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AIR MAIL

PERSONAL AND
STRICTLY CONFIDENTIAL

Mexico, October 25, 1942

Dear Sumner:

As you know, Carlos Saladrigas is here in Mexico City with his family. During the last week he and Mrs. Saladrigas and his sister and daughter have been staying with us at the house and we shall be very glad to have them remain with us during the remainder of their stay here. His plans for his stay in Mexico City are, I think, somewhat uncertain, but I gather that he hopes very much that there may be some resolution by us in the matter of additional petroleum products for Cuba before he leaves Mexico City for Cuba. He feels, I think, that the economic situation in Cuba is so bad and that additional supplies of petroleum will give such a lift to the population that, if something along this line is accomplished while he is in Mexico City, or outside of Cuba, it will aid his position very much and strengthen his political situation in Cuba a very great deal. I gather that Batista and he and responsible elements in Cuba feel that he should succeed Batista as President when Batista's term is out, and Saladrigas, therefore, is naturally keen to do anything which strengthens his position. While I am not interested in the political ambitions of any particular persons in these countries, I am convinced that for us nothing could be more fortunate than to have a man like Saladrigas remain as strong as possible in the Cuban picture and succeed Batista.

I wish to repeat that I do not wish to mix in the Cuban situation and I have made this amply clear to Saladrigas, who thoroughly understands that. I should be failing, however, in my duty if I did not bring to your attention my considered opinion that the situation there, political and economic, is one which requires our very careful thought and attention or we will have very unfavorable and very unhappy repercussions from there. It is all the more important that we should maintain the situation there in view of the developments in the

Argentine

The Honorable
Sumner Welles,
Under Secretary of State,
Washington, D. C.

Argentine and in Chile. If there should be any unhappy political or economic developments in Cuba, it would be about as unfavorable a development as we could have in our Inter-American picture at this time.

I wrote you a long letter on October 7, to which was attached a very private memorandum which Saladrigas dictated here in the Embassy to one of my confidential stenographers. In this he gave expression to his pre-occupations. As Cubans can travel very little these days to various places, a good many of them are coming to Mexico City and I have recently seen here a number of responsible Cubans who are not connected with or interested in the political struggles in the country but who are deeply interested in their country. Among these recently was Aspuru, whom I found to be a very sound, honest and capable man in Cuba, and although very rich and the owner of Central Toledo near Havana, a really far seeing man. Aspuru confirmed to me in his own way practically everything that Saladrigas had told me. There is disillusionment among the more thoughtful people in the island and a feeling that we are more disinterested in Cuba and more interested in making new friends to the South. There is increasing lack of occupation for the working classes and the Government so far has not been able to take the steps to put these people into the Army and keep their minds occupied and maintain control over them through military discipline. President Batista quite adequately understands the situation and under the Government, with men like Saladrigas, Cortina and Garcia Montes in it, there was at least a real endeavor to make the sacrifices of war and the conditions of war understood. The new Minister of State, Martinez, is not a bad fellow and is, I believe, giving full cooperation, but he is not a strong man and men like Zaydin are too much opportunists and politicians. Lopez Castro I have always thought of as a Spaniard, an "Aplatanado", in Cuba rather than as a Cuban, but he has a very important influence in the Government and on Batista and on developments in Cuba. Fundamentally he is not friendly to our country, nor understanding of it. I do not mean by this that he is unfriendly. He is crude in his approach and frequently intemperate in his language and is a poor negotiator when it comes to us as he is so lacking in understanding of us. Batista clings to him a great deal because they are both of humble origin and Batista has never learned that the people of the best families

in Cuba

in Cuba can be just as loyal friends to him as those of more humble origin. This has continually hampered him in his selection of his most intimate advisers and of those to whom he has given his confidence. The whole situation is an unhappy one and I think Batista himself thoroughly realizes it and doesn't see his way out. That his attitude toward us and toward the war is fundamentally right, and that he understands the necessity of sacrifices, is shown by the remark which he recently made to one of his intimate associates to the effect that if Havana had to be razed to the ground through an enemy attack, it was a sacrifice which Cuba would have to expect as a part of the war - the important thing was to win the war in the end.

The relationship between Batista and Saladrigas seems to continue unaffected and they are in constant telephone communication here and Batista seems to consult Saladrigas continually with regard to things. I gathered this from the fact that Saladrigas is living in my house and I therefore have some knowledge of the frequent telephone communication.

We made great steps with Cuba in the last few years by giving definite effect to our long range policy, based on wise policy in Cuba. There is no doubt that the better class of Cubans and the mass of the Cubans acquired a new confidence in us. Unfortunately, the war came along and made it impossible for us, or at least more difficult, to carry through some of the arrangements which we had entered into, such as the public works under the \$25,000,000 loan and the rehabilitation of the Havana water works. Our purchase of the last sugar crop in Cuba was a masterful stroke as well as a productive policy for us, even though half the crop may still be in warehouses in Cuba.

