployment

The seasonal high employment level, due to the sugar harvest and grinding season, was again evidenced in the period under review. The grinding season was actually slightly longer than last year primarily because mill owners were required to pay a minimum of six days super production pay, regardless of the number of days of operation. Therefore it was to their advantage to prolong the season and grind as many bags of sugar as possible, since the distribution of the cost of super-production pay over a larger number of bags would reduce the cost per bag.

The favorable situation as regards the sugar industry was reflected in other industries, especially in the transport areas, since the increased movement of sugar provided additional employment on the railroads and trucking lines. Employment in the textile industry remained at a fairly high level as did employment in the mining industry. Other industries operated normally throughout the period with no large scale dismissals being registered. There were no new industries established which would materially affect the over-all employment picture, nor were any established industries discontinued which would tend to increase unemployment. The Government's public works program was continued and in some areas was expanded. This program should be helpful in absorbing some of the workers who became unemployed at the close of the sugar grinding season.

Labor Organizations

At the Seventh National Congress of the Cuban Confederation of Workers, held May 28-31, it was announced that the National Federation of Electrical Workers and National Federation of Telephone Workers would affiliate with the CTC, thus achieving the complete unity of all non-communist labor organizations.

The decision of the above mentioned federations to re-affiliate with the CTC was based on an agreement to reorganize the CTC. (Habana's 2189, April 30, 1951) A directorate of eight members was set up each with an equal voice in the administration of the organization. The directorate is composed of

UNCLASSIFIED

UNCLASSIFIED and
CONFIDENTIAL
(Classification)

Senator Eusebio MUJAL, Representative Emilio SURI Castillo, Angel COFIÑO, Vicente RUBIERA, Marco A. HIRIGOYEN, Francisco AGUIRRE, Ramón LEON Renteria and Javier BOLAÑOS.

The non-communist CTC now controls every national labor federation and all but about forty out of some two thousand local syndicates. The forty syndicates outside the CTC are controlled by the communist CTC and are about evenly divided among the sugar, tobacco and port workers.

The Communist CTC was unable to make any gains so far as regaining control of the labor movement is concerned, but continued its campaign against the government recognized CTC and took advantage of every opportunity to plant seeds of unrest among the workers.

CONFIDENTIAL

Government Labor Policy

President Prío began the year 1951 with a speech to the working classes in which he outlined the Government's labor policy for the year 1951. He stated that the policy of high wages and opposition to dismissals would be continued. He promised the workers that special efforts would be made to improve the lot of the unorganized agricultural workers. Pointing out that the industrial workers had already achieved a high standard of living, therefore it was necessary to maintain that standard and bring the agricultural workers up to an equal level. The Administration's policy of intervention in private business was continued throughout the period under review.

The Government's labor policy was the subject of attack on various occasions. The National Association of Manufacturers directed a statement to the Government, charging that labor was blocking economic progress by its demagogic policy of making unreasonable demands on employers and failing to comply with labor contracts. The Association said its work in encouraging United States capital in expanding industry in Cuba had been defeated by repeated outbursts of labor's demogogy. With special reference to the delegation which visited the United States to interest American capital in investing in Cuban industries, it said the project had failed because investors found that labor was entirely out of hand in its demands against employers. The statement concluded with the observation that the very economic stability of the nation is threatened by the unreasonableness of labor. The Association feels that the Government is in a large measure responsible for the present situation in view of

UNCLASSIFIED and
CONFIDENTIAL

CONFIDENTIAL

(Classification)

its refusal to permit dismissals and its insistence that wages be maintained at a high rate in all industries.

Criticism of the Government's labor policy became much more pronounced during the last two months of the period being reported. It is believed significant that the opposition came not only from the industrialists (see above) who have criticized the policy for some time, but also from other sectors of the population. It appears that the so-called "middle class" of Cubans have sensed the potential dangers of the government's policy of giving in to labor on every issue and are openly criticising it.

Editorial comment has consistently attacked labor directly and the Government indirectly for what it considers outrageous demands of labor and the Administration's failure to take positive action to curb the present trends. Editors have placed special emphasis on the fact that the Government's labor policy has prevented new business from coming to Cuba. This same concern over lack of new enterprise has been advanced by many influential Cubans.

Although President Prío has repeatedly stated that he is a proponent of new industry, financed either by domestic or foreign capital, the fact remains that no new industry of any importance has been established nor have existing industries been expanded during the present year.

Examples of what has happened are the cases of Seatrain Lines and National Concentrators Incorporated.

CPN
day
With respect to the Seatrain problem, although the Ministers of Labor, Commerce, Communications and Agriculture and reportedly the President of the Republic agreed that the resumption of Seatrain services was essential to the development of the Cuban economy, labor was able to exert sufficient pressure to prevent its return.

