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FOREIGN SERVICE DESPATCH

FROM: **AMEMBASSY, HABANA**

1907

DESP. NO.

TO: **THE DEPARTMENT OF STATE, WASHINGTON**

MAY 9, 1952
DATE

REF:

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SUBJECT: **Weeka No. 19 for State, Air, and Air Departments From SANA**

SECTION I

POLITICAL

Reports from two separate sources that Aureliano SANCHEZ Arango, deposed Minister of State, may have landed in Cuba surreptitiously tie in with others to indicate the possibility of a counter-revolutionary movement. Sanchez Arango flew in a small chartered plane from Miami to Nassau and is known to have left Nassau on the plane, officially bound for the Caicos Islands. The plane turned up in Santiago de Cuba, however, with only the pilot aboard, claiming engine trouble as the reason for landing there. There are numerous spots in Eastern Cuba for an undetected landing by a small plane.

Some reports of counter-revolutionary activities have appeared in the press. The newspaper Tiempo not long ago reported that PRIO and Sanchez Arango were negotiating the purchase of arms abroad for use in Cuba, in cooperation with the Ortodoxos. A report also appeared in La Campaña that Prio and Sanchez Arango were plotting an expedition against Cuba, including the bombing of Habana from the air. The police confiscated this issue as "unduly alarming to the public".

Other reports of such activities from various sources have been received recently, including one from Mexico that Manuel BRANA had purchased arms for Carlos Prio and shipped them to José FIGUERES in Costa Rica. Additional reports say that Sanchez Arango is in Guatemala (unconfirmed), that the Prio group is dealing with the Caribbean Legion, and that they have two plans for counter-revolution, one involving the assassination of BATISTA and the other an expeditionary force possibly from Florida. Finally, a cache of arms was found by the police in a search of the office of Carlos Prio consisting of 14 guns and a "large quantity" of

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according to the press. These reports and rumors may add up to a pattern of activity or they may be merely symptomatic of unrest in Cuba or deliberate attempts to create such unrest. Similar reports of this nature may be expected in the future.

That the Government is on the alert against local disturbances was shown in police raids on Communist Party offices in Habana on May 6 and 7. The police told the press they were acting on "confidential information" that the Communists planned to distribute leaflets and paint slogans on city walls on May 8, the anniversary of the "martyrdom" of Antonio GUITERAS (student leader who was killed by the Army in 1935, when Batista was previously in power). Over 70 Communists were arrested in the raids and a large quantity of printed material confiscated. Hoy was allowed to continue publication because the search revealed "nothing incriminating".

The Habana police force was alerted for these searches and for possible disturbances arising from a scheduled FEU demonstration on May 8. This demonstration, however, was peaceful. According to the press, about 400 students gathered at the tomb of Guiteras at Colon Cemetery for addresses by Jorge MAÑACH, Guido GARCIA Inclán, and FEU leaders, after which they marched to the University, singing the national anthem and shouting "Death to Oppression" and "Viva la libertad".

A new student opposition organization is reportedly being organized, to be called the "Dissident Students", composed of FEU members said to be dissatisfied with their present leaders' "softening" attitude toward Batista. Batista is said to have confronted FEU leaders with proof that they received botellas (sinecures) from the Prio Government and to have threatened to expose them if they did not soft-pedal their opposition. There seems to be no tapering off of student criticism, however. On May 7 a giant sign with the portrait of Guiteras appeared on the grand staircase of the University, saying "This is the Man Batista Assassinated", a play on the Batista slogan "This is the Man".

Considerable uproar resulted from a hoodlum attack on the speakers on the "University of the Air" program broadcast from station CMQ on May 4. Originally an "impartial" cultural program, it has come to show a bias toward the Ortodoxo point of view, through its director, Dr. Jorge MANACH and the speakers. One of the guest speakers on May 4

was Dr. Elias ENTRALGO, Ortodoxo member, university professor and known Communist tool in the "Pro-Peace" campaigns. The hoodlums who broke up the program, forced it off the air and injured speakers and spectators, were publicly established to be connected with the PAU, to the detriment of the Government despite the fact that Information Minister DE LA FE blamed the assault on "Communist and Ortodoxo dissidents".

