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737.00(W)/11-3051

FOREIGN SERVICE DESPATCH

FROM AMEMBASSY, HABANA

1892
DESP. NO.

November 30, 1951
DATE

TO THE DEPARTMENT OF STATE, WASHINGTON.

AIR PRIORITY
PRIORITY

DEC 3 1951

REF

Action Assigned to

Action Taken

INFO 5
IN For Dept.
NSRB Use Only

SUBJECT: Weeka No. 48 For State, Army, Navy, and Air Departments
From SNA

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Date of Action 12-4-51
SECTION II

Action or use symbol 1 RD

Name of officer Smith - file

ECONOMIC

The Cuban legislature experienced the almost perennial shortage of members sufficient to establish a quorum during most of the week. In an effort to make some progress a special session of the Lower House was called for Thursday, November 29 (but actually was not held) with an agenda including the first reading of the bill passed by the Senate increasing salaries for Government employees, teachers and the military. The bill, to which were attached a number of amendments, included the budget for the Tribunal of Accounts and Minister of Commerce ZAYDIN's by now highly controversial National Commercial Agency.

The legislation creating the Tribunal of Accounts was generally approved with little criticism and in most quarters it was admitted that a non-political organization of this type would be a long step in the right direction towards the correction of many of the fiscal abuses which have heretofore been so common in the administration of the Cuban Government. However, the actual organization of the Tribunal, and more particularly the consideration of a budget which will permit its realization, has called forth a variety of opposition and efforts from various sources to kill the Tribunal completely or seriously hamper the program which had been planned. Originally the budget for the Tribunal had been set at 5,630,000 pesos and one section of opinion has strongly pressed the demand that this total be scaled down to 3,055,000 pesos, the motives for this suggested reduction being somewhat in doubt. Another smaller group has gone so far as to claim that the Tribunal's maximum budget should not exceed 1,000,000 pesos. Presumably this maneuver is to a degree a matter of politics but it is also generally admitted that there is considerable opposition to the Tribunal from various quarters that feel that a reasonably efficient administration of the Government's funds would seriously prejudice their personal interests and income.

DC Clark: DSGreen:eam
REPORTER(S)

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PREPARATION TIME

ACTION COPY - DEPARTMENT OF STATE

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MAR 15 1952
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The legislation proposing the creation of the so-called National Commercial Agency has continued to excite widespread comment throughout the country. About the only organizations that have supported the Commerce Minister have been the National Federation of Cuban Producers and Merchants of Public Markets and, to a lesser degree, the Cuban Association of Potato, Fruit and Vegetable Growers. On the other hand, practically every Chamber of Commerce (including the American Chamber of Commerce of Cuba), Association of Manufacturers, and group of importers has opposed the new Commercial Agency on every conceivable account. Zaydin has continued his defense of his brain child, has claimed his only interest is in the protection of the Cuban consumer and grower, and has rather naively compared his proposed Agency to the CCC in the United States. From what can be determined, the Commercial Agency, when it was passed by the Senate, had strong backing from the administration. However, now that its implications are better known to the public it seems reasonably sure that it is in for tough sledding in the Lower House and it is conceivable that it may not be approved during this session. A Congressman has informed the Embassy that the present plan is for this bill to receive further study in a House committee before it comes up for actual debate in the second week of December. One interesting sidelight on the proposal is that it has been rather freely discussed in the local Communist press, which has been unable to decide whether its line should be for or against.

The sugar hearings which opened in Washington, D. C. on November 29 have been the subject of intensive press comment locally. A rather large representation from the Cuban industry is expected to be present at these hearings. It has been reported locally that U. S. domestic sugar interests, in an effort to maintain or improve prices, may request a further reduction in import quotas. On the other hand, the local trade is much interested in the press reports that consumer interests, particularly the soft drink and kindred large industries in the United States, will take a position that imports should be encouraged and increased. At the moment local expectations are that the hearings will come out with a consumption estimate for the United States for the year 1952 approximating 7,900,000 tons. If an estimate significantly short of this aggregate should be made, it is very likely that the Cuban industry will be seriously disturbed.

