DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
1921 MAY 19 20

SUBJECT The Economic Situation - Monograph Report.

WAR DEPARTMENT
NOTED M.I.D.

From CUBA - Economic

No. 1426. *Date* May 6, 1921. *19*

Replying to No. *Date* *19*

REC'D M.I.D., G.S. MAY 16 1921

(6) Organization
(54) Labor.

The strike of the employees of the Cuba Railroad continues and traffic is still blocked between Santa Clara and points to the east of that place. Efforts made by Labor representatives sent by the Departments of Gobernacion and Commerce & Labor to settle the dispute of the contending parties have so far been fruitless. The Railroad is still firm in its refusal to restore the employees it discharged on account of graft and inefficiency. Reports of disorder published in today's press mention the burning of a mail train operated by strike breakers at some point between Santa Clara and Camaguey. The Secretary of Gobernación, charged with the maintenance of law and order, states that his representatives in the strikes region have furnished no information as to this disorder, and that the officials of the Railroad state they have no official notice of the same. Indications point to a victory by the Railroad Company in its contention against the strikers.

(10) Finance
(93) Banking.

A clearing house was recently organized in Havana and has opened offices at No. 71 Aguiar St. (Trust Company of Cuba Building). The work of this clearing house has been organized by Mr. Clarence E. Bacon, Assistant Manager of the New York Clearing House, who was invited to come to Havana to organize this work. Officials of this organization are as follows: Narciso Gelats, President;
Frank J. Beatty, Vice-President;
Joseph H. Wilson, Treasurer;
Enrique Lavedan, Secretary;
W. H. Morales, Manager.
Its membership is represented by the following Banks:
Narciso Gelats & Co.
Pedro Gomez Mena e Hijo,
Royal Bank of Canada,
Trust Company of Cuba,
Bank of Nova Scotia
National City Bank of New York,
Banco Mercantil Americano de Cuba,
American Foreign Banking Corporation,
Banco del Comercio,
Canadian Bank of Commerce,
This organization is reported as functioning satisfactorily amd the clearings have been as follows:

Binding Margin

DECLASSIFIED
NND 740058
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April	25	-$2,687,368.75
"	26	4,497,755.93
"	27	2,878,757.47
"	28	2,642,224.26
	29	3,243,341.86
	30	1,956,420.35
May	2	2,762,926.38
"	3	2,586,064.99
"	4	2,401,019.33
	5	2,811,232.45

José Ignacio Lezama, recent bankrupt promoter, speculator and forger, is still in hiding and it is thought that he is being aided by fellow speculators and sympathizers.

Should read $634,000,000. see clipping

Mr. Frank J. Peterson, American citizen and owner of extemsive sugar interests, has charged the Guanajay Branch of the Banco Nacional de Cuba with deliberatelt defrauding him of $634,000,000. His complaints are set forth in the attached article from the EVENING NEWS of the 4th instant. It is generally thought that many of Mr. Peterson's charges are correct and that this is only one of the many frauds practiced by former corrupt officials of this Bank.

The Matanzas Branch of the National City Bank of New York recently lost $100,000. which the Matanzas Branch was supposed to send to the Havana Branch of that Bank. It is generally believed that the money was stolen by one of the Bank's dishonest employees.

These are only a few instances of the corruption which has been prevalent among grafting Bank employees.

(92) Money.

All indications point to a very large decrease in the Cuban Government's Budget. The Public is demanding more economy and less grafting and the President-elect is much worried over the seriousness of this problem. One of the proposed schemes of economy is to abolish the War Department and to maintain only a small force of Rurales as a National Police. This proposal is endorsed by a large portion of the Cuban press and is favored by a considerable number of the public in general. Arguments for this proposal are set forth in the attached article of LA LUCHA published this date.

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DECLASSIFIED
NND 7 0058
By AMF NARS, Date 05/04/89

La Lucha May. 6/21

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
MAY 1921
WAR DEPARTMENT

LA LUCHA 3-1

Amistad 82, 84, 86

Telephones:

A-2191, A-2192, A-2193

FIVE CENTS—NUMBER 114.

EDITORIAL

Two Superfluous Departments

Given their present organization and personnel, all of our Executive Departments result inefficient and heavy burdens on the budget—bureaucratic centres whose existence cannot be justified on the ground of either usefulness or real necessity. Two of them, the Department of Justice and the War and Navy Department, are not only useless, but absolutely unnecessary, even if they were properly organized and counted with expert directors and employees.

The Department of Justice, being, in the last analysis, a mere consulting office or bureau, should again become a part of the State Department, and certain of its functions should be assigned to the Supreme Court, a reform, or, rather, restoration, that would avert much red tape and mean considerable economy.

As to the War and Navy Department its suppression is justified not only on the ground of economy , but because it has not realized any of the aims for which it was created. We understand that among the governmental problems of the President-elect, figures the abolition of said department and the reestblisment of the Rural Guard corps, one of the best legacies left us by the First American Government of Intervention, and whose demobilization was so earnestly lamented by the planters, colonos and cattle-growers throughout the Island.

We ventured to say, that if the old body of Rural Guards had existed four years ago, the February Revolution would have been impossible. The nature and man-factor of that organization made it invaluable from the preventive viewpoint, even more than from the corrective—that is, the close and expert vigilance it exerted over the cane and tobacco plantations shut all access to these to the habitually predatory elements abounding in the rural regions of our richest agricultural provinces, elements invariably recluted and utilized by the organizers of rebellious movements against the native constituted authorities, for the same reasons— famialirity with the territory on which the military operations are to be conducted—that, formerly, the regular troops of the United States resorted to the so-called "scouts", when operating against Indians in the Far West.

