

Air Priority

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## FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA

396

DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

September 12, 1952

REF :

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SUBJECT: Joint Weeka, No. 37 for State, Army, Navy and Air Departments  
from SANA

Part I

Political

(RESTRICTED) The rent control mass protest meeting scheduled for this afternoon in front of the Palace has taken on the appearance of a pro-administration political rally before which BATISTA will have an opportunity to make a grand bid for popular support. Originally planned as a rally at which labor and small business would voice opposition to the rent measure passed by the Consultative Council, it now seems that the meeting will be one of general interest at which Batista will paternalistically listen to complaints and demands of all sorts. Some quarters believe that the rent measure, unpopular from a tenant's point of view, was deliberately put forth to give Batista an opportunity to make a grandstand play in vetoing it. It is known that the Minister of Labor attended a CTC executive board meeting to urge that organization's cooperation in what has evolved into a Government-inspired event. One member of the CTC executive board resigned from that post in protest to CTC participating in a "sham" protest but later was "convinced" and now reportedly agrees with the program and has retired his resignation. CTC leader MUJAL called the rally one in which the "people will talk to their Government". Batista reportedly will make an address. Opposition political groups, including the student federation (FEU), while critical of the rent proposal, have labeled the event as purely "political" and reportedly will not participate. The Communists have urged their adherents to attend to turn it into a "bonafide" protest meeting. This could mean a disturbance if they became too vocal. However, such a meeting will presumably be heavily policed and it is believed order will be maintained. All except essential commercial activity will come to a halt at noon. Fireworks and slogan-bearing banners today give Habana a holiday air.

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(RESTRICTED) The authorities denied a Communist request for permission to hold a rent protest meeting on September 8. Nevertheless, according to the Communist Hoy, "large numbers" of the common people gathered in Central Park with the intention of marching on the Presidential Palace to present their demands. Also according to Hoy, the gathering was broken up and more than 50 women were detained. The truth of the matter appears to be that there may have been a gathering of a small number of people who were dispersed by the police, but that there were no arrests or detentions other than momentary.

(CONFIDENTIAL) On September 10 the Urgency Court unanimously convicted Ortodoxo President Emilio OCHOA of disrespect of the Government in his August 24 television show but acquitted him of charges of inciting to rebellion and sedition (Weeka No. 35). A fine of \$1000, equivalent to 100 days imprisonment, was imposed, but in view of 18 days already served by Ochoa, only \$820 was actually payable. A subscription to raise funds to pay the fine was immediately started by Ortodoxo party members and Ochoa sympathizers. Ochoa himself announced he preferred not to pay the fine but to serve the balance of the sentence in jail as a protest against what he considered an unjust conviction.

On September 11 the President signed a decree pardoning Ochoa. Advantage was taken of the opportunity to point out that the Government had no disposition to indulge in political persecution. The decree appeared in the Official Gazette of September 11 and Ochoa has probably already been released.

The Ochoa trial proceedings drew large crowds and, except for one occasion when police fired shots in the air to maintain order, were generally orderly.

Summarizing this affair, it is apparent that Ochoa has gained in stature in the public view. He also undoubtedly has won strength in his own party and fortified his position in opposition to the indecisive policy of Roberto AGRAMONTE. On the other hand, the Government proved the inaccuracy of at least one of the charges made by Ochoa in his television appearance and foiled his bid for martyrdom, at least partially, by pardoning him. The mildness of the court verdict, as well as the gesture of pardoning, buttress the Government claim to a policy of moderation.

(CONFIDENTIAL) The Embassy has received several reports of friction between military and civilian elements within the Batista regime. Non-military officials resent the heavy hand of the military in the dispensing of patronage.

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(UNCLASSIFIED) On September 10 the terms of office of the six provincial governors elected in 1948 expired. A decree-law designating new incumbents has now been issued. Only two new governors were appointed. Manuel ALVAREZ Díaz for Matanzas, replacing José Raúl SOBERON, and Waldor PEREZ y Almaguer for Oriente, replacing Miguel MESA. Four governors were continued in office: Cirilo BUGALLO Blanco for Pinar del Rio; Francisco BATISTA y Zaldívar, brother of the President, for Habana; Orencio RODRIGUEZ Jiménez for Las Villas; and Dr. Raúl MASVIDAL Marín for Camaguey.

