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737.00(W)/7-352  
JUL 3 1952

FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA

15  
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

July 3, 1952  
DATE  
Vincenzo  
noted

REF :

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	REC'D JUL 4	

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

SECTION I

POLITICAL

The BATISTA regime challenged Cuban organized labor for the first time when on June 28 the Army occupied Autobuses Modernos and arrested Marco A. HIRIGOYEN (bus union chieftain, member of the CTC executive board and power in ARG, the strongarm gang which controls the bus sindicato) (Weeka 26, June 27), on a 1947 murder charge. Management of the government-operated bus line immediately announced the firing of about 600 employees, charged with everything from stealing fares and accessories, deliberately crippling buses so as to collect pay while not working, and reckless driving to smoking marijuana on the job. In addition, the union contract was abrogated. Many expected smoldering labor resentment to react with acts of sabotage and possibly a full-blown general strike, but thus far the CTC's answer to the challenge has amounted only to a weak statement by Secretary-General Eusebio MUJAL, efforts to "talk over" what appears to be a fait accompli, and little action. A delegation of 400 of the fired employees stormed CTC headquarters on June 30 in protest and threatened a hunger strike, but Mujal, backed up by Army contingents, dissuaded them with a promise to present their case to Batista. Mujal saw Batista, but the only concession appeared to be that "talks" would be held with the Minister of Labor. There seems to be little likelihood of a return to the previous status at Autobuses Modernos.

A union source told the undersigned that antipathy toward Mujal within the organization had reached a new peak as a result of this affair. The CTC executive board is said to be divided over what course to pursue, but it would appear that the CTC will bide its time for a showdown issue upon which it can rally more popular support. As it is, Batista could scarcely have picked a more popular issue for a test with labor, as evidenced in press and public comment. Practically every Habanero has been outraged by the irresponsible behaviour of Autobus drivers who have had complete and sometimes arrogant support from the union.

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Meanwhile, Hirigoyen has been released on \$20,000 bail, and almost immediately rearrested on a charge undisclosed by the SIM, but reported to be connected with the purchase of "witnesses" in Hirigoyen's favor. He is charged with murdering a Communist leader of the old streetcar union. Hirigoyen, of course, has denied the charge, calling it "politics" because Batista wants him out of the way. Mujal's comment that the affair set a "bad precedent" may explain other labor leaders' apprehension--as organizers there are old charges against many of them that could be resurrected at any convenient time. The precedent of military intervention may be repeated in circumstances not so abundantly justified as they appear to be in the present case to the further detriment of labor unity and power.

PPC Vice President Roberto AGRAMONTE made a poor showing on the popular weekly "Meet The Press" radio and television program because of his vague statements and lack of a positive program. He reiterated the party's stand on refusal to join a front with other parties, and on non-recognition of the "Constitutional Law" of Batista and non-participation in elections under them. When asked how the party proposed to attain its objectives in view of the realities of the moment, he said that a "neutral" government would make it possible, but dodged explicit statements. Of interest was his statement that the Ortodoxos had been joined by the FEU. Agramonte denied that Emilio OCHOA (PPC) had conferred with PRIO in Miami with a view to collaboration with the Autenticos. He was severely criticized for his "negative" direction of the party from all sides, including Ortodoxo party members, and there was renewed speculation about changes in party leadership (Weeka 26, June 27).

There was prominent newspaper coverage during the week of Assistant Secretary Edward G. Miller's recent testimony before a Congressional committee on the Communist problem in the Caribbean, particularly in Guatemala and Cuba. This prompted a statement from Minister of Propaganda Ernesto DE LA FE that Cuba would leave no stone unturned to rid the country of those who would subvert its best interests and that the Government would take energetic action against the Communists. Hoy retorted that de la Fe was merely the "mouthpiece of the Embassy," taking his orders from Washington. Diario de la Marina editorially complained about the Consultative Council's failure to take action on a motion that has been before it for some time to create a special agency to investigate Communism in Cuba (Weeka 21, May 23). Council member Luis ORTEGA, author of the motion, declared that Cuban police were powerless because when Communists are arrested the judges immediately turn them loose. He also charged that in the present Government and in some newspapers there is "inexplicable respect toward the Communists" due to a possible

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desire to garner some of their votes or to fear of the Communist "defamation machine."

