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AIR MAIL

Habana, January 31, 1941. 

Confidential

Dear Sumner:

I have not written you concerning the general situation here since my return as I wished to await certain developments, but I will no longer delay, and give you a brief if somewhat sketchy picture.

The delay in the sugar arrangement being completed is not due to any lack of interest by the Government, or even of the industry. I need not tell you, who know the situation here so well, that such a question always brings into play certain interests which may have no direct connection with the matter. The Government has worked effectively. The hacendados have made no difficulty. The colonos are making difficulty because very egotistically they would like to use the legislation which has to be enacted in connection with the sugar arrangement, and which will of course include renewal of decree-law 522, as an opportunity to get parity with the hacendados in the Sugar Institute. In a way to give them such parity could be considered as a substantial alteration of 522, and it is an alteration which I hope we will not be asked to approve.

Parity for the colonos in the Sugar Institute might mean trouble in the future in an organization which has, on the whole, functioned effectively. As it is now, the large mill owners, the small mill owners, and the colonos, have equal representation in the Institute. This is fair and proper, as it represents relative interest. The colonos want to get a position in the Institute to which they are not relatively entitled, and I can see that with their having parity we might have all sorts of trouble in the future.

The hacendados and colonos have given their formal approval to the Government to the sugar arrangement. A small group is now preparing the legislation which will have to be enacted by the Congress. The colonos and hacendados were prepared to ask the Government to accept the arrangement immediately, and work out the details

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

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of the law and with the bank later. Cortina and Saladrigas took the attitude that everything would have to be worked out, including an acceptable draft bill for the Congress, which was satisfactory to us, before any announcement could be made. This is characteristic of the helpful attitude which Cortina and Saladrigas have taken recently. Both of them are eager that their relations with us should be on a correct and sound basis, and they want any misunderstandings or difficulties avoided. I hope to have a draft of the law in a day or two so we can submit it to the Department, and after we say that it is satisfactory then a formal announcement can be made by the bank and by the Cuban Government that a sugar arrangement has been concluded.

I think there will be no difficulty in getting the authorizing act, which includes the renewal of 522, through the Congress. Of course, there are those who do not like the renewal of 522, nor the using of the 6 cents a bag tax for the sugar arrangement, but the arrangement is so obviously necessary that I am confident that, although there will be some voices in the Congress against the bill, it will be carried.

I am sure that this sugar arrangement will be the most constructive thing that we could do in the Cuban situation now, and it is most important that it should go through, for without it there would be economic distress in the country districts within three or four months, and I fear that this would result definitely in political disorders. If we can get this sugar arrangement through, it, together with the increased demand for molasses, will help to stabilize the economic situation until we can get some constructive action on credits for agricultural diversification and public works.

I get it from every side that Cortina and Saladrigas have been most helpful, not only in this sugar arrangement, but with respect to our relations in general and to developments here. They are the best men now in the Batista Government. Cortina has shown an extraordinarily meticulous desire to keep everything on a sound and constructive basis. Saladrigas is helping him. Casanova has on the whole been helpful, but he remains Casanova, and I have had great difficulty in keeping him down on

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this question of molasses. There is no doubt that there will be an increased demand for molasses from us which will help Cuba, and I think there will be a slight increase in price, but Casanova was giving the impression that this demand would be greater than we can reasonably assume it will be, and he has been favoring a tax on molasses and quotas. Rosenthal and others agree with me that such a tax and quotas would have a definite tendency to destroy what increased market there will be for molasses. Strange to say, López Castro has not been as helpful with respect to the sugar arrangement as we could have expected, and I think he has been reflecting the attitude of Batista, who fundamentally does not like the renewal of 522, and who would like to reserve the 6 cents a bag for some other purpose than the sugar arrangement.

I have not talked with Cortina, López Castro, or the President on the basis of the other instructions which I have from the Department with regard to agricultural credits, public works, fiscal and administrative reforms, et cetera. I have not done so because my instructions in this respect are formal and I think very wise. As soon as the sugar arrangement is through I will proceed on these instructions. I am sure that the delay has done no harm, because in the meantime the situation is working on Batista and getting him into the proper frame of mind. I think it would be unwise to have any over-optimism, but I am not at all pessimistic as to the course of developments after the sugar arrangement goes through.

