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DEPARTMENT OF STATE
BUREAU OF
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FROM : AMEMBASSY, HABANA

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DESP. NO.

May 11, 1954
DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON.

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SUBJECT: Government Acts Against Corruption in Finance Ministry
FCA-10 Air-3 Cia-5

Finance Minister Gustavo GUTIERREZ announced on May 6 that there had been uncovered, with the assistance of the Military Intelligence Service (S.I.M.), a series of frauds against the public treasury by personnel of the Ministry's Special Public Works Fund Bureau. According to the Minister's statements to the press, these frauds are known to amount to more than 200,000 pesos and may amount to as much as a million pesos. By May 9, five inspectors and one other official of the Bureau had been arrested by the S.I.M. and other arrests were reportedly in the making.

The Special Public Works Fund Bureau has charge of collecting the several taxes more or less relative to public works provided by the Law of July 15, 1925 and Law 7 of April 5, 1943 as amended, including such important taxes as those on gasoline consumption, on export of capital, and on income from rural and urban property. According to an unofficial source, the Bureau collected about 41.6 million pesos during 1953 which represented about 15 percent of all budgetary revenue received during the year. The present exposure of corruption in this Bureau was not unexpected by the informed Cuban public in view of the long-standing popular view that this entity and the Customs Bureau with its dependencies were focal points of corruption within the Ministry.

During recent months, and partly at least due to conscientious work by the General Accounting Office (Tribunal de Cuentas), discernible progress has been made in the struggle against corruption in the customs service and against contraband trade. This progress is dramatically illustrated by the fact that, while imports have been generally falling off, customs revenues received by the Treasury have remained high or even, at some collection points, including the port of Habana, increased.

In a press statement published on May 8, President BATISTA promised future severe action by his administration to prevent corruption in the fiscal agencies and to strangle contraband trade. He added a warning to businessmen that those who had made it a practice to contribute to public corruption by paying off pertinent officials must immediately stop that practice.

For the Ambassador:

David S. Green
David S. Green
Commercial Attaché

TRFavell:scv
REPORTER

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