Our little Republic, protected against potential aggressions from abroad by an obligation contracted by the United States under the Treaty of Paris, at the close of the Spanish-American War, has no need of a standing army —and much less need, of an army that, experience has demonstrated, is absolutely unfit for the only task that is required of it in Cuba, which consists in guaranteeing security in the rural sections. If the Rural Guard corps were re-established, many of its former members, now enrolled in the Permanent Army, might return to its ranks while other several hundreds, now converted into small farmers —which is equivalent to saying that their earnings scarcely suffice for keeping body and soul together—would for this reason, to say nothing of the powerful call of habit be glad to again render service under the old regimental flag.

In view of the above considerations, the conclusion that our Department of Justice and the Department of War and Navy are superfluous, is justified by virtue of statistics and experience, and we understand that such is the opinion of the President-elect.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

May 4, 1920

Statement of Mr. F. J. Peterson

Havana, May 3, 1920.

Editor Evening News:

In several newspapers of this city, there has been published a letter from Sr. Carlos Bacallao Rojas, native of Venezuela. The letter referred to being signed merely, "Carlos Rojas," omitting the middle name of Bacallao.

In his letter, shielded by a Judicial resolution, which I have already appealed, Rojas denies the charges which I made against him for acts committed as Manager of the Guanajay branch of the Banco Nacional de Cuba. In my charges I accused him of falsifying my accounts to defraud me of the sum of $634,000.00, (Six hundred and thirty-four thousand dollars), not $450,000.00 as his letter states.

I am not desirious of publicity of my affairs, and especially in matters of this kind, because trusting that there would just action, I have thought unnecessary to publish such information, believing that it is not the public, but the judges that should be called upon to decide a case such as this one.

However, in view of the fact that Rojas has seen fit to publish a letter in which he has referred to my denouncement of his falsifications, as 'malicious,' I now deem it warrantable to make public the facts in the matter, and therefore present the following details which form the basis of my charges against him. Details that in every item are substanciated by excerpts and records from the books of the Guanajay branch of the Banco Nacional de Cuba.

In my Current Account with the above Bank, the following entries have been made, which entrjes I refuse to accept as they are False and Untrue, and consequently to my detriment.

DEBITS:

1920.	
March 27th -- --	$ 47,500.00
April 15th-- -- --	31,500.00
May 17th -- -- --	50,000.00
" 15th -- --	100,000.00
" 19th-- -- --	50,000.00
June 7th--	50,000.00
" 29th -- --	100,000.00
" 30th -- --	10,000.00
July 1st-- -- --	20,000.00
" 15th. -- --	45,000.00
" 25th. -- --	25,000.00
" 31st. -- --	105,000.00
A total of --	$634,000.00

--Before pointing out the indications, by which anyone at all familiar with book-keeping can prove conclusively that such charges in my account are false, I should mention the fact that this man Rojas accused by me, without any other visibly legitimate source of income than that of his salary as Manager of the Guanajay branch bank, ($350.00) has bought a sugar mill in which he has made improvements at a cost of $700,000.00. Has constructed a palatial home in the town of Guanajay, in which home nothing is lacking in the way of luxury and comfort, he having furnished same at a cost of not less than $25,000 and has it cared for by a numberless retinue of servants. His garage houses three automobiles for his private use.

Rojas also has acquired town lots and other property to the value of approximately $200,000, and has built a Mausoleum in the Cemetery of Havana.

Rojas, in his social activities has squandered large sums of money in festivals, tournaments and Subscriptions, proving by his ostentations mode of living and lavish spending the extravagance of one who spends money that has been acquired without labour. Typifying the old saying "Easy come, Easy go."

By order of the Special Judge that initiated the summary of the case begun by my denouncement, the books of the Bank were held, and we were able, after examining them, to ascertain the relation between the false entries made in my accounts, and the accounts of the other clients in the same institution, and which, even putting aside minuteness, substanciates my protest as to their correctness, I thereofre publish the following details:

ENTRY OF $47,500.00.

I have never issued a cheque for that amount on that Bank, but we found that on the same day this amount is charged against me, another client of the Bank was credited with the sum of $37,500.00 and with $10,000,.00, which two items make up the $47,500.00. I have petitioned the Judge for a declaration from the client to whom these amounts were credited. The declaration has not been made as yet.

ENTRY OF $31,500.00.

For this amount I gave the Bank a Note to guarantee the acounts of some Colonos. Said Note was renewed at different occasions and at its maturity I issued a Cheque for the same amount o pay it. In my Cur-

(Continued on Page Four)

Havana Society News

Bracale will return to Havana with celebrated artists for a short season of opera at the National Theater beginning on the 16th instant and in celebration of the inauguration of Dr. Alfredo Zayas on May 20.

A gala night of the opera will be given.

The afternoon tea from 4 to 6 at the Sevilla to raise funds for the International Hospital promises to bring good results. The committee is headed by the President of Havana Woman's Club Mrs. Macfarlane, and Mrs. John Hoskinson, Mrs. W. P. Field, Mrs. L. Grinda, Mrs. T. Mederos and Mrs. Coxe. Other entertainments to raise funds for this worthy object will soon follow.

The marriage of Mr. Miguel Tarafa's daughter Miss Laura Tarafa to Mr. Manolo Gomez will take place at the Parish Church of the Vedado, on the evening of the 4th instant, and will be largely attended by Cuban leaders in society.

