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Perhaps the dominant feature in the record of the week was President PRIOR's speech before the National Congress of the Cuban Revolutionary Party in which he pointed towards a possible economic program which might lead the Party to victory in the 1952 elections. It had been anticipated that the President's speech might carry forward his previous declaration that labor must assume a more responsible attitude towards the economy of the country. At the political convention the President was reported as having declared: "The moment has come to drop the slogan of higher wages for those now working in favor of more employment for those who have no means of earning their livelihood." He seems to have emphasized the desirability that a higher percentage of employment be achieved in preference to the previous campaign which pointed only towards higher wages and which almost automatically restricted employment opportunities. The President mentioned that some 60,000 Cubans reach the age of employment each year and must be given an opportunity to have their part in the economic life of the country.

In addition to the President's speech before the convention, Carlos HEVIA, a possible presidential candidate and at present the Director of the Development Corporation, submitted a motion to the Party delegates outlining a plan of economic development for the country. The plan embraced some 19 points including, among others, a system of taxation aimed at stimulating greater investments in lines which will increase national productivity and provide greater opportunities for employment; encouragement of greater public and private investments for the economic development of the country; the diversification of Cuban agricultural production; the appropriation of funds for the purchase of equipment for agriculture; the maintenance of present markets and the creation of new ones through the signature of treaties and agreements; rural electrification; the organization of agricultural cooperatives and a support

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price program for farmers to insure increased production.

On the whole the comment on the President's speech and Hevia's 19-point improvement program has been favorable, although strongly held reservations are being maintained particularly as regards any marked change in the Government's attitude towards labor, especially in face of the fact that labor leaders, such as MUJAL, are very important political influences who so far have attained their power through wage increase campaigns, which have now apparently been repudiated by President Prío. The Hevia suggestion that farmers be encouraged by a guaranteed price program may at least in part reflect the Government's thinking which resulted in the approval by the Senate last week of an amendment to a civil service wage increase bill for a so-called National Commercial Agency, to purchase and sell all kinds of agricultural and industrial products, whether of domestic or foreign production, at prices to be determined by that body.

No sooner had the press published the text of the article creating the National Commercial Agency, under the control of Minister of Commerce, Ramon ZAYDIN, than criticism spontaneously surged up from practically all sections of the country. Generally speaking, this criticism is based on two generalities: 1) There would appear to be no reason why at this time the Government should find it necessary to impose this type of control over the economy of the country, and 2) a combination of fear and suspicion that the Commercial Agency, which must still be approved by the Lower House before it can be organized, is an instrument through which the Government, the leading politicians, and particularly Minister of Commerce Zaydin, are creating a new source of personal income and graft for themselves. Perhaps one reason for this strong suspicion is Zaydin's past record, which is far from clean. Furthermore, this concept of a Commercial Agency had its first application earlier this year in the controls which were established on the importation of rice and, later, of wheat and flour. In both cases Zaydin piously declared that he was interested only in the citizens of the country, in seeing that speculation was eliminated, and that prices were maintained at a reasonable level. In both cases it has been abundantly proven that the controls on imports of these commodities are applied with the inevitable "under the table" payment to those who occupy administrative positions.

Other amendments to the salary increase law continue to excite local comment. The loan of 8 million pesos to the Tobacco Stabilization Fund (see Weeka No. 46) has been

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severely criticized but was pointedly defended by President Prío on a recent trip to the Province of Pinar del Rio. Article 15 of the law which concerns revised personal income taxes has raised a question for Cuban and other firms that are paying salaries or pensions to people residing outside the country. Under this new provision, Article 5 of Decree Law 1 of 1941, as amended by Law 7 of 1943, is again amended and provides that Cubans or foreigners who reside for more than six months of the year outside Cuba, and who derive their salaries or pensions from businesses or enterprises established in Cuba, shall pay an income tax double the amount set for residents in Cuba. Presumably this amendment is directed against Cubans who reside mostly abroad and against companies, such as sugar manufacturers, that may, for instance, have their executive offices in the United States.

