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FOREIGN SERVICE DESPATCH

FROM : HABANA

378.

August 31, 1951

Action Assigned to *[Signature]* DESP. NO.

DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON.

AIR POUCH

41

REF : (35)

18-3-51

SUBJECT: WEEKA No. 9 FOR STATE, ARMY, NAVY AND AIR DEPARTMENTS
FROM SANA

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SECTION II
Name of Officer *[Signature]*

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Direction to DC/R *[Signature]*

Public transportation throughout Havana was almost completely paralyzed on the evening of Wednesday, August 29, in response to a call for the attendance of all bus and streetcar employees to a mass meeting held under the auspices of the National Federation of Transport Workers. At the time of peak traffic, the response to this call was so enthusiastic that large numbers of people were left without any means of reaching home, and the general reaction produced was far from favorable.

The meeting itself was called to enlist and encourage the support of all transport workers for a proposed increase in bus fares which has been demanded by the labor leaders as the only means of placing the operating companies on a going basis without the continued support of the government through subsidies. Perhaps the labor leaders are anticipating the withdrawal or the decrease of these subsidies and called their meeting for the purpose of convincing the public that the fare increase is necessary. As is usually the case, the proposal has been strenuously opposed by most of the public as just another increase in the cost of living, and the Federation of University Students has taken a very strong opposing position. They plan a mass meeting on Wednesday, September 5.

The meeting was attended not only by a large number of workers and their leaders, such as Marco Hirigoyen, Facundo Pomar Soler, and Eusebio Mujal, but by President Prio as well. The President's remarks have been widely quoted in the press and it would appear that this may be one of the rare instances when he has attempted to temporize and reason with the aggressive labor demands. He promised again that the United Railways of Havana would be nationalized, but he immediately qualified his promise by pointing out that this action must be taken legally and that it involves financial responsibilities which have not been anticipated in the

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current budget. He appealed to the workers for understanding of the problem which confronts the government. He then went on to the proposed increase in bus and streetcar fares, admitted that it was a difficult and complex task but promised that the increases would be put through in the face of what he described as demagogical appeals of opposition to the public. He emphasized that the Federal Government cannot continue paying subsidies to the transportation companies, and he admitted that the fare increase would work a real hardship on government employees whose salaries he promised would also be raised. He made no provision or promise as regards the thousands of workers who are not employed by the government and who will suffer to a corresponding degree.

While the reaction to the President's speech has initially been one of approval, in the light of more sober judgment it would appear that if anything he agreed in principle with the aspirations of labor but attempted by a rather devious route to point up the problems of accomplishment and to counsel patience and understanding of the position of the government. Unfortunately, the labor leaders, particularly Mujal, have a reputation of being anything but patient, and it is thought that the President has by no means disposed of this problem. It is expected that if and when the bus and streetcar rates are increased there will be vigorous opposition by a large section of the population of the city.

It is reported that some slight progress has been made in the Lower House of Congress towards the legislation creating labor courts which is listed as one of the items on the program of the special session. The legislation itself has not reached the floor of the House but a special commission reportedly has reviewed each provision and will shortly have the project ready for discussion.

On Thursday, August 30, the government executed papers covering the final portion of the domestic loan of 120 million pesos which was authorized some months ago. It will be recalled that previously portions of this loan were floated with domestic banks and the present formality consists of an agreement between the government and the participating Cuban banks for the provision of the final 24.5 million pesos under this authorization. The banks covering the loan were the Banco Gelats, the Trust Company of Cuba, Banco Nunes, Banco del Comercio and the Banco Continental Cubano. This last installment of the loan will be used for the improvement of the Havana, Regla,

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and Guanabacoa water supply systems, the construction of the Nuevitas waterworks, the concluding work on a number of arterial highways and the construction of a tunnel, at a reported cost of five million pesos, under the Almendares river between Havana and Marinao. This tunnel project definitely smacks of "pork barrel" possibilities.

There has been scant if any editorial or interpretive comment during the week under review as regards the progress of the Panama meeting of the I.A. ECOSOC. A number of fairly short wire stories have been released, but the only report of any consequence was that covering the speech of Assistant Secretary Miller in which he apparently counseled the Latin-American countries to adjust their demands of the United States in terms of the present emergency situation and to fit "the realities as they exist." Local reaction to the Miller speech has been largely negative as little or no attention has been paid to the Panama conference outside government circles.

The recently signed Cuban-British trade agreement was celebrated on the evening of August 29 by the local British Chamber of Commerce. A fairly wide and representative selection of Cuban Government officials, British businessmen and a few American businessmen were invited to the reception. However, for the most part it is generally admitted that for the moment the celebration was somewhat premature and certainly on the optimistic side.

Other than the mass meeting of the transport workers, the general labor picture has been fairly quiet during the week. With the end of August, the so-called summer working schedule terminates and the Tuesday and Thursday holidays will end. There has been some suggestion that an effort might be made by the unions to extend this schedule for the month of September. Apparently this idea has been dropped but may be attempted next year. It is reported that a retirement and pension fund for workers of the aviation industry is now being planned by Senator Eusebio Mujal, the Secretary General of the Cuban Confederation of Labor. Apparently the main source of income would be covered by contributions of 3% by workers and employers. It is provided that aviation companies would contribute their 3% in the form of an assessment in this amount on the net price of every passage of every traveler entering or leaving Cuba. A tax of 2% would be established on excess baggage, and other income sources would include a quarter percent tax (presumably in value) on each plane when it is registered or has its license renewed; a quarter cent per gallon tax on gasoline; a one-half percent

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tax on freight rates on all merchandise transported by the airways; a \$5.00 tax on pilots licenses, and a similar tax on mechanics licenses. Every Cuban resident going abroad would also be required to pay a tax of \$2.00. On Thursday, August 30, President Prio reportedly promised a mass meeting of textile workers that employers will be forced to comply with a Labor Ministry resolution increasing wages.

A study of the local textile market by the new National Economic Council has come up with an indication that since the imposition of the new Torquay rates early in June the over-all price level on textiles in Cuba has increased from 15 to 25 percent. The Council has so far made no recommendations as to how this situation can be remedied. For the first time the local press has commented on the recent certificate granted the Compañia Cubana for direct air service between Havana and New York, particularly in regard to the condition established by the CAA that the Compañia Cubana must divorce its operations completely from those of Pan American Airways. The Cuban public, which is quite accustomed to the association of Cubana and PAA, looks upon this condition as a rather unusual qualification, but apparently recognized it as a reasonable requirement in view of the competitive situation and the likelihood that the continued joint operation of these two companies might place other air carriers offering the same services at a serious disadvantage.


DuWayne G. Clark

Chargé d'Affaires ad interim

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