Maritime labor leaders based their case on the allegation that the resumption of Seatrain would mean the displacement of stevedores and reminded the President that he had promised the workers he would not permit dismissals.

A conversation between the writer and the Minister of Labor would indicate word had been received from the Presidential Palace that any settlement should assure the maritime workers that no port worker would be displaced as the result of the resumption of Seatrain services.

CONFIDENTIAL

CONFIDENTIAL and
UNCLASSIFIED
(Classification)

Even though the maximum number of stevedores who would be affected was probably not more than forty and although the resumption of Seatrain would mean employment for several times that number of railroad employees, not to speak of the economic advantages to be gained by exporters especially fruit and vegetable exporters, the Minister of Labor stated that the Administration would not tolerate dismissals and unless some means of guaranteeing employment to the forty stevedores were found the resumption of Seatrain service could not be approved. The inference was that President Prío plans to adhere to his "no dismissal" policy without regard to what it may do to the Cuban economy.

In the case of National Concentrators, Inc., labor hampered the establishment of a new industry which would not only provide work for several hundred persons but would also provide a market for farmers' produce.

AHH
National Concentrators came to Cuba and built a plant for the processing of various types of fruits. The Ministry of Commerce apparently recognized the value of the project and issued a resolution which permitted the importation of machinery duty free, as a new, essential industry. Shortly after the factory was completed and operation commenced, labor leaders stepped in and demanded that the company recognize a union which had had a labor contract with a tomato processing company. They based their demand on the fact that the new plant was located on the same property previously occupied by the tomato processing company. Appeals by the company to the Ministry of Labor proved futile and resulted in the naming of an interventor and the closing of the factory. As a result of the government's giving in to labor, the plant was not operating as the reporting period ended; several hundred persons were unemployed; and reportedly farmers have been deprived of a potential market for their produce.

UNCLASSIFIED

Labor Relations

Although the sugar harvest and grinding season progressed without serious interruptions, tense labor-management relations prevailed throughout the period under review. A tentative agreement between sugar labor and management was reached early in January which would mean receipt of a bonus payment of six days pay to sugar workers for so-called super production, similar to the payment made last year. The most controversial question was the payment of one percent union dues. The FNTA (National Federation of Sugar Workers) insisted on a

CONFIDENTIAL and
UNCLASSIFIED

UNCLASSIFIED

(Classification)

check-off system for union dues, although management objected on the grounds that it was unconstitutional; it would entail considerable bookkeeping; and they had been forced to agree under pressure. However, they finally accepted the move as a necessary evil. When the workers refused to permit management to deduct the one percent from their wages, labor leaders moved to have the mill owners and colonos pay the one percent. A decree, compelling employers to pay the unions dues, was subsequently issued by the President. (Habana's 2070, April 11, 1951).

Work at the port of Habana was disrupted several times for periods varying from a few hours to several days. Probably the most controversial subject so far as maritime workers were concerned was the question of the resumption of seatrain services. The National Maritime Federation opposed the return of the seatrain on the grounds that it would deprive stevedores of employment, while the Railway Brotherhood favored its resumption claiming the advantages to be received by members of that union, not to mention the United Railways, would far outweigh the alleged losses to members of the maritime union. Continued strike threats, work stoppages and slow-down movements finally forced the operators of "Seatrain Lines" to abandon the project, at least for the present. 1/

Numerous other industries were affected by troublesome work stoppages and slow-down movements, the majority of which involved resistance to dismissal of workers and attempts to reduce wages. However, toward the end of the period under review disputes involved demands for wage increases and payment of union dues by employers.

Legislation

On May 22, 1951, President Prío signed several laws which had previously been passed by Congress, most of which affect the working classes either directly or indirectly. (Habana's 2357, May 28) Law No. 3 establishes the right to "free enterprise" in the areas of the sugar mills; requires mill owners to provide medical care for employees; and requires mill owners to provide housing facilities for workers. (Habana's 106, July 19, 1951)

Law No. 4 created a retirement fund for all employees of national radio stations. (Habana's 2408, June 6, 1951)

Law No. 5 allots funds to the Cuban Philanthropic Society "The White Cross of Peace", which deals almost exclusively with the working class.

1/ See confidential section for attitude of Government.

UNCLASSIFIED

Page 8 of
Desp. No. 570
From Habana

UNCLASSIFIED
(Classification)

Page _____ of
Encl. No. _____
Desp. No. _____
From _____

Law No. 8 created a retirement fund for members of the medical profession.

Law No. 6 grants an annual Government subsidy of \$60,000 to the Cuban Blood Bank.

For the Ambassador:

Irvin S. Lippe
Irvin S. Lippe
Attaché

UNCLASSIFIED

gmuw