

AIR POUCH

PRIORITY

OFFICIAL USE ONLY

(Security Classification)

DO NOT TYPE IN THIS SPACE

FOREIGN SERVICE DESPATCH

837.06/12-1754

FROM : AMEMBASSY, Habana

591

DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

December 17, 1954

DEC 21 1954

REF : - -

DC/A
Central
Files

This Document Must Be Returned To

For Dept. Use Only	ACTION	DEPT.	IN F O	OTHER	DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS
	ARR-3	REP-2			
	REC'D				
	12/22			LAB-5	USIA-10
					OCB-1

SUBJECT: Nuñez Portuondo as Minister of Labor.

DEC 23 1954

MC - file

SUMMARY.

As a result of a number of statements made by the Minister of Labor, Dr. Nuñez Portuondo, relations between him and the labor movement have become very strained since the November 1 elections. When shortly after the elections, one labor leader proposed that the payment of a month's Christmas bonus be made compulsory this year, Nuñez responded with a blast against excessive and demagogic demands and a warning regarding the country's economic prospects. He termed the Havana Post strike "a typical case in which Communist methods have been used" and declared it illegal. Arrests of strikers followed. Eusebio Mujal attacked Nuñez as not impartial and as too much conditioned by his experiences in the UN with Vishinsky. In the Consolidated Railroads case, Nuñez categorically declared himself against intervention. In a long statement he defended himself against labor attacks, calling them of a Nazi-Fascist-Communist technique, and saying that in his various statements he was only telling the country the truth. Mujal enjoined publicly that he should not be replied to till the CTC Executive had considered the matter. In an appearance on television the Minister repeated virtually everything he had said before and showed some sympathy for modification of the system prohibiting dismissals. He also ventured that wages were not "immutable". Mujal attacked him again in the press. The Embassy offers some evaluatory comment on the matter and adds a note on the CTC's censure of December 15 - 16 of the Minister and its expressed purpose to discuss his conduct in office with Presidents Domingo and Batista.

* * * * *

The Minister of Labor has reached a near-to-breaking point in his relations with the CTC as a result of certain bold and frank statements he has made recently regarding a number of problems that have come up and the exchanges these have given rise to in the press between himself and various labor leaders. It will be recalled that the Minister, Ambassador Emilio Nuñez Portuondo, is Cuba's Permanent Delegate to the United Nations and took the Ministry of Labor job temporarily, when the cabinet was reorganized just before President Batista took electoral leave in mid-August.

OFFICIAL USE ONLY

REPORTER

ACTION COPY - DEPARTMENT OF STATE

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

837.06/12-1754

JAN 5 1955

FILED LWC

OFFICIAL USE ONLY
(Classification)

It had been expected that Nuñez Portuondo would do a great deal of campaigning for Batista, but after a speech early in the campaign in which affirmed that it was his intention to do that, he in fact was hardly heard from again in the political field. By his approachability, openness, and directness, as well as by his evident eagerness to learn his new job and discharge it efficiently Nuñez Portuondo soon created a very fine impression among labor leaders.

The story of how labor's attitude toward Nuñez was changed in a few weeks begins early in November, when Jesus Artigas, Financial Secretary of the CTC and Secretary-General of the Medical Workers, voiced the opinion that a decree should be enacted requiring all employers to pay a month's wages as a Christmas bonus, or aguinaldo. The proposal had hardly got into print before the Minister issued a statement to the press, a translation of which follows:

"All labor leaders and especially the heads of the CTC have been able to appreciate during the few months in which I have held the post of Minister of Labor that I have tried to do justice to the workers and have granted all the just demands that they have made.

"That attitude of mine permits me to express my alarm at some of the statements that I read in the papers and that have been made public after the elections. In these it is proposed that measures be taken which would affect the national economy, which would harm the productive classes, and which ignore the phase in which our internal economy finds itself as a result of external economic pressures.

"To make at this moment demands which ignore the present national reality strikes me as a grave mistake which would produce harm for the country and in consequence for the working class itself.