Dr. Emilio NUNEZ Portunondo's statement before the United Nations that in the event of a new world war "Cuba will occupy its place of honor" on the side of the free nations was also headlined. Referring to Communism in Cuba, he declared that "President Batista is fighting with all his energy to eliminate Communism in Cuba as he did once before against the Nazi-Fascist threat."

With reference to a report from the Air Attaché in Guatemala regarding a recent meeting of an Ortodoxo delegation with possible leaders of an armed movement in Mexico and Guatemala, the Cuban participants mentioned are identified as follows: Felix MARTIN Gonzalez, who was elected Representative for the PPC and is a member of the National Committee of the party; Dr. Alberto SAUMELL Soto, who is a prominent Ortodoxo leader, former mayor of Bayamo and representative of the party and a member of the National Executive Committee. There is no information as yet available on Fidel VALDES.

"United States Week" in Cuba started June 30 with several ceremonies paying tribute to the U.S. (Week 26, June 27). The events included ceremonies in Habana and Santiago de Cuba, with tributes to Theodore Roosevelt and other Americans who figured in Cuba's fight for independence, and to Franklin D. Roosevelt. Other events included ceremonies by the National Council of Veterans of the Independence of Cuba, and a military parade is scheduled for July 4 in front of the Maine Monument, coincident with dedication of "Fourth of July Park" in front of the new Embassy, with President Batista presiding. Ambassador Beaulac and members of the Embassy staff were scheduled to participate in these activities. A contingent from two U.S. Navy DE's will march in the parade.

#### ARMY

The National Budget for F.Y. 52-53, published in the Official Gazette of June 30, 1952, allocated the Ministry of National Defense the sum of \$11,520,220.97 from the Ordinary Budget and the sum of \$44,999,399.65 from the Extraordinary Budget, a total of \$56,519,620.62. This represents an increase of \$14,492,580.58 over last year's budget. No breakdown between Army, Navy and Air is available as yet.

#### NAVY

Negative.

AIR

The Cuban Army Air Force will hold a demonstration of aerial gunnery at 5:00 p.m. July 4 when they will attempt to sink a derelict hulk to be anchored off the Malecon. They will utilize their newly acquired F-47 aircraft in this demonstration.

COMMENT

Ostensibly, this demonstration is being held as a gesture of Cuban participation in the Fourth of July celebrations to point up close friendship ties between Cuba and the United States. In addition to this reason, however, it is a chance for the Air Force to show off its new equipment to the Cuban people and to highlight its growing strength.

For the Ambassador:

*Irvin S. Lippe*  
Irvin S. Lippe  
Attaché

Participants:

DSGreen, ISLippe, REGomez,  
WPHouk, Elmore (MA), Ryan (NA),  
Pitts (AA)

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MA (4) for USARCARIB and USARFANT  
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DESP. NO.

JUL 3 1952

TO : THE DEPARTMENT OF STATE, WASHINGTON.

July 2 assigned to  
DATE

REF :

Action Taken noted

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SUBJECT: Weeks No. 27 For State, Army, Navy, and Air Departments  
From SANA

Name of Officer *Vincenti*

SECTION II

ECONOMIC

The draft decree-law which is to fix terms for bank financing of the segregated sugar from recent crop received approval, during this past week, in turn by a commission of bank representatives and by the Sugar Stabilization Institute. It was considered last night by General BATISTA in conference with Charles GOVEA, Government representative in the Sugar Institute, and is to come up for Cabinet consideration this afternoon. The Cabinet also will consider proposals for modifying the rent control system. Subcommittees of the Consultative Council meanwhile are studying the draft decree-law which sets up labor courts, also a draft decree which would create a commission to make study abroad of agrarian reform measures. The 1952-53 budget (Weeks 25 and 26 of June 20 and June 27) was published in the Gaceta Oficial extraordinary issue of June 30.

With 7 mills still grinding on July 1, Cuba had produced 6,959,545 Spanish long tons of sugar and 393,791,000 gallons of blackstrap molasses from the current crop. Comparable totals for the crop of 1948, which represented the previous record, were 5,860,000 long tons of sugar and 330,880,000 gallons of molasses.

During 1952 Cuba, because of its policy of not selling blackstrap molasses on the world market for less than 20 cents per gallon, has been able to sell only approximately 10,000,000 gallons from its stock of approximately 420,000,000 gallons. An Embassy official has been informed by reliable source that, following the visit of the Cuban Special Molasses Sales Committee to the United States last week, the Cubans some time next week will drop their asking price to 12 cents per gallon.

