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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA SEP 1 1954

TO : THE DEPARTMENT OF STATE, WASHINGTON

REF : September 1, 1954

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SUBJECT: Joint Weeka No. 35 for State, Army, Navy and Air
Departments from SANA.

Part I

Political

(OFFICIAL USE ONLY) DEVELOPMENTS IN AUTENTICO CAMPAIGN. The candidacies of GRAU for President and Antonio LANCIS for Vice President were announced on the Preguntasele a Grau radio program. Lancis is a University professor, comparatively little known, who has had no political career to speak of and was chosen for the prestige that an unexceptionable academic figure might bring the ticket. Lancis' better known brother, Felix, former senator and twice first minister, immediately issued a statement reaffirming his abstentionist position and charging: "the utilization of my last name is a maneuver ... intended to confuse ..."

An Auténtico Proclamation Meeting was held Saturday night in the Parque Central. The park was full but held only what the SIM confidentially calculates as 3,000 people. Even allowing for SIM bias the meeting could not compare in size with the huge one that proclaimed BATISTA two weeks earlier. Strangely enough, only the Havana Post mentioned attendance at the meeting (also giving 3,000) and only Pueblo mentioned the difference in the size of the meetings, drawing definite pro-Batista conclusions. The major papers made no allusions along these lines; some smaller, pro-Batista papers did not mention the meeting at all. Grau spoke effectively, along familiar lines, in a style fulfilling his statement that he would have an "exchange of views (intercambio) with the people".

The crisis within the Auténticos caused by the provincial tickets deepens. (Weeka No. 34). Over the weekend the generally pro-Grau Prensa Libre evidenced hostility toward his candidacies and the satirical weekly Zig-Zag, bitterly anti-Batista, made the Auténtico tickets the butt of most of its humor. In Pinar del Río another Grau nephew is apparently to be nominated for senate. In Las Villas the senatorial candidacies have twice been announced, withdrawn, and drawn up again. Gen. PEREZ Cámara, the Party leader

JdeZengotita/ cv
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for Camaguey, was booed and called names at Saturday night's proclamation meeting in Habana.

(UNCLASSIFIED) ORTODOXOS INELIGIBLE FOR NATIONAL OFFICES. The Supreme Electoral Tribunal has ruled that the registered Ortodexo Party may not run tickets for national office. Thus, in no province will the party be able to put up senatorial or congressional candidates.

(UNCLASSIFIED) TERRORIST PREPARATION FOILED IN SANTIAGO. Early August 30 the military authorities arrested four men who were digging an ample tunnel under the highway from the Santiago airport to the city. It was apparently their intention to put explosives in the tunnel and blow up Batista or perhaps Grau, the authorities say, when one or the other visits the city.

(LIMITED OFFICIAL USE) Comment. The incident shows that revolutionary terrorist plotting is still under way. At this stage it is probable that public intelligence of such activity favors Batista and damages his enemies. Government officials had earlier said confidentially that Grau might be made the object of terrorist plots either because extremists feel that by entering the election he is playing the regime's game or because they reason that violence against Grau will be laid by the public at the Government's door.

(UNCLASSIFIED) MONCADA UPRISING REFUGEE FOUND. Gustavo ARCOS, who while under sentence to ten years imprisonment for participation in the Moncada uprising had on July 13 been rescued from an Habana hospital by armed men disguised as doctors, was found in hiding at an Habana address. The SIM arrested him and lawyer Bernardo SANCHEZ, who allegedly had been harboring Arcos.

(UNCLASSIFIED) NEW PETROLEUM EXPLORATION COMPANY. With plans for initial investment of \$550,000 for exploration in Cuba, the Cuban-Colombian Oil Company was formed tentatively in Habana August 28. It is headed by Eduardo GREÑAS, of Colombia, and includes several prominent Cubans as well as Octavio REYES Espindola, former Mexican ambassador to Cuba, and American citizens John ROOSEVELT and Joseph W. FRAZER (Kaiser-Frazer). The Cuban-Colombian Oil Company is the fourth organization in recent months to announce intention to explore for Cuban petroleum. It was preceded by the Cuban-American Oil Company June 15, the Deep Rock-Sterling Oil combination August 3 and the Cuban-Canadian Petroleum Company, Ltd., August 23. The formation of the four organizations follows closely the first discovery of a sedimentary deposit of petroleum at Jatibonico, Camaguey Province May 1, 1954.

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(UNCLASSIFIED) ORIT SECRETARIAT MEETING. The ORIT Secretariat (not the Executive as stated in Weeka No. 34) met in Habana August 23. President COLOTUZZO, of Uruguay, was prevented at the last moment from attending. MONGE, General Secretary, SANCHEZ Madariaga of the CTM, ROMUALDI of the AFL, BENEDICT and SCHWARTZ of the CIO, REED of the UMW, and MUJAL, TELLECHEA, COFINO, VALDIVIA, and occasionally one or two others from the CTC were present.

The decisions of the meeting are to be drawn up in final form by Monge in Mexico. In the meantime press releases reported: 1) the Secretariat expressed satisfaction with the seminar in workers' education held in Montevideo and with the plans for ICFTU-ORIT seminar to be held at Monterrey beginning September 6. 2) Note was taken of progress being made in Honduras and the CTC was asked to send an activist to help with the work there. 3) A visit was paid to the new Minister of Labor, who in an aside to the Americans present referred to Latin American hopes in the United States labor movement and in this connection spoke of the importance to Cuba of its sugar industry. Romualdi and Schwartz expressed to the Minister the good will of the American workers toward their fellow workers and the peoples of Latin America. 4) Monge is to prepare a statement to be presented to the United States Government on the subject of the cold war in Latin America. It will recommend measures to combat Communism in Latin America and at the same time help its countries through a policy of social reform and economic assistance. 5) Monge is to prepare a document for presentation to the Inter-American Economic Conference to take place at Rio.