Many Cubans are making preparations to leave for trips to the United States and to Europe. Mr. Jose Rivero, Cuban Consul General to Barcelona will embark on the Spanish steamship "Infanta Isabel."

The younger set are agog for the anticipated dance on board the steamship Cuba when it comes in, to celebrate its first trip to Cuba.

Miss Alma Simpson will make her debut at Campoamor Theater under the auspices of the Havana Musical Bureau, which is doing such good work in bringing renowned artists to Havana.

Professor Guillermo Tomas, director of the Municipal Band will begin next Sunday a series of conferences on Wagner's Music at Fausto Theater at ten o'clock a. m. Moving pictures and musical numbers by the band will add to the attraction. The upper part of the house is free to the public. Professor Tomas is veritably a maestro, cultured and talented, and his own compositions are very popular. For years past he had wielded the baton with skill and efficiency. Condecorations from foreign expositions and medals have been con... upon him.

U. S. Grant 3d, grandson of former President U. S. Grant, is expected to arrive in Havana on the 7th, and has made reservations at the Sevilla.

Miss Luisa Johanson left today for a visit with friends in Santa Clara province, expecting to be gone about a month.

The great film "Broken Blossoms," which has been enjoying a great run at the Campoamor this week, will be given its last presentation tonight at that theater at the 5:15 and 9:30 tandas.

The first appearance of President-elect Zayas in the movie films will be shown at the Campoamor next Saturday afternoon. This will be an exclusive picture of a breakfast given the president elect by Mr. Carl Laemle, president of the Universal Films of New York, at the Hotel Sevilla on January 10. Others present at that breakfast were Dr. Jorge Casuso, Dr. Rosado Aybar, Mr. Rafael Martinez Ibor and Mr. Charles R. King, the manager of the Universal interests in Havana. Dr. Zayas and Mrs. Zayas will be present at the Campoamor to witness this presentation, and will occupy the presidential box.

On Wednesday, May 11, Mrs. H. B. Snider and Mrs. Madison will be hosteses at the latter's home 157 calle A. between 15 and 17 a an auction bridge at

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GENERAL AGENT IN CUBA
PASCUAL PIETROPAOLO
ROOMS 307 TO 311, GOMEZ BLOCK, HAVANA
P. O. BOX 1707

"CUBA LAWN TENNIS"

A Most Fascinating Game Played By Trained Young Women--Fine Orchestra--A Moral Show
Games Every Evening---Starting at 8 o'clock

MUTUAL BETTING

Be With Us — Galiano, Corner of Neptuno

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"	30th -- --	10,000.00
July	1st-- -- --	20,000.00
"	15th. -- --	45,000.00
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"	31st. -- --	105,000.00
	A total of --	$634,000.00

--Before pointing out the indications, by which anyone at all familiar with book-keeping can prove conclusively that such charges in my account are false, I should mention the fact that this man Rojas accused by me, without any other visibly legitimate source of income than that of his salary as Manager of the Guanajay branch bank, ($350.00) has bought a sugar mill in which he has made improvements at a cost of $700,-

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On Wednesday, May 11, Mrs. H. B. Snider and Mrs. Madison will be hosteses at the latter's home 157 calle A. between 15 and 17, a an auction bridge at 2:30 o'clock for the benefit of the International Hospital. A most cordial initation is extended to all women of the city who are interested. Individual tickets are one dollar. Tables will be arranged to accommodate all guests.

Rooms to Let

VERSALLES HOUSE—Up to date boarding house, recently constructed; splendidly furnished, running water, baths, hot and cold water showers; excellent meals served; strictly respectable guests only alloed. 53 Industria St., Phone A-0572.

FOR RENT.—Furnished Apartment on Riverside Drive, New York City, with automobile and chauffeur service, from June 10th to Sept. 10th. W. G. Ames, 507 Lonja del Comercio Havana.

Real Estate

REAL ESTATE AND RENALS—Beers and Co., O'Reilly 9 1-2, Havana, and No. 152 Fourth Avenue, New York. Established 1906.

LIST your property for sale with Hartley-Hellyer, licensed real estate broker Cuban Land Agent, 1204 W. Fayette st. Bal-

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

May 4, 1921

The Evening News

Statement of Mr. F. J. Peterson

Continued from Page Three

rent Account both the Cheque and the Note is Charged resulting in a false entry of $31,000.00.

ENTRY OF $50,000.00.

In the month of April a Client of the Bank deposited a Cheque against the Royal Bank of Canada for the amount of $50,000.00 to be credited to his Current Account. Said Cheque was immediately collected from the Royal Bank of Canada, but this amount in cash is not entered in the Cash-biok Banco Nacional de Cuba at Guanajay, and neither was the amount then credited to his account. Fifteen days later the Client referred to required his money, and to pay him they charged my account with $50,000.00 and then credited the same amount to the account of this other client.

ENTRY OF $100,000.00
" " 50,000.00

TOTAL OF $150,000.00

I received a letter signed by "Carlos Rojas," which letter appears together with the other evidence offered, in this letter he stated that my account was over-drawn to extent of $190,343.47 and asking me for a deposit to cover same, which deposit was immediately made. As I did not make reply to his letter, but merely had a cheque handed to him to cover the amount asked for, he took it for granted that I accepted his information, and he therefore debited my account with these two amounts.

This is confirmed by the Experts apointed by the Judge who testified that on the date of the letter in reference, and accepting as good, the false entries already charged, my current account had an over-draft of only $40,343.47, and not $190.343.47.

ENTRY OF $50,000.00.