The Consultative Council held its second meeting on May 5 and reportedly approved its rules of procedure and committee organization. The latter shows strong emphasis on economic and social matters. The Government decreed that the Council's finances, including a payroll of an estimated 70,000 pesos per month, would come from Congressional appropriations, and announced a cut of about 12 per cent in Congressional salaries (which have continued to be paid even though the Congress is suspended). Aware of apathetic or skeptical popular reaction, many Council members expressed satisfaction with the Council's apparent determination to produce tangible results as soon as possible.

Minister of Labor PORTOCARRERO, after a meeting with Batista and CTC leaders, reportedly departed for Camaguey to see that several sugar workers' unions, which had been occupied by PAU labor elements working with the military there, were returned to CTC officials. CTC leaders accused PAU laborites and the military of conspiring to sell out to the mill owners in order to gain control of the unions.

The Minister-designate from Finland, Johan NYKOPP, who was to have presented his credentials on May 5, was recalled to Finland suddenly. It was stated that the presentation ceremony had been "postponed". The Soviet Union broke relations with Cuba on April 3 and may have brought pressure to bear on the Finns to prevent their accrediting a representative in this country.

The Communists intensified their "bacteriological warfare" propaganda campaign against the United Nations in Hoy and their weekly magazine Ultima Hora this week. Alleged "confessions" of two downed American aviators that they were dropping germs over Korea, and an "eyewitness" report by a British newspaperman, as well as photographs of "captured" bacteria from Korea were featured. Cuban press treatment of the Korean truce negotiations reflected the current prevailing pessimism over prospects for solution.

ARMY

Negative.

NAVY

Negative.

AIR

Colonel Carlos E. J. PASCUAL y Pinard, former Deputy Chief of the Cuban Army Air Force, has been named Chief of the Air Force replacing Brigadier General Juan ROJAS y Gonzalez (Weeka No. 18). General Rojas has been transferred back to La Cabaña Fortress as Commanding Officer of the 7th Regiment.

COMMENT

It appears very likely that General Rojas was a key figure in Batista's assumption of power and was temporarily transferred to the Cuban Army Air Force as Chief thereof in order to promote him to Brigadier General under the new table of authorizations in the organization.

For the Ambassador:



Earl T. Crain
Acting Counselor of Embassy

Participants:

ETCrain, DGClark, ISLippe, WPHouk,
HWDodge, Elmore (MA), Ryan (NA),
Pitts (AA)

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FOREIGN SERVICE DESPATCH

FROM **AMEMBASSY, HABANA**

1908
DESP. NO.

May 9, 1952

TO **THE DEPARTMENT OF STATE, WASHINGTON.**

REF

DATE
MAY 9 1952 573-52
Date of Action

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Name of Officer *Vinciguerra*

SUBJECT: **Weeka No. 19 For State, Army, Navy, and Air Departments**
From SAN

File

SECTION II

ECONOMIC

There are indications on all sides that the Cuban Government and the sugar industry are becoming increasingly concerned regarding the outlook for the remainder of the year and for the 1953 milling season. The Government, of course, looks to the sugar industry as the principal barometer of the country's economy and one of its chief sources of income. The industry, on the other hand, which all along has anticipated a bumper crop, is concerned with not only the world price and demand but also the weak market for molasses. This preoccupation was emphasized with the announcement that as of April 30 production of sugar for the current season had reached 5,463,425 long tons, as compared with the until now previous record aggregate of 1948 of 4,976,880 long tons. On the same comparable basis molasses production had increased to 303,764,275 gallons as against 278,304,559 gallons.

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During the week the crop of rumors regarding the creation of a "single seller" for the special free sugar quota pointed more and more towards the probability that something approximating this plan would be approved by the Government. It is reported that a decree will be submitted to the Council of Ministers at today's scheduled meeting, for immediate approval, providing for the selection of a sugar sales committee to function as the "single seller". In the meantime there also have been strong rumors that consideration is being given to a possible government order terminating the milling season on either May 15 or May 30 to prevent the accumulation of further stocks of sugar and molasses. An order prohibiting the planting of new cane (spring) this year is also a distinct possibility.

