

SECURITY

FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

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AIR POUCH

837.061/11-1650

ACTION

To: Department of State

From: HABANA 1083 November 16, 1950

Ref: Habana's 999 December 13, 1949

Subject: CHRISTMAS BONUS (AGUINALDO) BILL BECOMES LAW

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A bill providing for payment of a Christmas bonus to government workers became a law on November 9, 1950, when it was signed by President PRIO. The bill was first presented to Congress in 1949 by Senator Arturo HERNANDEZ TELLACHE, now Minister of Labor. The Senate approved the bill at that time but it failed to pass the House of Representatives. The depleted condition of the National Treasury was doubtless the primary reason for the bill's not being passed in 1949. The Administration did not openly oppose the bill but it is generally believed it was deliberately shelved in order to save the Administration the embarrassment of having had a law passed which it could not fulfill.

The new law is to be effective during the years 1950 and 1951, i.e., during the remainder of the term of the present Administration. Although the present law is to be effective for only two years, it is doubtful that it will end in 1951 since once such a precedent is set, future Administrations will probably find themselves obliged to extend the law.

The present law may also be the forerunner of a general Christmas bonus (aguinaldo) law applicable to commerce and industry. There has already been some agitation by the workers for legislation along that line, and it is reported that a member of the Cuban Congress has prepared a bill for presentation to Congress which would make it mandatory for all employers to pay a Christmas bonus to their employees.

All government employees, except the President and Vice President of the Republic, Senators and Representatives and Cabinet members, will derive benefits from the law in varying degrees. Those employees whose basic monthly salary is less than \$136.00 will receive a bonus of fifty percent of their monthly earnings. Employees earning more than \$136.00 but not more than \$450.00 per month will receive a thirty percent bonus, and those employees whose salary is in excess of \$450.00 will be entitled to a bonus of twenty percent.

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The total cost of implementing the law has been estimated at approximately \$6,000,000.

Funds required to put the law into effect are to be obtained from the National Treasury which, reportedly, is in a position this year, at least, to meet the expenditure. Payment will be made concurrently with regular monthly salary payments on December 22.

The following table which was prepared to assist the various government agencies in calculating the amounts to be paid is being included since it demonstrates the salary ranges of government employees 1/ within the Ministries, as well as amounts to be received as Christmas bonus. Other government workers will be paid on a proportionate scale.

<u>Category</u>	<u>Base Salary</u>	<u>Percentage</u>	<u>Bonus</u>
Under Secretary	\$338.44	30	\$101.53
General Director	310.56	30	93.16
Director	285.10	30	85.53
Subdirector	285.10	30	85.53
Division Chief	266.15	30	79.84
Section Chief, 1st class	258.36	30	77.50
Section Chief, 2nd class	242.84	30	72.85
Section Chief, 3rd class	212.59	30	63.77
Section Chief, 4th class	192.36	30	57.70
Section Chief, 5th class	175.05	30	52.50
Section Chief, 6th class	154.33	30	46.29
Clerk, 5th class	135.81	50	67.90
Clerk, 4th class	119.89	50	59.94
Clerk, 3rd class	103.39	50	51.69
Clerk, 2nd class	91.82	50	45.91
Clerk, 1st class	81.64	50	40.82
Office Boy, 1st class	70.00	50	35.00
Office Boy, 2nd class	70.00	50	35.00
Messenger	70.00	50	35.00

All permanent personnel will be eligible to receive the bonus payment regardless of how long they have been employed. Temporary and daily wage workers must have worked at least four months and must be on the payroll during the month of December in order to qualify for the bonus.

The above manner of implementing the law has caused some apprehension on the part of many workers since they fear they may be dismissed prior to December 1, 1950, so that friends of officials in the various government offices may

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1/ Employees of the Cuban Government are required to work only from 8:00 A.M. to 1:00 P.M., six days a week.

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be employed and benefit from the bonus payments. There have also been some rumors to the effect that employees may be obliged to "kick-back" a certain percentage of the bonus payments in order to keep their jobs. If mass dismissals of government workers should occur or evidence be found that kick-backs were required the Administration-sponsored law which has been so well received by the public may turn out to be a boomerang.