The explanation of this entry was that a transfer had been made to the account of one of the Paymasters of central San Ramon or to central "Gerardo," my sugar mills. Upon examination of the pass-books o said Paymasters, no credit of this amount appears in either one or the other.

ENTRY OF $100,000.00.

The Experts named by the Judge had stated that on the day that this amount of $100,000.00 was charged against my account as having been paid, there were no funds enough in the Bank sufficient to make such a payment. But on the same day a credit or the same amount was made to the account of another Client. I have asked the Judge for a declaration from this Client and this has not been granted.

ENTRY OF $10,000.00.

On the same day that this amount is charged to me, the accounts of two other Clients are Credited with this same sum, one in Current Account and the other in Savings Ac-

Bank whose accounts have relation to mine in the operations above cited, because I do not consider them in any way implicated in the matter further than that Rojas has used their accounts in his manipulations, but to the Judge has been furnished with complete information with names ad dates.

In conclusion I will point out that it is customary between Banks and sugar mills, that, during the period of the zafras, the Banks furnish the Offices of their mill clients with a daily, Detailed Report of the movement of their accounts. In the Banco Nacional de Cuba this report is made out on what is know as form, or Model "141-A," a tissue copy is made at the bank of every report before it is mailed to the client. A Curious Coincidence (?) is that on the days the false entries were made in my acount, no reports were received at my office. Upon requesting Rojas for thereason, he replied that they had ben mailed but must have gone astray. However, when the books of the Bank were examined by the Experts appointed by the Judge, the tissue copy book was examined and no copies appear of rports issued to me those days.

Another incriminating discovery made by tre Experts, was that "That the Pages of the Banks "Boston Ledger" of the dates in question were missing. They Having Been Torn from the Book."

The missing reports and leaves from the ledger would serve now to more rapidly verify he incorrect operations made in my account, and in those relationed to mine by the manipulations and the falsifications practised.

WHOLESALE KILLER WANTS NEW TRIAL

Decatur, Ga., May 4.—Counsel for John S. Williams planned to ask a postponement in arguing for a new trial for the Jasper county planter when the motion was called up in superior court here today.



BABY YOUNG.

"Weighed barely 6 lbs. at 1 month"

Southerndale, Groes Road, Colwyn Bay. Feb. 22, 1910.

Gentlemen: We are en-

Sports Column

(Continued from Page One)

mented by his own 250 pounds on top, McGee simply had the breathe knocked out of his body and was hors-de-combat for several seoncds. Recovering immediately however, but too late, his shoulders had been to the mat the fatal second and Silva won the match. Both men received a great ovation from the audience.

Cutler knocked out Leavitt in the third round of their boxing match. That is about all that we can say, everyone expected these men to go at least 8 or 10 rounds of the announced 15 round match, but the terrific blows rained in by both men calsed both to weaken and at the end of the second round it was quite evident that the oout would not go the limit.

Quite a gathering of celebrities were in the ring dlring the preliminary functions to this match, and besides the contestants, there was Ponce le Leon, the light-weigth champion of Cuba, who was Cutler's second, while Luis Smith, the heavyweight champion of Cuba, seconded Leavitt. Then there were Col. d'Estrampes, who refereed the match, and Com. Augusto York, official timekeeper.

Cutler weighed in at 255 pounds and Leavitt 245, minlte attenttion was given to the hand bandages and the men were called to the centre of the ring for instructions from the referee.

It was agreed upon that blows colld be struck with one hand free. The ring was cleared, the gong sounded, time was called, and they were off.

First round — Both sparred cautiously for a few seconds, when Leavitt reached Cutler's face with a light tap, and they entered a clinch the dound continued with alternating rlshes and clinches, during the clinches both men used the one-arm free rule to the ltmost, playing for the kidneys. There was very little to choose from in this round, but if anything, Leavitt had a slight advantage.

Second round—Leavitt immediately rushed Cutler and landed several hard blows both to the face and the body, they clinched and Leavitt got in some short-arm upper-cuts that jarred Cutlers head back at every blow. Leavitt rushed Cutler, landing a heavy right swing to the head and Cutler went to the mat on one knee for two seconds. Cutler landed right and left to Leavitt's body and forced him to the ropes getting in several heavy punches but receiving some in return. They were separated by the referee, Leavitt landed upper-cut. Cutler down on one knee for 3 seconds. The gong found both men in a clinch. This was Leavitt's round by a considerable margi, ad he went to his corner looking confident.

Third round—Leavitt rushed and landed a left swing, Cutler retaliated with his right, forcing Leavitt to the ropes where he rained in body and face blows. Referee parted tht men but Leavitt appeared groggy from the terrific punches he had received. Cutler landed with his left and Leavitt went down for the colnt of 6, rising he rushed Cutler, the latter however landed a full left swing which caught Leavitt full on the head sending his sprawling ralf acrossthe ring and through the ropes, landing among the News paper reporters. The referee was tolling off the seconds, however Leavitt rolled into the ring and gamely tried to continue the fight but was knocked down for the third time and our. Time of this round one minute and 50 seconds.

FOR SALE—Apiary of 400 Hives, also good frame American home, 10 acres land for vegetables, honey produced $4000 net last crop, flow just starting. Beers and Co., O'Reilly 9 1-2, Havana, Cuba.

HARDING MAKES AN OBJECTION

Washington, May 3.

President Harding indicated to the congressional leaders today that he opposes recommendation for a disarmament conference being inserted in the naval appropriations bill.

