Subject: Recent Statements by President-elect Prio and His Cabinet Officers

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to the Embassy's despatch No. 805, September 30, 1948, subject: "Reaction in Habana to Prio Cabinet" and to report that President-elect Prio and several of his Ministers have recently made public statements which appear to confirm and expand some of the ideas expressed in that despatch.

On September 25 President-elect Prio told a group of reporters at the Presidential Palace that the most important feature of his public works program would be the building of secondary or feeder roads to help the country dweller and Cuban agriculture. Later in this interview Prio admitted that he was not counting on his administration having the same revenues as had the Grau Administration.

The future Prime Minister, "Tony" VARONA, was interviewed by El Mundo September 25 and made five pledges of the new administration (1) complete obedience to the Constitution and Laws of Cuba, (2) a budget to go into effect July 1, 1949, (3) protection to capital so that the industries of the country will be kept in a state of productivity, (4) a plan of agriculture improvement to cope with a possible economic decline and (5) continuation of wartime emergency powers of the President permitting emergency legislation until treaties of peace have been signed by the participants in World War II.

On September 26 Varona spoke over the radio, pointing out that "a new generation" of men born during Cuba's independence now had the responsibility of governing the country. He said that these men, referring to the Cabinet and Prio's "revolutionary" friends, were the same as those who ran the Directorio Estudiantil.
Universitaria in 1927 and 1930; knew that to govern is
to serve; and would be honest, efficient and just. The
future Prime Minister promised close and cordial rela-
tions between the Cabinet and both Houses of Congress,
a proper equilibrium between capital and labor, expan-
sion of secondary roads, a campaign against illiteracy
and a plan to provide better rural education.

President-elect Prio visited the Habana Stock Ex-
change September 27 and delivered a short but extremely
well received speech in which he invited business and
industrial interests to call often at the Palace when
he became President and discuss their problems. He said
that although he was in favor of high wages, a high
standard of living for the workers, and the develop-
ment of native industries, he had always recognized and tried
to get organized labor to understand that the employers’
capacity to pay had to be considered. He said that he
hoped for the speedy enactment of a Labor Code and that
the need of developing the resources of Cuba and of in-
creasing her wealth came ahead of the demands both of
capital and labor. Prio ended by saying that he under-
stood there was an investors’ prejudice against Cuban
issues which caused Cuban investors to loosen their
pursestrings only when there was a foreign trustee but
that he was going to change this and show investors that
the same guarantees existed in Cuba as abroad. He closed
by again asking capital’s cooperation and promising to be
absolutely just.

This speech was the subject of favorable editorial
comment in the Diario de la Marina and Alerta, both of
which papers again pledged their cooperation to the
new regime.

On the same day, September 27, the Future Minister
of Labor, Edgardo BUTTARI, had an interview with El Munde
during the course of which he amplified somewhat the idea
previously expressed by Prio that wages must be kept high
but not so high as to stifle production or exceed the
capacity of capital to pay. El Munde published an editorial
September 29 praising the statements of Buttari and con-
cluding that the Prio Government was apparently going to
try to rectify some of the fundamental errors committed
by the Grauregime. The editorial went on to note five
grave mistakes of the Grauregime in labor policies: (1)
it has raised wages above industry’s capacity to pay, (2)
it has set global wages in each industry, (3) it has paid
for work not done by such fictions as “eight hours pay
for six hours work”, etc., (4) it has loaded down industry
with labor inspectors and other bureaucratic officials, and
(5) it has made the Ministry of Labor a political office.

The future Minister of Public Works, Manuel FEBLES, was interviewed by El Mundo, September 28. He elaborated somewhat on what had previously been said by promising to complete whenever financially possible all public works projects started by the Grau Administration and to concentrate on the building of secondary roads. He urged that passage of the "Plus Valia" Law raising appraisals on real property so that the increased tax revenues could be used to finance the road building project. To the Diario de la Marina, Fable saw much the same thing, although he did add that the Prio Government was going to make a bid for increased tourism in Cuba and would build certain public works with that in mind. He quoted Prio as saying that tourists could become Cuba's second crop.

The last public statement which will be covered in this review was Prio's talk to the Cuban Press Bloc September 29. No new themes were developed, Prio promising (1) to urge passage of National Bank Law and other legislation complementary to the Constitution, especially the law establishing a Tribunal of Accounts, (2) to end terrorism and stop the commission of unpunished crimes, (3) to end inflation by adhering to the principle that capacity of industry to pay must be considered and (4) to ask Congress for a set of directives to use in handling labor matters before the Labor Code was completed and passed. He ended by saying: "I want aid, I do not want praise, I want to govern well - help me."

Respectfully yours,

For the Chargé d'Affaires, a. i.:

V. Lansing Collins, Jr.
Second Secretary of Embassy