I think there are two things we must do in Cuba, which should be done without delay. One is the rapid conclusion of the purchase of this next year's sugar crop, and the second is the supplying of a somewhat larger quantity of petroleum products.

With regard to the supplying of a larger amount of petroleum products, the Cubans thoroughly understand that they cannot expect gasoline for private cars, etc. The Cuban economy, however, on account of the lack of other fuels on the Island, has increasingly been based on petroleum products. To talk about transforming the Cuban in-

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dustry so as to use other fuels than petroleum products is futile because it is a long range problem and to do something immediately would involve the supplying of materials even more difficult than the supplying of oil. Idle minds and idle hands are a great danger in any country and there are too many idle hands and idle minds in Cuba now. The additional amount of petroleum products which Cuba needs is relatively small, but that relatively small additional amount will make all the difference in the world in the Cuban economy. We should supply, and we can supply, the additional amount which she needs.

There are two ways by which we can do it.

The Mexicans have offered to supply additional amounts from Mexico if we can supply convoy protection for the Mexican tankers. We can supply it from home by putting an additional tanker or two into the occasional convoys we now send to Cuba. Whichever way we do it is immaterial as long as Cuba gets the relatively small additional amount of oil products she needs. When the Cubans inquired from us sometime ago through our Embassy in Havana if we would give convoy to a few tankers from Tampico to Cuba, we replied that we could not do it as we could not supply the convoy. Admiral Kauffman, who has charge of our convoy arrangements in the Gulf, told me when he was here a few days ago that he could arrange for such convoy. I am enclosing with the original of this letter a copy of my despatch No. 4714 with reference to this. If we prefer to supply the additional oil from home rather than doing it from Mexico, it would mean simply an additional tanker or two in the regular convoys we send to Cuba, and as these convoys proceed only at considerable intervals and the time of the use of the tankers involved is so short, it is rather difficult to see that we could not do this from home if we really want to do it.

I realize that the Army and Navy have an enormous task before them these days and that they are rather quick to seek alibis in such a matter as additional oil for Cuba, but after all some of us realize that the problems of the Army and Navy may be greatly augmented if there are certain measures which we do not take. I think that so far as additional oil for Cuba is concerned, the Army and Navy will be wise in recognizing the political factors involved.

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It is my definite conviction, therefore, that so far as oil products for Cuba are concerned, we should do something without delay, either by making possible this arrangement which the Mexicans have proposed or by letting it be known that we will send additional oil from home through the regular convoys from home to Cuba. I hope this matter may be resolved without delay.

With respect to sugar, I have written fully about my views to Philip Bonsal and will not burden you with them here. I do want to say, however, that in my opinion we should complete the purchase of this year's sugar crop without delay and without too much haggling. So far as price is concerned, I think we will find the Cubans entirely reasonable. So far as quantity is concerned, there will be agencies of our Government which will say that as we have 1,500,000 tons of last year's crop still in Cuba, we should limit our purchase of this year's crop to a very small amount. I understand that at home we are thinking in terms of 2,600,000 tons. I think this is too small for with the grinding of a crop of 2,600,000 tons, there would be such inadequate employment of labor that we would create economic distress to the degree that there may be revolution. I will not go into details here, but those who know the subject at home and in Cuba know that if they can only grind 2,600,000 tons of this next year's crop of cane, there will be utterly inadequate employment of labor throughout the Island. I am not thinking of the sugar brokers, of the mill owners or of the colonos. I am thinking of the workers in the mills, for whom we must insure employment and adequate employment if we want economic stability. As you know, 80% to 85% of Cuba's economy is based on sugar and that means that about 85% of those who work in Cuba with their hands depend on sugar. These are the people who will make revolution if they are hungry and the fact that there is a world war on will not deter them if they are hungry.

The Cubans did plant a bit more cane so that the amount of cane standing which can be cut for this year's crop is greater than that of last year's crop. Last year we bought the whole crop and all the cane was cut and I think it amounted to some 4,000,000 tons. This year it may amount to more. There are those who think that the standing cane which can be cut might yield as much as 6,000,000 tons. I think this figure is too

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large. I would not be surprised, however, if when all the cane is cut and ground, the yield would be about 5,000,000 tons. If I had it to do, and keeping all the considerations in mind, I would buy the whole crop because in this way the mills will be kept going and the field workers kept going a sufficiently long period to provide them with enough to live on for the rest of the year. This is the important thing for us. I do not think we should think in terms of 2,600,000 tons because if they grind only that much, there will not be adequate employment and we are going to have almost certainly economic troubles in Cuba which will disturb not only our situation there but in the other American republics.

