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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA

1548

March 21, 1952

TO : THE DEPARTMENT OF STATE, WASHINGTON

DESP. NO.

DATE

MAR 21 1952

Air Priority
PRIORITY

18

REF : **F760001-0789**

SUBJECT: Weeka No. 12 For State, Army, Navy and Air Departments
From SANA

3-24-52
Action Office Symbol

SECTION I *hlp*

DECLASSIFICATION DATE 11/28/76
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MAR 21 1952

POLITICAL

Batista's regime devoted all activity during the week to consolidating its position. In these efforts the regime has achieved a considerable amount of success.

A group of CTC officials, headed by Eusebio MUJAL, called March 14 on Batista and requested an understanding based on several points, including the ratification of labor gains to date as well as the possibility of working in the future for further labor gains, the prevention of any "reaction" by management, and cooperation between Batista and the CTC in combating communism. Labor's decision to cooperate with Batista is due to the fact that the CTC received no support in any effective resistance plan and possibly also to the fear that if the CTC leadership abdicated its functions the Communists might take over by default. This fear may have been groundless since Batista has shown no signs of cooperating with the Communists. He has stated he does not plan to take steps to outlaw the Communist PSP. On the other hand, no known Communists have been permitted to take any part in the organization or direction of the new regime and there have been several press reports of arrests of Communists since March 10. Batista did make the statement to the effect that if the Communists failed to rise to the defense of Cuba in a war with Russia he would take immediate severe action against them.

The replacement of former officers of Cuba's armed forces with Batista men (including many retired officers who formerly served under Batista) has been extensive. Despite these wholesale substitutions, there are rumors of the existence of discontent in the Armed Forces, particularly in the officer class. Apparently there are some officers who resent the fact they received no benefits from the coup. There is, of course, a great deal of bitterness among those officers who were displaced.

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F760001-9790

So far two political parties, the Republicanos and, reportedly, the PNC (led by Vice-President ALONSO PUJOL and the displaced Mayor of Habana, CASTELLANOS) have now announced they will cooperate with Batista. Batista's own party, the PAU, naturally gives the strongest possible support to its chief. Other parties are holding back. Carlos HEVIA, the erstwhile candidate of the Government coalition for the Presidency, announced yesterday that the new regime was completely unconstitutional and that the PRC(A) continued to be loyal to the Government of President PRIO. On the other hand, Senator Miguel SUAREZ Fernandez, former Autentico President of the Senate, returned to Cuba from Europe on March 17 and at once conferred with Batista, presumably on plans to cooperate with the new regime. Batista may use Suarez in an attempt to break up PRC(A) opposition to his regime.

While the business community feels it will enjoy certain advantages in the new situation, including guarantees for capital and a more responsible attitude on the part of labor, other groups are showing signs of discontent. President Prio in a statement released in Miami on March 19 said that Cuba's Constitution had been destroyed in the Army barracks. He exhorted the people of Cuba to offer civil resistance, but not to engage in violence. Prio is now beginning to be applauded when he appears on motion picture screens. This is in contrast to the unfavorable reception given Batista when he is shown on the screen. Before the prohibition on March 17 of political radio broadcasts, crowds gathered at the broadcasting stations whenever an Ortodoxo speaker was on the air. On one occasion police fired into the air to disperse the crowd. University of Habana students are reportedly forming an underground organization. The students have draped the Cuban flag at the University in mourning. The student FEU has issued a handbill attacking Batista and calling for a mass meeting to organize a plan of resistance for the restoration of democratic processes. It is dated "fourth day of the military betrayal" (cuartelazo traidor).

The Embassy has received another handbill now circulating in Habana urging people to obstruct Batista and giving instructions on methods of disrupting the national economy. This handbill mentions CHIBAS and may have been put out by the Ortodoxos.

It is not possible at present to predict how far this resistance movement will spread.

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From March 21, 1952
Habana

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From _____

Members of the Congress, including the House and Senate leaders, congregated before the Capitolio on March 17 in a symbolic effort to inaugurate the regular session of Congress as provided by the Constitution. They were prevented from entering the Capitolio by police who fired into the air. Since then Batista has stated that he plans to devote himself to the re-establishment of order and progress in the country and that he has no immediate plans for any political activity looking toward a re-establishment of constitutionality. He indicated it would be a matter of months before the question of new elections would come up. On the basis of current rumors, Batista will not hold elections this year.

So far the Dominican Republic, Venezuela, Panama, Mexico, Spain and China have extended recognition to the Batista regime. It was announced that the government of Haiti had approved recognition, but this has not yet been officially announced in Cuba. Similarly, the press has reported that Guatemala, Honduras and Salvador agreed to a joint recognition of the Batista regime. Reportedly, Salvador and Honduras are awaiting final action by Guatemala before proceeding with the joint recognition. Columbia reportedly will merely continue relations with de facto recognition when the next Cuban Chief of Mission presents credentials.

