

Air Priority
PRIORITY

CONFIDENTIAL
SECURITY INFORMATION
(Security Classification)

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737.00(W)/8-1552

FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA

249

DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

August 15, 1952

DATE

REF :

Action Assigned to *Vinnette*

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819-52

SUBJECT: Weeka No. 33 for State, Army, Navy and Air Departments
From SANA

Action Office *3/20 AD*

SECTION I

Name of Officer *Vinnette*
Dir. to DC/R *file*

POLITICAL

Continued evidence of what might be termed the BATISTA Government's "security jitters" was seen during the week in additional "conspiracy" reports and the Government's ban on "public" gatherings to celebrate the fall of dictator MACHADO August 12 nineteen years ago.

The latest "conspiracies" center around reports in three newspapers, allegedly subsidized to some extent by Batista forces. One of those accused, Emilio OCHOA, president of the Ortodoxo party, said that Batista's strategy is "destruction of the Ortodoxo movement first, elections later". The most recent charges, in which the Urgency Court has given the go-ahead for a complete "investigation", thus lending some official credence, involve alleged PRIO money deposited in Cuban banks for the purpose of suborning the army and paying for an insurrection. Both Autenticos and Ortodoxos are accused, including Prio, AGRAMONTE, HEVIA and SANCHEZ Arango, GARCIA Barcena, the professor (Weeka 28 July 11, 1952) and others. In all the "conspiracy" cases since March 10 there have been no convictions in a civil court. In the military jurisdiction, where Batista domination is complete, five policemen were tried and sentenced (Weeka 32 August 8, 1952). While the civil courts challenged the military's jurisdiction in those instances, the Supreme Court upheld the military, bringing the issue to a close.

Despite the ban, FEU did sponsor a meeting August 12 on the University steps to commemorate the fall of Machado. Ortodoxo and Autentico leaders, including Agramonte, Antonio VARONA and Jorge MANACH, attended the rally in which the speeches were said to be strongly anti-government. Ortodoxo

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leader Pedro IGLESIAS Betancourt, summing up, made disparaging remarks about the Autenticos, whereupon Varona walked out in protest, ending any pretense the rally might have had of being other than an Ortodoxo affair. The police reportedly stood by, observing the proceedings very closely but not interfering, presumably because the University grounds constitute "autonomous" territory and the meeting was not "public" in the legal sense. The Communists reported a small anti-government demonstration in their daily Hoy, which they said was broken up by the police. They also intensified their campaign of painting slogans on city walls.

A radio and television appearance by GRAU San Martin in which he said he was willing to enter a round table discussion with Batista, as a means of resolving the political situation without civil strife, was almost unanimously favorably reviewed, and a number of commentators saw this as a first step toward Grau's leadership once more of the Autentico party. This followed a statement the previous week by Santiago REY, a Batista collaborator who was once Grau's right hand man, that Grau would soon emerge again as head of the PRC. Several commentators said the "old man" is the only one who could win the presidency against Batista, as he did in 1944 against Batista's candidate Carlos SALADRIGAS, although the legal provision requiring eight years before a president can hold that office again could remove this likelihood, if the Government includes this in the new Electoral Code.

The Consultative Council approved the establishment of a government committee to investigate Communist activities and recommend measures to be taken (Weeka 31 August 1, 1952) but the project still requires action by the Cabinet before taking effect. The Council's action was preceded by an interesting debate among two ex-Communist members, Raul LORENZO and Eusebio MUJAL. Lorenzo opposed the measure, maintaining that the best way to combat Communism was to eliminate poverty and exact better commercial treatment from the United States. Mujal, citing his experience as a Communist as authority that there are Communists in all sections of Cuban national life, strongly supported the measure, which was approved unanimously. Adoption by the Cabinet of the Council's action would mean the Government's first major move on the Communists.

The Cabinet granted a two-month leave of absence to Minister of Public Works José A. MENDIGUTIA for "health reasons" and appointed Enrique Luis VARELA to substitute for him. This move may be connected with the current flood of rumors that a Cabinet shake-up is in the making.

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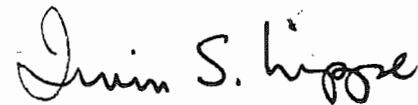
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Ortodoxo leaders and members have planned a series of meetings for tomorrow commemorating the first anniversary of the death of Eduardo CHIBAS who committed suicide last year after having delivered a scathing radio denunciation of the Prio regime. The martyrdom of Chibas is one of the Ortodoxo's strongest political assets.

ARMY, NAVY, AIR

Negative.

