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TO : Department of State

737.00(W)/6-1551

Action Assigned to *Verlitta*
Action Taken *Test*

JUNE 28

FROM : HABANA 2478 June 15, 1951

REF :

SUBJECT : WEEKA NO. 24 FOR STATE, ARMY, NAVY AND AIR DEPARTMENTS
FROM SANA

Action Office Symbol *180*

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SECTION I

POLITICAL

President TRUMAN's speech last night calling for economic controls during the next two years and warning against the results of inflation was fully publicized this morning in the Cuban press and radio. The Korean war and the Senate hearings also continued to receive wide daily publicity.

Reaction to the Italian elections became more sober as the figures came in showing an increased Communist vote. The conservative Diario de la Marina has labeled them a defeat for democracy while the Communist Ultima Hora characterized them as a "symbol of the growing strength of peace and democracy versus the forces of war and imperialism".

The Iran controversy is now the subject of wide discussion. The conservative press takes the view that the important thing is which side gets the oil. The Communists have shifted somewhat from last week's criticism of MOSSADEGH and are pounding on the idea of U.S. interference.

The decision of the International Court of Justice on the HAYA case is considered here as a Colombian and - to a lesser extent - Cuban victory. Cuba realizes its intervention may have delayed resumption of the diplomatic relations it has frankly indicated it desires (Weekas 15 April 13 and 20 May 18). At the same time Cuba's overtures had been rebuffed and the Government saw little to lose in intervening. It took the position it had not only a legal right, but a legitimate interest in the case particularly since the present unsatisfactory relations between Cuba and Peru also arose from an asylum case.

Cuba's negotiations with Mexico for a fishing agreement have broken down due to a complete failure to reach a meeting of the minds with respect to Mexico's maritime limits. The Government announced it would attempt to go ahead with

ETCrain:rc

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other phases of a Cuba-Mexico commercial agreement and, in the meantime, explore the possibility of transferring fishing activities to the Bahama area.

A brief statement recently issued by the Minister of State indicated that the relations between Cuba and Bolivia were "unchanged". Application of the Estrada doctrine in this case was the easiest and most inconspicuous method of recognizing the Bolivian Military Junta without arousing the local "exporters of democracy" while at the same time implementing Cuba's present policy of improving her international relations wherever possible.

The nation-wide sugar strike which started June 9 ended June 15 (see Economic Section of this report). Numerous leaders were arrested in the initial phase and some violence was reported. However, in general, the strike - backed by the CTC - was peaceful and ended when President PRIO promised that management would pay labor's union dues. This action has been described in a local paper as the Government's biggest socialistic experiment to date. It follows recent steps (a pension law for radio workers and a proposed pension law for theater actors) in the direction of the "Welfare State" and may be interpreted as a bid for the labor and professional vote in the '52 elections.

Other electoral activity centered on the efforts of the various PRC (A) presidential aspirants to keep their hats in the ring. With HEVIA and SUAREZ Fernandez vying for the lead, others such as LANCIS and VARONA are hoping they will get the nod as a compromise candidate. In a further effort to enlist GRAU's support it has been suggested that his protégé - "Pepe" SAN MARTIN - might run for Vice President on the PRC (A) coalition ticket.

The Minister of State has evinced great interest in obtaining 9th Proviso approval for the entry into the United States of the Cuban labor leader Marcos HIRIGOYEN, an ex-Communist, now rabidly anti-Communist. The Minister's principal interest is electoral since he hopes, by his support, to obtain the backing in the key Habana area of Hirigoyen's transport workers. The Embassy's interest is to assure the presence of a strongly anti-Communist Cuban delegation at the July 4 Milan ICRTU conference.

The Cuban Government and press became increasingly concerned during the week with the possibility of a deterioration in U.S. - Cuban relations. The opposition newspaper Alerta on June 14 asked, in a page 1 banner headline, why

Ambassador BUTLER's successor had not yet arrived (Weeka 22 June 1). It then mentioned the threat to Cuba's sugar quotas, the selling of U.S. sugar mills in Cuba, the "failure of Ambassador MACHADO to obtain a prompt appointment with President Truman", etc., as evidence of possible U.S. displeasure. Mañana this morning warned the Government to be "prudent" in its demands on the United States. The Communist Ultima Hora, on the other hand, accused the U.S. of abusing Cuba by reducing sugar quotas, eliminating preferences and competing unfairly to ruin Cuba's domestic industry.

The Communists achieved a considerable victory June 14 when a lower court (of First Instance) in Habana ruled that the Government had acted illegally in seizing the Communist newspaper Hoy (Weeka 34 August 25, 1950). The Judge ruled that the Minister of Labor could not intervene in a matter affecting private property. He ordered the immediate return of the property and payment by the Government of damages to Hoy, its loss of revenue, and costs.