UNITED RAILWAYS OF HAVANA

Trains Leave Daily From As Follows:

6:20 A. M.— Local to Santo Domingo,
6:25 A. M.— Local to Colon via Union.
8:20 A. M.— Express to Sa-Sagua, Caibarien and Cienfuegos.
11:51 A. M.—Local to Matanzas.
1:01 P. M.—Express to Santiago de Cuba via Alto Cedro. Carries sleepers.
3:25 P. M.—Local to Jovellanos via Union.
4:01 P. M.— Local to Cardenas.
6:10 P. M.—Local to Batabano.
9:30 P. M.—Express to Sagua and Caibarien. Carries sleepers.
10:30 P. M.—Express to Santiago de Cuba, via Bayamo. Carries sleepers.
10:35 P. M.—Express to Cienfuegos. via Carreno. Carries sleepers.

VIA
HAVANA CENTRAL RAILROAD
To:

Glanajay—Every hour from 5 A. M. to 8 P. M. and 12 P. M.
Lisa—5 A. M. and every half holr, 6:00 to 8:00 P. M., 10 and 12 P. M.
Guines — Every hour from 5:50 A. M. to 7:30 P. M., 9:50 and 11:50 P. M.
Madruga— 7:50 A. M., 12:50 and 4:50 P. M.

VIA
WESTERN RAILWAY OF HAVANA

6:55 A. M.—To Rincon, Gui-
2:55 P. M.—da, Alquizar and all stations between Artemisa, and Guane, inclusive.
5:45 A.M.—To all stations
10:15 A.M.—between Rincon
1:45 P.M.—and Artemisa.
6:15 P.M.—
RINCON—Electric trains every half hour, from 5:15 A. M. to 7:15 P.M. and every hour thence to 11:15

ISLE OF PINES

S. S. "Cristobal Colon"
IN SERVICE

Leave Batabano: on arrival of the 6:10 P. M. train from Havana onn Mondays, Wednesdays and Fridays.

Leave Nueva Gerona, Isle of Pines, 4:00 P. M.; Jucaro (Santa Fe) about 8:00 P. M., Sundays, Tuesdays and Thurdays.

ISLE OF PINES STEEMSHIP COMPANY.

Nueva Gerona, Isle of Pines Cuba.

American Railway Express Co.
GENERAL EXPRESS BUSINESS

CUSTOM-HOUSE BROKERS

FLORIDA ROUTE
THE PIONEER SERVICE BETWEEN CUBA AND THE UNITED STATES.
HAVANA, MIAMI, KEY WEST, PORT TAMPA, NASSAU.
The Quickest and Best Way to Reach All Points in the United States and Canada.
Steamships:
"Governor Cobb" "Mascotte" "Miami"
Superior Accommodations Including Unexcelled Meals and Luxurously Epuipped All Outside Staterooms. Capacity "GOV. COB" 425 Passengers.
DAILY SAILINGS:
FROM HAVANA 10:30 A. M. EXCEPT SUNDAY.
FROM KEY WEST 10:30 P. M. EXCEPT SATURDAY.
Direct connection at Key West with through fast trains carrying Standard Sleepers, Compartments and Dining Cars to
Miami, Palm Beach, Jacksonville, Savannah, Richmond, Washington, Baltimore, Philadelphia, and New York.
Connections at Jacksonville with through trains for all principal cities in the United States.
Steamship from Havana Tuesdays, goes through to Port Tampa, and steamships sailing from Havana Fridays, makes direct connection at Key West with steamship for Port Tampa where connection is made with train service for all points.
IMPORTANT—All passengers

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This is confirmed by the Experts apointed by the Judge who testified that on the date of the letter in reference, and accepting as good, the false entries already charged, my current account had an over-draft of only $40,343.47, and not $190.343.47.

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ENTRY OF $100,000.00.

The Experts named by the Judge had stated that on the day that this amount of $100,000.00 was charged against my account as having been paid, there were no funds enough in the Bank sufficient to make such a payment. But on the same day a credit or the same amount was made to the account of another Client. I have asked the Judge for a declaration from this Client and this has not been granted.

ENTRY OF $10,000.00.

On the same day that this amount is charged to me, the accounts of two other Clients are Credited with this same sum, one in Current Account and the other in Savings Account. I have asked the Jurge for Declaration from these two Cliets, but this has not been granted.

ENTRY OF $20,000.00.

We have not been able to compare this amount to any appearing in my books, therefore I can only refuse it absolutely.

ENTRY OF $25,000.00.
" " 45,000.00.

With these two entries and others that are charged in different accounts in the Bank, the amount of $200,000.00 is reached, which amount was loaned to another Client of the Bank and covered by a Note, which Note in place of being Credited to the Assets of the Bank by virtue of these operatitons, it is held privately.

ENTRY OF $105,000.00.

This entry Rojas explained in his testimony to the Judge as being an error made by charging in my Pass-book, but not in the books of the Bank the sum of $317,851.70, instead of $212,851.70, which is the correct amount, thereore resulting detrimental to me.

These are the details that precisely coincide with the twelve entries Falsely Charged in My Current Account Pass-Book. Further evidence can be presented to corroborate each item.

I have omitted to give the names of thte Clients of the made in my account, and in those relationed to mine by the manipulations and the falsifications practised.

WHOLESALE KILLER WANTS NEW TRIAL

Decatur, Ga., May 4.—Counsel for John S. Williams planned to ask a postponement in arguing for a new trial for the Jasper county planter when the motion was called up in superior court here today.



BABY YOUNG.

"Weighed barely 6 lbs. at 1 month"

Southerndale, Groes Road,
Colwyn Bay.
Feb. 22, 1910.