In the meantime, the general economic position has held up fairly well, but the political situation is no better. The Government's position has not improved. There is general lack of confidence in Batista, and I have the feeling that at times Cortina and Saladrigas are a good deal disturbed. It is almost impossible to get Batista to take any decisions, but they are forcing him, or perhaps it is events, into more definite attitudes.

For example, I think it is certain that Cortina, Saladrigas, López Castro, Conchoso, and I believe Pedraza, have made it clear to Batista that there is only one course for Cuba, and only one course for Batista - which is one of complete cooperation with us. I think Batista would infinitely prefer a policy of silence and inaction

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in order to give us constant pin pricks. He is one man in the Americas who still believes there is such a thing as American imperialism. I am convinced that he deeply resents the position in which he finds himself from time to time of following a course of action which we desire. He may want to do the very thing which we want done, but the very fact that he knows that we want it done is enough to make him prefer not to do it. He knows that he has to cooperate with us fully in matters of defense, because he knows that the Cuban people would throw him over if he followed any other course, but this does not prevent him from being slow in concrete action. He knows that he has to get rid of the Communists in the Government and of the Communist influence in the provinces, but he is slow about permitting concrete action. I have not seen him since I am back, because I do not wish to see him until I can talk about the matters we discussed in Washington, but I am going to see him immediately after his wife's baby is born, which is expected any day.

The statements which the Government has made through Saladrigas have definitely committed the Cuban Government to a policy of complete political cooperation with us. What I now want Batista to do is to come out and say something himself, and to get some concrete action from him in some of the defense matters which we have pending. As soon as the sugar arrangement is announced I think I will be able to get him to do this.

So far as the Communist situation is concerned here, it is worse on the surface instead of better, although I think underneath fundamental decisions have been taken. I think Cortina and others have convinced him that he must cut his contact with the Communists, but the struggle is still going on. How real this situation is, you can gather from reliable information I have that no "expediente" in the Department of Labor goes beyond the Sub-Secretary until after it has been sent over to Lazaro Peña for his opinion. In the provinces the Army is still not taking adequate action in controlling the Communists and Communist mayors, et cetera, because the Army instructions are not definite enough and no matter what Pedraza says the Army commanders in the provinces will not follow through completely until they know that there has been an open break between Batista and

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the Communists. This has got to come because the Communists are pressing in on Batista harder all the time and becoming bolder in the provinces. The other day the authorities brought in a man at Nuevitas to give testimony which would have involved incriminating Communist leaders there. In some way or other orders came from Habana to kill this man before he could give his testimony, and he was killed by some Communist. The authorities nevertheless were forced into giving a certificate of death, "from a fall while the man was drunk". Some of the local authorities who are terribly up set about the matter have been unable to do anything about it, and I have the facts in the form of reports from Cuban officials and I expect to bring it to Batista's attention when I see him. I intend to do this as evidence of the developing situation in the provinces, which he will have to deal with and which his inaction and silent approval are augmenting.

On the other hand, there are factors on the credit side of the ledger. The Government has issued a decree prohibiting Totalitarian propaganda and activity. It is more far-reaching than anything we have at home, and it is actually being carried through. The Post Office and the Customs are preventing the distribution of Totalitarian and anti-democratic propaganda. The Customs seized a large shipment of Falange propaganda from Spain and will not let it go. The Post Office is preventing the distribution of Totalitarian and anti-democratic propaganda through the mails, and is doing it effectively. They have instituted a confidential supervision over first class mail coming from certain sources which they believe suspect. The radio is being controlled. The decree was shown to us and I made a few suggestions so that there is no question about democratic, inter-American, and favorable propaganda to us being covered by the decree. The decree is more than satisfactory in every way, except that it does not adequately cover the Communists. The majority of the Cabinet were in favor of having the decree cover specifically the Communists, but Batista himself is responsible for the decree not going further than it does. I think this, however, is only a question of time. Batista is interested in maintaining his position and the situation is developing in such a way that he will have to take action in separating himself from the Communists.

The news which has got out with regard to the sugar arrangement has been very helpful, so far as we are concerned, because the press has unanimously written of it

as a concrete evidence of our desire to help, and has emphasized that the sugar arrangement will help the worker. The announcement of the arrival of the members of the agricultural survey has also had a good effect, as has the announcement of the assignment of a tick expert by Agriculture.

