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**FOREIGN SERVICE DESPATCH**

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TO : THE DEPARTMENT OF STATE, WASHINGTON.  
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DEPARTMENT OF STATE  
BUREAU OF  
INTER-AMERICAN AFFAIRS  
DEC 11 1952  
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SUBJECT: BATISTA ADMINISTRATION: ANALYSIS OF PRESENT STRENGTH; RETIREMENT OF GENERAL GARCIA TUNON

I have the honor to report that one of President Batista's closest confidants told me a few days ago that Brigadier General Jorge GARCIA TUNON, who is being retired for "reasons of health," and to whom President Batista has promised a high diplomatic post, according to the press, was forced to retire because of disloyalty to the Government. My source states that General Garcia Tunon's disloyalty to the Government dates from March 10, 1952, the date of Batista's coup d'etat.

Cuban military sources have reported to the Embassy that Garcia Tunon has been in communication with Aureliano SANCHEZ ARANGO, a Prio supporter and former Minister of Education and of State under Prio. One report is to the effect that Garcia Tunon was offered a million dollars to lead a revolution and that he didn't say yes and he didn't say no.

One source stated that the opposition to the Government had planned to stage a revolt on December 15, and might still be planning to stage it on that date.

The definite break among the leaders of the Batista military revolt has not improved the political climate here. Temporarily, at least, it has increased the current pessimism regarding the political future.

Batista, of course, has made little progress in attracting leading political figures of importance to his cause, and, lacking leaders of prominence and ability, he has made little effort to attract a popular following. In addition, the fiscal problems of the Government are becoming more and more evident. A leading American sugar man told me today that his company will pay less than half the amount it

WLBeaulac/dw  
REPORTER

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paid last year in profits tax. This is an indication of the lowered revenues which the Government must expect.

Although the Government has announced that the sugar crop will be restricted to 5,000,000 Spanish long tons next year, the current feeling now is that even with that restricted production Cuba's surplus of sugar actually will increase. The prospect therefore is that the Government's fiscal and labor problems, already serious, will become more serious still.

On the brighter side, the Government seems to be making some effort to bring about basic improvements in Cuba's government and economy. The appointment of Carlos SALADRIGAS as Minister of Labor is encouraging. It is known that his program involves some system which would permit companies to discharge surplus or unwanted employees. Dr. Saladrigas hopes to set up labor tribunals to help to ease the existing tension between capital and labor. Initial steps have been taken to bring about a solution of the railroad problem, based on recommendations of the World Bank.

It may be, of course, that Batista is delaying the organization of a political party until he can show a record of achievement in government. It should be kept in mind, also, that the Government's action in abolishing existing political parties, including Batista's own party, the P.A.U., has had the effect of making it difficult for the Auténticos and the Ortodoxos to keep their organizations together. Batista undoubtedly expects that a certain amount of disintegration will occur within those parties, particularly if he can show some achievements to his credit.

Meanwhile, Eusebio MUJAL, president of the C.T.C., is in a cooperative frame of mind, according to Minister Saladrigas. However, it is known that other powerful labor leaders, whom Mujal cannot control, are not as well disposed and that they are watching closely the steps that Dr. Saladrigas may take as Minister of Labor.

These labor leaders, as well as the many powerful opponents of the regime in Cuba's political life, are of course keenly aware of the Government's lack of popular support and of the fiscal worries which it faces, and are undoubtedly ready at a given time, should the Government either show weakness or try to move too fast, to precipitate a crisis that might bring about widespread disorder in Cuba, which our enemies the Communists would certainly try to take advantage of.

  
Willard L. Beaulac

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