The strike threat by the labor unions made last week to enforce the payment of the sugar price differential appears to have been postponed for the moment, although the issue is still very real and some decision must be made shortly. A further element of uncertainty is the report that the recently resigned President of the Sugar Retirement Fund, Dr. José L. GARCIA Baylles, has been guilty of using the assets of the retirement fund to the extent of 16 million pesos to purchase from the French Renault Company a large number of trucks. The sugar workers made their influence felt at the political convention of the Cuban Revolutionary Party through the presentation of a list of demands, most of which have been mentioned before. At the moment the so-called "colonos" (cane growers) are holding this annual meeting in Habana and are making their usual demands for increased participation in the profits of the sugar industry.

Reports from European sources that Great Britain and France may find it necessary to embark upon austerity programs in order to finance military preparations have caused considerable local nervousness in line with fears that these programs, translated into terms of fewer purchases from dollar areas, may materially reduce Cuba's sales in these areas. This would appear to be particularly true as regards the recently concluded Cuban-United Kingdom Trade Agreement. In the case of France it is feared that both sugar and tobacco will be obtained from some other source where payment is not required in a hard currency.

There are renewed reports that the Cuban administration may be giving serious thought to the partial liquidation of the adjudicated debts against the Government. It has been

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indicated that the Minister of Finance has referred to the President a proposed decree which would set up a formula for the payment of these debts contracted subsequent to October 20, 1940. Reference has been made to the sum of 4,250,000 pesos in this year's budget as being available for this purpose and it is possible that this may be the first step toward the liquidation of a number of claims held by American interests which have been outstanding for some years.

The plight of Habana's bus companies has by no means improved during the past few months. There are current threats of strikes for better pay, mostly from the Omnibus Aliados, which is a cooperative concern. Autobuses Modernos, which was taken over by the Cuban Government under intervention, appears to be in somewhat better condition - at least it is managing to pay most of its obligations from funds which are being provided by the State. On October 29, 1951, Decree Law 4751 was promulgated authorizing the Minister of the Treasury to pay for the account of Autobuses Modernos total expenses of some \$894,915.06, including \$479,479.88 to Leyland Motors Limited of London for purchase of vehicles; \$250,000 for operating expenses for the month of October; \$100,435.58 for the payment of arrears due the General Retirement and Pension Fund of Workers and Employees of Railways and Tramways; \$35,000 to make up the payment of the employer contribution to that fund for the months of September and October; and \$30,000 to meet a draft drawn by the Brill Motor Company for repair parts and repairs to damaged buses.

The Council of Ministers, on November 15, at the suggestion of Dr. Sergio CLARK, Acting President of Cubana Airlines and twice Minister of Communications, suspended the already granted permission of National Airlines to inaugurate direct Habana-New York air service on December 1. Presumably this action was taken, among other things, because the certificate issued by the CAB was not "the equivalent" of the certificate issued by the Cuban National Commission of Transport to National Airlines. This reflects efforts on the part of Cubana to resist the requirements of the CAB to divorce itself from PAA and its local operations. Cubana's Acting President has defended his action to an officer of the Embassy on the ground that the loss of revenue derived by Cubana from its agency arrangement with PAA (claimed to be about \$50,000 monthly) would result in the bankruptcy of Cubana. On instructions from the Department, the Ambassador has discussed


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this subject with the Prime Minister and with the Minister of State. As of this date, the action of the Council of Ministers in suspending National's certificate has not been given publicity. Sergio Clark has informed an Embassy officer that in the event National should proceed with its plan to inaugurate the direct service on December 1, labor at Rancho Boyeros will close down all air operations into Habana and he stated directly that National's passengers would not be able to disembark and expressed a fear that the airport labor group might become so inflamed as to put in peril National's equipment.

For the Chargé d'Affaires ad interim:


DuWayne G. Clark
Counselor of Embassy

Participants:

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