

FOREIGN SERVICE DEPARTMENT OF THE UNITED STATES OF AMERICA

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DATE: 11 1951

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TO : Department of State

OFFICE OF LIAISON
AND INTELLIGENCE ACQUISITION

737.00(W)/5-451

Action Assigned to *Vinette*

FROM : HABANA 2212 May 4, 1951

Action Taken *Vinette*

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REF :

SUBJECT : WEEKA No. 18 FOR STATE, ARMY, NAVY, AND AIR DEPARTMENTS
FROM SAN

Date of Action 5-11-51

SECTION II Action Office Symbol 140

Name of Officer *Vinette*

ECONOMIC

The 1951-52 budget has been presented to the Congress for approval. The estimated expenditures represent a total of 299,812,841 pesos (consisting of 102,346,679 for the ordinary budget and 197,446,162 pesos for the extraordinary budget), as compared with the 1949-50 aggregate expenditures of 232,061,211 pesos. The new budget therefore reflects increased expenditures of some 67,751,629 pesos, which are principally represented in higher estimates for public works, pensions, the Ministry of Finance, and Ministry of Education.

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Estimated income for the year 1951-52 is set in balance with the expenditures for this period. Receipts under the so-called extraordinary category are placed at 18,266,000 pesos and under the ordinary classification at 281,546,841 pesos.

The May 1 labor demonstrations and parade were conducted in a surprisingly tranquil atmosphere with only very minor outbreaks of physical violence. At the last moment permission was granted the Communist Party to hold its demonstration at the Cerro Stadium, a considerable distance from the central part of town where the CTC had organized a mammoth parade which lasted some five hours. Senator MUJAL, the Secretary-General of the CTC, took serious exception to any official permission being granted the Communist Party and he subsequently resigned as a Senator and as a member of the Government's Cuban Revolutionary Party. However, during the parade of his CTC workers Mujal was not only conspicuously present but he also at one time was a member in close proximity to President PRIO in the reviewing stand. It is anticipated that Mujal's break with the Government will not be lasting and may be a calculated risk on his part to enhance his bargaining position and solidify his control over Cuban labor. The fact that Angel COFINO and Vicente RUBIERA marched with Mujal in the parade and their followers carried banners supporting the CTC would appear to improve the prospects for complete unity in the Cuban labor movement.

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DGClark:eam

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

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The May 1 celebrations were the occasion for the presentation by the CTC of a number of demands, including a 30 percent wage increase and a share in the profits of companies, as well as the expropriation by the Government of all public service organizations. On May 2 the port workers at Habana and Matanzas went out on strike, demanding a 40 percent increase in wages and the suppression of all Seatrain and railroad car ferry services between Cuba and the United States. They also opposed the alleged diversion of sugar shipments from "natural ports". On the evening of the same day the railroad workers staged a short-lived demonstration in protest of the strike of the maritime workers and in support of the continuation of the Seatrain and railroad car ferry services. By the morning of May 3 services had been restored both in the ports and on the railroads, with varying reports of wage concessions to the port workers and an undertaking to establish a commission to again study the problem of the Seatrain and car ferry services in an effort to reconcile the conflicting interests of the port and railroad workers. Prío also promised maritime workers payment of wage losses due to diversion of sugar to other than "natural ports".


The widely publicized and disputed proposed law for new taxes for pension funds was finally approved by the Cuban Senate and forwarded to the Lower House for consideration. The text of the law as published in the press on Sunday, April 29, reflects few, if any, changes from the original draft, although several recommendations which had been made by Minister of Commerce Ramon ZAYDIN (who offered his resignation as a consequence of a lack of sympathy for his position) have been included in the text now before the Lower House. Zaydin appears to have weathered successfully this show of force and is now reportedly in good standing with the Government and probably considerably stronger than before he took his position against the original law.

It is understood that the Lower House has selected a special commission of 17 members which is to review the law before it is voted at a special session scheduled for Monday, May 7. Apparently the Government has sufficient power to force passage of the law but opposition from the business and commercial community has been so unanimous that at least some token recognition of these interests must be given. It is generally recognized that the principle which presumably encouraged the proposal of this new legislation may be sound in that it attempts to extend the basis upon which tax collections can be imposed. However, it is feared that the practical application of the legislation may leave much to be desired, and the American business community is fearful that it may eventually result in discriminatory practices and the imposition of unfair burdens upon foreign-owned companies in this country, especially in those cases where the registered capital has been low and where accumulated surpluses have been utilized for the purchase of fixed equipment and as operating funds.

The 1951 sugar production is now conservatively estimated at approximately 5,525,000 long tons as compared with a previously calculated figure of 5,600,000 tons. Trade sources now report that there are probably not more than 200,000 long tons of raw sugar remaining unsold in the Cuban world quota of 1,500,000 long tons. It is understood that some sugar experts are recommending that the Cuban Government release 150,000 long tons from the "Special Retained Quota" to the "World Free Quota". On May 2 the United Kingdom reportedly purchased one cargo of raw sugar at a price of 6.05 cents per pound f.o.b. Cuba. Another sale to the Netherlands at 6.14 cents per pound is near if not the highest price paid for Cuban sugar since 1920. As of May 3 some 56 mills had completed their grinding activities and had closed down.

Agitation on the part of the coffee trade has continued to an end that the official or legal price of 65 cents be removed and that the product be permitted sale at a fairer and truer value. This is one of a number of problems concerning the local inflationary trend which is being given increased attention by the Government. Within the past week Minister of Commerce Zaydin has set up two special commissions, the first to study the coordination which should exist between his Ministry of Commerce and the National Economy Board in regard to problems affecting the country, and the second a body to undertake studies immediately as regards the modifications which should be recommended to the Congress concerning Law No. 1, the Law of Popular Economy.

For the Chargé d'Affaires ad interim:


Duwayne G. Clark
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Participants:

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Ryan (NA)

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