The draft decree-law for sugar financing, which is expected to receive prompt approval of the Cabinet in its meeting this afternoon, contains provisions as summarized in the balance of this paragraph. (1) 1,750,000 Spanish long tons of sugar shall be set aside from the 1952

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crop as a long-range reserve to be liberated against future U.S. quotas at the rate of 350,000 tons per year, unless in the meantime it is found the world market can absorb some of the above-mentioned reserve. (2) The 1,750,000 tons will be financed by Cuban commercial banks at the rate of 3.08 cents per pound (\$10.00 per bag) and all loans will carry an interest rate of 4 percent. The Banco Nacional is prepared to rediscount all such loans made by commercial banks. The total operation is expected to involve approximately 120,000,000 peses. (3) When the Sugar Institute sells any of the 1,750,000 tons, each of the 161 operating sugar mills will receive its prorata share of the proceeds but all proceeds up to 3.08 cents per pound will be turned over to the Banco Nacional to apply against the outstanding loan until such loan has been liquidated. The difference between 3.08 cents per pound and the sales price will be turned over to the mill. However, should the sales price of any part of the 1,750,000 tons in the "world" or "United States" market exceed 4.25 cents or 6 cents, respectively, the excess funds derived from such sales will be credited against the loans rediscounted by the Banco Nacional.

While no official announcement has yet been made concerning the amount of rice which will be admitted into Cuba this year under special low-duty privilege, it is reported by a reliable source that the Government has decided upon the amount of 4,500,000 bags. The trade has been alerted on this quota basis and it has placed in motion orders already for roughly 900,000 bags. Since the first arrival of low-grade beef from the United States (Weeka No. 25, June 20) under Government sponsorship and subsidy, to relieve the severe meat shortage in Habana, several other shipments of comparable amount have arrived and have been distributed to retailers for vending with no premium over prevailing ceiling prices. This low-grade imported beef, much of which has suffered in quality from cycles of freezing and thawing, is not to be confused with the relatively high grade beef which has been imported, with payment of normal duties, for vending at exaggerated prices. Meanwhile, lush pastures ushered in with the wet season have caused a parallel increase in the volume of domestic cattle slaughterings for the Habana market.

The Cuban Confederation of Labor (CTC) had cause to be apprehensive this past week as a result of two events. One was the statement made to the press by the Minister of Labor on June 30, after his visit to sugar mills in Las Villas Province, to the effect that the Government considers that labor demands should be presented and negotiated through his Ministry, and that the Government is not disposed to look kindly upon any agitation of labor for the pressing of its claims through other channels. The other event was the sudden dismissal on June 28 of 650 drivers and conductors by the Government-operated Autobuses Modernos, with the assigning of soldiers to guard the company's premises (see Political Section, this Weeka). In justifying his cancellation of contract with the union, the company President informed newspaper reporters that there has been definite connection between much of the motor sabotage and the provision in the union contract that bus drivers are entitled to full pay during layoffs occasioned by mechanical failure of their buses. He declared that sabotage during the

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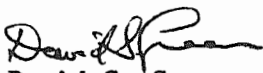
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past year resulted in 12 million pesos needless company expense and that it involved some 3,080 collisions resulting in death of 13 persons and the treatment of 441 persons for accidents. ... The cigar workers union is again agitating strongly in the hope of inducing the Government to forbid the use of mechanical equipment in the making of Cuban cigars for the domestic market.

A revised trade agreement signed in Santiago on March 31, by representatives of the Cuban and Chilean Governments, was to go into effect 15 days after the exchange of formal ratifications. Since there has been unexplained delay in the formal ratifications, a Chilean presidential decree of May 2 made provision that Chile meanwhile would grant to Cuba the customs treatment stipulated in the new trade agreement for a provisional period through March 31 of 1953. The Cuban Government has taken parallel reciprocal action in Decree 1796 published on June 26, 1952.

By Decree-Law 168, the Cuban Government has added one cent to former postal rates applying domestically and to countries of the Postal Union of the Americas and to Spain, effective July 1. The new rate will be three cents per ounce for ordinary first-class mail, two cents for post-cards, and ten cent fee for registration.

For the Ambassador:

  
David S. Green  
Commercial Attaché

Participants:

DSGreen, WPHouk, ISLippe, REGomez  
Elmore (MA), Ryan (NA), Pitts (AA)

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Port-au-Prince

Cuban Desk

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NA (2) for Guantanamo  
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