



THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

*Reply -
4/27/53
J.L. Topping*

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ADDRESS OFFICIAL COMMUNICATIONS TO
American Embassy,
Habana, Cuba,
April 20, 1953.

FILES
611.37/4-2053

Dear John:

The Ambassador, Randy and I have read the enclosure to your letter of April 14, 1953 with the greatest interest. We consider it an excellent paper and have few suggestions to make to improve it. We do have a few thoughts on the subject, however, which I outline below.

We feel that the comments appearing on page 3 regarding U.S.-Cuban relations may be overly severe with respect to Cuba. This could be softened somewhat by using the word "some" to replace the word "they" in such phrases as "they resent," "they still criticize," etc. We here feel that the excessive national pride evident in Cuba in times past is giving way to a more responsible point of view. With the exception of the Communists, little criticism is heard in Cuba regarding the Platt Amendment. The Communists appear never to have heard of the Treaty of 1934. Public speakers and writers, other than Communists, when referring to the Platt Amendment, usually do so in connection with our voluntary surrender in the Treaty of 1934 of the right to intervene in Cuba's domestic affairs. Do you think it correct to say that Cuba remains deeply sensitive to criticism from the United States? A Saturday Evening Post article published this month contained heavy criticism in connection with the operation of the bilking by American gamblers and gangsters of American tourists in Cuba through use of the so-called "razzle dazzle" game. While it is true that this criticism referred principally to the American gamblers involved, there was a definite implied criticism of Cuba in the article. The reaction here was to throw a lot of the U.S. gamblers out of the country. Cuba is, of course, naturally sensitive to any article of whatever nature touching on its economy. This would appear to be a natural reaction in view of the preponderant influence of the United States on the Cuban economy.

John L. Topping, Esquire,
ARA:MID, Department of State,
Washington, D.C.

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On page 4, after the sentence "The Cuban Government, however, has been inclined to favor any new industry without regard to its economic soundness or its relative contribution to the Cuban economy," it might be worthwhile to make some mention of the "new industry" provisions of Decree No. 2144 of August 7, 1945. For a time Cuba was granting "new industry" benefits to many industries but in the case of a proposed hydrogenation plant a decree granting "new industry" benefits was later remanded by Presidential decision (Despatch 1493, April 25, 1953). This would indicate that the present Government is inclined to be responsive also to the views of established industries in Cuba.

This same paragraph on page 4 refers to labor difficulties in Cuba. In our opinion there has been considerable improvement in the situation since Saladrigas became Minister of Labor. Numerous cases have come to our attention where the elimination of undesirable personnel has been authorized by the Ministry of Labor and it is believed that in the case of the railroads Saladrigas has taken steps to remove many, perhaps 2,000, deadheads from the railway payrolls.

The Ambassador points out, in connection with the statement on page 5, that Cuba has frequently violated its trade agreement obligations with the United States, that there is no country, including the United States, which, at least in the opinion of other nations, has not violated its trade agreements. As you know, Cuba recently took steps, in the case of the lumber tax, to correct one of its violations. The Ambassador doubts that the statement as it appears on page 5 is useful, at least in its present form.

As regards the sympathies of past Cuban Governments for the revolutionary activities of the so-called "Caribbean Legion" (page 5), it might be well to make a reference to the attitude toward the Legion of the present regime.

You will note on page 7 of the original copy you sent me, which I enclose, certain language suggestions made by the Ambassador in his handwriting. You will note that he has also made similar indications on other pages of the draft.

You may wish to revise your statement regarding the world sugar market and the surplus sugar which Cuba has financed in the light of Cuba's recent million-ton sale to Great Britain and subsequent developments.

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It is stated on page 8 that an advance payment against rentals was made in 1903 when the Naval Base at Guantanamo was obtained; that no payments have been made since, but that this advance will be exhausted and further payments become due in July 1954. Article 1 of the Lease signed at Habana on July 2, 1903 provides that the United States shall pay to the Republic of Cuba "the annual sum of \$2,000, in gold coin of the United States," as long as the former shall occupy and use said areas of land by virtue of said agreement. We would be interested in an informal expression of the Department's views regarding resumption of these payments.