The Government has announced it will not immediately return the property since the case will be appealed. The Secretary General of the CTC - Eusebio MUJAL - visited the Embassy this morning. He stated that the Government knew its action vs Hoy had been illegal and that it intended to tie the case up in court - for years if necessary. He added that as soon as Congress was "thoroughly dispersed" the Government planned to take similar illegal action to put Hoy's successor - Ultima Hora - out of business - possibly in August.

ARMY

Negative.

NAVY

Negative.

AIR

Negative.



C. Burke Elbrick

Chargé d'Affaires ad interim

Participants:

CBElbrick, DWGClark, ETCrain, ETerrell
Schaffer (MA), Ryan (NA), Mason (AA)

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FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

SECURITY: RESTRICTED

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AIR MAIL

TO: Department of State

737.00 (W)/6-1551

FROM: HABANA 2479 June 15, 1951

REF:

SUBJECT: WEEKA No. 24 FOR STATE, ARMY, NAVY, AND AIR DEPARTMENTS.
FROM SANA

Date of Action 6-26-51

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Name of Officer

Direction to DC/R

SECTION II

ECONOMIC

The Habana press has continued to give wide publicity to the reported revision of the 1948 sugar legislation by the American Congress. The principal point of criticism appears to be the need of Cuba surrendering some 100,000 tons for the benefit of the full duty countries, particularly Santo Domingo and Peru. Ambassador Luis MACHADO's discussion of this problem with President TRUMAN has been prominently featured and while most private and industry sources seem reconciled to the Cuban loss of some 276,000 tons in the aggregate and are reasonably satisfied, it can be expected that the official Cuban Government position of opposition will be maintained if for no other reason than for public consumption.

The Senate consideration of the 1951-52 national budget has been delayed and it is now reported that the Senate has been called into session for Monday, June 18, to give its full attention to the budget law, which must be passed before the end of this month. In the meantime the Habana Municipal Finance Commission has passed the city budget, which calls for a total expenditure of 13,789,923 pesos, including an appropriation of 3 million pesos for a new aqueduct which is badly needed. The city is again seriously short of water to the point that some services are having to be partially suspended. One large building housing a number of dentists has such a limited supply that for the past week the dentists have had to stop work at midday due to the failure of the water supply.

The strike of the sugar handlers after lasting approximately a week, tying up some 36 vessels at various ports and costing an undetermined but serious sum of money, came to a precipitous end and it is understood that all strikers went back to work this morning at 7 a.m. on the basis of a promise by President PRIO that their demands would be fully met (see Weeka No. 23). It is reported that the mill owners and cane growers in agreeing to meet the workers' demands have been promised by President PRIO, 1) that a payment due

DGClark:eam

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the cane growers for 1949 in an amount of 3 million dollars will be made (rumor indicates this promise has little value and final settlement at a level of one million is an optimistic possibility); 2) that the 1952 price basis will be the same as that now current, 4.9625 per pound; and 3) that the draft of a labor code setting up a labor court will be sent to the Congress by President Prío during a special session which is now anticipated possibly for the month of August.

It is understood that the Cuban Telephone Company has been presented with demands for a 30 percent increase in all salaries. The recently imposed 10 and 15 percent increases for port workers has resulted in the announcement by the Havana Dock Corporation of an increase of from \$0.75 a ton to \$1.40 per ton for all imports and an increase from \$0.75 to \$1.00 per ton for exports. Until now Habana reportedly has been the world's highest cost port and it has apparently cinched this questionable distinction beyond dispute by these most recent developments. Meanwhile a strike threatened by the catering workers to compel their inclusion under the summer working day vacation schedule has been postponed for the time being. It is generally recognized that it would be quite impossible to operate hotels, for instance, without any staff on Tuesdays and Thursdays in the afternoon. The whole summer vacation schedule has been vigorously criticized by the Cuban Chamber of Commerce as an impractical and unrealistic measure which amounts to a further assessment or disguised labor benefit.

At the Council of Ministers on Wednesday, June 13, approval was granted a draft decree modifying certain regulations covering the collection of taxes under Law No. 2 of May 22. Details of these modifications have not been published. The rice negotiations between Cuba and the United States have at least temporarily bogged down due to the inability of the Cubans to come up with a definite position. This problem is now being discussed at the Cabinet level and it is anticipated that negotiations may be resumed towards the latter part of next week.


C. Burke Elbrick

Chargé d'Affaires ad interim

Participants:

CBElbrick, DGClark
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Ryan (NA) Schaffer (MA) Mason (AA)

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