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FROM : HABANA 1399 January 5, 1951

REF :

SUBJECT : MEMO NO. 1 FOR STATE, ARMY, RECEIVED AND AIR DEPARTMENTS
FROM SAA.

DEPARTMENT OF STATE

JAN 10 1951

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Date of Action 1-10-51

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POLITICAL

In a speech before the diplomatic corps at the annual New Year's reception, President PRIO reaffirmed Cuba's faith in the United Nations which he hoped would be successful in halting totalitarian tendencies threatening world peace. He said that the American States are united in a single political and economic bloc which would aid world stability and constitute a powerful force for the reestablishment of peace by the "means necessary". He felt that the consultation of Foreign Ministers of American States starting March 26 would be of utmost importance since in that meeting the world would be informed of the unanimous opinion of America on the world situation. The Ministry of State, in expressing its hearty agreement with the United States' suggestion for the conference, suggested prior bilateral conversations to assure unanimous agreement on the subjects discussed.

ARMY
NAVY
AIR
CIA

The Association of Former Members of the Armed Forces, in a New Year's call on the President, offered to serve again on the side of the United Nations and of the "noble United States, champion of liberty and decorum among nations". This offer has been warmly applauded in subsequent editorial comment.

There has been considerable recent discussion of the possibility that Cuban labor may eventually be called on to replace labor in the United States drafted for military service. Government and opposition leaders, including DIHIGO, CHIBAS, and labor leader SURT CASTILLO, as well as the press in general, have expressed opposition to such a move. They prefer that Cuban industry be built up for greater self-sufficiency and as a possible source of supply for the United States. Chibas has demanded that President Prio inform the people as to just what will be expected of Cuba in supplying both labor and troops for the war which most Cubans consider imminent.

ETCrain/elw
Jan. 5, 1951

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Discussion continues on the divergent views recently expressed by President TRUMAN and Herbert HOOVER on the policy the United States should adopt. Several papers, while disagreeing with Hoover, feel his speech was useful in giving the lie to Communist propaganda that "United States reaction planned an imperialist war of conquest".

Local Communists are spreading the rumor that Red Congressman Lazaro PENA will be assassinated by police on his return, allegedly today, from a visit to the Soviet Union. This effort to enlist sympathy is probably designed to offset persistent rumors that Peña would be arrested, possibly on charges of treason, and that he would be expelled from the House of Representatives.

Ortodoxo Congressman PARDO LLADA applied January 4 for a visa to visit the United States to rest following a recent tonsillectomy, but withdrew his application on being informed it would have to be referred to Washington. Pardo Llada is considered by this Embassy as one of the principal proponents of the Ortodoxo policy of close collaboration with the Communists and of their acceptance into the Ortodoxo Party.

Recent elections for officers in the Federation of University Students (F.E.U.) reportedly resulted in victory for anti-Communist candidates, a circumstance which should serve to reduce Communist agitation on the campus.

Funds have now been appropriated to implement the law providing that photographs be affixed to electoral carnets, a measure expected to be in full effect at the time of the 1952 presidential elections.

There have been no recent public developments in the proposed reconciliation between Prio and GRAU as a means of achieving unity in the Government FRC(A) Party. The Presidential succession is believed to be one of the principal stumbling blocks, with Grau favoring "Pepe" SAN MARTIN and Prio favoring Carlos HEVIA for the Party candidacy. Prime Minister LANCIS is reportedly disgusted with his role as mediator (from which he has apparently retired) and is rumored to have submitted his resignation as Prime Minister. Minister of Finance BOSCH is also rumored to have submitted his resignation. While a Cabinet re-shuffle would cause no great surprise, it is impossible to state even approximately just when such action might be expected or who would be involved.

It has been announced in the press that the Cuban Ambassador to Mexico, Manuel BRAGA, has been named to represent

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Cuba on the United Nations Committee on Freedom of the Press and Information.

Exchange of ratifications of the Cuban-Italian Peace Treaty is scheduled to take place January 6.

ECONOMIC

The way is now clear for the beginning of the sugar grinding season. It had been feared that the demands of labor might delay the season materially but, as a consequence of a series of meetings involving labor, mill owners, cane growers, and Government officials, all outstanding problems reportedly have been settled. Perhaps the most significant, and certainly the most widely commented upon, is the acceptance of a union check-off system with the funds so collected to be divided between the local and the national federations. This appears to be the first time the check-off has been officially recognized and the reaction in some commercial sections has been very strong, as it is suggested that this system now may become applicable to other industries throughout the Island and will encourage the rather arbitrary attitude of the labor leaders. The well-known morning newspaper El Mundo on January 5, in a frontpage editorial, describes the check-off as an instrument of either Fascist or Communist organizations, and completely undemocratic.

Consultations have continued among Government authorities pointing towards the creation of import and export controls, if and when these are necessary. Apparently considerable progress is being made but there seems to be little understanding or realization of the implications of such controls. There is constant reference to a system which will assure Cuba of "normal supplies of all essential materials and commodities". In the meantime, controls which have been imposed in certain European areas have had their first effect upon this area. It is reported that German Occupation authorities are now requiring, before exports to Cuba will be allowed, an official certification from the Cuban Government as to the end use of the equipment and an assurance that it will not be reexported. No such certifying authority now exists and it is feared that the repercussions of these new regulations may be severe unless they are sufficiently flexible to make allowances for local conditions.

The Minister of Finance, José Bosch, has recently announced a plan, to be guaranteed by the Government and to be financed by local banks and private sources, for a low-cost housing project which would represent an average yearly investment of something like 60 million pesos.

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The recently noted evidence of a plan to intensify and improve Cuban-French trade relations has taken a step further with the announcement of the creation of the Banco Franco-Cubano, S. A., with a paid-in capital of 500,000 pesos. It is understood that the new 25 million dollar loan to be floated by the Government (see Weeka of December 29, 1950) has been absorbed in its entirety by Cuban banks.

In the field of labor, other than the question of conditions in the sugar industry, the general situation has been reasonably tranquil. The dispute at the Jarciá de Matanzas rope factory seems to have been settled on the basis of a 20 percent increase in wages. Salaries for the henequen workers have also been increased by 20 percent (see Weeka of December 29, 1950, No. 52).

There is increasing comment regarding the unusually heavy shipments which have been arriving at Habana during the past several weeks and which seem to be in promise for the immediate future. It is presumed that much of this movement represents scare buying in anticipation of a world conflict. There are indications that this movement is so heavy that serious port congestion at Habana may again develop shortly.

ARMY

Negative.

For the Ambassador:


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Schaffer (Mr), Pitts (AA)

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