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737.00(W)/5-2952

FOREIGN SERVICE DESPATCH

FROM AMEMBASSY, HABANA

2036
DESP. NO.

TO THE DEPARTMENT OF STATE, WASHINGTON.

REF

MAY 29 1952
Action Assigned to [Signature]
Action Taken [Signature]

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Use Only mls	REC'D MAY 30	OTHER ARMY NAVY AIR CIA
		Date of Action 5/21/52

SUBJECT: Weeka No. 22 for State, Army, Navy and Air Departments From SA A.

SECTION I

Name of Officer [Signature]
Direction to DC/R [Signature]

POLITICAL

The week saw the first resurgence of open political activity since the March 10 coup, probably as a result of the reestablishment of "constitutional guarantees" (Weeka 21, May 23). This activity centered around opposition attempts to form a "united front". The first offer was by Nicolás CASTELLANOS, deposed Mayor of Habana and President of the PNC. He sent identical letters to the chiefs of the other opposition parties, including the Communist PSP, on May 23, inviting them to join an opposition front despite the dissolution of political parties decreed by the Government. The Communist acknowledgment was dated May "21", indicating possible prior negotiation with Castellanos. However, their reply on May 28 said that Castellanos' program was "insufficient" and they would support it only if a more fundamental program (i.e. the Communist program), were to be adopted by the United Front. The only other reply received was from Eduardo SUAREZ Rivas, head of the Liberal party, who said "unofficially" he supported the idea and suggested the inclusion of other groups such as the FEU. It may be significant that there have been no other replies to date.

The Auténticos tendered a similar invitation to the Ortodoxos a few days later, with the qualification that joining a Civic Front did not entail any electoral commitment. The Ortodoxos have reportedly not yet decided their position, despite the known advocacy of opposition unity by some members such as Jorge MANACH, who called for this at the May 20 FEU demonstration (Weeka 21, May 23). The Partido Demócrata, headed by Senator Jose R. ANDREU, published a policy statement that it favored unity among opposition parties. At this stage it seems that while many are for unity, difficulty is being encountered in its achievement.

Other opposition activities centered around meetings planned for June 1, the day elections were to have been held before the coup. The Auténticos announced a meeting in Central Park for that

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date, to be addressed by Carlos HEVIA, ex-presidential candidate, and provincial leaders of the party. A rumor that Carlos PRIO would return to address the meeting was denied in an AP despatch from Miami this morning. The FEU also announced another of its ceremonies, this time to be a symbolic day-long burning of electoral identification cards on June 1 at the University, so that "they cannot be used in the electoral pantomime of Batista". The Communists also announced a "Parliament of Youth" rally, to be held in Trillo Park on the same day.

Students and Communists continued their provocation of the police, and were rewarded by arrests and alleged beatings. One group of students and several Communist groups were arrested for several small-scale anti-Government demonstrations. One such occurred on May 28, at the Municipal Palace when the Aldermen who had refused to swear allegiance to the "Constitutional Law" (Weeka 20, May 16) were expelled. A group of agitators including two women bearing an anti-Government slogan on a large strip of cloth caused some commotion before being dispersed or arrested.

The police surrounded the Municipal Palace on May 28, and expelled three ex-Aldermen of the Council who were inside. Later they prevented the two Communist ex-Aldermen from entering, and detained them for several hours. The Council now has a membership of 17 members, 4 having been allowed to take the required oath after the deadline. It was reported that Minister of the Interior HERMIDA is to submit a list of the Mayors who are to be substituted and Aldermen to be removed throughout the Island, as a result of failure to take the oath, to the meeting of the Council of Ministers today.

The Council of Ministers reportedly will also consider the recommendations of the Committee on Electoral Reform, at this meeting. The recommendations are said to include something like the following: raising the required percentage of the electorate for party registration to 10 percent from the former 2 percent (which would probably leave only the PRC(A), the PPC(O) and the PAU, eliminating most others, including the Communist PSP), revision of Senatorial representation to 6 for the majority and 3 for the minority per Province, and raising the constituency of Representatives from 35 to 45 thousand.

Insistent but unconfirmed rumors of Cabinet changes have been current all week. Four Ministries are said to be affected. The changes have been foreseen for some time because of the hurry with which the Cabinet was selected immediately after the coup.