While it is still several weeks before the opening

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of the grinding season, the establishment of a figure for the so-called differential payments continues to be a very pressing problem. In a meeting held by the Agricultural Minister, in consultation with the President of the Association of Sugar Mill Owners and Cane Planters and the Cuban Sugar Stabilization Institute, as well as the Secretary of the Sugar Workers Federation, the differences between the mill owners and planters seem to have been at least partially settled and a recommendation drawn up, for submission to President Prió and to the Council of Ministers, which will fix the average sugar price for the calculation and payment of the differential. At about the same time the National Assembly of Sugar Workers agreed to declare a general strike in all sugar mills and on all plantations on December 3 if the Cuban Sugar Stabilization Institute, or failing that the Government, has not by that time supplied the Sugar Average Prices Commission with a formula permitting the determination of the average price of sugar for payment of the differential to the sugar workers not later than December 1. It is further understood that if the Council of Ministers does establish the rules for the calculation of the price, the Average Prices Commission will be allowed until December 4 to determine the prices. If by December 4 the Commission has not made the average price public, the sugar workers will then call their strike on Wednesday, December 5.

The previously mentioned problems of the sugar industry have apparently had the attention of Senator Eusebio MUJAL, the Secretary-General of the CTC, and reportedly he discussed them at length with President Prió on November 28. In the same conference, according to the press, Mujal also discussed with President Prió the problem of National Airlines and its scheduled opening of direct New York-Habana service on December 1 (see Weeka No. 47). Mujal reportedly advised the Palace reporters that unless and until Compañía Cubana is given a certificate which is the full equivalent of that issued to National Airlines for the direct Habana-New York service, any attempt by National to inaugurate its service will result in the labor elements at the Rancho Boyeros airport bringing operations to a complete stop.

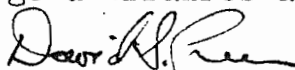
There are definite indications that the Cuban Government is attempting to line up a comprehensive Point IV program and at the same time eliminate any jealousies which may have developed among Government agencies in regard to assistance which may be obtained. From what can be determined, much of this jealousy stems from the rather aggressive

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programming of the new Agricultural and Industrial Bank of Development and opposition to the Bank by the Ministry of Agriculture, which feels that its area of interest is being seriously invaded. There are now indications that all Point IV requests for assistance must be proposed by the interested Cuban Government agency to the National Economic Council for study and recommendation to the Council of Ministers. If the Council of Ministers approves, the Ministry of State will then be authorized to formally apply for such technical assistance either to the United States Government, to the Organization of American States, or to the United Nations. One United Nation project appears to be well on the way as Gustavo GUTIERREZ, Technical Director of the National Economic Council, has just announced that early in 1952 five ILO technicians from European countries will come to Cuba for a short time. Little is known of what their studies will include although there are strong indications that at least some sort of a census of unemployed labor in Cuba will be attempted.

Reports of the visit within the near future of at least one congressional committee from the United States to Cuba - a committee which is interested in the possible development of petroleum resources in this country - has run the full gamut of comment. In most of the press the interest of the committee is welcomed as it is generally recognized that anything which can be done towards the discovery and the development of petroleum in Cuba would be for the distinct benefit of the country. However, it is interesting to note that the Communist paper Hoy on November 25 slyly and gently took the other line and by indirection suggested that Cuba might regret permitting the entry of foreign capital and foreign companies into the development of a precious resource which belongs, according to the constitution, to the Cuban State. This line of approach by Hoy is strangely reminiscent of the Communist line of some years' standing in Brazil and the rallying cry of "O Petroleo e Nosso". It will be interesting to watch the development of this editorial line in the Communist press and to see whether it continues to parallel the Brazilian effort, which was unfortunately quite successful.

For the Chargé d'Affaires ad interim:


David S. Green
Commercial Attaché

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Participants:

AO Pierrot, GL Bush, ETCrain
DS Green, RE Gomez, Ryan (NA)
Mason (AA)

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Port-au-Prince
Mr. Wellman (MID)

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

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