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No. 812

American Embassy  
Habana, Cuba, October 1, 1948

837.002/10-148

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

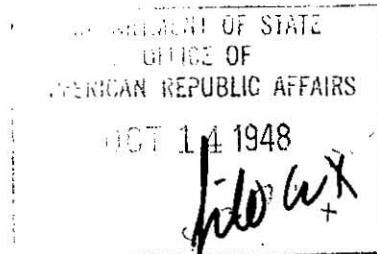
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The Honorable  
The Secretary of State,  
Washington.



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 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

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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 relations between the Cabinet and both Houses of Congress, a proper equilibrium between capital and labor, expansion of secondary roads, a campaign against illiteracy and a plan to provide better rural education.

President-elect Prio visited the Habana Stock Exchange 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 development 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 increasing her wealth came ahead of the demands both of capital and labor. Prio ended by saying that he understood 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 Mundo 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 Mundo published an editorial September 29 praising the statements of Buttari and concluding that the Prio Government was apparently going to try to rectify some of the fundamental errors committed by the Grau regime. The editorial went on to note five grave mistakes of the Grau regime 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

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(5) it has made the Ministry of Labor a political office.

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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, Febles said 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.*  
V. Lansing Collins, Jr.  
Second Secretary of Embassy

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