Habana, October 19, 1940

Confidential

Dear Sumner:

Knowing how increasingly heavy the responsibilities are on some of you in the Department, I shall keep my letters to a minimum and as short as possible. I realize what major problems of the most vital interest to us you all have to deal with these days, and I do not want to let myself get this Cuban problem out of perspective. Just for the present, however, it is one of the problems which requires the particular attention which I know you and others are giving it.

I have sent a despatch giving available information concerning the members of Batista's Cabinet but these are only preliminary estimates. There is really no radical member and on the face of it the appointments might carry a certain reassurance but, as a matter of fact, it is entirely a political Cabinet with the men chosen with no real regard for their particular competence for their jobs. A good many of the men are almost completely unknown and it is quite obvious that the intent was to present a Cabinet which looks good but which is made up of men who will be completely subservient. Saladrigas, who is the "Premier", I am sure you know and he is intelligent, not unfriendly to us, but the kind of man who does not pay attention to his job. He becomes hot and then utterly cold and forgets all that he was so interested in the day before. Cortina

you

The Honorable
Sumner Welles,
Under Secretary of State,
Washington, D. C.
you know so well that I need not say anything further. He is, I believe, on the whole, friendly and certainly has the right attitude on what is going on in Europe but the trouble is that his attitude on the practical matters of business which we have to discuss is almost certain to be tinged by personal interest. The new Minister of Hacienda is a man whose experience has been entirely legal and juridic and who knows nothing whatever concerning finance. He is intelligent and, I believe, honest, and was selected because he puts up a good front and has been Batista's good friend on the Supreme Court. Batista feels he can depend on him to do what he is told and Fonce, whose irresponsibility is known to everyone, will be the power behind the throne in the Treasury.

The only matter of real importance which has come up before the Cabinet since Batista took over is the recognition of the Confederación de Trabajadores de Cuba which is, of course, completely communist and not representative of Cuban labor. There are those who believe that Batista made a bargain with the Communists that he would not appoint a Communist to the Cabinet, but that he would see that the C.T.C. was officially recognized. He did appoint a Minister of Labor who is weak and on whom no dependence can be placed. At his second meeting with the Cabinet, Batista proposed to them that the C.T.C. should be officially recognized and made quite an impassioned argument saying that it really represented labor and not the Communists. It is encouraging that all the members of the Cabinet with the exception of one (who, I understand, was the Secretary of Labor) advised him that this was a matter exceedingly dangerous and important and they got him to delay action and agree to hear separately representatives of business and labor on the matter. This was merely a delaying measure and I am inclined to think that Batista has a promise to fulfill. Ramos has talked it over with me at length and he seemed to find a good
good deal of comfort in the fact that the members of the Cabinet were really showing themselves good friends of Batista by taking this strong stand against recognition of the C.T.C. I think he is a little too optimistic in seeing in this too much encouragement, but there is some encouragement.

I am so glad that I had an opportunity to be home early in September and to talk over some of the problems here with you all. I am glad to know that the Department is following this course in insisting upon a broad examination of the economic problems of mutual interest to Cuba and ourselves. It is interesting that without any prompting from us, either from Washington or from me here, most of the papers here took the attitude that a loan in itself could not help the Cuban economy, expressed doubt concerning, and, in some cases, direct opposition to the uses which were to be made of the money according to the loan bill if a loan were made, and insisted that the only sound approach, if the United States wished to help Cuba would be a broad examination of the factors involved in our economic relationships. The DIARIO DE LA MARINA came out strongly for the negotiation of a long range treaty as absolutely essential in such a program of cooperation.