Gentlemen: We are enclosing a photograph of our baby young. He has constructed a pala

the gong sounded, time was called, and they were off.

First round — Both sparred cautiously for a few seconds, when Leavitt reached Cutler's face with a light tap, and they entered a clinch the dound continued with alternating rlshes

ever Leavitt rolled into the ring and gamely tried to continue the fight but was knocked down for the third time and our. Time of this round one minute and 50 seconds.

HARDING MAKES AN OBJECTION

Washington, May 3.

President Harding indicated to the congressional leaders today that he opposes recommendation for a disarmament conference being inserted in the naval appropriations bill.

FOR SALE—Apiary of 400 Hives, also good frame American home, 10 acres land for vegetables, honey produced $4000 net last crop, flow just starting. Beers and Co., O'Reilly 9 1-2, Havana, Cuba.

ISLE OF PINES

S. S. "Cristobal Colon"
IN SERVICE

Leave Batabano: on arrival of the 6:10 P. M. train from Havana onn Mondays, Wednesdays and Fridays.

Leave Nueva Gerona, Isle of Pines, 4:00 P. M.; Jucaro (Santa Fe) about 8:00 P. M., Sundays, Tuesdays and Thurdays.

ISLE OF PINES STEEMSHIP COMPANY.

Nueva Gerona, Isle of Pines
Cuba.

American Railway Express Co.
GENERAL EXPRESS
BUSINESS

CUSTOM-HOUSE BROKERS

ZULUETA No. 15

HAVANA
6:55 A. M.—To Rincon, Gui-
2:55 P. M.—da, Alquizar and all stations between Artemisa, and Guane, inclusive.
5:45 A.M.—To all stations
10:15 A.M.—between Rincon
1:45 P.M.—and Artemisa.
6:15 P.M.—
RINCON—Electric trains every half hour, from 5:15 A. M. to 7:15 P.M. and every hour thence to 11:15

FLORIDA ROUTE
THE PIONEER SERVICE BETWEEN CUBA AND THE UNITED STATES.
HAVANA, MIAMI, KEY WEST, PORT TAMPA, NASSAU.
The Quickest and Best Way to Reach All Points in the United States and Canada.
Steamships:
"Governor Cobb" "Mascotte" "Miami"
Superior Accommodations Including Unexcelled Meals and Luxurously Epuipped All Outside Staterooms. Capacity "GOV. COB" 425 Passengers.
DAILY SAILINGS:
FROM HAVANA 10:30 A. M. EXCEPT SUNDAY.
FROM KEY WEST 10:30 P. M. EXCEPT SATURDAY.
Direct connection at Key West with through fast trains carrying Standard Sleepers, Compartments and Dining Cars to
Miami, Palm Beach, Jacksonville, Savannah, Richmond, Washington, Baltimore, Philadelphia, and New York.
Connections at Jacksonville with through trains for all principal cities in the United States.
Steamship from Havana Tuesdays, goes through to Port Tampa, and steamships sailing from Havana Fridays, makes direct connection at Key West with steamship for Port Tampa where connection is made with train service for all points.
IMPORTANT—All passengers are required to book

The Evening News

1381 to hope

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NND 740058
By AMF NARS, Date 05/04/89

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OFFICE CHIEF OF STAFF
265 J.J-g-21
MAY 20
WAR DEPARTMENT

SUBJECT THE ECONOMIC SITUATION - Monograph Report

NOTED M

From CUBA - Economic

No. 1,436 Date May 13, 1921, 19

Replying to No. Date, 19

REC'D M.I.D., W.D. MAY 19 1921

(54) Labor.

The strike of the employees of the Cuba Railroad has been settled by arbitration. The Officials of the Railroad, the Labor unions, and the Government came to an agreement whereby the Railroad Co. reinstated five of the eleven employees whose discharge by the railroad had been the cause of the strike. As a result of this action, traffic has been resumed and business interests in the eastern provinces have been greatly relieved from the immense losses to which they were subjected by the continuance of the strike.

(31) Structure
(93) Banking.

The following small banks have recently suspended payments:

Penabad, Areces & Co.	located in	Havana
Digón Hermanos	"	" "
Cordova & Co.	"	" " (Cuatro Caminos)
Trillo Hermanos	"	" Morón, Camagüey Province.

Speculation, the low price of sugar, the failure of the Banco Nacional, the dangerous condition of the Banco Español and other large financial institutions, have so aggravated the financial depression that numerous failures may be expected in the future.

On the 11th inst. there was a small run on the banking house of Gelats & Co., and that bank is reliably reported to have paid out $4,000,000. to its depositors in one day. However, this is a strong and safe banking institution; confidence appears to have been restored, and it is now functioning normally.

Binding Margin

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By AMF NARS, Date 05/04/89

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DEPT. CITY OF STATE
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WAR DEPARTMENT

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AMERICAN LEGATION
OFFICE OF THE MILITARY ATTACHÉ
HABANA

May 27
1921

No.- 1451

From: The Military Attaché, Havana.

To: The Director of Military Intelligence, G.S.

Subject: Havana Electric Railway, Light & Power Co.

REC'D M.I.D., G.S. JUN 3 1921

1. There is enclosed herewith copy of the annual report of the directors of the Havana Electric Railway, Light & Power Company, for the past year.

2. Attention is called to the fact that this Company, unlike many other corporations, did not increase its tariff rates (5-cent fare) during the period of high cost of living through which we have just passed.

