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File Designation 737.00 (w) / 7-651
Resp. 22
Date 6 July, 1951
From Am Emb, Habana
To State

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FOREIGN SERVICE DESPATCH

FROM : HABANA

Action Taken

23

July 6, 1951

DESP. NO.

DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON

AIR PRIORITY

PRIORITY

REF : Date of Action 7-16-51

INFO ECA EPS FRB DPA ICC

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SUBJECT: (27) Action Office Symbol 190

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WEEKA No. 1 FOR STATE, ARMY, NAVY, AND AIR DEPARTMENTS TAR TR FROM SANA

XMB ARMY NAVY AIR CIA

July 9

Direction to DC/R

SECTION II

ECONOMIC

Cuban opposition to the proposed sugar legislation in the U. S. Congress continued to make press headlines during the week and it was abundantly clear that there is a strong official undercurrent of realization that the Cuban case is none too good, that the case for what it is worth is falling upon unsympathetic ears, and that the domestic record in Cuba may mark the new law, especially that part which presumes a surrender by Cuba of import quotas to the benefit of Santo Domingo and Peru, as a serious diplomatic defeat. One indication of the rather obvious efforts to cushion the shock of defeat was Foreign Minister SUAREZ FERNANDEZ's radio broadcast of last Saturday evening, June 30, in which he summarized the Cuban case and in which he was guilty of several inaccuracies. He repeated again the assertion that in the Torquay negotiations Cuba had been successful in negotiating for the maintenance of a 20 percent preferential on sugar. He stated that the Embassy had been informed regarding the measures which were being taken to pay the outstanding debts owed in the United States; he reported that the lumber tax problem had been solved, excepting for certain formal aspects; and he implied that Cuba had met entirely U.S. requests in connection with the pending rice negotiations. These claims, like the Machado letter regarding the payment of the debts which was read into the House Committee records, make fine fodder for local consumption especially among people who are not acquainted with the background and details. The almost calculated effort to mislead may to some extent reflect the concern with which the Cuban Government views the pending extension of the 1948 Sugar Act.

Ambassador MACHADO's restatement of the Cuban position as released by the press on July 3, reportedly in rebuttal and reply to a communication from the Dominican Consul General in New York City, has been given full length treatment in the Habana press. It is generally felt that at this rather late date the Cuban Ambassador,

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and for that matter the Cuban sugar industry, has made a good case for the claim that Cuba has traditionally been the principal supplier to the United States and has every right to lay a claim to the continuation of this position. The fact remains that the feeling of pending disaster which seems to permeate the official Cuban family is not necessarily representative of the local industry, and there is every indication that at least some of the largest operators and producers feel that the legislation as presented to the Congress could be far worse.

During the past few weeks it has been obvious that the Cuban Government was attempting to establish an atmosphere which might be indicative of potential cooperation with the United States pointing towards the almost immediate solution of a number of long outstanding problems. Undoubtedly these acts were made with the intention of securing favorable treatment under the proposed extension of the 1948 Sugar Act. There are now indications that many of the Cuban officials are almost convinced that there is little prospect of Cuba being able to retain its present position and that some sacrifice to the benefit of Puerto Rico, Santo Domingo and Peru will have to be made. It is this feeling which may perhaps be the reason why any details regarding the settlement of the so-called adjudicated debts to the United States are still strangely lacking, while the lumber tax problem is still uncertain and no resumption of the rice negotiations appears to be in immediate prospect. Perhaps the measure of Cuba's future cooperation can be drawn in terms of the new sugar law and the relative importance of the new agreements with Great Britain and Germany, both of which are reportedly now ready for discussion and approval by the Council of Ministers. No doubt the Cuban position has been slightly fortified at least by the visit of Raul PREBISCH, ex-Argentine Government official and now Executive Secretary of the SEPAL, who has lauded Cuba's efforts towards industrialization and by indirection has extended his congratulations upon the successful negotiations at Torquay of the higher Cuban textile rates.

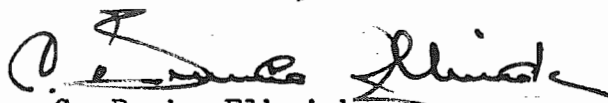
It has been announced that the interventor of the United Railways has indicated his intention of withdrawing a number of uneconomic passenger and freight services in an effort to reduce the steadily mounting deficit. One source has reported the interventor as stating that the repair of the right of way and the laying of new rails alone would cost approximately 4 million pesos and that the repair and replacement of worn out rolling stock and other equipment would run this total much higher. Apparently this

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announcement takes the case of the United Railways one step further towards nationalization as it is generally conceded that as the property stands at the moment, the Government is the only entity that can or would supply funds to make the necessary repairs.

The bakers' strike which broke out towards the latter part of last week was short-lived and it is understood that workers returned to their jobs with a promise of wage increases ranging from 15 to 20 percent and improved working conditions. For the immediate future, the truck drivers' strike, which began several weeks ago and was temporarily solved by a promise of investigation, may again be resumed unless a full wage increase of 40 percent is granted. It is reported that the National Federation of Aviation Workers has decided to call a strike on July 16 unless its members receive a wage increase of 30 percent on the basis of a 36-hour working week. The employees of the local Woolworth chain are at it again and have perhaps achieved a high mark of design. It is reported that in addition to asking for a 40 percent increase in salaries for a 40-hour week, they are also demanding a discount of 20 percent on all purchases made by the union members from their employers and the installation of air conditioning in all Woolworth stores.



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