Although there has been no further announcement regarding Eusebio MUJAL's projected labor-oriented political party (WEEKA 15, April 10), an important CTC leader, Angel COFIÑO, expressed opposi-

tion to it this week. He is also head of Accion Sindical Independiente, an organization within the CTC devoted to conventional unionism divorced from politics. Cofiño said "civil war" exists in the CTC over the issue. Should he and other "independents", particularly RUBIERA of the Telephone Workers, withdraw their organizations from the CTC, a major split in the Cuban labor movement could develop.

Two court actions were entered May 28, involving ex-President Prío "and members of his Government", alleging fraud in the Seguro Azucarero Global and the Autobuses Modernos, for amounts claimed to be as high as 73 million dollars. These are similar to the famous Causa 82, against ex-President GRAU for misuse of 174 million dollars of public funds.

The new Ambassador from El Salvador, Dr. Carlos A. ALFARO, and the new Minister from Jugoslavia, Karlo MRAZOVIC, presented their letters of credence to President Batista this morning.

ARMY

An indication that a meeting may possibly be in the offing among military and/or other adherents of the former Prío regime in New York was given when (1) last week retired Brig. General Quirino URÍA y Lopez, former Inspector General, obtained a visa to visit New York, and (2) on May 28 retired Maj. General Ruperto CABRERA y Rodriguez, former Chief of Staff, and his son, retired Captain (Aviator) Mario CABRERA y Bosque, obtained visas to visit New York. All three gave the Waldorf-Astoria as their address. Cabrera's departure date is not known. Although there may be no connection, it is interesting to note that the press of May 29 reported that an indictment had been brought against ex-President Prío and members of his Government, including Cabrera, for the alleged misuse of more than 40 million dollars.

NAVY

Negative.

AIR

This office was informed by a reliable source that due to General Batista's mistrust of the loyalty of the Cuban Army Air Force, he is entertaining plans to move the Air Force Headquarters to the former U.S. Army Air Force Base at San Antonio de los Baños. Purpose of such a move would be to isolate Army personnel from Army Air Force personnel, slowing down any interchange of counter-revolutionary ideas. As a result of this contemplated move, the Minister of Communications has been holding interviews with representatives of Commercial Airlines operating into Cuba to sound out

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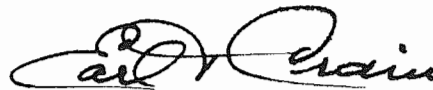
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their reactions to utilizing Campo Columbia military airfield as their terminal in the Habana area. (B-3)

COMMENT: Although General Batista may be entertaining such thoughts and some of the higher ranking Army Air Force officers would like to use the fine runways at San Antonio de los Baños, it is doubtful that a move is imminent in the near future due to lack of housing facilities, work shops, and hangars at San Antonio. Appropriations for conditioning this base could probably not be afforded at this time.

For the Ambassador:



Earl T. Crain
Acting Counselor of Embassy

Participants:

ETCrain, DGClark, REGomez, ISLippe, WPHouk
Rarick (AA).

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TO : THE DEPARTMENT OF STATE, WASHINGTON.

May 29, 1952
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SUBJECT: Weeka No. 22 For State, Army, Navy, and Air Department Office Symbol *MHB*
From S--A

Name of Officer *[Signature]*
Direction to DC/R *[Signature]*

SECTION II

ECONOMIC

With the weather continuing near perfect throughout the island, and with only 74 sugar mills reported closed as of May 28, the accumulation of sugar has continued in heavy volume to the concern of all interests, including the Government. Any idea that this year's milling season might be cut short to reduce this surplus apparently has been definitely abandoned. The debate which up until last week waxed rather heavy regarding the "single seller" scheme for surplus sugars, which was eventually adopted, has now become largely academic and the principal concern is how the prospective surplus can be best handled to assure maximum distribution and the maintenance of reasonable prices, with a minimum of dislocation throughout the island.

It is understood that several special representatives from the Cuban industry left Habana on Sunday, May 25, for Washington, D. C., to discuss with U. S. Government authorities in a general way the plan of assigning a large part of the potential surplus to the U.S. "Retained Quota", to be distributed under that quota in amounts of 250,000 tons per year for four years beginning 1953. Since the departure of these representatives an opinion has developed that if the scheme is feasible, it will be far better to allocate under this heading as high as 1,200,000 tons of sugar, leaving approximately 800,000 tons in the hands of the "single seller" to be disposed of during the remainder of 1952 in world markets, with the understanding that any quantity remaining at the end of the year would pass beyond the control of the "single seller" and would be immediately available for sale in 1953 under the world quota. It is reported that following lengthy exploratory discussions, led by the Banco Nacional, it has been generally agreed that the Bank would assist in the financing of at least the sugar transferred to the U.S. "Retained Quota" to approximately 80 percent of a nominal value of 3-1/2 cents per pound. Local banks and other financial institutions apparently would be expected to participate in the operation. So far there has been no indication that there would be any financing of the portion controlled by the "single seller" and

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this quantity would have to be carried, at least for the time being, by the mills.