3. It will be noticed that the percentage of earnings of this Company is much greater for light, power and gas, than for railway transportation.

J. M. Hobson

J. M. HOBSON,
Major, Infantry,
Military Attaché.

Encl
Ac

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By AMF NARS, Date 05/04/89

Havana Post
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25/21 Enc.
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THE HAVANA POST
reaches more English-reading residents of Cuba than any other newspaper.

TH
ZULUETA 2

Vol. XXII, No. 145 (FULL ASSOCIATED PRESS S

FRANK STEINHART REPORT SHOWS YEAR OF GOOD PROSPERITY FOR HAVANA ELECTRIC COMPANIES

The progress of the Havana Electric Railway, Light & Power Company, which operates three of the foremost public utilities, as disclosed at the annual meeting, just held in New York City, is of primary importance.

The interest if, of course, wide spread here in Cuba, and every reader of The Havana Post will eagerly accept the very complete report as made by Mr. Frank Steinhart, President and General Manager. A gratifying increase in net profits is shown.

The reports are for the ninth fiscal year ending December 31, last, for submission to the stock holders. The President's report is herewith given in full.

To the stockholders:

Your Directors beg to submit their ninth annual report:

The gross earnings for the past five years:—

1916	$ 6,017,708.59
1917	6,989,599.33
1918	8,176,544.76
1919	9,397,452.46
1920	11,477,937.27

Condensed Statement

A condensed statement of the results of the operations during the same five years is:—

1916	1917	1918	1919	1920
Gross earnings:				
$6,017,708.59	$6,989,599.33	$8,176,544.76	$9,397,452.46	$11,477,937.27
Operating expenses and Taxes:				
2,443,885.33	3,385,469.83	4,376,655.65	4,979,685.22	6,448,451.78
Net income:				
$3,573,823.26	$3,604,129.50	$3,799,889.11	$4,417,767.24	$5,029,485.49
Miscellaneous Income (Net):				
144,561.49	149,754.70	140,894.91	64,538.26	47,783.85
Total Net Income:				
$3,718,384.75	$3,753,884.20	$3,940,784.02	$4,482,305.50	$5,077,269.34
First Charges:				
1,297,093.23	1,138,623.30	989,138.16	979,710.79	968,759.31
Net profits from Operation and Miscellaneous Income:				
$2,421,291.52	$2,615,260.90	$2,951,645.86	$3,502,594.71	$4,108,510.03

Out of the Net Profits from Operation and Miscellaneous Income for the year under review, namely	$4,108,510.03
There has been set aside as Reserve for Depreciation	1,22,987.38
Leaving a balance of	$2,885,522.65
The Balance at Credit of Profit and Loss Account, January 1, 1920, was	3,158,503.32
Total	$6,044,025.97
And the following disposition was made thereof:	
Amortization of Bond Discount and Expenses	$24,250.04
Provisioon for Sinking Fund in respect to English Bonds of Compañia de Gas y Electricidad de la Habana	14,500.00
Provision for Sinking Fund in respect to the Consolidated Mortgage Bonds of the Havana Electric Railway Company	120,195.17
Provision for Sinking Fund in respect to the General Mortgage Bonds of Havana Electric Railway, Light & Power Co.	99,572.62
Dividends paid during the year (6 per cent on the Preferred and Common Shares)	2,155,609.38
Profit and Loss Account — Balance carried forward to 1921	3,629,898.76
Total	$6,044,025.97

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The following is a summary of the operation of the various departments during the year 1920:

Electric Railway:—

Gross Earnings	Ex. and taxes	P C Gross	Net Earnings	P C Gross
$5,079,734.53	$3,559,026.86	70.06	$1,520,707.67	29.94
Electric Light and Power:—				
4,564,576.73	1,671,351.15	36.62	2,893,225.58	63.38
Gas:—				
1,786,675.82	1,176,214.15	65.83	610,461.67	34.17
Omnibus:—				
46,950.19	41,859.62	89.14	5,090.57	10.86
11,477,937.27	6,448,451.78	56.18	5,029,485.49	43.82

The total expenditure for construction account was $1,150,653.35
Customs duties on Imports into Cuba were ... $172,675.11
Other Cuban taxes paid amounted to $136,962.28
United States taxes paid $219,361.49

Special attention is invited to the following data pertaining to the railway servce:—

The total number of passengers carried was ... 97,019,389
Passenger car miles were . 13,668,249
Passenger earnings per car mile .3549

Greatest Year

Your attention is invited to the accompanying detailed report of the general manager, from which you will see that the growth of your company's business was greater than in any preceding year, notwithstanding that all departments suffered from scarcity of labor of all kinds, and from the difficulty of obtaining an adequate supply of materials for both current consumption and permanent installation.

The uncertainty and irregularity in the receipt of materials, especially of anthracite coal, have been a cause of anxiety throughout the year.

The prevalence of high prices and increase in the rate of wages paid to labor have also increased the operating expenses nevertheless, the gain in net earnings has been larger than ever before. The gross earnings from operation of the entire property were 22.14 per cent greater than in 1919; the total operating expenses 32.9 per cent greater; the total net earnings from operation 11.9 per cent greater; and after deducting United States and Cuban taxes, the gain was 13.8 per cent. These figures must impress upon you the fact that the results obtained speak most highly of the efficiency, loyalty and hearty co-operation of the officers, and personnel of your company to whom we express our sincere appreciation and thanks.