(UNCLASSIFIED) In continuation of government preparations for eventual elections, President Batista on September 10 approved a decree-law providing for demographic and electoral censuses.

(UNCLASSIFIED) In reply to the charges contained in President Batista's September 4 speech at Camp Columbia (Weeka No. 36), ex-President PRIO in a press conference in Miami on the 5th reiterated his denial of any intention of perpetrating a coup. ~~He also accused Batista of having approached ex-Vice President~~ He also accused Batista of having approached ex-Vice President Guillermo Alonso PUJOL with an offer to make him President after Prio should be overthrown. This precipitated a polemic in which the PRC (A) supported the denials of Prio, while Dr. Anselmo ALLIEGRO Milá, PAU leader in Oriente, and Representative Luis F. CAÑAS Milanés backed up Batista, basing their statements on information allegedly received from Prio himself. Minister of Information de la FE in Miami also maintained the attack on Prio, accusing the Miami exiles of attempting to confuse American public opinion.

(UNCLASSIFIED) Senator Tony VARONA, head of the Autentico Executive Committee, characterized the "Movimiento Nacional de Recuperación Auténtica", headed by Senator Arturo Hernandez TELLACHECHE, as an unjustifiable dissidence within the PRC (A). Tellaheche replied by forgiving Varona for his failure to understand the objectives of the MNRA (which is apparently backing Grau). The latest report was that the Executive Committee appointed a sub-committee to seek an entente cordial between "Varonistas" and the "recuperacionistas".

The Autentico Executive Committee was reported to have voted to expel from the party 25 mayors throughout the country for collaboration with the Batista Government.

(UNCLASSIFIED) On the evening of September 10 a meeting of followers of ex-President Ramon GRAU San Martín was held to celebrate the 19th anniversary of his inauguration in 1933.

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Although chiefly eulogizing the achievements of the Grau administration, it was also the occasion for announcing his intention to be a presidential candidate in the elections scheduled for 1953. Grau in his speech declared that he and his supporters would participate in these elections just as in any other conflict offering a challenge to freedom and democracy.

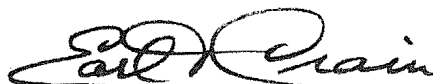
Psychological

Negative.

Army, Navy Air

Negative.

For the Ambassador:



Earl T. Crain  
Acting Counselor of Embassy

Participants:

ETCrain, HMRandall, DSGreen,  
FCFornes, Jr., ISLippe, RGomez,  
Elmore (MA), Pitts, (AA)

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SUBJECT:

Joint Weeka No. 37 For State, Army, Navy and Air Departments  
From SAA

Attention to DC/R  
PART II

ECONOMIC

(Restricted) Business activity will come to an almost complete halt this afternoon as a result of the call issued by the Central Federation of Labor for a full turnout of union members to march to the Presidential Palace for the ostensible purpose of thanking Batista for his cooperative spirit in support of labor demands. Along with thanks for past actions of Batista, there is mounting evidence that numerous unions will seize the opportunity to display placards containing fresh demands, and the composition of the groups is such that there is ample reason to expect that demands of some labor groups will run directly counter to the demands of other groups. One demand, which undoubtedly will be featured by all of the labor groups, is for veto of the real estate bill approved recently by Batista's Consultative Council, and the demand that the final measure on this controversial topic make provision for a 30 percent reduction in rentals.

(Restricted) With the Cuban Sugar Sales Committee confirming its 200,000-ton sale to France, it is now in a position to possibly dispose of a portion of the specially-financed retained quota of 1,750,000 Spanish long tons in making any additional sales this year on the world market. During the week, the Cuban Single Seller of Molasses sold two lots of 30,000,000 gallons, one to Publicker and the other to Kaplan interests, at 12 cents a gallon, but on the understanding that if the 30,000,000 is lifted within 90 days the price will be only 7 cents a gallon. Thus, in less than 3 months, Cuba's sales price for molasses has declined from the 20 cents level to 7 cents F.O.B. Cuba.