"I take note that as the electoral period approaches in many unions, the leaders in order to impress the masses and obtain their votes publish programs of demands which are impractical because of the national economic reality. But I am convinced that the same working masses will see that their interests are not safeguarded by destroying the sources of production from which they live and all we Cubans live.

"For my part I must say publicly that while I discharge the role of Minister of Labor I shall take no measures of a demagogic character that might produce a worsening of the situation in which our leading productive classes find themselves.

OFFICIAL USE ONLY

OFFICIAL USE ONLY

(Classification)

"We all have the duty to defend Cuba's economy and I appeal to the patriotism of the workers so that they do not go beyond the proper limits of their demands and understand the reality of the economic situation that is produced by causes originating outside the national territory".

As was expected, this statement was prominently reported, and several commentators and papers that represent particularly the interests of Cuban business circles gave it a warm reception. The Confederacion Patronal issued a statement congratulating the Minister on his stand and adducing arguments in its support.

Labor leaders reacted quite as quickly and volubly as the Minister's admirers. Artigas issued a statement in which he said that his proposal would mean the putting into circulation of \$70,000,000 by its payment to people who would really inject it into the stream of commerce. Moreover, Artigas pointed out, a great many companies already voluntarily give aguinaldos to their employees and last year the banks were obliged to do so by law. He also rejected the imputation that his suggestion had been motivated by demagogic considerations. Other labor leaders who volunteered, or were asked, their opinions made an even stronger statements to labor commentators, some of them using his own argument against the Minister by questioning whether he would have used the terms he did if the November 1 national elections had not been past.

The Minister next roiled labor leaders with a statement of November 16 on the Havana Post strike. He called it "a typical case in which Communist methods have been used", adding: "The object has not only been to ruin a serious and respectable business, but, at the same time, to create difficulties with the American colony in Cuba, which has only this paper, written in English, for its proper information". The strike was illegal, he declared, and the strikers were being arrested to be put on trial for their actions. Actually, no one in labor believed that Communists were responsible for the strike.

Eusebio Mujal, Secretary-General of the CTC, was just returning to his duties after a period of electoral leave and prepared an answer to this declaration of Minister Nuñez Portuondo. Like most of Mujal's statements, it rambled over a lot of ground. He defended the Havana Post workers, waxing sarcastic in spots. He lectured on the duty of the Minister to remain impartial between employers and labor and animadverted in this connection on Nuñez's attitude in the cases of the Havana Post and the compulsory aguinaldo proposal.

In the paragraph that attracted most attention, Mujal alluded to the fact that Nuñez has spent some time in the UN, where the "acrimony" of Vishinsky has conditioned, Mujal said, his point of view. Again some commentators and editorialists praised the Minister,

OFFICIAL USE ONLY

OFFICIAL USE ONLY
(Classification)

while labor commentators of Tiempo en Cuba, Prensa Libre and a number of radio programs attacked the Minister, some calling for his prompt return to the UN.

In the meantime the problem of the Consolidated Railroads had arisen. (Despatch 546 of December 1, 1954) Nuñez Portuondo acted with what can be described as praiseworthy restraints in that he saw both sides involved and what extended remarks he made on the subject (i.e., the interview in Carteles reported upon in the despatch just cited) were well calculated to enlighten the public on the problem and prepare it for a compromise solution. Nevertheless, many voices in the labor movement upon the announcement of the Consolidated dismissals had automatically cried out for government intervention, and this suggestion Nuñez peremptorily brushed aside.