You have kept in such close contact with the Cuban problem over a number of years that there are some factors in it which you obviously know much better than I. I think you know that some of the sound people here, perhaps most of them, feel that we have from time to time let them down and that our policy has, in some regards, been too opportunistic. Then feel that at crucial moments when we could have had a tremendous influence for bettering the internal situation here by taking a very firm stand, we have chosen to take action which they think has let them down. Perhaps some of these same people are those who would have criticized us
most strongly if we had taken any action other than that which we did. I am still not sufficiently versed in all the intimate details of our relationships with Cuba in years back to have any opinion, and certainly not to pass any judgment, on our own attitudes. What I do believe, and I am sure that we agree on this, is that we are at one of the most serious periods in our relationships with Cuba and that more depends for us now on the soundness of the action that we take than in the past. We have not only our defense problems to consider and the economic problems, but we have this keen interest in maintaining a stable political and economic situation at a time when a new Government is coming in hampered by a new Constitution with all sorts of unsound and impossible provisions which, if carried through, may wreck the Cuban Government from within, no matter what we may try to do from without. We have this situation of not being able to foresee with clearness what control Batista can exercise over the situation and we have a new Congress coming in which is of very poor quality, and which is supposed to legislate on these important and, in some cases, impossible provisions of the Constitution.

Under these circumstances, we have really a difficult problem and if we do anything unsound, we are not going to help the situation but will, in fact, be in a good measure responsible for precipitating a worse situation. This, I find, is the conviction among thoughtful people here irrespective of the party to which they belong. As I have told you, I find this the conviction even among the most sound advisers and friends of the new President. Among the businessmen and lawyers and good Cubans not directly connected with the Government, there is this fear that in view of this request for a loan and our desire to maintain the situation here, we may, with the best intentions in the world, follow out that policy of accommodation which some of them feel we have followed in the past, and advance moneys or take unwise action which can only aggravate
aggravate the situation here. I have all kinds of people coming to me telling me how necessary it is for us to take a firm stand at this time if we are really a friend of Cuba.

Of course, there are some people here outside of Batista's immediate entourage who think we ought to make a loan and who would like to see us make a loan. One can readily understand that. There are few people who like to refuse magnificent gifts even though they may have misgivings concerning the gift. I should tell you, however, that even those who would like us to give Cuba some money, and who say that we must, are careful to say that it must only be advanced for productive and constructive purposes, not for the type of expenditure provided in the loan bill, that whatever we give must be earmarked, and that we must control the spending.

Responsible people point out that the Cuban Government is asking money for hospitals. They say that in the existing hospitals, the Government is not providing adequate food for patients and that medicines have to be supplied by the patients' friends. They say that there is no immediate need for new hospitals and that no new hospital construction should be considered until the present ones are properly and adequately used. Of course, you know that the money which is being asked for hospitals is largely intended to take care of several of Batista's pet projects, principally the one at Trinidad where work has been suspended on the tuberculosis hospital for some time. It is conservatively estimated here by persons who know, that about half the money which was supposed to go into that hospital has actually been spent on the project and the rest disappeared. They fear that that is what what would happen if we should actually give any money to Cuba for hospital construction.

It is
It is well known here that the money being asked for tourist propaganda is to be used very largely for purposes which would mean the personal enrichment of certain individuals. One of the projects is to purchase land for a national park "to attract tourists". The land, of course, which is to be bought is already the property of certain persons. So far as tourists are concerned, the natural beauties of the proposed national park are already there and certainly, at a time like this, neither Cuba nor the United States is in a position to spend money for what would really be an unproductive measure. So far as the tourist traffic is concerned, there will probably be more tourists in Cuba this coming winter than there ever were before and the existing facilities are for the present sufficient to take care of a considerably larger number of tourists than have ever been here. This tourist traffic already means a good deal to Cuba and the tourist dollars here, which an increased number would bring are an important factor, but I do not believe that any sound persons here believe it necessary at this time to expand the facilities for the tourists on the island itself or to spend any appreciable amount on propaganda.