(Restricted) The local press reports that Dr. Arturo MANAS is very doubtful of any positive results from the forthcoming International Sugar Conference to be held in London on September 29. It is reported that Dr. Manas and Dr. Jorge BARROSO will represent Cuba at the Conference. In the meantime, a commission composed of Dr. Manas, Barroso, Manolo RASCO and Victor PEREZ left for Washington on September 11 ostensibly to discuss the forthcoming Sugar Conference with Washington officials, but there are rumors that this Commission also will explore Cuba's critical molasses

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situation.

(Unclas.) Cuban sugar interests naturally are much encouraged by an AP news item in this morning's press which reports that Dr. Lawrence Myers, head of the sugar branch of the Department of Agriculture, has expressed agreement with the Cuban plan to urge, at the London meetings, the need for an international agreement calling for certain elements of control over production.

(Restricted) The prolonged discussions here between negotiating teams of Spain and Cuba resulted finally in a new Payments Agreement which was signed yesterday noon to replace the one which expired in July. Full details will not be made public until the agreement has been acted upon in a Cabinet meeting. Meanwhile, Foreign Office officials indicate that the main concession obtained by Cuba was the obtaining of agreement for the gradual reduction of the so-called free foreign exchange which goes into a special account out of which Spain has been able to finance dollar purchases other than in Cuba. According to press accounts, Spain has agreed to reduce its consumption tax on tobacco to 55 percent from current level of 71 percent and also to reduce the mark-up of the Spanish tobacco selling agency to 30 percent from current level of 40 percent. The two governments agreed to initiate negotiations soon for a new trade agreement to replace the old one of 1927 which has been denounced.

(Unclas.) A group of Austrian officials has been holding conversations in Cuba with officials of the Ministry of State during the past several days to conduct an exchange of views to determine possible bases for negotiation later of a trade agreement.

(Restricted) The United Railways' federal interventor, Louis Chiappy, signed a contract some months ago for placement of a firm order for 16 heavy diesel locomotives, and tentative order for an additional 19, with Fairbanks-Morse of Chicago. To commence actual construction of the 16 locomotives in time to meet delivery date of January 1, Fairbanks-Morse informed Mr. Chiappy that the first down payment, in amount of \$500,000, must be in their hands by September 25. While Mr. Chiappy contends that these locomotives are highly essential to move the next sugar crop, because of the badly run-down condition of the present locomotives, there would appear to be little prospect that he can obtain these \$500,000 promptly from Batista, since the first call on such funds as the government will set aside for United Railways will be reserved, as in the past, for catching up on the inflated pay roll accounts and for emergency repairs to roadbed.

(Unclas.) A Law-Decree instituting a bank deposit insurance program was approved by the Council of Ministers on September 9. Accounts will be protected up to the limit of 10,000 pesos. A ten-million-peso fund will be created, to be made up of annual contributions of one million pesos by the National Bank of Cuba and 100,000 pesos (collectively) by the member banks, to be prorated in accordance with their deposits. The

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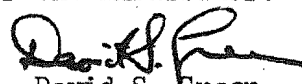
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contributions will continue until the fund reaches the specified goal. The decree, which is aimed at stimulating savings, also lays down rules for the intervention of insolvent banks.

(Unclass.) Batista's Consultative Council approved a Decree-Law yesterday which established new taxes to be collected during 1953 to cover the cost of construction of the Plaza of the Republic which will feature a Marti Monument. These taxes include assessment of one day's pay against government employees and against employees of factories and business firms, flat two-peso assessment on professional men, ten cents per head of cattle slaughtered, ten cents per "quintal" of coffee, ten cents per bag of leaf tobacco and fifty cents stamp fee on real estate transactions.

For the Ambassador:

  
David S. Green  
Commercial Attaché

Participants:

HMRandall, ETCrain, DSGreen, ISLippe, REGomez  
Elmore (MA), Pitts (AA)

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Cuban Desk

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NA (2) for Guantanamo  
AA (1)

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