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SECURITY INFORMATION
(Classification)

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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA

Action Assigned to 11 1178

January 18, 1952

TO : THE DEPARTMENT OF STATE

Action Taken 1178

AIR PRIORITY

REF :

1-23-52

SUBJECT: Weeka No. 3 for State, Army, Navy, and Air Departments
From SNA

Action Office Symbol 140

Name of Officer SECTION II Vanette

Direction to DC/R File

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By the third week of January the 1952 Cuban sugar grinding season had, despite preliminary labor trouble, reached a fairly high range of activity. As of January 16, 72 mills had commenced operations as compared with 57 mills on the same date of last year. On January 17 the Council of Ministers approved an official crop estimate of 5,900,000 long tons, and set distribution quotas for the new season. The joint cost commission appointed to investigate the claim of the colonos that the cane planters should receive a higher share of the profits of the industry was slow in getting started and there are abundant indications that the study and the final recommendation will not be made within the 30-day period originally prescribed. It is now reported that the commission may request the assistance of the U. S. Department of Agriculture in line with the procedure used in obtaining basic data on sugar costs in the United States and on the islands of Hawaii and Puerto Rico. Obviously the Cubans are particularly interested in the Puerto Rican situation and costs in that area as it is reported that production for the present season may run as high as 1,392,000 tons, or some 138,000 tons more than for 1951.

During the past week the Cuban molasses sales committee has held open discussions with representatives of historical purchasers of Cuban blackstrap molasses. It is understood that the committee estimates supplies of molasses running from 220 million to 250 million gallons from the 1952 crop. Both buyers and sellers have so far been reluctant to commit themselves but there are currently indications that at least part of the 1952 production may be sold at a price of from 18 cents to 20 cents per gallon. It is reported that buyers are requesting a guarantee against a price decline for purchases of sizable quantities.

The threatened strike of the restaurant workers which was scheduled for January 18 has occupied considerable attention during the week and as a result of a so-called arbitration meeting held on January 16, the Minister of Labor recommended that an increase be granted by the employers on the basis of 20 percent for night clubs with gambling, 15 percent for first-class hotels, and 12 percent for cafés, bars, restaurants and similar establishments. This recommendation, which as yet is not a Ministry of Labor order, represents a considerable retreat

DGClark:eam

REPORTER(S)

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from the original demand for an over-all 30 percent increase. Employers have 72 hours to agree to the recommendation or appeal against it and at the moment it would appear that an appeal is likely. At least the threatened strike on January 18 seems to have been postponed for the present.

It is reported that the Maritime Union labor leaders have proposed, and that President Prío has agreed to, the investment of a further 5 million pesos for the purchase of additional vessels that will increase the size of the Cuban merchant marine. The National Council of the National Federation of Railroad Workers has again threatened a general strike unless the United Railroad property is nationalized on the basis of a previously reported scheme, a tax of 6 cents per bag of sugar produced in the country (see Weeka No. 51 of December 21, 1951). Two motion picture theaters, which were closed down some weeks ago due to slack business, were invaded by motion picture workers who threatened a hunger strike unless the two properties were opened within 24 hours. The dispute for control of the tobacco workers union and retirement fund, between the elected representatives and the CTC, has broken out again and the intervention of both the union and fund has now been ordered by the Minister of Labor.

The public hearings on the suspended certificates for direct air transportation between Habana and New York were held on Wednesday, January 16. Representatives from both Cubana (the Cuban company) and National Airlines were present and submitted explanations during the session. It is understood that it was recommended that everything should be done to negotiate a bilateral air transport agreement between Cuba and the United States. In the meantime the immediate problem concerning Cubana and National Airlines was referred to the Minister of State for discussion by the Council of Ministers, with the idea that approval be obtained for negotiations between the two Governments for the settlement of this problem. Such approval has now been given and preliminary informal discussions should open in the near future.

It is understood that procedural details are going forward towards the establishment of regulations for the payment of pensions which are covered by the special loan of 35 million pesos approved by the Cuban Congress shortly before the end of the year (see Weeka No. 51, December 21, 1951). The fiftieth anniversary of the Republic, which is to be commemorated on May 20, 1952, will be the occasion for the release of 5 million pesos in new fractional currency, in the denominations of 40 centavos, 20 centavos and 10 centavos.

The heavy accumulation of iron and steel scrap resulting from the tearing up of the city's old street car lines has prompted a proposal for the creation of a plant which could employ this scrap for the production of construction rods and other similar materials. It is understood that the Bank of Agricultural and Industrial Development now has under review and study a proposal along this line which presumes

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financial assistance by the Bank to the extent of 150,000 pesos. The National Development Commission has announced that a contract for the dredging of the port of Cardenas has just been let. The total value of the work is reported at 1,220,000 pesos and is to be completed within 240 days.

Local criticism of the proposal of the National Economic Council for the creation of a Mining Commission has continued to the point where this project has now been reported in the press and the National Economic Council has, apparently against its desire, been compelled to hold public hearings. Despite the virtuous assertions of the National Economic Council that the intent of the proposal is to encourage mining and to also stimulate the investment of foreign capital in Cuba, the industry itself and at least a section of the National Association of Manufacturers are convinced that this is just another bureaucratic attempt to overlegislate an activity which is already doing quite well under present laws and regulations. The proposed Mining Commission undoubtedly will be discussed by the Council of Ministers within the near future but there is evidence that its adoption, at least as originally proposed, is much less likely than it was several weeks ago before public opinion against it was mobilized.

Legislation granting tax exemptions and freedom from the payment of import duties for new industries established in Cuba (originally established by Decree No. 2144 of August, 1945) has again been extended for a further three years. The new extension is contained in Decree No. 5096, which was published in the Gaceta Oficial on January 9, 1952.



DuWayne G. Clark
Chargé d'Affaires ad interim

Participants:

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Copies to Amembassies: Ciudad Trujillo
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