ARMY

During the past week the situation in the Army remained quiet and on the surface, at least, was rapidly returning to normal. On March 18 the restriction to military reservations of all Army personnel not on duty, in effect since March 10, was lifted.

The official announcement of changes in Army personnel was published as an insert to the March 18 regular edition of the Official Gazette as "Special Extraordinary Edition No. 1" and was back-dated to March 10. In the decree it was stated that because of the national emergency certain changes were necessary in the personnel of the Army and that the Organic Law of the Army would be suspended for 72 hours in order to effect these changes. This technique seems to be characteristic of Batista in that he has been careful to disregard existing laws in an official manner. All four former **General Officers** have been retired and all Colonels with the exception of three (Chief of Sanitation, Chief of Juridical Service, and Chief of Regiment No. 8).

During the week the Chief of Staff, Major General Francisco TABERNILLA y Dolz, held several conferences regarding the ways

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and means to effect the increase of pay to the Army promised by Batista. In addition to the question of where the money is to come from, is the problem that the pay tables of the Army are contained in the Organic Law of the Army. It will be interesting to see how the law will be circumvented in a "proper manner" on a more than temporary basis.

Brigadier General Quirino URIA y Lopez, former Inspector General, now retired, returned to Habana from the U.S. last week-end. It was rumored that he was placed under arrest and later released, but a reliable source reports that he was allowed to go to his home unmolested.

Members of the U.S. Army Mission returned to their offices this week for the purpose of internal administrative work only. They report that the attitude of the Cuban Army is most friendly and understanding as to the reasons for the absence of official contacts at the present time and, further, that they seem most anxious for recognition by the U.S. and the resumption of normal relations.

NAVY

In retrospect it now seems clear that the majority of the Cuban Navy enlisted men and officers, while they did not actively join in the Batista conspiracy, were at least apathetic when news of the revolt spread. The average Cuban enlisted man apparently has not yet learned to think in terms of loyalty to the Constitution or to the established government. Rather, he directs his loyalty--or his resentment--to a definite personality. When the word was passed that Batista had assumed command at Campo Columbia, the enlisted men and officers immediately remembered how much Batista had done to improve their lot back in the thirties. Hence any thought of resistance was immediately quelled, so great was the power of the magic name, Batista. One of the conspirators has stated that less than 100 individuals were involved in the conspiracy; that no leaks occurred, and that the movement was started over a year ago by junior army officers and retired officers. Reportedly, they invited the several Naval officers to join them in the latter stages when all other plans had been completed.

The improved appearance of the enlisted guards at Naval Headquarters suggests that an order has been issued for all hands to improve their appearance and military conduct which had visibly deteriorated since March 10.

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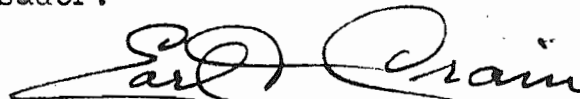
AIR

The general situation in the Cuban Air Corps at the end of the 10th day following the coup d'état indicates that the Cuban Army Air Corps has almost completely resumed normal training operations. The morale of the Air Corps troops is high. The general conditions of the airfield, including operations and administrative offices, is completely normal as compared to the untidy appearance which was characteristic during the first week following the coup d'état.

The Cuban Army Air Corps plans to initiate an active instrument flying training program beginning Monday, March 24, utilizing as instructors the first class of students which was trained in instrument flying techniques prior to the coup d'état by the U.S. Air Force Mission to Cuba.

During the week following the coup d'état many of Colonel LARRUBIA's political friends visited him in his office at the Cuban Air Corps Headquarters. Larrubia previously was a candidate for Senator on the Batista ticket. On March 20 Larrubia posted guards outside his office to keep civilians out of his office. This action undoubtedly is a result of General Tabernilla's influence since it is understood that General Tabernilla, Chief of Staff of the Cuban Army, does not approve of civilians interfering in military matters.

For the Ambassador:



Earl T. Crain
Acting Counselor of Embassy

Participants:

DGClark, ETCrain, REGomez,
Ryan (NA), Elmore (MA),
Mason (AA)

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FROM : AMEMBASSY, HABANA

TO : THE DEPARTMENT OF STATE, WASHINGTON

REF : F730011-0166

SUBJECT: Weeka No. 12 For State, Army, Navy, and Air Departments
From SANA

Assigned to 7379
DESP. NO.

March 21, 1952
DATE

AIR PRIORITY | MAR 21 1952
PRIORITY 18.

Action taken *noted*
File of Action 3-24-52
Action Office Symbol VAD
Name SECTION 11
Direct *file!*

INFO:
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ECONOMIC

This week has witnessed further assurances of support for the new Batista regime by representatives from various commercial groups and associations. Following the delegations reported last week, the representatives of the Produce Exchange and the Cuban Chamber of Commerce also called upon Prime Minister BATISTA and reportedly expressed confidence in his administration and extended their full support.