All discussions appear to be predicated upon the assumption that in one manner or another the 1953 Cuban sugar production must be cut back to a maximum figure approximating 5 million long tons. Precisely how such a reduction would be made still remains to be seen and it is admitted that any proposal is apt to run into rough weather. In the meantime this surplus situation has been responsible for an almost unique line of reasoning, that is, there actually is no sugar surplus - rather there is a shortage of dollar exchange which, if available, would undoubtedly be used for the purchase of sugar and immediately solve the current problem. From the Cuban point of view this thought may appear logical and self-satisfying. As a practical possibility it leaves considerable to be desired unless it should translate itself into a campaign that the United States should make itself responsible for the provision of sufficient dollar exchange world wide to ensure the purchase of all Cuban sugar. Such a campaign, at least at the moment, appears highly unlikely but the basic thought may be indicative of the natural reluctance of the industry - and for that matter many members of the new Government - to face up to a realistic solution to the problem. The only other suggestion which has been made so far is that surplus cane might be used to feed cattle during the dry season to avert the annual shortage of meat, a problem which is still facing the Government with little prospect of immediate relief, even though duty-free imports from neighboring sources of supply have been ordered.

At the Cabinet meeting to be held on Thursday, May 29, it was expected that most of the matters to be discussed would pertain to labor problems, including the establishment of a central social insurance bank, a solution to the so-called summer working day program, the continuing serious situation on the United Railways of Habana, and the transport workers' retirement fund. The Consultative Council earlier in the week began the organization of its permanent committees and officers of five of the nine committees were elected, those for the Social Affairs Committee, Fisheries and Agricultural Production, Commerce and Industrial Production, Public Funds and Administration of Services and Public Works. The Committees for Agrarian Reform, Justice and Laws, Culture and Public Education, and Ways and Means were expected to be constituted shortly thereafter, with a full meeting of the Council scheduled later in the week.

The general labor situation has continued to be tranquil. Despite strong opposition from the proprietors and owners of retail establishments, it is expected that by June 1 a decision will be made favoring the imposition of the summer working day plan. It is reported that President BATISTA has assured the Minister of Labor that the scheme will not be abolished. Efforts to reorganize the Autobuses Modernos, S. A. are again being made, with current reports indicating that the

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company now has some 360 buses in circulation and 400 idle due to a variety of causes.

Following reports of several weeks' standing that the King Ranch interests of Texas are establishing a large cattle property in Cuba (Weeka No. 15, April 10, 1952), it is now reported that a large cattle-rice producing operation in this country will be sponsored by Adolph PFEFFER of Houston. The new group, consisting of North Americans and Cubans, reportedly has acquired an area of some 46,000 acres.

The Ministry of Finance will receive on May 29 bids for the underwriting of the 35 million peso loan for the liquidation of the remainder of the pensions owed to the veterans of the Cuban War of Independence. Conversations between representatives of Cuba and Spain regarding the revision and extension of the Payments Agreement between the two countries reportedly have been opened at Habana. The Ministry of State has also reported that Western Germany, Mexico, Venezuela, Costa Rica, and El Salvador have been approached in regard to the Cuban Government's policy of completing the revision of this country's foreign trade situation in so far as existing international agreements will permit. Apparently the 1951 Cuban-Western German Trade Agreement is still having difficulties. At the present time Mr. Hermann KNOEKEL, of the Hamburg sugar firm of Gebruder Dietz, is in Habana consulting with officials of the Ministries of State and Agriculture.

The Minister of the Treasury, Dr. Marino LOPEZ BLANCO, announced during the week his disposition to eliminate as soon as possible the 2 percent tax on foreign remittances. While this announcement has created a considerable stir of interest, it is fairly obvious that the elimination of this 2 percent tax as a practical measure has progressed no further during the past year as its abolition is still dependent upon the discovery of a supplementary source of income for the federal budget which will make up for the loss of approximately 16 million pesos per year. From time to time there have been suggestions that an import tax be imposed in lieu of the 2 percent remittance tax but such an import tax would, of course, be opposed in many quarters and might also easily be a violation of Cuba's international commitments.

For the Ambassador:


DuWayne G. Clark
Counselor of Embassy

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NA (2) for Guantanamo

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