

Air Priority
PRIORITY

CONFIDENTIAL
SECURITY INFORMATION
(Security Classification)

DO NOT TYPE IN THIS SPACE

737.00(W)/8-152

FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA *Action Assigned to 183*

TO : THE DEPARTMENT OF STATE *Action Taken* August 1 1952

REF : *816-52*

41 For Dept. Use Only hh	ACTION OLI	DEPT. DCR	<i>Date of Action 140</i>						
	REC'D AUG 2	IN F O OTHER ARMY NAVY AIR CIA	IPS	ITA	UNA	RE	IPS	I I A A	MD

SUBJECT: *Name of Office*
Weeka No. 31 for State, Army, Navy and Air Departments
From SA-A *Direction to DC/R*

SECTION I

POLITICAL

The week was quiet politically, although at least one event may have future political significance. This was a pledge of support by BATISTA to the sugar workers in several of their most controversial demands on the industry, a promise to release certain leaders imprisoned for "union activities" and to permit free meetings of local sugar unions. In a reception at the Palace for 1,000 delegates to a FNTA (Sugar Workers' Federation) national assembly José Luis MARTINEZ, FNTA chief, and MUJAL, paid warm and enthusiastic tributes to Batista and the meeting appeared extremely cordial. How far Batista really intends to go in supporting sugar labor remains to be seen since, with the sugar industry situation shaky, stiff opposition from the employers, in the usually protracted negotiation period, may be expected on retaining old conditions let alone granting new ones. FNTA claims about 500,000 members; Batista's promises appear calculated to garner that support, and may indicate a shift away from his conservative tendencies of the early days of his regime.

A committee of the Consultative Council unanimously approved the project for a "Committee to Investigate Communist Activities", introduced by Luis ORTEGA on May 22. While the committee approval was merely the first step (the measure must now be approved by the full Council and by the Council of Ministers), it may mean the Government is going to move against the Communists. The Counciler who prepared the report, Dr. Arturo FERNANDEZ, stated confidentially to an Embassy officer that the long delay in considering the measure had been due to the Council's uncertainty over the Government's attitude on it.

RECEIVED

AUG 5 1952

CLI - IAD
MESSAGE CENTER

ISLippe:rc
REPORTER

CONFIDENTIAL
SECURITY INFORMATION

ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

737.00 (W) / 8-152

Confidential File
HH

Reaction to the statement last week of Minister of Education Andrés RIVERO Agüero, about Batista's resignation before the 1953 elections was skeptical among opposition leaders, who said even if a substitute was to be made Provisional President, Batista's presence would still be felt in the Government's control of the elections. Another in a series of proposals for a "solution" of the political situation was offered by Raul MENOCA, ex-Mayor of Habana, who has not been active in party politics in recent years. He stated Batista should withdraw his candidacy and that a Constituent Assembly should be held to ascertain the "will of the people" before elections. This proposal, while arousing much discussion among political commentators, seems to have as little prospect of success as other recent non-government formulas.

Decrees naming new aldermen in various provinces of Cuba appeared during the week, ending the long-standing problem of substituting those who did not swear allegiance to Batista's "Constitutional Law". The Habana Municipal Council was brought up to its full complement by appointment of three PAU members to the three vacancies. Most observers called the measure a mistake because of the bad publicity resulting from forcible ousting of many mayors and aldermen and because this action was a direct contradiction of the Batista regime's statement upon assuming power that it was "acting for the benefit of the country and not for partisan purposes".

José FIGUERES, ex-President of Costa Rica, was met by Juan BOSCH, Dominican exile leader, at the Habana airport when Figueres arrived the evening of July 31. The two were later arrested by the Cuban police, but released today by the Urgency Court.

ARMY

Negative.

NAVY

Negative.

AIR

The Cuban Army has instructed Expreso Aereo, a small airline owned by "Pilin" MENDOZA, to stop all flight operations immediately and not to fly until further notice. Expreso flies only between Habana and Miami.

COMMENT

Pilin Mendoza is a former associate of ex-President PRIO. There are several implications in the order by the Army. First, it may be an effort to keep Pilin Mendoza in Cuba and to prevent him from flying to Miami in his own airplanes. Second, Expreso Aere is a competitor of the Cuban Aere postal line. Two of General TABERNILLA's sons used to fly for Aere postal. Third, Aere postal is reported to have received instructions from the U. S. CAB to stop flying into Miami (its only route) on August 5, 1952. The "stop order" to Expreso Aere issued by the Army may be an effort to obtain U. S. authority for Aere postal to take over Expreso's permit to land at Miami.

For the Ambassador:

Irvin S. Lippe
Irvin S. Lippe
Attaché

Participants:

DSGreen, ISLippe, REGomez,
WPHouk, Elmore (MA), Mason (AA)

Copies to:

Amembassies Ciudad Trujillo, Port-au-Prince,
San José

MA (4) for USARCARIB and USARFANT
AA (1)
NA (2) for Guantánamo

AIR PRIORITY
PRIORITY

RESTRICTED
SECURITY INFORMATION
(Security Classification)

DO NOT TYPE IN THIS SPACE

FOREIGN SERVICE DESPATCH

AUG 1 1952
737.00(W)/8-152

FROM : AMEMBASSY, HABANA *Action Assigned to*

184
DESP. NO.

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

August 1, 1952
DATE

REF :

41 For Dept. Use Only kp	ACTION OLI	DEPT. REP DCR ARA E I IBS IFI TCA UNA RE IPS IIAA
	REC'D AUG 2	OTHER AG CAB COMM FRB ESA LAB MSA TAR TR ARMY NAVY AIR CIA

SUBJECT: Weeka No. 31 For State, Army, Navy, and Air Departments
From SAA *Direction to DC/R*

SECTION II

ECONOMIC

Three mills continue grinding sugar cane. To date one of these mills, Central Delicias, owned by the Cuban-American Sugar Company, has produced in excess of 198,000 Spanish long tons of sugar thereby establishing a world's record for any one sugar mill. Through July, Cuba has produced 7,005,000 Spanish long tons of sugar.

