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TO : Department of State

937.513/2-1350

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FROM : HABANA 328 February 13 1950

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SUBJECT : REORGANIZATION OF HABANA TRANSPORTATION SYSTEM

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Referring to previous correspondence regarding the Havana Electric Railway and difficulties of the Omnibus Aliados in Habana, there is enclosed a memorandum regarding a proposed improvement in the Habana transportation system. It is understood that this plan has progressed to a point where it is anticipated that it may be put into operation within the next few months.

For the Ambassador:

Harold S. Tewell  
Counselor of Embassy

937.513/2-1350

DC/R Central Files

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MAR 7 - 1950

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Enclosure:  
Copy of memorandum dated  
February 10, 1950.

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ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

Habana, February 10, 1950

MEMORANDUM

## Reorganization of Habana Transportation System

Mr. William D. PAWLEY, owner of the Miami Beach-Miami Railway Company, provided the following information regarding steps he has taken to reorganize the Habana Transportation system.

He stated that a company known as Autobus Modernos, S. A. had been organized with a capital of \$10,000,000 (of which his own share is about \$2,500,000) to take over the existing street car system and to install and operate a new bus service in Habana and the adjacent municipality of Marianao by putting into use about 700 modern new buses. He mentioned that 55 percent of the stock of the company would be deposited with the Royal Bank of Canada as security for a loan of about \$5,000,000. It is estimated that the remainder of the capital will be provided by Cuban citizens and that within three years all debts will have been liquidated and ownership of the company vested entirely in the hands of Cuban citizens.

Autobus Modernos will take over the assets in Habana of the Havana Electric Railway, thereby assuming the obligation of the Cuban Government, which bid in this property at auction at a price of approximately \$1,000,000 in September 1948. This action is intended to liquidate entirely all obligations of the Havana Electric Railway.

The company proposes to charge a flat fare of 8 cents cash, which is the present charge on buses in Habana (as against 5 cents on the street railway), with no charge for transfers in Habana or Marianao. It is proposed to operate express buses during peak hours of traffic, using two-men crews for the time being.

Negotiations are under way to obtain from Cuban authorities permission to discharge about 2,000 of the 5,000 employees of the Havana Electric Railway shortly after the elections in June of this year since it is alleged that the pay rolls of the Havana Electric are even now 2,000 in excess of actual requirements.

It is proposed to install modern maintenance and repair shops in order to keep vehicles cleanly and in mechanical condition and arrangements are being made to remove from the streets of Habana all trolley wires and posts that are required by the present street railway system, in accordance with the plan for the beautification of the city of Habana.

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Mr. Pawley states that he will be the General Manager of the new company for approximately three years or during the period that is necessary to liquidate all obligations of the new company and place it entirely in the hands of Cuban owners.

H. S. Tewell