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Subject: CUBAN LABOR DEVELOPMENTS DURING FIRST QUARTER 1950

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SUMMARY

The Cuban Government's policy of high wages, intervention in private industry, and support of workers in labor disputes was evident throughout the period under review. Opportunities for employment were favorable, in view of sugar harvest and public works program inaugurated by the Government. Sporadic strikes and the usual work stoppages and slow-down movements were noted during the quarter. The non-Communist CTC continued to dominate organized labor.

WAGES

Wages in general were maintained at a high level throughout the first quarter of 1950. That the administration apparently aims to continue a high wage policy was evidenced by the President of the Republic in a speech made at the National Congress of Bankworkers in February when he stated: "My principal duty in the Government of the country is to maintain high wages for the workers; avoid the tendency of the prosperity of commercial enterprises and industries to enrich only a select group, and the inequitable distribution of wealth. Thus making it possible for the most lowly to ascend to the superior stations of life by means of wages that will permit them sufficient income, not only to maintain themselves, but to educate their children so that they can live lives worthy of free men."

Employees at the cargo terminal of Pan American Airlines received an increase of 6.3% in wages. This amount represented the restoration of 50% of the reduction in wages which was effected during the last quarter of 1949 and reported in the Embassy's despatch No. 170 of January 25, 1950.

Demands for wage increases have been made in several industries but at the close of the quarter the increases had not been conceded by employers.

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According to statistics recently released by the Director General of Statistics of the Ministry of the Treasury, total wages and salaries paid in Habana Province during 1949 showed an increase of more than thirteen million dollars over 1948. At the same time wage and salary payments throughout the remainder of the Republic were some seven million dollars lower than in the previous year.

The reduction in wages in the interior may be attributed to a smaller sugar crop in 1949 as compared to 1948, curtailment of operations during the "dead season" in the sugar industry because of "frozen" high wage scales, inactivity in the cordage industry, and the closing of several mines which were active in 1948.

Statistics covering total industrial wage earnings for the first quarter of 1950 are not yet available. However, total industrial earnings (based upon Health and Maternity Fund taxes) were 525,247,700 pesos in 1949 as compared to 531,050,100 in the peak year 1948, and 516,475,000 and 390,653,500 in 1947 and 1946, respectively.

COST OF LIVING

Living costs throughout Cuba remained high during the period under review, but statistics published by the Ministry of Commerce indicate a slight decrease as compared to the last quarter of 1949. According to the Ministry of Commerce figures, the following reductions in food prices have been realized since October 1948:

<u>Period</u>	<u>Percentage reduced since October 1948</u>
December 1949	28.61%
January 1950	29.12%
February 1950	30.17%

The specific items mentioned in the publication include rice, beans, sugar, bread, lard, and certain other staple food items largely forming the diet of the laboring class.

RESTRICTED | The information mentioned above should be used with a certain amount of caution, as apparently the statistics (which are believed to be unweighted) were prepared at the request of the Government which is interested in demonstrating to the public that it has kept pre-election promises by reducing the cost of living. However, certain prices have undoubtedly shown some decline over the period covered above, due partially to reduced prices of imported foodstuffs from the United States and to lower prices on some items of domestic origin. There has been no appreciable decline in the prices of certain other essential foods.

Ministry of Agriculture records are the basis for an estimate that the Cuban peso in December 1949 was worth 40.9 cents in purchasing food for laboring classes as compared with 40.7 cents in December 1948.

There was no appreciable change in rentals during the period under review, but the legal adviser of the Ministry of Commerce has stated that Decree No. 952 of March 4, 1949, which reduced the rents on new residential buildings by ten percent and froze the rates charged for old buildings, would remain in effect until such time as the Ministry saw fit to revise it.