Of course, in connection with this money being asked for tourist development, we cannot leave out of consideration the fact that Maríné is to have the spending of it and we know what that means. The existing Tourist Commission, which operates without cost to the Government and which represents some twenty organizations directly or indirectly interested in tourist traffic, is not interested in getting money from us and is, of course, opposed to this consolidation which is to be carried through of the Tourist Commission with the present sports activities controlled by Maríné.

There are roads which are to be built under the proposed loan and it is understood here that these are to be built along routes which will develop and increase
increase the value of property belonging to interested persons. The statement will be made that these roads are necessary for defense purposes but, so far as I can learn, anything of the projects themselves for defense considerations are purely a pretext.

It is not at all improbable that the broad examination of our economic relationships which we have in mind may not result in our finding that certain financial aid to Cuba may be desirable and, in that case, such aid should be accorded, in my opinion, under the conditions which ordinary prudence and recognition of the situation here require.

I cannot get away from the thought that in some way or other we must do something about sugar although the Cuban economy is, fortunately, no longer so dependent on sugar as it was, it is still the most important single factor in Cuban economy. The present level of production cannot be kept up unless some measures are taken to take care of surplus. Any further reduction in Cuban production will bring about economic distress and a further lowering of the standard of living throughout the Republic. The situation is already bad enough. I think our principal objective is to maintain Cuban economy at least at its present level or as near its present level as possible, as a background for political stability. There is no use talking, as some do here, of raising the standard of living here for the present. In times like these, one is fortunate to hold on to what one has. The maintenance of sugar production at present levels or at nearly that level is, I believe, essential and this cannot be done without our intervention. It is going to be a difficult problem but I believe that something like the Chadbourne plan covering the next two years, with the Export-Import Bank providing the funds instead of the private banks, will be feasible, with the $6-a-bag tax on sugar as the guarantee for administration and interest. Instead of thinking about this, however, the Cuban Government wants this loan now
now for largely unproductive public works, and then, after the loan, it wants to dump this sugar problem into our lap. I think our attitude must be that the sugar problem is one of the major ones to be considered and before a loan.

The attitude of a good part of the sugar interest here is utterly unrealistic. They are having a first-class scrap now among themselves and a determined effort is being made to destroy Decree Law 522 which is so essential as a basis for any arrangements on sugar. As is to be expected, men like Carlos de la Cruz who know little about sugar are the ones who are behind this move, and I am told they are getting plenty of moral support from Martinez Fraga. They are talking here blithely of every mill being given a minimum of 60,000 bags and are not thinking of where the sugar produced is to go.

So far as public works are concerned, the sound proposition that the Export-Import Bank could undertake would be the providing of Habana with an adequate and pure water supply. Properly arranged, such an undertaking could be made a productive and self-liquidating commercial enterprise and a sound transaction for the Export-Import Bank, but it would have to be done with the proper strings and controls attached.

I believe that some aid in the sugar problem and the Habana water supply are two things which we can go into most sympathetically and we will be doing something for Cuba for which the people will be really grateful and if we do something about sugar, we will be really doing something that will affect the immediate fortunes of every man, woman and child in Cuba—directly or indirectly.

I sent a despatch, No. 945, of October 16, transmitting an editorial from the DIARIO DE LA MARINA and one from ACCION, both expressing the thought that
that loans in themselves would be unwise and unsound for Cuba and that what is constructive is that the United States and Cuba study the broad range of their economic relationships in a constructive way so that whatever financial assistance is given will be for constructive and sound purposes.

I know you will forgive me for repeating some of these views which I have for the most part already expressed to you, but I am not exaggerating when I say that what we will do at this time in our relationships with Cuba is of fundamental importance, not only for Cuba but for us and sound people who pray are praying fervently that we will not, as they put it, "let them down".

It will interest you to know that Campa has been named Ambassador to Spain but is not to proceed for the present. The thought is that he may be sent elsewhere and this appointment is made to give him a place for the present. Ferrara, as you will recall, was named at sort of Ambassador-at-large, and I think the chances are that he may be let out entirely.

Cordially yours,

GSM/hmc