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FROM : HABANA 268 February 7 1950 737.13/2-750

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REF : Embtel 69, Feb. 4, 1950, despatch 246, Feb. 6, 1950.

SUBJECT : NEW CABINET APPOINTED FEBRUARY 3. PRESIDENT PRIO ANNOUNCES  
NEW PHASE OF GOVERNMENT - FOREIGN POLICY UNCHANGED  
EDITORIAL COMMENT FAVORABLE.

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President Prio's new Cabinet, announced on the evening of February 3, 1950, consists of eighteen Ministers of whom the following twelve are holdovers:

Prime Minister:	Dr. Manuel A. de VARONA y Loredo.
Minister of Finance:	Sr. José M. BOSCH Lamarque
Minister of Public Works:	Ing. Manuel FEBLES y Valdés
Minister of Agriculture:	Ing. Carlos HEVIA y Reyes Gavilán (Minister of State in previous Cabinet)
Minister of Commerce:	Dr. José R. ANDREU y Martínez
Minister of Education:	Dr. Aureliano SANCHEZ Arango
Minister of Health and Social Welfare:	Dr. Carlos RAMIREZ Corría
Minister of Defense:	Dr. Rubén de LEON y García (Minister of Interior in previous Cabinet)
Minister without Portfolio:	Sr. Ramón VASCONCELOS y Maragliano
Minister without Portfolio:	Srta. Mariblanca SABAS Alomá
Minister without Portfolio:	Dr. Miguel A. de LEON
Secretary to Presidency and Council of Ministers:	Dr. Orlando PUENTE y Pérez

New members of the Cabinet are listed below:

Minister of State:	Dr. Ernesto DIHIGO y López Trigo
Minister of Justice:	Dr. Oscar GANS y Martínez
Minister of Interior:	Dr. Tebelio RODRIGUEZ del Haya
Minister of Labor:	Dr. José MORELL Romero
Minister of Communications:	Ing. Sergio I. CLARK Díaz
Minister without Portfolio:	Dr. Sergio M. MEJIAS Pérez

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In general the Cabinet appears to have been strengthened. The elimination of the two former Republican Ministers (Ramon CORONA and ILLAS Cuza) and their replacement by Autenticos in good standing (ex-Ambassador to the United States, Oscar GANS, and Sergio CLARK) should also result in a smoother operating Cabinet more responsive to the policies of the Chief Executive. Biographic data reports on the new Ministers are being prepared.

At the Palace ceremony announcing the new Cabinet President Prio delivered a speech dealing entirely with the domestic situation in Cuba. Neither the speech nor the Cabinet changes appear to have any particular significance of an international character.

As in his speech of January 28 (despatch 247, Feb. 6), the President stated on February 3 that he had broken the last tie with obstructive influences inherited from the previous regime. He said he was now prepared to launch forth on the policies desired by the people and demanded by the true "autenticismo" as based on Prio's revolutionary history and government responsibility.

The President praised the loyalty of the small Demócrata Party which has been allied with the President's PRC (Autentico) Party during the past year. He had bitter words, however, for the Republicans whom he accused of treachery and for GRAU, still the nominal Autentico Party chief, who, he said, seemed to be devoting his efforts towards splitting the Party.

Prio stated that up to the present time he has been obliged to concentrate on 1) cleaning out gangsterism, 2) reducing the cost of living, 3) putting a stop to the perpetual warfare between capital and labor which had been leading towards economic disaster, and 4) establishing a national budget and a Central Bank.

President Prio said he had charged the new Cabinet with the responsibility of drawing up the next budget and of strengthening the Cuban economy as outlined by the National Economic Council. As specific items he mentioned the construction of secondary roads, strict control over both revenues and expenditures, the education of youth and the elimination of child delinquency. The President said he knew many self-seekers, seeing their sources of revenue drying up, would now leave the Autentico Party and that those who for years had defrauded the Government of its legitimate revenues would now turn against him. He invited the first of these groups to leave the Party and warned the second that the Government's

powers to collect taxes would be enforced.

The President concluded by saying that some of his collaborators considered his announced policies unwise from a partisan standpoint, during an electoral period, but that he was concerned less with the voters of the present than he was with the verdict of posterity.

Copies of the President's speech are enclosed.

Comment

The absence of any Liberals in the new Cabinet indicates at least partial failure of recent Autentico-Liberal negotiations for an electoral if not a political pact. Failure of these negotiations was due, apparently, to Liberal insistence on what the Autenticos considered an excessive number of mayoralty nominations for the June 1 elections. Through frequent references to the absence of entangling alliances the President has endeavored to turn this failure into an asset.

Editorial reaction to the Cabinet changes and to the President's speech has, in general, been favorable.

In the opinion of the Embassy the Cabinet has probably been strengthened as a result of the recent changes. The new Minister of State, Dr. Ernesto DIHIGO, at present a University professor, has participated in several international conferences and is considered well qualified for his new post. Dihigo, once considered a "radical", is now classed as a "liberal". As Minister of State he may move even nearer to the Center. Dr. GANS is, of course, well known to the Department. As Minister of Communications, Ing. Sergio CLARK is considered a distinct improvement over his predecessor ILLAS Cuza. The Minister of Finance, Sr. José M. BOSCH, who did not enter the previous Cabinet until January 9, 1950, has made many personnel transfers in his Ministry and appears to be making a real effort to plug tax leaks and to install modern accounting methods. He has already stepped on many toes, particularly in his tax collection program, and it has been learned that powerful commercial and industrial interests are organizing to eliminate him from the Government. His enlightened fiscal policies run counter to the historical norms in Cuba and his success in this field would not only be unique in Cuba, but also positive evidence of President Prío's announced determination to establish an honest Government in Cuba. Other new Cabinet members, not well known to the Embassy, probably would have little trouble in, at least, maintaining the standards of their predecessors.

The President's speech could mean little, or much, depending upon the degree of implementation thereof. Gangsterism



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in Cuba appears noticeably to be on the wane and there has been some decrease in the cost of living. The labor situation, although not satisfactory as yet, has improved somewhat with the lessening of Communist influence in Government and the labor movement. The extension of these favorable factors into the future, together with a tightening up of tax collections and increased observance of budgetary restrictions would indeed go far in bestowing upon the President the favorable "verdict of posterity" to which he aspires.

For the Ambassador:



Earl T. Crain  
First Secretary of Embassy

Enclosure:

Copy of President Frio's speech  
(in triplicate).

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