The Cuban Government is completing a cost study of the entire sugar industry. The results of this study presumably will determine whether the sugar cane growers will get the 55 percent participation in the 1952 proceeds of the Cuban sugar industry they are asking for, instead of the 48 percent received in past years.

During the week the Molasses Sales Committee has sold an additional 4 million gallons for export at 12 cents per gallon. Each sales contract bears a 30-day guarantee against a price decline, carries a 1/2-cent rebate in price for sales of 5 million gallons or over, and the right of each buyer to purchase during each subsequent 30-day period an amount equal to what he takes by purchases during the first 30 days of his contract.

The national assembly of coffee growers has expressed its pleasure over the plan which has been worked out for financing the current coffee crop at rates somewhat higher than last year. The new rates for loans, to be made through the Agricultural and Industrial Development Bank, will be 33 pesos and 35 pesos per quintal, respectively, for natural shelled coffee and washed coffee. Since coffee quotations range between 48 and 50 pesos for standard type, the new loan rate is close to the limit fixed by the bank's charter, e.g., 70 percent value of the collateral.

The delay in reaching an agreement between the National Bank and the Habana commercial banks over terms for operations of the latter in financing the retention of the surplus sugar has been reflected in reduced bank collections and clearings. It is anticipated that the credit situation will

DEPARTMENT OF STATE
RECEIVED

DSGreen:eam
REPORTER

RESTRICTED
SECURITY INFORMATION

AUG 5 1952

ACTION COPY — DEPARTMENT OF STATE

CLI - IAD

MESSAGE CENTER

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

737.00 (W) / 8-152

PTT
HH

Page 2 of
Desp. No. 184
From Habana

RESTRICTED
SECURITY INFORMATION
(Classification)

Page _____ of
Encl. No. _____
Desp. No. _____
From _____

improve once this agreement is reached since the Sugar Institute thereupon can make public the basis for settlement by sugar mills of their accounts with cane growers and with mill labor.

General BATISTA's firm intention to develop the airstrips at San Antonio de los Baños, which have been little utilized since World War II, to replace Rancho Boyeros as principal airport for international commercial flights, now has reached the stage of negotiation with the foreign transport operators. The principal argument advanced for moving international traffic farther out from town is that Rancho Boyeros is becoming a popular residential district, to a degree which prevents extension of runways. According to present plan, two of the long runways at San Antonio will be devoted to national and international commercial traffic, leaving the third for use by the Cuban Air Force. Newspaper editorials express the hope that the switch to a more distant airport will not be imposed arbitrarily before the connecting highway is entirely reconstructed; at present the portion of this route extending beyond Rancho Boyeros is in poor condition and full of sharp curves.

In connection with the negotiations which are scheduled to get underway in Habana next week for revision of Cuba's Payments Agreement with Spain (Weeka No. 30), Cuba will press strongly for reduction of Spanish customs duties, fees and taxes on cigars, which are said to have tripled in amount since 1936, and which have been the principal cause for the drop in Spanish purchases to 10 million units from customary pre-war level of 30 million. According to press accounts, Cuba hopes also to obtain concessions from Spain covering henequen, automobile tires, coffee and canned fruits. The items on which Spain probably will seek concessions include wines and spirits, olives, ironware, carpets, tiles and telephone wire.

General Batista has been pressing the National Bank and the Agricultural and Industrial Development Bank hoping to obtain their agreement to finance some of his measures for agrarian reform. Dr. MARTINEZ SAENZ, President of the National Bank, has returned from a trip to Washington, New York, and Mexico City where he looked into possibilities of obtaining loans, notably from the World Bank. He is reported on good authority to favor the postponement of a good share of Batista's projects in fields of agrarian reform, housing and urban social welfare, at least until these projects can receive the study of foreign experts who are scheduled to make special surveys in Cuba under auspices of the United Nations.

The Consultative Council and its subcommittees have been studying possibilities of consolidating the numerous retirement funds of Cuban labor syndicates and professional groups. One proposal suggests creation of a Social Insurance Bank in which all of these retirement funds would be deposited and which would exert centralized control over investments. Naturally, the professional associations whose retirement funds are in most healthy condition are fighting this proposal, not only because they fear that the Batista Government will syphon off substantial amounts for

RESTRICTED
SECURITY INFORMATION

Page 3 of
Desp. No. 184
From Habana

RESTRICTED
SECURITY INFORMATION
(Classification)

Page _____ of
Encl. No. _____
Desp. No. _____
From _____

the financing of projects not under budget control, but also because they are aware that the retirement funds of certain other groups are in sad need of bolstering.

A proposal has been presented to the Council of Ministers, in the form of a draft decree-law, to limit the amount of purchases acquired abroad which can be entered by Cubans through Habana customs duty-free as accompanying baggage. Among the quantities allowable would be 400 cigarettes and 2 bottles of alcoholic beverages. This proposal has the endorsement of retailers' associations which have become increasingly annoyed over the persistent inclination of Cuban tourists to window shop in Habana and then opt for better bargains encountered in Florida.

For the Ambassador:


David S. Green
Commercial Attaché

Participants:

DSGreen, WPHouk, REGomez
Elmore (MA), Mason (AA)

Copies to Amembassies: Ciudad Trujillo
Port-au-Prince
Cuban Desk

MA (4) for USARCARIB and USARFANT
NA (2) for Guantanamo
AA (1)

RESTRICTED
SECURITY INFORMATION