On November 22 Nuñez issued a statement defending himself generally against all the charges being made against him. He began by drawing a comparison with Nazi-Fascist and Communist techniques of smear and the big lie. He defended his stand on the aguinaldo issue, saying such legislation was unknown anywhere on earth and least of all in the Soviet Union, (Artigas is actually an anti-Communist fighter of long standing) and alleging that the facts in the matter were not known to the working class, which lost jobs when work places had to be shut down. Not only he, but the court as well, had declared the Havana Post strike illegal, he declared. He adduced to his credit the fact that he had issued more decrees providing for inclusion of workers in Retirement Funds than any other Minister of Labor as well as the efforts he had made to have the sugar mills begin their repairs early. "The trouble is", he went on, "that few people are willing to tell the truth to the people of Cuba and that task, which is in no way pleasant, falls upon me". He followed this up with a discussion on the prospects of a smaller sugar crop and on the economic consequences for everyone in Cuba. He ended by saying he did not expect to see the "Nazi and Communist campaign being waged" against him ended; but he wanted to do his duty.

Mujal replied immediately to the Minister. He said he was not "going to answer the declarations that daily and against the national proletariat" the Minister was making. Instead of a mediator and conciliator, Nuñez had assumed the role of a belligerent against the working class. He, Mujal, was too busy taking care of the problems that were arising because of the impulse given by the employers by the Minister. In two or three weeks the CTC Executive Committee would meet and formulate for the Executive Power (of the Republic) its point of view regarding the present difficult situation. In the meantime he asked all labor leaders to refrain from replying to the Minister of Labor.

Nuñez was guest on December 2 of the popular "Ante la Prensa" television program on which he was interviewed by three newspapermen.

OFFICIAL USE ONLY

OFFICIAL USE ONLY
(Classification)

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

He repeated much of what he said that had already alienated him from labor leaders. He predicated the impartiality of his office and declared that his statements had been frank and patriotic. He emphasized again that the economic situation did not permit of great demands by labor. He took his stand against intervention of private companies except in extraordinary circumstances, and repeated that the Havana Post strike was illegal. In answer to a question he said wages were not, nor could be, "immutable". He was asked about indemnified dismissal and answered that he had not intended to discuss the matter. Nevertheless, somewhat later asked about the legal prohibition against the dismissal of workers, he replied that while he appreciated that in Cuba there could not be the freedom to fire that existed in the United States, where there are more jobs available, the present situation "left 25,000 young people who come of age each year without the opportunity of employment".

The Ante la Prensa appearance of the Minister did more than all that had gone before to arouse feeling against him among labor people. Mujal broke his own injunction against silence till the meeting of the Executive Committee with a further statement to the press which seemed definitely to signify that the CTC and the Minister stood at drawn daggers. The Minister, Mujal charged, had "put on the last touches so that there should be no doubt that only with firings, salary reductions, with a punitive anti-labor ideology could investments be obtained for Cuba..." He called Nuñez's statements on television a provocation that had angered the people and said that one of the newspapermen who had expressed opposition to Nuñez's views on the program had received thousands of telegrams of support. Mujal then charged that Nuñez's policies were contrary to those which guided Batista and to those which had been proposed in all the campaign speeches of the Batista coalition. He ended that the CTC was in favor of granting every facility to the investor but thought that a policy of "economic coordination" was needed.

The Embassy's labor officer spoke recently with the Minister of Labor and during the course of the conversation had to advert to the exchanges the Minister had had with labor leaders. Dr. Nuñez answered more or less: "The trouble is I'm alone in Cuba. When I speak up about economic matters, no one supports me. Batista says nothing to back me up; nor do any other ministers. I'm trying to be more than just a politician. I have the Chief of Police on the telephone every day, and he says he can't find the other Havana Post strikers. He could find them if he wanted to. That's the way it goes all along the line". Nuñez, however, appeared to get a certain satisfaction out of the courageous and solitary role he evidently saw himself as playing. He added that he would be returning to the United Nations in February, presumably after Batista is inaugurated and his naming a new cabinet.

Comment: It might be argued that Nuñez could have prepared and released his statements in a somewhat more conciliatory fashion;

OFFICIAL USE ONLY

OFFICIAL USE ONLY
(Classification)

that there has been rather too much bravado on his part where tact would have done more. Nevertheless, his bold attack in the matter of the aguinaldo certainly seems to have shut off agitation of that issue quickly and the attitude he assumed in the Consolidated Railroads case no doubt stopped talk about intervention and has probably put the Company on a more equal footing with labor over the entire issue and consequently with a better chance to lay off excess workers than companies in a similar position have heretofore generally enjoyed in Cuba. His action in the Havana Post strike has put the strikers on the defensive (though it has certainly not helped to solve the strike), and since he sincerely believes the strikers to be Communist-inspired, hurting their cause was the end he wanted to achieve and did achieve.

