

FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

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SECURITY : CONFIDENTIAL

PRIORITY: AIR PRIORITY

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TO : Department of State

Action Assigned to *Vin White*

MAY 18

FROM : HABANA 2247 May 11, 1951

Action Taken *737.00(W)/5-1151*

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REF :

Date of Action *5-11-51*

SUBJECT : WEEKA No. 19 FOR STATE, ARMY, NAVY AND AIR DEPARTMENTS FROM SANA

Action Office Symbol *190*

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SECTION II

Name of Officer *Vin White*

Director *DC/R*

CIA mcb

ECONOMIC

The much disputed new tax bill providing funds for the State retirement account, salary increases for judiciary officials and a sum of 5 million dollars for the purchase of land for tenant farmers finally was passed by the Lower House by a vote of 77 to 24 after an all-night session lasting more than 20 hours (see Weeka No. 18). The debate on the proposal appears to have been reasonably well controlled and efforts to submit amendments were futile. The full text of the bill has not been released but it is understood that as passed it is identical to the text which was approved by the Cuban Senate. Local commercial and industrial organizations, both Cuban and foreign, have consistently opposed this legislation and it is feared that its implementation may result in a serious flight of capital from the country.

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On the afternoon of Tuesday, May 8, the new Foreign Minister released to the press a general statement regarding the results which had accrued to Cuba as a consequence of the recently concluded GATT negotiations at Torquay, England. The Minister emphasized that the policy of the Cuban Government is to protect and stimulate domestic industry, encourage the import trade of needed commodities and raw materials and extend foreign markets for Cuban products such as sugar and tobacco. While no mention was made of the status of negotiations with Great Britain or Western Germany, the Minister's statement featured the Canadian agreement which provides for the sale of 75,000 tons of sugar per year for the next three annual periods. This development has created an excellent local impression.

The local press has given prominence to reports from New York that the Textile Export Association of the United States has protested vigorously against the increased rates in Cuba's cotton and textile schedules. It has been reported.

DGClark:eam

DEPARTMENT OF STATE

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to the Cuban Customs Department that the United States Government release on the Torquay negotiations made on Tuesday, May 8, embraced the Cuban revised textile schedules, details which the Cuban Government had hoped would not be made available at the moment as it is feared that attempts may be made to flood the market prior to the effective date of these new duties, which is June 6. It is believed that the Cuban Government is now anxiously exploring the possibility of finding a means to make the new rates effective before the June date mentioned.

At a Cabinet meeting held on May 10 it is reported that agreement was reached suspending for the moment all duties on live cattle as well as fresh frozen and preserved beef and mutton. The duty-free importation of condensed milk and fresh eggs was extended, the prohibition against the export of lumber was renewed for another five years, and certain tobacco prices were fixed at a minimum level. There was also further discussion regarding stabilization of the coffee growing industry, and it appears that at least some time was spent discussing labor's demands that the Nickel Processing Corporation, the successors to the Nicaro Nickel Company, be ordered to negotiate a new wage scale and assume certain labor obligations which according to Decree Law No. 1322, which establishes the bases of operation for the Nickel Processing Corporation, are not required. No final decision has been taken in regard to the Nicaro problem but there is abundant evidence that labor interests are mustering a full show of force.

The record of the week in so far as labor is concerned might be described as a medley of controversy and uncertainty. In the face of negotiations undertaken by the Government to reconcile differences between the maritime workers and the railroad workers (see Weeka No. 18) and a general understanding that no further trouble would occur until a decision had been rendered, the maritime workers staged an impromptu half-hour strike on Tuesday to commemorate the arrival of the new car ferry just introduced in the service between Palm Beach and Habana. Fortunately, the strike was short-lived but, if anything, it tends to point up the basic difference between these two unions - the opposition of the maritime workers to the car ferries and the Seatrain and the equally determined railway workers that both of these services should be continued. As an interesting sidelight on the railroad situation, it was reported in the press that the Minister of Justice, Oscar GANS, in a speech at Matanzas on Monday, May 7, announced that the Cuban Government would proceed immediately with the nationalization of the British-owned United Railways, a development which has been agitated by the union for some months past. Apparently this statement has caused some comment in the British Parliament but the local reaction has so far not been too positive as it is generally believed that

the nationalization of the United Railways presumes a financial operation which the Government is not prepared to consider at the present time. It is understood that the British Embassy in Habana has formally inquired of the Ministry of State what the intentions of the Cuban Government are in relation to the United Railways and that the preliminary reply has been that the matter is still under study. Another report states that Pepin BOSCH, until recently Finance Minister, will be appointed to make a country-wide railway consolidation study in line with the recommendation of the World Bank survey.

With the sugar milling season drawing towards a close, there are reports from various sections of the country of threatened strikes due to disputes regarding the payment of "superproduction" premiums as well as the one percent contribution which is supposed to be paid for the upkeep of the labor unions. It is reported that representatives of the National Federation of Sugar Workers and the Cuban Confederation of Labor are taking these matters up with the President. A threatened strike of all bakers was avoided at the last moment.

In the meantime a new high, or low, has been reached in the Congress in the form of a bill presented by Representative José PARDO LLADA. The bill would compel all employers of more than five people to make a "loan" of \$300.00, without interest, to any employee if he or she indicates a desire to contract matrimony.

Through April 30 sugar production exceeded 1950 by 120,000 short tons or 5,608,373 short tons as against 5,487,965 short tons. Molasses production was 250,587,000 gallons as against 229,327,000 gallons in 1950. As of May 8, 1951, 74 mills had finished grinding as against 96 on May 8, 1950. With the relative high sugar yield (12.88) being maintained to date, together with the greater number of mills still grinding, the indications are that the current sugar crop will exceed 5,500,000 Spanish long tons (6,247,000 short tons).



C. Burke Elbrick

Chargé d'Affaires ad interim

Participants:

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