

Air Pouch
PRIORITY

CONFIDENTIAL
SECURITY INFORMATION
(Security Classification)

DO NOT TYPE IN THIS SPACE
37.06/11-552
NOV 7 1952

FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA

TO : THE DEPARTMENT OF STATE, WASHINGTON. - 1 Encl.

REF : 000183 Labor Developments
Embtel 241 of Nov. 3, 1952

NOV 10 1952
DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS

18	ACTION	DEPT.	REP	OLI	UNA				
For Dept.	ARA*	I							
Use Only	REC'D	N							
bs	NOV 8	F	COMM	FRB	LAB	NSRB	FSA		
		O							

SUBJECT: Saladrigas Appointment May Mean New Labor Policies

The appointment of Carlos SALADRIGAS (see reference) as Minister of Labor to succeed Jesús PORTOCARRERO may hold considerable significance so far as the BATISTA Government's political and economic plans are concerned. This is indicated by the nature and timing of the change in this most controversial cabinet position. Saladrigas has privately criticized the demagogic actions of his predecessor. The change emphasizes the abject failure of Portocarrero's temporizing handling of labor matters and may mean a new trend toward more balanced, responsible Government attitudes in these matters.

Saladrigas is known to be relatively conservative in his political and economic thinking. This has been evidenced not only in his conversations with Embassy officers but in public statements. While he supports the social and labor provisions of the 1940 Constitution, Saladrigas has been outspoken in his criticism of abuses arising under it. He was particularly critical of the PRIO Government's intervention policies in connection with the railway and bus problems - problems which he inherits as Minister of Labor. His acceptance statement indicates that while he wants to maintain social conquests, labor's rights cannot rest on rigid formulae. He emphasized the need of policies which would protect labor's basic rights but which would also encourage business to expand and provide more jobs. He spoke out for labor courts to settle union-management disputes in an orderly manner.

As this is written, labor has made no public statement regarding Saladrigas, although certainly pledges of cooperation will be forthcoming. Two Embassy labor contacts indicated that the CTC does not regard Saladrigas as a friend of the unions. One felt that basically Saladrigas is hostile to labor. This, of course, remains to be seen. It is interesting to note, however, that Saladrigas in a conversation with the Ambassador said that Eusebio MUJAL, secretary-general of the Cuban Confederation of Labor (CTC), was quite conservative and

837.06/11-552

CONFIDENTIAL
RP

ISLippe:rc
REPORTER

CONFIDENTIAL
SECURITY INFORMATION

ACTION COPY - DEPARTMENT OF STATE

that he believed he could get along with him. This opinion was expressed prior to Saladrigas' appointment as Minister of Labor.

In this connection, an abrupt about-face in the Batista Government's relations with labor is not expected. Saladrigas, no matter how strong his conservatism may be, will to a large degree work under the conditions which compelled Portocarrero to cater to labor's frequently unreasonable demands. The Government, of course, does not wish to alienate so large a part of the electorate as labor, which in Cuba appears to be extraordinarily well-disciplined politically. Two things, however, may give Saladrigas an opportunity to veer away from the policies of his predecessor: (1) his high native ability and (2) his long and close relationship to Batista. In the final analysis, Saladrigas' ability to sell his ideas to Batista and to retain Batista's backing will spell his success or failure in the post.

Prior to his appointment as Minister of Labor, Saladrigas confided to the Ambassador that Batista was naming him to this position to solve the frustrating labor problems faced by the Government and that Batista had pledged his complete cooperation.

Saladrigas thus appears to be in a good position to retain Batista's confidence and support. When Batista seized the reins of Government early this year, he offered the Presidency itself to Saladrigas who refused it. When the Constitutional Statutes were drawn up, he made Saladrigas President of the Consultative Council where he served until November 2 when he assumed his present position. During Batista's previous regime, Saladrigas served as Prime Minister.

The press has been generally favorable to Saladrigas' appointment. An exception is the Communist daily Hoy which bannerlined the appointment as a blow to labor, charging Saladrigas with being a tool of American business and under the orders of Spruille BRADEN.

As Minister of Labor Saladrigas immediately faces at least four major problems. Most of them are carry-overs from the Prio Government but some are products of the present Batista regime. Each illustrates a phase of the labor-economic ills which beset Cuba. They are listed below.

(1) Henequen dispute. The industry was forced to reduce wages in line with its contract with the union because of a collapse in the market price of fiber. Upon union protests, the Government intervened the industry and found that it could not pay the workers at the current income rate. It then mortgaged fiber stocks to pay them. Portocarrero's suggested

solution was the creation of a regulatory body to control the industry and to sell fiber to domestic users at prices high enough to make up for the depressed world price. The industry balked at this and no solution had been reached when Portocarrero left office. The Government now owes the workers four weeks' pay and has not said where the money is to come from. Saladrigas, however, did indicate to the Ambassador October 26 that the difference between what the henequen companies are willing to pay and the higher wage rates (rates which were in effect when the intervention occurred) which have prevailed during the intervention would be taken from the Textile Subsidy Fund. He said that after this is done the Government will tell the employees that they must go back to work at the rates which the employers now say they can afford.

(2) Retirement Fund Strife. None of Cuba's retirement plans is established or operated under sound actuarial principles. They are in fact in a chaotic state. Currently the railroad and maritime funds are in critical condition. The railroad fund, Cuban labor's oldest, had no funds to pay last month's benefits until the union threatened to strike unless certain employers, including the Government-intervened United Railways paid up. In the past it has been alleged that great sums have been stolen from retirement funds. However, even if no money had been misappropriated, the various funds would be in for trouble because of the failure to apply insurance principles to taxes and benefits. Failure to somehow put these funds on a sound basis will mean much hardship and bitterness among vast portions of Cuban workers, retired and still employed.

(3) Autobuses Modernos and United Railways. The bus line has been bankrupt for some time and has remained in operation through Government subsidy. Its plight is said to be due to unproductive and at times predatory labor and too low fares. Last spring the Army occupied the property and helped management get rid of some 800 unneeded employees. The bus company is now again in financial straits and has not paid its workers for three weeks. In the case of United Railways, the Government intervened this property to prevent mass layoffs of unneeded workers after the war. The property is in terrible condition. Management claims that 1500 unnecessary employees are on its payroll. Solution of Autobuses Modernos' and United Railways' problems will require bold action on the part of the Government.

(4) Sugar negotiations. Talks are under way toward a contract to cover working conditions during the 1953 sugar harvesting and grinding season. Since the industry is faced with certain marketing and price problems, it may be necessary for the unions to adjust their demands somewhat. This dispute will undoubtedly find its way into the Ministry of Labor. As

Page 4 of
Desp. No. 706
From HABANA

CONFIDENTIAL
SECURITY INFORMATION
(Classification)

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

Cuba's life blood industry, the Government's action will have tremendous effect on the country's economy.

There are other pending issues Saladrigas faces but these appear to be the most important. If he acts on merit and has the support of Batista, Cuba's economy and political stability should benefit. If he follows the line of political expediency, as his predecessors have done, the nation's drift toward serious political and economic trouble will continue.

Appropriate newspaper clippings are enclosed.

For the Ambassador:

Irvin S. Lippe

Irvin S. Lippe
Attaché

W
Enclosure:
Press clippings

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
NOV 1 1951
OFFICE OF REGIONAL
AMERICAN AFFAIRS

CONFIDENTIAL
SECURITY INFORMATION