EMPLOYMENT AND UNEMPLOYMENT

In view of the fact that the sugar harvest commenced during the quarter under review and the harvest and grinding operations were in full swing at the end of the period, employment throughout the quarter was at a relatively high level. The majority of Cuban industries operated at a normal rate throughout the quarter with some improvement in the textile industry as compared to the previous quarter and the corresponding period of 1949. No new industries were established during the quarter, but the government announced the inauguration of a public works plan involving some twenty million dollars which should be of some assistance in absorbing a certain number of persons who are at present unemployed and who may be displaced at the close of the sugar harvest. Copper and manganese mines operated at full capacity throughout the period and the future outlook for continued full scale operations and full employment are favorable. Other mines remained closed and there appears to be little prospect of re-opening them in the near future.

A recent decision of the Cuban Cabinet to permit the manufacture of all export cigars and twenty percent of domestic consumption by machines has caused a certain amount of apprehension on the part of the workers in the tobacco industry who fear they may be displaced. Estimates as to the number of persons who may become unemployed as a result of the mechanization of the cigar industry range from 15%, as estimated by the Organizing Secretary of the National Federation of Tobacco Workers, to 50%, as claimed by the editors of the Communist daily Hoy. The Embassy is of the opinion that not more than twenty percent of the workers will be affected by the employment of machinery, at least for some time. The resolution as approved by the Cabinet provides unemployment compensation of \$40.00 per month for all cigar makers unemployed since 1946 and those who may lose their jobs as a result of the introduction of cigar-making machines. 1/

1/ See Embassy despatch No. 563 of March 10, 1950.

LABOR RELATIONS

The prosperous economic condition of Cuba has permitted the employers to maintain a high level of wage payments. Workers have, therefore, found it unnecessary to resort to widespread strike action. There has been little change in the workers' attitude toward slow-down tactics and brief work stoppages to impress upon the employers opposition to a reduction in wages or the dismissal of employees. The administration has done little to discourage these practices and has almost invariably supported the workers in the settlement of labor disputes.

A brief work stoppage was registered at the Cuban Orange Crush plant when a dispute arose over the dismissal of 15 employees. The workers claimed that the 15 employees had been displaced as a result of the installation of machines while management stated 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 reinstate the 15 employees until such time as it could be determined whether or not the financial situation of the company would permit it to maintain the workers on the payroll. At the close of the quarter no decision had been rendered.

Work at the port in Habana was disrupted on two different occasions during the quarter. The first dispute involved an American ship, the "Insko Merchant", which was carrying cement in bulk rather than in bags. The dock workers claimed that eighteen stevedores were deprived of work as the cement was being unloaded mechanically rather than by hand labor, as is the custom in Habana. The question was temporarily settled through the intervention of Ministry of Labor officials who prevailed upon the workers to return to their jobs pending an investigation. The owners of the ship have since resolved to refrain from carrying cement in bulk rather than become involved in labor disputes.

The second work stoppage involved the right of an employer to dismiss employees whom the management claimed were guilty of inciting slow-down tactics among the workers and otherwise disrupting the normal operations of the port. Ward Line officials instituted dismissal proceedings against three employees whom they claimed were agitators, whereupon the stevedores declared a strike. The work stoppage lasted for four days while Ministry of Labor officials attempted to settle the dispute. Work was finally resumed when the Ministry of Labor resolved to suspend the dismissal proceedings until such time as a commission, composed of representatives of labor, management and the Ministry of Labor, could reach a decision agreeable to all parties concerned. At the close of the quarter no decision had been rendered, but work at the docks was proceeding normally.

SUGAR WORKERS

In spite of the fact that sugar wages as well as working conditions were frozen for the 1950 harvest season, the quarter has been marked by continuous disturbances and strike threats. The principal points under discussion at the beginning of the harvest season were 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 harvest.
2. That mill owners comply with Decree No. 1581 of 1948 providing that raw sugar should not be packed in bags exceeding 200 pounds. (325 pound bags have hitherto been in use.)

Legally, labor was justified in its demand that workers be paid according to the "48 for 44" formula. Mill owners and cane growers, however, stated that they could not comply with the decree until such time as the government compensated them, as agreed, for extra wage payments they were forced to make in face of the Government's action in freezing 1948 wages at peak 1947 level.