The general sentiment of the commercial community continues to be favorable to the new Batista administration although there are definite indications that other groups, for instance the University students, are strongly opposed to the change which has taken place. In all probability the basic factor influencing confidence in the new regime in so far as business men are concerned is the record of their past experience with Batista, their recollection of his former strong administrative practices and their hope that he will revert to this policy, if necessary, to make certain that the economic life of the country is not further jeopardized and retarded by aggressive labor action. Whether or not these hopes are to be realized, in part or in whole, remains to be seen. However, it is perhaps significant that the CTC and its Secretary-General, Eusebio MUJAL, and the Executive Committee have at least temporarily made their peace with Prime Minister Batista, the CTC headquarters are again open for business after having been forcibly closed, it has been announced that all international labor commitments will be carried out as heretofore, and several wage increases which had been pending for some time have been approved by the new regime. Among these is a higher wage schedule for all bank employees, an increase approximating an overall 10 percent, with a minimum of 10 pesos per month and a maximum of 22.50 pesos per month.

The new government naturally has been concerned with the urgent necessity of replacing the Presidents of the National Bank of Cuba and the Agricultural and Industrial Development Bank who resigned in protest of the recent revolution. For an interim period the Vice President of the Development Bank, Mr. Rufo LOPEZ Fresquet, was acting as President of both institutions but it has now been announced that Dr. Joaquin MARTINEZ Saenz, ex-Senator and at one time a

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has been appointed the new President of the National Bank, and it is reported that Dr. Gustavo GUTIERREZ, at one time head of the Cuban delegation to the United Nations assembly and more recently Chairman of the Cuban National Economic Council, has been selected as President of the Development Bank. As a consequence of these two appointments, Dr. Lopez Fresquet has presented his resignation and has registered his determination to return to private business.

While some doubt is expressed in some quarters as to the ability and training of these two new heads of federal banks, the general atmosphere in the financial district of Habana continues optimistic. It is understood that in the local Stock Exchange Cuban Government bonds have maintained their strength and that during the week one sale of 1950-1980 public debt bonds to a value of 175,000 pesos was made at a price of 100-1/2. Apart from purely political factors the financial position of the country continues favorable. It is reported that revenues from the Special Public Works Fund for 1951 amounted to 36,610,000 pesos, an increase of more than 4 million pesos over 1950 and more than 10 million pesos over 1949. These funds are derived from a variety of taxes, including that on gasoline, the surcharge on import duties, the 2 percent tax on remittances and the 1/2 percent tax on sales and gross income. Total imports for the country for 11 months of 1951, the latest period available, were running in value 26 percent above the same period of 1950. Exports for the entire year 1951 have been reported at 766,140,000 pesos, an increase over the 1950 aggregate of more than 124 million pesos.

It is reported that the subsidy payment scheme for cattle, to supply the Habana meat demand, which was adopted by last week's first meeting of the new Council of Ministers has already shown very encouraging results. Shortly after the inauguration of the new plan supplies of live animals reaching Habana increased and it is understood that on Wednesday no less than 800 animals were delivered to local slaughterhouses. This number is still considerably short of the 1400 head per day normally required in the Habana area but it is certainly a marked improvement over the scarcity situation which had developed during the last several weeks of the Prío administration.

There have been no developments of any consequence in the sugar milling industry during the past few days. All mills reportedly are well occupied and labor relations are more peaceful than they have been for some time. The general temper of the industry continues optimistic in the face of the reported slight adjustment in sugar prices which occurred in the New York market towards the end of last week. The local press has prominently featured an Associated Press news release from New York City, datelined March 18, quoting extensively from the annual report of the American Sugar Refining Company in which it seems to have been stated that "for the first time since pre-war years Cuba may find herself burdened with a sizable unsold carryover at the end of the year due to

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shrinking markets and a record crop of sugar". This possibility has, of course, been visualized locally for some time but it is unlikely that any steps towards a retrenchment can be expected within the near future.

At the time the new Minister of Communications, Dr. Pablo CARRERA Justiz, held his first press conference early this week he made certain interesting comments regarding the inadequacies of the commercial airport at Rancho Boyeros. He stated that he had ordered an immediate review and study of this problem and indicated that in his judgment one possible solution to this airport problem is the reopening, as a public commercial airport, of the airfield at San Antonio de los Baños (better known as Batista Field, which now seems to be particularly appropriate). It is doubtful whether this suggestion is practical due to the distance of the airport from Habana, and the very poor condition of the connecting roads.

For the Ambassador:


Dwayne G. Clark
Counselor of Embassy

Participants:

DGClark, ETCrain, REGomez
Elmore (MA), Mason (AA), Pitts (Asst. AA)
Ryan (NA)

Copies to Amembassies: Ciudad Trujillo
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Mr. Wellman

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NA (2) for Guantanamo

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