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SECURITY INFORMATION

FOREIGN SERVICE DESPATCH

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FROM : AMEMBASSY, HABANA

1128

January 11, 1952

TO : THE DEPARTMENT OF STATE, WASHINGTON

DESP. NO.

AIR PRIORITY

DATE

REF :

SUBJECT: Weeka No. 2 For Station Army, Navy, and Air Departments
From SNA

Action Office Symbol 1AD

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The outlook for the sugar industry has taken a marked turn for the better as compared with last week. The mill owners have now accepted the proposal that the Government set up a commission to study the cost of production in the mills, as well as on the cane plantations, so as to make a recommendation in connection with the demand of the colonos that their share of the crops be increased (see Weeka No. 1). Orders for the cutting of cane were issued early this week and there apparently is no further reason why the grinding season - and what promises to be one of Cuba's largest sugar crops - should not now get underway. As of January 10 twenty-nine mills had commenced operations as compared to thirty-two mills on the same date of 1951.

The agreement to set up a sugar commission to study costs was approved by the Council of Ministers on January 10. Several days previous, representatives of the sugar industry had discussed with President Prió the volume of the promising new crop, the distribution of exports, and the allocation for domestic consumption. A presidential decree issued during the week appointed Gaston GODOY Agostini the President of the Committee to handle the sale of the 1952 molasses production, which it is expected will be conducted very largely on the same basis as the production for last year. The report from the Philippine Islands of serious damage to growing cane as a consequence of a typhoon has already prompted the idea with Cuban interests that this country may directly profit by this Philippine loss through an additional quota allotment from the United States, even as high as 150,000 tons.

Senator MUJAL, Secretary-General of the CTC, was conspicuous earlier in the week in a double role. On the one hand he condemned the colonos for their unwillingness to cut sugar cane, he claimed that their attitude might result in a loss of more than 50 million pesos (Mujal undoubtedly was thinking of labor wages and certainly was on the high

DGClark:eam

REPORTER(S)

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side), and he was reported as having piously remarked that "the cane planters cannot commit this economic crime for they, with their historic responsibilities, are obligated, as are we all, to fulfill their citizen obligations towards the Republic". In practically the same breath, however, Mujal vigorously defended the union of catering workers, which staged a one-day strike last week, which still persists in its demands for a general 30 percent wage increase, and which has now postponed its threatened strike from January 8 to January 18. This postponement may in part reflect a desire of the union to gather support from other labor ranks as well as from the Government. In the meantime employers, such as hotel, café and night club owners, have held an organization meeting, and have taken a position that they will not and cannot pay this increase. Unfortunately, this strike threat, coming at this time, appears to be discouraging seriously the country's winter tourist traffic and this factor may be the determining force which will compel the Government to suggest a postponement of any decision as regards a wage increase until later in the year.

Among other labor demonstrations during the week may be included a short-lived railway strike at Camagüey which compelled the payment of wages which had been overdue for about two weeks. As was anticipated, the announcement of the decision of the Civil Aeronautics Board to suspend the flight permit granted the Compañía Cubana for a non-stop service between Habana and New York resulted in strong comment from the labor leader of the aviation workers at Rancho Boyeros. The leader is reported as having stated that the Cuban aviation workers accept the challenge of the CAB "as a gesture of arrogance and aggression against Cuban interests". Some prominence in the press was also given a report that the leader of the Cuban bus and tramway workers, Marcos HIROGOYEN, had sent an open letter to President Truman protesting against the persecution of negroes in the southern States.

Considerable agitation has been shown by mining interests and a small section of the Association of Manufacturers in connection with a draft decree, reportedly drawn up by the National Economic Council, which would create a Mining Commission to control the entire Cuban mining and petroleum exploitation industry. It is understood that the draft decree would empower the Commission to fix prices, nominate ports of embarkation for minerals and in many other ways would give it authority which in many respects is reminiscent of the wide powers outlined for the National Commercial Agency which caused so much opposition recently.

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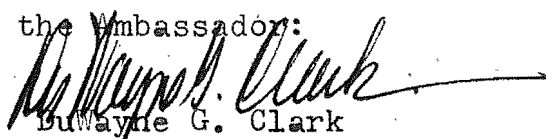
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The proposed Mining Commission has not been publicized in the press but it is freely predicted that if the scope of its projected powers was known, it would effectively discourage any further investment of foreign capital for mining enterprises in Cuba. Apparently the National Economic Council will hold hearings on this proposal later this month.

The rider to Law No. 13 which provided for a loan to the Tobacco Stabilization Fund in the amount of 8 million pesos became operative on January 9. The Minister of Agriculture, in the name of the Government, assumed the obligation for the intent of the law and ordered the loan to be made by the Agricultural and Industrial Development Bank, to be guaranteed by the Banco Nacional. The application of the provision of Law No. 13 permitting the Government to collect an additional 2 percent on the land tax for urban estates has reportedly been suspended in so far as the municipality of Habana is concerned. This 2 percent will be collected by the municipality but the National Treasury may exercise its prerogatives at any time by giving the municipality notice six months in advance. It is reported that total Government revenues through December 31, 1951, amounted to 159,990,255 pesos, which for six months of the financial year may reflect a possible budget surplus, as total collections for the entire year were originally calculated at 300 million pesos.

At a Rotary Club luncheon on January 10 the Manager of the Cuban Electric Company (American-owned) announced that plans for expansion and improvement throughout Cuba presume an expenditure of some 115 million pesos by 1960. It was stated that since 1947 to the present the Company has increased effective capacity by 46,000 kilowatts and has spent 29 million dollars. The 1952 program will cost 17 million dollars. The entire improvement project is based upon annual new customers totalling 40,000, which it is expected will continue at this level for some years to come.

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MA (4) for USARCARIB and USARFANT; AA (1); NA (2) for Guantanamo.

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