In an effort to appease the cane growers and mill owners and avoid the delay of the harvest season, the Cuban Cabinet approved a measure providing for the immediate payment of one-third of the total amount due them for extra wage outlays during the 1948 season. At the close of the quarter no payments had been made to the cane growers nor, consequently, to the workers. The action of the Cabinet did, however, prevent the workers from striking and the harvest began on schedule.

The second question was warmly debated for some time and finally resulted in the issuance of a decree suspending Decree No. 1581 for two crop years.

Sporadic work stoppages and numerous strike threats were evidenced throughout the remainder of the period under review, but the harvest and grinding operations moved ahead at an almost normal pace. As the quarter ended, Suri CASTILLO, Secretary General of the National Federation of Sugar Workers, issued a statement to the effect that unless certain demands of the workers were met prior to April 10, 1950, an industry-wide strike would be declared.

LABOR ORGANIZATIONS

The non-Communist CTC (Confederation of Cuban Workers) continued to dominate organized labor throughout the period under review. However, the Communist labor leaders continued their bid to regain control of the central organization. They were unable to realize any appreciable gains as far as leadership

was concerned, but they did create considerable confusion among the sugar, tobacco and maritime workers. (See Embassy's despatch 840 of April 13, 1950.)

The leadership of Cuban labor was further divided during the quarter when the National Federation of Telephone Workers, headed by Vicente RUBIERA, resolved to withdraw from the independent CGT. 1/ Rubiera, along with several other members of the Executive Committee of the CGT, publically announced his withdrawal from that organization and stated that he could no longer continue to work with Angel COFINO, Secretary General of CGT, whom he accused of failing to provide the proper orientation and leadership for the workers. Rubiera has not made any statements as to what his future plans will be, but it has been persistently rumored that both he and Cofiño have contacted Eusebio MUJAL, Secretary General of the CTC, with proposals to rejoin the CTC. Such action would certainly be in line with President Prio's request that all anti-communist labor leaders should unite in their efforts to eradicate Communism from the Cuban labor movement.

Plans were drawn up during the quarter for the organization of a new National Federation of Bus Workers. The Federation would be comprised of some seventy-two syndicates representing every Province in Cuba. A provisional Executive Committee has been named and plans are being formulated for the convening of a National Congress in May for the purpose of electing a permanent slate of officers.

The Seventeenth National Congress of the National Confederation of Cuban Workers (non-Communist) was held in Habana during the month of March with representatives from all parts of Cuba in attendance. The proceedings of the Congress and the more important resolutions adopted by the plenary sessions were covered in the Embassy's despatch No. 643 of March 21, 1950.

GOVERNMENT LABOR POLICY

The Administration's policy of high wages, intervention in private business and support of workers in labor disputes was maintained throughout the period under review.

Dr. José Morell ROMERO was appointed Minister of Labor to succeed Dr. Edgardo BUTTARI who resigned the position to devote his time to political campaigning for the Autentico Party and to seek election to the National House of Representatives.

Dr. Morell Romero has indicated since assuming office that he intends to follow the same policy as had been adopted by his predecessor. In a recent speech before the Habana

1/ See Embassy despatch No. 643 of March 21, 1950.

Rotary Club Dr. Morell stated that President Prío's labor policy revolved around the creation of labor courts and the establishment of legal procedures for the settlement of labor disputes. The Minister added that no one now disputes the right of the workers to organize in labor unions, federations and confederations in defense of their interests, and that modern industrial techniques and conditions, mass production and the need of organizing large bodies of workers and solving their problems makes it imperative to deal with those problems through workers' and employers' representatives. He pointed out, however, that labor courts and legal procedures were necessary to obtain constructive collaboration between workers and employers and to avoid clashes over insignificant issues. Dr. Morell Romero further stated that it was essential that the Ministry of Labor be considered a center in which social justice could be cultivated and in which workers and employers could have recourse, not to exchange accusations and abuse, but to seek mutually satisfactory solutions to social and economic problems.

For the Chargé d'Affaires ad interim:


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