My own feeling is that we should buy a minimum of 4,000,000 tons. That will provide, I think, adequate employment for the mill workers and for the field workers to provide them with the money which they will need to buy food until the next crop. This is what we must do. We have got in the State Department to convince these other agencies of Government that the important factor is the maintenance of political stability and economic stability in Cuba. We cannot consider the problem in terms of how much sugar is left over from last year's crop. We cannot consider it in terms of how much of this year's crop we need in the United States or in the United Kingdom, or how much we can transport. These are secondary considerations. The important thing is to keep the Cuban economy going and prevent revolution and 85% of Cuba's economy is sugar.

These other agencies of government which are taking the attitude that Cuba is holding us up because they want us to buy the major part of the crop are thinking only in commercial terms and of our needs at home. In my opinion, every pound of sugar that we buy in Cuba during the course of the war, if we have to buy the whole of this and next year's crop as well, can be marketed at the end of the war without any loss. A number of the agencies which are talking about Cuba with this complete lack of understanding with respect to sugar, are quite prepared to build up stock piles in other countries in unlimited amounts, which we know we can't move during the war and which we are not sure we can use after the war, and they are buying them at prices which will mean losses in the end. Buying any

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amount of sugar at 2.6 cents a pound now and during the war will not mean any loss for us after the war. One of the things which I have never been able to understand is that some of our people at home are willing to do everything for everybody except the Cubans, when the Cubans have been our oldest and most consistent friend.

The uncertainty with regard to the sale of the crop, the amount we are going to buy, and the price we are going to pay, together with the oil shortage, are the two major factors which are disturbing the Cuban situation and really in a serious way. Braden is very intelligent and a very good observer but I am not certain to what degree he has sensed the danger in the Cuban situation. The Cubans are particularly disturbed as I am told he has been saying rather openly that there is no hurry about the completing of the arrangements for the sugar crop. I myself doubt if Braden has said that and think that what he may have said has been misinterpreted, for anyone who knows the Cuban situation must know that there is nothing that would give greater uncertainty and stimulate instability more than this doubt about the crop. There isn't a single commitment or a single operation which anyone can undertake in Cuba which hasn't some connection with the sugar crop, and until they know what is going to happen about it, there will be this disorder.

I think, therefore, we should get the Cubans to come up and to talk about the purchase of the crop as soon as possible and to get the arrangements completed as soon as possible. I know that Salcedrigas has been advising the President to instruct whoever goes up to be thoroughly understanding and reasonable. I suppose Lopez Castro will go again and he is always a difficult factor. I am wishing in some ways that the President would find it possible to keep him at home this time because he rubs so many of our people the wrong way. I think we should conduct negotiations on the basis of maintaining the Cuban economy and the important point, therefore, is buying a sufficient amount of the crop, which, I think, should not be less than 4,000,000 tons, even if we have to store all of it in Cuba. While I think the cost of producing this year's crop will be greater than producing last year's crop, and while I believe the price of 2.6 cents was reasonable for last

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year's crop, I would rather see us buy 4,000,000 tons at 2.4 or 2.2 than to buy less than 4,000,000 tons. When I say 4,000,000 tons, I am speaking in those terms because I think that is what is necessary to provide the workers in the mills and the fields with enough to keep them going. If it is a lean year for the mill owners and the colonos, I am not so much concerned about that, although when we are permitting people at home to make reasonable profits and the arrangements we are making in some other countries are providing for some reasonable profits, I don't see why the Cuban mill owner and colono should not have at least a reasonable profit.

I have permitted myself, Sumner, to write you again about these matters because I feel that the situation in Cuba is one which is extremely important for us and that we are sitting on a volcano there and that the existence of the fires may not have been made known adequately to you. I am no special pleader for the Cubans. I am a special pleader for what I consider our major and fundamental interests and I would be lacking in my duty if I did not give you these reactions. I have thought that it would be a good thing for Saladrigas to come up and talk with you before he returns to Cuba, but I am inclined to think in the last analysis that this would not be a good thing as he has no special instructions to do so. I am inclined to think, therefore, that it would be better for him to return from here to Cuba without going to Washington, but I know it would be of extreme interest for you to talk with him. I am particularly hopeful that something may be done in this petroleum matter within the next week so that he can return to Cuba. I think he feels that if he returns to Cuba without something being done in the petroleum matter, his position would suffer and that is something which we would under no circumstances desire.

With all good wishes,

Cordially and faithfully yours,

G. S. Messersmith

GSM/hcm