The bill proposed by Senator Smathers has caused a lot of ink to be spilled, but on the whole the Cuban press has been very sensible and restrained. Even our friend Pepin Rivero in his "Impresiones" this morning calls it a friendly if ill-timed gesture. His last two "Impresiones" following my recent conversations with him could not have been more helpful.

Riestra, the new Spanish Consul General here, whom the Cubans had not given an exequatur, they finally asked the Spanish Government to withdraw, and although there has been no formal announcement by the Cuban Government, I understand the Spanish Government has agreed to withdraw him. I think this is really indicative of the co-operative attitude which the Government is taking. It is in some ways more significant than if they had asked the German or the Italian to leave. The effect of this on the Falange in Cuba has already been brought to our attention from various parts of the Island.

They are studying reduction of the budget and new taxes. I have not said anything about reduction of the budget, but I am trying to avoid anything being done in the way of taxation, which would only cause difficulty with us and other countries, and have a bad effect on the internal economic situation here.

There is no doubt that the Government realizes it has to clean house if there is to be anything in the way of agricultural and public works' credits after the sugar arrangement. There is a good deal of unrest, because some of those who will have to go are already uneasy. I am told that Batista has basically come to the conclusion that he will have to do this housecleaning, and I think we will have a certain amount of it, but when we come to the point of talking about this with the Government I shall have to be very clear because it will take still a considerable push to get anything worthwhile done.

One very important factor is working in our favor. The great mass of the people who have no confidence in the Government are now beginning to feel that we genuinely desire to help, and they know that we are the only one who can help. They know that if anything happens it will be the fault of the Government here and not ours. This, I think, will eventually be the controlling factor that will oblige the Government to carry through the administrative reforms which are so necessary. The atmosphere so far as we are concerned has much improved through the recent steps we have taken. The defense program and the extraordinary effort we are making and the Lend-Lease Bill have had an excellent effect here also.

I told you that Batista had had Colonel Gonzalez in, and told him that the scandals in the Navy and his personal profiteering and smuggling would have to stop. There isn't any doubt that Batista did this. I gather that Gonzalez feels definitely that he is on the way out and is trying to strengthen his position. The Government also has taken some definite steps to stop clandestine gambling, and this has naturally upset a lot of people in the Army and also friends of Gonzalez. As I think I told you, I do not believe that it will be difficult for Batista and Pedraza to deal with Gonzalez at the right moment. I learned yesterday that certain control activities at ports in Cuba have already been taken out of the hands of Gonzalez and the Navy. This is evidently a further step towards getting rid of Gonzalez. I would not be surprised to see anything happen of a definite character in that connection any time. After he goes, I think the next move will be some of the worst offenders in the Army. All this, of course, is encouraging and in the right direction, but there is a long road to go.

With all good wishes,

Cordially and faithfully yours,

George S. Messersmith

GSM/mw

P.S. After reading this letter I think I should say that the second paragraph on page 2 may be a little too optimistic, as there may be some difficulty in getting the authorizing act for the sugar arrangement through Congress. The colonos are behaving very badly. Most everyone is really pleased with the sugar arrangement and wants it to go through. The colonos, however, are trying to use this opportunity to get parity in the Sugar Institute. It is a short-sighted and stupid thing for them to do and exceedingly egotistic, but the opportunity is too good for them to miss. They have been trying for this for several years and they really have parity in the Institute on all matters which concern them. I have reason to believe that López Castro is helping the colonos in this matter. The hacendados are in a weak position because, although they are right in the attitude they are taking, they represent "capital" interests.

It is this difficulty over parity which is holding up the formal acceptance by the Government of the sugar arrangement and its completion. So far as the operation itself is concerned, there is agreement and no serious question. I think it is important that this question between the hacendados and colonos over parity be worked out before the bill is introduced in the Congress. Casanova is one of the very few hacendados in the Congress, while in the House there are some 40 colonos and in the Senate I believe 9. If this matter is not ironed out before the authorizing bill gets to Congress the colonos will try to fight it out there, and they will have popular support. One amendment leads the way to others, and the whole bill might be amended in such a way as to make it unacceptable to us and prevent the completion of the sugar arrangement. I still believe this matter will be worked out, but I wanted you to know what the delay is due to and that it has nothing to do with the arrangement itself.

G.S.M.