

FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

SECURITY : CONFIDENTIAL

PRIORITY: AIR POUCH

TO : Department of State

FROM : HABANA 1290 December 18, 1950

REF :

SUBJECT : CUBAN LABOR LEADER MUJAL SUGGESTS NATIONALIZATION OF
AMERICAN-OWNED ELECTRIC AND TELEPHONE COMPANIES

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The by now well-known Cuban labor leader Eusebio MUJAL, who has been one of the vital elements in the intervention, and more recently the nationalization of Autobuses Modernos, has apparently decided that this trend should be extended and that the Cuban Government should take the steps necessary to nationalize the American-owned Compañia Cubana de Electricidad as well as the Cuban Telephone Company. Mujal's suggestion was made at a meeting on the evening of Thursday, December 14, in celebration of the Government's decision to nationalize the Autobuses Modernos. Apparently Mujal feels that this decision represents a great personal victory and reflects a growing influence by his labor organization, the CTC. He is reported to have stated that the Electric Light Company as well as the Telephone Company should be taken over by the Cuban Government because both are "making too much money". The only known basis for this rather sweeping statement is the reported decision by the Electric Light Company to give its employees a Christmas bonus.

There is good reason to believe that Mujal's recommendation may have stemmed from a sense of personal victory and enthusiasm and from the knowledge that the members of his union probably would approve any extension of the nationalization program. On the other hand, the Embassy has seen little or no evidence of opinion or feeling among responsible Cuban Government officials that this nationalization program will go much further, that is, will be extended to organizations other than the Autobuses Modernos. It is true, of course, that some months ago legislation proposing the nationalization of the Cuban Telephone Company was introduced into the Congress but it is not thought that there is any real support for this measure.

At the moment there are in Habana three representatives of the Export-Import Bank making a basic study of local conditions in connection with a loan application from the Cuban

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Electric Company for the sum of one million dollars. While the Mujal declaration may not improve the status of the company as a borrower, it can be said with reasonable certainty that the company is in no immediate danger of expropriation. On the other hand, from what can be determined the Cuban Government is not particularly interested or anxious to support this Export-Import Bank loan to the Cuban Electric Company although at least one responsible officer of the Ministry has apparently indicated that if the Ex-Im Bank so desires, the Ministry will informally record its approval of this financing.

For the Ambassador:


Duwayne G. Clark
Counselor of Embassy

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