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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA *Action Assigned to* 1262 February 1, 1952

TO : THE DEPARTMENT OF STATE, WASHINGTON. *Action Taken* AIR PRIORITY 5

REF : _____ INFO For Dept. Use Only

SUBJECT: Weeka No. 5 For State, Army, Navy, and Air Departments IN

From SANA

Action Office Symbol

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Name of Officer V. V. V.

AIR NSRB

Direction to DC/R SECTION II

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The tempo of the sugar milling season increased during the past week and as of Thursday, January 31, there were 128 mills grinding as compared with 104 on the same date of last year. General prospects continue most favorable although the labor troubles in the Province of Camaguey have by no means been settled. In this area the dispute is between the field workers and the cane growers. A report that the Minister of Agriculture was considering the intervention of several properties was promptly met by the workers with a threat that the union would call a provincial-wide strike if this action was taken. Apparently the Minister has decided against the intervention in the hope that this particular problem can be solved through some other channel.

The opening of the Fourth National Congress of Railwaymen in Habana on January 29 coincided with a number of interesting related developments. The day previous it had been reported from Washington that the President of the Cuban Railway Retirement Fund had been successful in obtaining a loan of 25 million dollars from the International World Bank for the construction of 6,000 prefabricated houses for railwaymen throughout Cuba. This report was given wide publicity and received favorable but doubtful comment from all sources, with the exception of one Cuban company which is attempting to manufacture prefabricated houses locally and whose objection to obtaining 6,000 units from the United States was forcibly registered by telegram to President Prío. The following day it became clear that the loan had not been granted but was only discussed, and it was also indicated that the financial institute interested, the International Bank, is in no way connected with the World Bank for Reconstruction and Development. Meanwhile, at the opening of the National Congress of Railwaymen there appeared as special guests Messrs. Star JOHNSON and P. E. SAN PAUL, reportedly representatives of an American syndicate (Johnson & Sampler Company) that is negotiating for the purchase of the now intervened United Railways. Apparently Mr. Johnson made a short statement to the Congress and registered the expected platitudes. However, his presence did not prevent several representatives of the railwaymen from critical comment of the Government's handling

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of the United Railways problem and the proposal that the rail line be nationalized and financed on the basis of a tax of 6 cents per bag of sugar produced in the country. Another strike threat was made if some action is not taken within the next several weeks. The Prime Minister, in his short speech, attempted to tranquilize the situation and he is reported by the press as having guaranteed that a special session of congress will be called by President Prío before the June elections to consider several pieces of urgent legislation, including the nationalization of the United Railways.

For the most part the labor situation has been reasonably quiet during the week. The threatened strike of aviation workers at Rancho Boyeros on Monday, January 28, failed to materialize, reportedly as a consequence of a recommendation by the Secretary-General of the Cuban Confederation of Labor, Eusebio MUJAL. It is not believed that this by any means disposes of the various problems but it may reflect a decision that a strike at this time would accomplish little. The National Social Cooperation Commission of the Ministry of Labor met on the evening of January 30 in an effort to settle the problem raised by the catering workers in their demand for higher pay and the so far combined opposition of the various employers. A meeting of the National Minimum Wage Commission was postponed until next week due to the absence of the employers' representatives. It is anticipated that the decision of the Cooperation Commission may go against the employers and they have already announced their intention of taking an appeal to the Constitutional and Social Guarantees Tribunal. The workers, on the other hand, not to be outdone, claim that if the employers do not accept the expected award, the Minister of Labor will be required to declare the official intervention of all the establishments in violation of the order.

During the week it was reported that representatives of garment workers at the larger Habana stores called upon the Minister of Labor and presented demands for a wage increase of 30 percent. On January 29 the Labor Minister made applicable to all Cuban railways certain wage and other advantages which previously had been extended through Resolution No. 14 of September, 1951, to the personnel of the Consolidated and Northern systems. These advantages include bonus payments for length of service, shorter working hours for office and shop personnel and free passes for all workers with more than five years' service.

It has been widely reported in the press that as of February 2 active production work at the Lengua de Pajaro nickel mine will again be resumed. This property, which is also known as the Nicaro nickel mine and which has been leased to the Nickel Processing Corporation (Billiton Corporation) presumably will employ some 2,000 workers, who have recently concluded a wage contract. There are reports that consideration is now being given to the enlargement of the existing plant, and it has also been indicated that on Monday, February 4, a delegation

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of National Defense officials from Washington, D. C., including Mr. Jess LARSON, head of the General Services Administration, briefly will visit Nicaro on an inspection trip. Apparently this trip will be made from Miami direct to Nicaro, with no side trip to Habana contemplated.

Payments to Cuban tobacco growers have continued during the week through the Agricultural and Industrial Development Bank. These payments, which are being made under authority established in Law No. 13 of 1951, are largely for the 1950-51 tobacco crop. As of January 30 it is understood a total of 4,913,000 pesos had been disbursed, of which 4,390,000 pesos had gone to growers in the Province of Pinar del Rio, 382,000 pesos to Las Villas and 150,000 pesos to the Camaguey-Oriente zone.

It is announced that the municipality of Habana has obtained a loan of 9 million pesos from the National Development Commission for works involving the repair and expansion of the Habana waterworks. The loan is to carry 4 percent interest and is to be liquidated over a period of 20 years. Presumably this new program in connection with the work now underway should eventually result in a solution to the chronic water and drainage problem of Habana and its suburbs.

Arrangements for the payment of claims against the Cuban Government under Decree No. 5354 of December 5, 1951, reportedly are progressing, with the cut-off date for the presentation of these certified claims due February 5. It is reliably reported that on the basis of Decree No. 5354, as well as the budget law, the funds available, 4,250,000 pesos, will be applied only to claims which have accrued since 1940. This leaves a heavy accumulation of claims against the Government dating well before 1940 still in suspense but at a meeting of the Council of Ministers on Thursday, January 31, it was decided that the newly constituted Tribunal de Cuentas should be delegated the authority of verifying these pre-1940 claims which, if approved, should then be passed along to the Ministry of Finance, to be covered at least in part from current budget receipts. It is expected that regulations covering this procedure through the Tribunal de Cuentas will be published within the near future. In the meantime it is obvious that the payments on American adjudicated debts from the 4,250,000 peso appropriation in the current Cuban budget will be insignificant.

For the Ambassador:


Duwayne G. Clark
Counselor of Embassy

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Participants:

DGClark, ETCrain, HAHoyt, EMTerrell
Elmore (MA), Pitts (Asst. AA), Ryan (NA)

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Mr. Wellman (MID)

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