Editorial comment in general has been favorable, although some of the papers have called the public's attention to the possibility of the law being abused. Información carried the following editorial: "The Christmas bonus for government employees is now a reality since it has been established by law. Seldom has there been such jubilation in Habana as there was as a result of the signing of this law. The workers who will benefit from the law met at the Presidential Palace to express their gratitude to the President and the Government. Few such popular laws, indeed, have been approved in Cuba as this effort to ensure a merry Christmas to the ill-paid servants of the State.

"We shall not dwell on the advantages of the generous and universally applauded law for we have dealt with them elsewhere, but we should like to draw special attention to the attitude adopted by the President in recommending to the members of his Cabinet that they should refrain from dismissals of employees, except in cases of strict necessity where posts of confidence are involved. The President's appeal to his collaborators responds to a humanitarian impulse which we cannot praise too highly."

A subsequent editorial in the same paper warns the public to be on the lookout for speculation and dishonesty in view of the large amount of money to be put into circulation as a result of the bill. It says in part: "The law will prove to be a shot in the arm for the national economy, but it has caused uneasiness as well as satisfaction. There is already talk--and it is by no means baseless--of the need of preventing speculation with Christmas goods on the basis of the greater volume of money available to the consumer to purchase them. We are not referring to long-established merchants and commercial establishments because they will not seek illicit profits. There are other persons, however, who take advantage of every opportunity to turn a dishonest penny and these require watching."

For the Chargé d'Affaires ad interim:


Ray H. Crane,
Assistant Attaché.


Enclosure:

1. Translation of Law.

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TRANSLATION

MINISTRY OF THE TREASURY

Law No. 2

Carlos PRIO Socarras, President of the Republic of Cuba, do hereby make known:

That Congress has passed and I have enacted the following law:

Article 1. During the months of December 1950 and 1951 all public employees whose salaries are fixed in the Budget Law in force shall be paid a special additional bonus up to 50% of what they receive for salary and bonuses when their category is of Fifth Class Official or less; up to 30% for those who receive for the same items more than \$136.00 and less than \$450.00; and up to 20% in the case of higher salaries.

Article 2. The benefits granted by this law will be paid in the same proportion to the officials, auxiliaries and subalterns of the Legislative Power, of the Legislative Power and of the Executive Power, to the officials and employees on the regular payroll of the permanent electoral organs and to the temporary employees thereof who have served more than four months prior to the date of the payment of the bonus; as well as to the members of the Army, Navy and National Police; to the teachers, assistants and janitors and other personnel of the school whose salaries are included in the national budget and also to the laborers earning wages paid by the Cuban State, but, in this case, provided they have been working during the month of December and appear as such workers not less than four months prior thereto.

Likewise, the employees of the autonomous organizations or of those that are fully or partially supported by the national budget shall be considered included under the benefits of this law in the same proportion as paid to employees of the State. When from available funds said organizations cannot directly meet this expenditure, they shall advise the Executive Power which shall provide the necessary funds for making up the amount necessary for the payment of said bonuses.

Senators and members of the House of Representatives are excluded from the benefits of this law, the President and Vice President of the Republic and the members of the Council of Ministers.

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Article 3. The provinces and the municipalities shall be considered authorized to grant similar bonuses in the amount fixed in this law or larger bonuses provided the condition of their treasury so permits.

Article 4. The bonus granted by this law is not subject to attachment and shall not be counted for the purpose of the income tax nor will suffer any deduction whatever for payment into the retirement funds.

Article 5. The sums necessary for the fulfillment of the provisions of this law shall be taken from the excess revenue that may be obtained in the different Chapters of Revenue of the national budget, the Executive being authorized to effect the necessary operations in order that said bonus may be paid at the same time that the December salaries are paid.

Article 6. All decrees, laws and decree-laws and any other legal provision that conflicts in whole or in part with what is ordered in this law are hereby repealed and derogated, this law to take effect upon publication in the Official Gazette of the Republic.

Therefore: I order that this law be fulfilled and executed in all of its parts.

Done at the Presidential Palace, in Habana, on this 9th day of November 1950.