It is understood that the Minister of Agriculture, Dr. Alfredo JACOMINO, has announced that in general terms "the Government wants Cuban sugar to obtain the highest possible prices in the world market and that the greatest possible quantity be sold in order to maintain the national economy at present high levels". This statement can easily

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constitute a basis for drastic action on the part of the Government and may even anticipate measures to curtail production for the 1953 season. It is also indicative of the concern with which the Government views the present situation. It may account for a report that Cuba is about to call a meeting of the International Sugar Commission and will endeavor to persuade other members to participate in a plan which would anticipate the orderly restriction of sugar production throughout the world in keeping with present consumption estimates.

Early in the week the Consultative Council held its second meeting and reviewed the drafts of 83 articles covering its internal regulations. It is expected that these regulations will be promulgated in the near future and that in order to achieve efficient administration, at least nine commissions will be set up covering social affairs, agricultural production, commercial and industrial production, public finance, public administration and services, agrarian reform, justice and laws, and cultural matters. During the week the reorganized National Economy Board held its first meeting. Apparently it is to function as a political body, directing and coordinating the country's economic activity with emphasis upon the improvement of existing standards of employment, production and revenue. A minimum economic program for the country is to be drawn up immediately for the consideration of the Council of Ministers.

The continued shortage of meat finally forced the Government into drastic action. On May 8 there became effective the provisions of a decree law, sanctioned by the Council of Ministers on May 2, which increased the price paid to producers of animals from 12 cents to 13-1/2 cents per pound, live weight. In terms of retail sale values, first-class meat has now gone up from 36 cents to 45 cents per pound, with similar increases for two lower grades. At the same time the Council of Ministers decided that until July 31 there will be no slaughtering, distribution or sale of beef on Fridays, and the duty-free importation of meat until June 30 was also sanctioned. Such imports may carry a maximum profit of 10 percent for the importer and 20 percent for the distributor and may be used only by hotels, restaurants and clubs, or sold through meat markets in certain municipal areas where, presumably, the population can afford to pay the price for the imported meat, which will probably range at least 300 percent higher than the official values for the domestic product.

The labor picture has been generally peaceful throughout the past week. It is understood that the Minister of Labor continues to study the list of demands presented on May 1 and it is reported that later this month the various labor federations will be given an opportunity to present their claims for further discussion. Public hearings regarding the summer working day schedule, which should begin June 1, have opened and while employers and representatives of the public have condemned the plan, labor is resolutely defending this schedule of two half holidays per week for the months of June, July and August.

It is understood that at the meeting of the Council of Ministers on Friday, May 2, President BATISTA emphasized the urgent necessity of all heads of Ministries presenting in the near future a realistic minimum budget estimate for the year 1952-53. While receipts under this year's budget are running well in advance of anticipated totals, it is obvious that the wage increases granted by the new Government and the ambitious extended public works program will require even higher collections. There is at the moment some indication that the ordinary budget for the new 1952-53 financial year will amount to not less than 325 million pesos, as compared with slightly less than 300 million pesos for the 1951-52 financial year, but if extraordinary disbursements, which may include supplementary work programs, special appropriations, etc., come anywhere near expectations the total of the budget may easily run to as high as 375 million pesos.

The Cuban-Spanish Payments Agreement is now being explored as it is due to expire on next June 30. There are indications that the renewal, which is desired by both parties, will include a quasi-barter arrangement covering Spanish brandy and Cuban tobacco.

The reported harsh description of Cuban fishermen by Mexican officials as "bandits" has not discouraged the local Government in its efforts to negotiate a fishing agreement with Mexico which it is hoped will be signed shortly. The new Government's preoccupation with the transportation problem is pointed up by the fact that during the week the managers of both the Consolidated Railroads of Cuba and the intervened United properties called upon General Batista and spent considerable time with him.

For the Ambassador:


Duwayne G. Clark
Counselor of Embassy

Participants:

DGClark, ETCrain, ISLippe, HWDodge,
WPHouk, Elmore (MA), Ryan (NA)

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