A special press release was issued on Guatemala. It expressed concern with recent developments in that country, including the dissolution of several unions by decree and the threat to beneficial agrarian reforms from feudal groups. It referred also to persecution of workers by various companies. The statement was plainly and wholly anti-Communist.

(OFFICIAL USE ONLY) Comment. Americans and Cubans were well pleased with the fundamental harmony of views that seemed to prevail among all parties (which of course means mostly Cubans and Americans) at the meeting. The CTC wanted to establish a fund for special projects, especially for work in Chile, but the AFL and perhaps the UMW asked for permission to refer the question to their headquarters and may be hostile to the idea. The documents to be prepared on the cold war in Latin America and for the Rio conference may well turn out sharp challenges to our Government's policies.

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(UNCLASSIFIED) DIARIO NACIONAL. A new daily newspaper joined the crowded field in Habana on August 26. It was Diario Nacional, a well edited and attractive 24-page morning paper headed by Dr. Raúl RIVERO Ruiz as Director and pledged to complete independence from government or business interests. The initial editions carried a slight anti-Batista tone. Most of the paper's columnists have opposed Batista in the past. Diario Nacional's expressed policy is to work for cooperation among capital, labor, and government, and to bring about social improvement as the best means of combatting Communism. Diario Nacional seemed destined to occupy a place among Habana's leading newspapers.

(UNCLASSIFIED) VARGAS. Cuban editorial reaction almost unanimously pictured Getulio VARGAS as a heroic, popular, honest, unselfish leader who inherited grave economic problems which developed into terrific political pressures that forced him to the breaking point. El Mundo observed editorially that Vargas' suicide showed up the chaotic nature of social and political turmoil in Brazil, and said that only by electoral process can that country return to democracy; otherwise there will be disorders, and retrogression to a regime of force. One El Mundo political commentator saw in the Vargas suicide note the real reason for his death: a message of hope for the poor and sharp attacks on foreign companies and United States foreign policy. Another said Brazil still has its tremendous problems as the result of internal ferment, graft, and corruption, low health standards and a wobbly economy, and more than a good leader is necessary to put the country on her feet and keep communism under control. Diario de la Marina said Vargas inherited an economic mess from DUTRA and was powerless to curb the well established inroads of political decay. Vargas tried to help the poor, it said, but was blocked by the big companies and landholders, and chose death when the pressure became intense in order to underscore the need for the social reforms he wanted. Excelsior liked Vargas' policies of constructive nationalism and said he was untiring in his desire for progress and a better social structure for Brazil. With all his defects, the paper said, Vargas was an excellent leader, and all Latin America mourns his passing. Alerta said Vargas' popularity was shown by his long years in office during his first regime and his landslide of votes for his second. His death, it said, was a heroic gesture and a moral lesson for politicians who do not know how to fall out of power gracefully but flee like rats to foreign embassies for asylum. Tiempo en Cuba said that the United States did not like Vargas' nationalistic policies and Brazilian moneyed classes objected to his efforts for social justice. It called his suicide a "beautiful gesture" and predicted Brazil will emerge sounder than ever from the tragedy.

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(UNCLASSIFIED) EDC. Editorial writers and commentators discounted rejection of EDC by the French National Assembly and some foresaw the next move as a Soviet plan of their own to woo the French on the German issue. Excelsior bitterly pictured MENDES-FRANCE as trying to dictate the policies of all Europe and blamed him for the failure of the Brussels Conference on EDC. The paper said Mendes-France's idea of EDC would be to keep the United States out of the Old World and reduce Germany to nothing but a voice, and observed that such a procedure would be eminently suited to Soviet plans. Alerta felt that the National Assembly could be historic for the West but no doubt would be another failure in so far as EDC is concerned since Mendes-France would not risk his position by defending the pact as drawn. Información cuttingly observed that EDC has no chance in a nation overrun by Communists and predicted that once it is rejected in the National Assembly the Soviets will spring forth with a solution of their own to France's worries about a rearmed Germany, and will win a sympathetic ear. El Mundo ridiculed French fears about German revival saying the Germany of ADENAUER is not the Germany of VON SKEECKT, and warned that Soviet Russia would like to rearm Germany secretly for the eventual domination of Europe. The new Diario Nacional, in a commentary by Herminio PORTELL Vilá, foresaw defeat for EDC in the National Assembly largely because Mendes-France himself does not want it, and predicted that if France does not remain allied with the Western bloc she most surely will be wooed and won by the Soviets and thus become another satellite. Alerta viewed the Polish offer to France for an alliance against Germany as nothing but an indirect Communist attempt at tying France to the Soviet Union, to the exclusion of the Western powers, unacceptable to the West.

Army, Navy, Air

Negative.

Harold M. Randall
Harold M. Randall
Chargé d'Affaires ad interim

Participants: HMRandall, JPHoover, JdeZengotita, WBCaldwell, RGCushing, CAnderson, Elmore (MA), Slaton (AA), Krisel (NA).

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