For the Ambassador:



Irvin S. Lippe
Attaché

Participants:

DSGreen, ISLippe, WPHouk,
JCBonnet, Elmore (MA) Rakow (NA),
Pitts (AA)

Copies to:

Amembassies Ciudad Trujillo, Port-au-Prince

MA (4) for USARCARIB and USARFANT
AA (1)
NA (2) for Guantánamo

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11/15/52

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SUBJECT: **Weeka No. 33 For State, Army, Navy, and Air Departments**
From SANA

Action Office Symbol 1AD

SECTION II

Name of Officer Vinnette

Directed to DC/R file

ECONOMIC

A Cuban sugar sales mission has left for Europe in an endeavor to sell some of Cuba's 1,750,000 tons of surplus sugar for cash or for barter. Reportedly the sale of 200,000 tons to France is nearing consummation, to be paid 30 percent in dollars and 70 percent in French merchandise. The commission intends to visit practically every European country west of the Iron Curtain.

A proposal to modify Articles Nos. 37 and 39 of the municipal tax law to help build and rehabilitate farm houses and buildings for sugar workers and for slum clearances was discussed at the Cabinet meeting yesterday and referred to a special committee for study and report at the next session, probably August 21. Apparently the proposed decree would more than double the tax liability of the mills owning administration cane and of those tenants to whom sugar mills had rented land for the production of cane. Well informed sources expect that American-owned mills would be caught for about 75 percent of this tax, which would be superimposed on existing taxes on the value of each cart load of sugar cane.

The Spanish delegation which has been conducting trade negotiations here during the past ten days, with officials of the Cuban Ministry of State, has been feted actively by trade associations, presumably because of press articles intimating that the Spanish team was prepared to recognize the need of Cuba for certain revisions in the Payments Agreement which ran out on July 1. However, Dr. Joaquin MEYER, who heads the Cuban negotiating team, informed an Embassy officer yesterday that there was a good possibility that the negotiations may be suspended next week (and be scheduled for resumption perhaps in December) unless it proves possible over this coming week-end for concessions to be obtained on several items which Cuba considers to be of paramount importance.

The campaign which is being pressed mainly by the Cuban Federation of Textile Workers, to demand vigorous Government action to curb smuggling,

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has been much discussed this week in newspaper articles and editorials. The special interest of the Federation derives from the fact that its welfare fund is beneficiary of a major portion of the proceeds of the 6 percent consumption tax on textiles which, in the case of imported textiles, is collected by Customs. Because of that special interest, the Federation had obtained sanction of the former Prío Government, last January, to post its own representatives at piers and airports to instill zeal in, and check up upon, customs officials. On the Federation's statistical findings that this tax collected on textiles by the Customs netted a monthly average of 344,000 pesos during the months of January through April when the Federation was privileged to engage in the checking, compared to 168,000 in December and 158,000 in May after Batista cancelled that privilege, the Federation claims that over 60 percent of foreign textiles again are being entered as contraband.

The American operators of the Havana Railway Car Ferry, which links Habana with West Palm Beach, are greatly concerned over the proposal which has been made to Batista's Consultative Council, by the maritime labor syndicate, that a surcharge of \$2.50 per ton should be levied on merchandise conveyed by the ferry, such surcharge to be paid over to the maritime labor fund to compensate the port workmen for the labor of which they are deprived by the ferry operation. The Cuban Chamber of Commerce has indicated intention of combating this proposal, contending that it would be against the public interest to bear this added cost which per carload would represent \$90 in the case of lard and \$150 in the case of lumber. The ferry operators insist that this surcharge would be in violation of the provisions of GATT; actually this question of violation of GATT, if it rested on grounds of discrimination, would be simpler if it were not for the fact there is just the one railway car ferry now operating.

Transfer of commercial air traffic from the Rancho Boyeros airport to the more distant airport at San Antonio (Weeka No. 31) is still a hot issue, with most of the international operators (other than the PAA subsidiary which owns the Rancho Boyeros facilities) now lined up in support of the transfer. Since the Minister of Transport has insisted publicly that the transfer decision is final and irrevocable, he appeared somewhat disturbed when informed by an Embassy officer that the American Government has received a request, through the Cuban Embassy in Washington, for the loan of a CAB technician to visit Cuba and advise on airport problems. There is little doubt that the Minister would strongly resent any questioning by the technician of the advisability of the move from Rancho Boyeros.

A nation-wide drive is to get underway today for vaccination and inspection of cattle. ... The Agricultural and Industrial Development Bank has voted to grant a loan of some 300,000 pesos for special financing of the domestic tomato crop at an interest rate of 8 percent. ... Under the

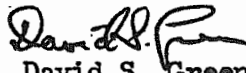
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terms of a new decree, urea will be admitted at the low duty rate for fertilizer when approved by the Ministry of Agriculture.

For the Ambassador:


David S. Green
Commercial Attaché

Participants:

DSGreen, WPHouk, ISLippe, JCBonnet
Elmore (MA), Pitts (AA), Rakow (NA)

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