It is stated on page 9 that the present Government has expressed the intention of providing guarantees to capital and discipline for labor but has as yet accomplished little. We agree that much remains to be done, but must point out that more has been accomplished by the present regime, at least as far as labor is concerned, than any in recent history. Whereas previous administrations apparently felt themselves powerless to prevent illegal strikes, or considered it politically expedient to permit illegal strikes, the present Government has been largely successful in obtaining compliance with the labor laws covering this point. Strikes, or at least work stoppages, have not been eliminated entirely under the present regime as attested by the situation in the henequen industry where workers have been permitted to strike during the settlement of a wage controversy. On the other hand, bus workers who recently threatened to strike were told not to do so and they did not. The present regime has taken another step to improve the labor situation from the point of view of the welfare of the Cuban economy. The present Government has not only discontinued the former policy of intervening private industry, but, with a few exceptions such as the railways, has terminated the interventions inherited from the previous administration. This is a very important step. The Government has reduced wages of the sugar workers by 5%, as a means of helping to meet the problem of market prices for sugar. The regime upheld the henequen labor contract which provides for a general substantial wage cut based on the reduced price of henequen fiber in the world market. It is doubted that this could have happened in the Grau or Prío administrations. As previously stated, Saladrigas has, without fanfare, permitted business and industry to drop around two thousand undesirable or unnecessary employees. In our view, these are important accomplishments.

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Page 12 refers to negotiations for a Bilateral Air Transport Agreement with Cuba. As you know, these negotiations are far advanced and at the moment are awaiting U.S. action. As regards the U.S. doctrine of "equal competitive opportunity," it strikes me (and this is a personal idea) that with our greater resources equal competitive opportunity may make these opportunities more "equal" for us than for Cuba.

Regarding our sugar policy with respect to Cuba, the Ambassador points out that it is our policy to give participation to Cuban sugar in the U.S. market (rather than to give sympathetic consideration to such participation).

The Ambassador added the following phrase at the bottom of page 15 ". . . although the Cuban Minister of State has informed our Embassy that Guatemala has promised not to intervene in Cuba's internal affairs."

In connection with the break of relations between the U.S.S.R. and Cuba (page 17), the Ambassador suggests that the second sentence in the second paragraph be amended to read "Relations deteriorated during 1950 and 1951, however, and an incident occurred after the Batista regime seized power as a result of which the U.S.S.R. severed relations in April 1952."

I think we should be careful in making any statements (page 18) indicating that the present Cuban regime was lax in its handling of Communists. The Batista Government has been treating Communists roughly and has under consideration certain legislation which has the Communists deeply worried. I think we could say that, on balance, the Communists have lost ground under Batista. It is true that some known ex-Communists have attained positions in the Batista administration. While it is possible that some of these may maintain secret connections with the Communists, it is probable that Batista himself considers all of his collaborators to be non-Communists. During the era of revolution against Machado, and later during the war when Russia was our "ally," many Cuban politicians acquired a Communist taint, very probably without having any real sympathy for Communist ideology. Some officials who formerly associated, either formally or informally, with the Communists are now rabid anti-Communists. We, of course, necessarily, must consider suspect for a much longer period than Cubans do persons who at any time in the past have had political, including electoral association with Communists. Saladrigas has personally

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informed the Ambassador that in his opinion some of the people we consider Communists are in reality strongly-anti-Communist. This is a matter which requires the most careful and continuing consideration. In the meantime, we must be careful in attaching to the Batista regime any specific label based on different standards as to the definition of a Communist. You, of course, recognize this in your statement that "The few reported 'Communists' who have achieved prominent positions in the administration may be opportunists rather than hard-core party members . . ." This is also noted in your statement that the Government is considering the adoption of measures looking toward more effective control of international Communist activities in Cuba.

You will note on page 21 that the Ambassador has again taken exception to statements indicating that Cuba has done little to create an atmosphere more favorable to private foreign investment in Cuba. In this connection, please see my comment regarding Cuban labor, dismissal of employees, etc.

As stated above, we think that you and Harvey have done a fine job in preparing this paper. The foregoing comment is offered merely to give you a little more background which we hope you may find useful.

With kindest regards.

Sincerely,



Earl T. Crain

Enclosure