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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA 14  
TO : THE DEPARTMENT OF STATE, WASHINGTON.

DESP. NO.

JUL 7 1954  
July 7, 1954

REF :

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	OLI-10	OC/R-2 ARA-2 2151A-2
	7/8	ARMY-35 NAVY-39 AIR-24 CIA-15 OSD-2 OC/R-1

SUBJECT: Joint Weeka No. 27 for State, Army, Navy and Air Departments from SANA.

Part I

Political

(UNCLASSIFIED) MONTREAL PACT DENOUNCED. A group of Ortodoxos who had at one time supported the "Montreal Pact", including Jose PARDO Llada, José M. CUTIERREZ and Isidro FIGUEROA, have denounced that Pact which was once hailed as a great step forward toward the unification of opposition to BATISTA. The Ortodoxos were incensed by an interview with a Panamanian publication in which Aureliano SANCHEZ Arango, after his recent departure from Cuba under safe conduct, had strongly attacked Eddy CHIBAS, the founder of Ortodoxia. The Ortodoxos felt that the failure of their Montreal partners, the PRIO Auténticos, to repudiate Sánchez Arango's attack constituted endorsement of his "divisionary maneuver" and vitiated the Montreal Pact.

(OFFICIAL USE ONLY) Comment. This denunciation provides additional evidence that for most of the Ortodoxo partners, notably excepting "Millo" OCHOA, the Montreal Pact has completed a gradual descent to complete futility. The Ortodoxos have alleged this for some time, blaming the free hand given to Sánchez Arango, his "restore Prio to power" aim, and his secretive revolutionary action, all of which they claim undermined the cooperation envisaged by the Montreal Pact.

(UNCLASSIFIED) FOURTH OF JULY CELEBRATION. To celebrate the Fourth of July Ambassador GARDNER held a reception at the Embassy Residence which was attended by approximately 1200 persons, including most of the members of the American colony, high Cuban Government officials and prominent Cubans. On the 5th the American Club held its annual Fourth of July luncheon at which Ambassador Gardner spoke. United States naval units in port full dressed ships on the 5th, as did Cuban naval vessels in port upon the occasion of the senior United States naval officer present. The Albert T. Harris, a destroyer escort, gave a party on board ship for Cuban orphans on July 5. The more important newspapers carried editorials on the

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general theme of the continuing validity of the democratic principles enunciated in the Declaration of Independence and the need today for a strong defense of those principles.

(CONFIDENTIAL) ANTI-AMERICAN INCIDENTS IN SANTIAGO DE CUBA. The American Consul in Santiago de Cuba has reported that during the night of June 30 presumed Guatemala sympathizers painted anti-American and anti-Batista slogans on the sidewalk in front of the Consulate and on the door of the main entry to the office. Earlier police had broken up a street manifestation of little significance by students in favor of Guatemala and against the United States.

(OFFICIAL USE ONLY) GUATEMALAN AMBASSADOR AND MILITARY ATTACHE LEAVE. Lt. Col. Adolfo GARCIA Montenegro, Guatemalan Ambassador to Cuba, and Col. Oscar A. MENDOZA, Guatemalan Military Attaché, both left for El Salvador by Pan American Airways on July 2, 1954 (see also below under Army). According to the Ministry of State the Ambassador did not resign his position prior to leaving Cuba.

(UNCLASSIFIED) CTC ON GUATEMALA. Following a meeting of the International Commission of the Confederation of Cuban Workers (CTC) a statement was issued to the effect that the CTC was requesting ORIT to call a meeting of its Extended Secretariat to take up the matter of Communism in the Americas and the Guatemalan question. Respecting that country the CTC asked for action to "guarantee the social advances obtained in Guatemala and the existence of the unions of that country under the direction of anti-Communist leaders ..." The CTC statement contemplates that the new Guatemalan government will grant permission for an anti-Communist labor delegation to visit the country and organize the labor movement.

(OFFICIAL USE ONLY) Comment. The CTC's action was anticipated (see Weeka No. 23) and is in line with the vigorous international line that the CTC has given ample evidence of intending to pursue. Reflecting his confidence in the CTC's abilities in the international field, MUJAL is quoted as saying: "Give us four hours and a Cuban labor delegation could clear up all the Guatemalan trouble with the Fruit Company".

(UNCLASSIFIED) MINISTRY OF LABOR REMOVES COMMUNIST UNION OFFICERS. The press has reported widely that by a resolution of the Ministry of Labor three officers of an Habana brewery union have been dismissed from their posts as Communists.

(OFFICIAL USE ONLY) Comment. The resolution has not been published, but inquiry by the Embassy reveals that it mentions neither Law-Decree No. 1170 of October 10, 1953 nor No. 1456 of June 6, 1954, the Batista government's well-known anti-Communist measures. Instead

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the resolution merely states that the CTC has asked for the men's removal as not meeting the legal qualifications to hold union office. These qualifications are set forth in Law-Decree No. 2605 of 1933, which is also not referred to in the resolution. The explanation of the Ministry's action may lie in a plan which the Embassy is confidentially informed has been worked out by Mujal to have the execution of the anti-Communist campaign facilitated by getting the Ministry of Labor to remove Communist officials by resolution. Decree 2605 provides that union officials must be elected in accordance with the union rules, and the rules of the CTC and most, if not all, unions provide that the unions must carry out CTC regulations and policies. Thus, in view of the CTC anti-Communist resolution, this may be the method whereby Communists can be removed from office.

