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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA

1012

December 21, 1951

TO : THE DEPARTMENT OF STATE, WASHINGTON.

DESP. NO.

DATE DEC 21 1951

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REF :

DEPARTMENT OF STATE

For Dept.

SUBJECT: Weeka No. 51 For State, Army, Navy, and Air Departments
From SANA

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For most of the week the efforts of the administration to persuade the House of Representatives to accept the pay bill raising civil service salaries, with its various riders, including the objectionable National Commercial Agency, proved unsuccessful. Sessions called had no authority due to the absence of a quorum and at one time the House Speaker, Dr. Lincoln RODON, seemed to be in danger of losing his position as it is believed that he personally is strongly opposed to the Commercial Agency and has not lent his full support to the pay bill. While no opposition had been manifest against the section of the bill increasing civil servants' wages, the Orthodox Party had opposed the Commercial Agency, as well as the 8 million peso loan to the Tobacco Stabilization Fund. The Communists reportedly opposed the Commercial Agency but held that the loan to the Stabilization Fund was far too small. A series of conferences were held in the hope of reaching something approximating unanimous consent on the bill and its riders but apparently the strong opposition to the National Commercial Agency did not feel that the solution suggested (see Weeka No. 50) - that the bill be passed in its entirety but that the National Commercial Agency, Chapter 12, be placed in suspense by executive power - was either a safe or prudent compromise. In Santiago de Cuba a general strike was called on December 20, from two until six in the afternoon, in protest against the proposed Commercial Agency rider.

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At approximately 11:30 a.m. on Friday, December 21, the civil service pay bill with all its riders was approved by the Lower House of Congress, the vote reportedly having been 75 in favor and something like 37 in opposition. So far as is known, there has been no statement by the Executive that the section covering the National Commercial Agency will not be implemented. However, the favorable vote as reported is considerably short of the minimum 91 votes which presumably are required for the approval of this particular type of legislation and the constitutionality of Chapter 12, the

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National Commercial Agency, is already in question. It is freely predicted that if the administration should attempt to implement Chapter 12, create the National Commercial Agency, or propose regulatory legislation for its implementation, the constitutionality of the Agency will be promptly challenged, with the probability that the decision will go against the proposal. It is possible that the administration has anticipated and is reconciled to a development of this type as it would not jeopardize in any way the most important part of the bill, that is, the original draft which provided for pay increases in all civil service departments.

Contrary to expectations, the Cuban Senate managed a quorum during the early part of the week and promptly passed the budget for the General Accounting Office (Tribunal de Cuentas). The controversial item giving equal status to commercial college graduates with those from Habana University was eliminated from the budget but it is understood that this provision will again be attempted as a separate measure.

The Cuban sugar industry is vitally concerned with the announcement on December 20 of the estimated U. S. consumption for 1952. The total of 7,700,000 tons, while reflecting a small reduction in Cuba's quota, has been accepted with satisfaction locally as it is believed to be a realistic calculation which probably will be increased before the new year has run out. Meanwhile the local situation has been far from happy due largely to continued labor difficulties. Although Minister of Labor BUTTARI announced on December 19 that he expected all problems to be settled within the next few days, the fact remains that so far the only agreement reached between the mill owners and the workers has been on the point of the contribution of one percent of pay rolls for the upkeep of the labor organization. It is understood that the sugar labor leaders have instructed the union members that the grinding season is not to be opened (and this in face of the fact that at least four mills in Oriente Province are already grinding) until agreement has also been reached on the payment of the so-called superproduction, the maternity tax, the establishment of a loan bank for sugar workers, construction of low cost housing for workers, and the use of the new 200 pound bag for the product.

It is now quite clear that President Prío's efforts to work out a scheme whereby the United Railways would be purchased, or at least financed, by the sugar industry have failed completely. The President on December 19 reportedly stated that with the opening of the new congressional session in March, 1952, he expects to propose legislation for the full

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SECURITY INFORMATION
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nationalization of the United Railways and that funds for this purpose will be obtained by taxing each bag of sugar produced in the country six cents, 65 percent of the proceeds of this tax to be used for the financing of the purchase of the United Railways and the balance of 35 percent to be employed for the acquisition of rolling stock and payments which are still due the Railwaymen's Retirement Fund. This announcement has, of course, been greeted with enthusiasm by the labor element but it is doubtful whether such a bill can be pushed through the Cuban Congress, especially in an election year, as there are increased indications that many legislators are seriously perturbed as regards the ability of the Cuban sugar industry to carry any further taxes in the face of decreased foreign demand, weakening prices, and severe competition from other world sources.

Senator MUJAL, Secretary-General of the Cuban Confederation of Labor, again made news through a declaration to the effect that if the Cuban Congress should attempt to pass legislation establishing labor courts, a proposal which has been up for consideration for several years, without the CTC being fully heard, the labor organization would promptly call a general strike throughout the country. Mujal's threat was immediately countered by the President of the Senate, Dr. Manuel de VARONA, who protested this interference with the legislative power. Varona's position was supported by practically every responsible newspaper in Habana and Mujal, apparently sensing that he had gone too far, backed water, indicated that he and his organization have no intention of interfering with the legislature, and stated that further time was needed to study the bill. A short recess was granted but with the legislative session ending on December 21, it is very unlikely that the labor courts bill will receive much further attention and Mujal's maneuver apparently has postponed action until at least next March or whenever the Congress manages to again convene.

The transportation workers have also made their demands for the payment of compulsory vacation compensation abundantly known during the week. The employees of the Autobuses Modernos have been more reasonable in their attitude and have, generally speaking, accepted the compromise recommendation of their leader that they settle for 60 percent of their original demand, or a payment of 60 pesos. Unfortunately, the other large Habana bus line, the so-called Aliados, has reflected much poorer discipline and for a period during the afternoon and evening of December 19 the

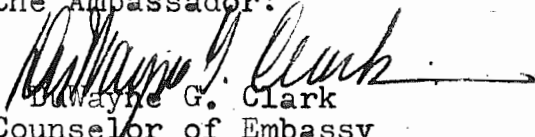
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buses were abandoned on their routes and passengers left stranded. Services have again been restored but the responsible press has strongly criticized the union members for their action in failing to perform their functions as a public service corporation and has as well been highly critical of a Government which will permit this type of labor disturbance to occur. In the case of the Aliados, there are reports that the Communist element was principally responsible for the partial strike and while this may be true to some degree, the Habana transport laborers have in the past and quite on their own established a reputation of irresponsibility towards the public and at times have refused to follow their so-called leaders.

It is reported that the Cuban Senate President, Manuel de Varona, who recently relinquished any presidential aspirations in the 1952 campaign, will depart for Chile shortly to negotiate a revision of the Cuban-Chilean Commercial Treaty. It has also been announced by the Ministry of Agriculture that in an effort to improve coffee cultivation on the island, a four-man coffee delegation will shortly leave to visit experimental stations in El Salvador and Costa Rica. The delegation will include Gaspar ALDRICH Fabregas, Director General of the Cuban Institute of Coffee Stabilization; Victorino ALVAREZ, a director of coffee experimental stations; Alberto LASTRE Lasarte, an agricultural advisor; and Rafael CRUZ Rodriguez, a representative of the coffee growers.

For the Ambassador:


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