It must be acknowledged also that in the face of prospective worsening of Cuba's economic situation as a result of smaller sugar cane crop, the Minister's warnings cannot but be salutary and that they are needed. In fact, plain talk of the kind the Minister has engaged in must of itself be applauded, because the truth is that labor and many other problems, instead of being settled on their merits in Cuba are arranged through political bargaining or by virtue of political influence.

It must further be acknowledged that Mujal and the March 10 government have talked much of creating conditions favorable to investment in Cuba but that little or nothing has in fact been done to change those existing conditions which are pretty generally recognized to be barriers to investment. Meanwhile the country's need for diversification of its economy remains great. Nuñez Portuondo's statements have at least served to focus attention again on the need for investment and on the conditions that deter it but remain unchanged. In the process he may be risking his position as Labor Minister, but in any event he is due soon to return to the United Nations and from there he can reflect that he was one minister who did not let his problems lie.

At the same time those who have charged that Nuñez did not take his independent and critical line till after the November 1 elections cannot be contradicted. It is also true that Nuñez has tended to see communists whether they were present or not.

Whether Nuñez's recent policies as Minister presage the policies of Batista's new term of office is a question that has been mooted. When Consolidated first announced its dismissals, there were some opponents of the regime who started gossip such as: "You see, Batista's in debt to the Americans, and as soon as he's elected, they get the go-ahead signal to begin firing". Some of the editorials and other comment in support of the Minister of Labor have obviously intended to encourage the Government to carry on with policies along the lines of those of Nuñez.

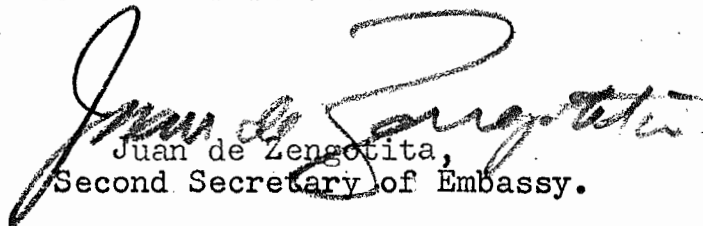
OFFICIAL USE ONLY

OFFICIAL USE ONLY
(Classification)

Against speculation of this tenor, however, must be put the fact, remarked by Nuñez in the conversation reported above, that he seems to be alone in the Government in this aggressive attitude towards labor problems and has received no support, or at least open support, from Batista. There has been some thought that in his elected term of office Batista would take a firmer stand on labor and economic matters, and it is possible that as a shrewd governor he is watching to see how Nuñez makes out with policies and declarations. But the Embassy does not believe this is the case. It has received no evidence whatsoever that Batista intends to press with indemnified dismissal, bulk loading of sugar, or any other labor measures which, while helping Cuba economically in the long run would incur strong labor opposition immediately. He may continue with a more intelligent public works and public development program than his immediate predecessors, but in the Embassy's opinion he does not seem inclined to work any reforms calculated to make root changes in Cuban political or economic life.

Late note: After a meeting which extended into the early hours of December 16 the CTC announced it had approved a report from Mujal which judged the Minister's actions as "harmful to the working class and stimulating the employers to carry out a crusade which only aspires to lower salaries and produce unemployment". The CTC would seek meetings with President Domingo and President-elect Batista to thrash the matter out in the presence of Minister Nuñez. On December 15 the Sugar Workers' Federation of Oriente announced that if Nuñez was not removed in 72 hours, it would strike for 24. The Embassy will report more fully on these developments and their consequences.

For the Ambassador:


Juan de Zengotita,
Second Secretary of Embassy.

OFFICIAL USE ONLY