(UNCLASSIFIED) LABOR DIFFICULTIES AT TEXTILE PLANT. The ugly situation at the Rayonera Cubana plant (see Weeka No. 26) was quickly cleared up through the intervention of the Ministry of Labor. The company has been obliged to drop its efforts to dismiss excess labor and must transfer a foreman. The agreement assumes that a \$2,000,000 credit recently granted the company by the Agricultural and Industrial Development Bank (BANFAIC) for the plant to produce tire cord will serve to take up the excess labor. To help the company cut its losses the union has agreed to an increased workload.

(OFFICIAL USE ONLY) NON-COMPLIANCE WITH RICE AGREEMENT. Under instructions the Embassy has presented a formal note to the Cuban Government claiming non-compliance on the part of the latter with the Joint Agreement of December 17, 1952, by issuance by Cuban Government of Decree No. 1827 of June 30, 1954, which authorizes importation only of the basic rice quota of 3,250,000 quintals, instead of that plus a substantial deficit quota.

(UNCLASSIFIED) GUATEMALAN SITUATION. Cuban press reaction to events in Guatemala followed the same general pattern as in the past several weeks. Thus, editorialists and commentators in El Mundo, Diario de la Marina, and Excelsior variously hailed the fall of the Arbenz government as a brilliant victory for the western hemisphere, reiterated that the United Fruit Company was merely a pretext to cover Communist activities in Guatemala, pointed out that alien ideas which conflicted with the national sovereignty and interests of hemispheric security were foredoomed to failure, and defended the United States against the "insidious campaign" attempting to present the United States as the champion of dictatorships. Other opinions of significance were expressed by El Mundo, which warned that now that the Communist threat had been eliminated, it was essential that Guatemala's democratic institutions be preserved; by Alerta's commentator, VELARDE, who suggested that the U.N. machinery be modified in the light of the Guatemalan case, to prevent the Soviet Union from vetoing a purely regional matter; and Excelsior, which deplored the execution without due process of law of Honduran

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Communist Judge Romulo REYES Flores and called for the establishment of clear standards of justice and respect for civil rights in Guatemala.

On the other hand, pro-Guatemalan Tiempo en Cuba lamented that ten years of effort to raise the living standards of the Indians and mestizos in Guatemala had now been lost with the assumption of power of a "reactionary regime serving the interests of the United Fruit." Although the leftish liberal magazine Bohemia reprinted the June 28 Time cover story on Arbenz and gave prominent play to Ambassador Gardner's letter to the editor taking exception to certain points made in a Bohemia editorial of June 27, the magazine otherwise showed sympathy for the Arbenz regime. For example, it published a battle-front story by its "war correspondent" Rogelio CAPAROS which called the revolt of CASTILLO Armas "a military coup (carried out) with the collaboration of the neighboring tyrannies of Central America and the Spain of Franco" and "supported by the United Fruit Company". In another article Bohemia questioned whether the "reactionary" background of Castillo Armas augured well for the reestablishment of democratic institutions in Guatemala.

(UNCLASSIFIED) CHURCHILL-EISENHOWER TALKS. For Cuban editorialists and commentators the Churchill-Eisenhower June 25 week-end talks served only to underscore the basic divergence between British and United States policies vis-à-vis Communist aggression. Churchill's advocacy of "peaceful coexistence" with Soviet Russia and Red China these observers termed an "illusion", suicidal "appeasement", and wishful thinking unjustifiable in the light of the history of the past fifteen years.

#### Army

(UNCLASSIFIED) RECALL OF GUATEMALAN ATTACHE. Lt. Col. Oscar MENDOZA, former Guatemalan Military Attaché to Cuba, was recalled by the new Guatemalan Government, and left Cuba on 2 July 1954.

(OFFICIAL USE ONLY) Comment. It has been reported that Mendoza was not in accord with the former Guatemalan regime, and that he was sent to Cuba as Military Attaché in order to get him out of Guatemala. He himself has informed the Army Attaché on several occasions that he is pro-U.S. His two brothers, Col. Miguel MENDOZA and Col. Rodolfo MENDOZA, ex-Chief of Guatemalan Air Force, played prominent roles in the rebel forces. Mendoza's recall is undoubtedly due to the fact that the reason for his "exile" no longer exists. He was at one time G-3 of the Guatemalan General Staff and will probably be given an important assignment by the new regime.

#### Navy, Air

Negative.


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From \_\_\_\_\_

For the Ambassador:

  
Carlos C. Hall  
Counselor of Embassy

Participants:

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WBCaldwell, CSpears, JCanter, Elmore (MA), Rakow (NA), Slaton  
(AA).

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