Two Strikes

The unrest among wage earners that led to the two short sympathetic strikes during 1919 continued in 1920, and increased at the year advanced, nothwithstanding the fact that your company voluntarily increased wages by 29 per cent in the first seven months of the year. In the latter part of July, 1920, the car men presented demands which could not be granted, as the terms were so unreasonable that they really amounted to transferring ownership of the company from you to the Carmen's Union; and on August 7 they declared a strike. Rumors were put into circulation that the strike had been prearranged between the Company and the Carmen's Union to force the government to consent to increase the rate of fare. The absurdity of the possibility of such an agreement was communicated by your general manager to the authorities both in person and in writing. All carmen on strike were considered to have left your company's employ, and steps were taken to replace them. Progress along this line was made daily and complete service re-established on August 21. All but about three hundred of the old carmen considered undesireable, were taken back at the rates of pay they had rejected — convinced that increasing wages and the increasing prices, with the public bearing the burden, cannot go on forever, and cannot bring about reduction in the high cost of living, which latter was the basis for their demands.

Lesson To Men

This was the first strike against your company since its organization, and the first in the history of the railway division since 1906. It is to be regretted that the gross earnings of the railway decreased during the strike period, but it is hoped that the old employees of the company are now aware of the danger of letting strangers run their organization. The cry for increased wages has become a semi annual habit, and a two-cent increase in fare would only have satisfied the demands of about fifty per cent of your employees, for the time being, and the remainder were only awaiting the outcome of the struggle to make like requests.

We recognize that the same reasons which induced the authorities of the United States to permit street railway electric light, and gas companies to increase their rates are much more applicable in Cuba on account of the higher costs due to ocean freights and import duties The desire of your company, however, to contribute in bringing about cheaper living costs is the primary reason why we are still working on a five-cent fare with right to one transfer, and why we are still charging the same rates for electric light and gas as were established 20 years ago.

From the report of the general manager you will note that—

Gross receipts from all sources for 1920 were $11,525,721.12
The total deductions for operation, maintenance and accrued taxes were $6,448,451.78

The Electric Light and Power Department has contributed 57.6 per cent of the total net earnings of the company. The increase in gross earnings from electric light and power during 1920, over 1919, was substantially equivalent to the entire net earnings from this source five years ago. But it must be remembered that the average cost of steam coal delivered during 1914 at the plant was $4.50 per ton, whereas during 1920 it was $15.18 per ton; and that the wages of common labor in the same period increased to the unprecedented extent of over 240 per cent.

The Gas Department also advanced in relative importance. The most interesting fact in the 1920 operation of the department is the reduction in operating expense relative to the output and the notable improvement in operating ratio during a year when the price of coal and gas-oil and the rate of wages, which constitute the principal elements of expense in the manufacture and distribution of gas, were higher than ever before.

Oil Reservoir

The new 2,310,000 gallon steel tank purchased from the Sinclair Oil Company was completed and in readiness for use when the oil shipment was due. A platform scale of 20 tons capacity was installed, and a new 14 foot diameter Hinman drum type station meter has been contracted for. This meter, together with the new drum ordered for the existing 14 foot meter, will more than double the meter capacity at the gas works. The business of this department is steadily increasing and the manufacturing capacity must be enlarged during the coming year.

The project for the improvement of the Harbor frontage of the Gas works property, etc., refered to in our last year's report, was approved and authorized by the president of the republic of Cuba, and preparations are being made to construct a reinforced concrete wharf, 341 feet long, in conjunctoin with a similar wharf that the Havana Central Railroad Company is to build in line with it, and adjoining it at the western end.

The continuous construction of cars prevented the remodeling of the railway shops which must be reorganized senger cars were finished and eighteen more were nearly completed at the end of the year while nine passenger cars were reconstructed, making approximately one new car per week. It has become apparent that the increase of passengers relative to car miles is too large. Accordingly, designs for an improved passenger car are now being worked out. The outstanding features thereof are an increased capacity, less dead weight and a decrease in time

(Continued on Page Four.)

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By AMF NARS, Date 05/04/89

Frank Steinhart Report Shows Year Prosperity

(Continued from page 1)

required for construction. It is expected that early in 1921, one of the new cars will be ready for trial

Your power plant has continued to operate reliably and economically. The total net output was 76,764,351 k. w. h. and 73,874 tons of coal were consumed, equal to 2,156 lbs. per k. w. h.

New Generation

None the less, the necessity of adding to the electric generating capacity in the Consolidated Power Plant referred to in our report for 1919 was made more evident by the increase of 18.7 per cent in output over 1919.

In May, 1920, contracts were made with the Westinghouse Electric International Company to furnish 2 25,000 k. w. turbine generator units and auxiliaries, and it is expected that one of the units will be shipped about August, 1921, the other about April, in 1922.

Your present power plant was started in 1914, but all of the three generating units were not ready until the end of that year. The output of 1920 was 82 per cent more than in 1915; and if the increase of output in 1921 equals that of 1920, the end of the year will find the generators now in service with about all they can properly do. So it is hoped that by then the first of the two new units will be ready for service.

Memorials

It is with great sorrow that your board of directors is called upon to record the death, on April 25, 1920, of Mr. David T. Davis, First Vice President, General Counsel and a Director of your company, and the death, on August 23, 1920, of Don Emeterio Zorrilla, Second Vice President and Director

To each member of the Board, Messrs. Davis and Zorrilla had endeared themselves, both by their genial personality and by the most valable services rendered to your company in a faithful devotion to its affairs since its organizaton.

The vacancy in the Board of Directors as Vice President and as General Counsel, occasioned by the death of Mr. Davis, was filled by your Board of Directors through the election, May 27, 1920, of Mr. R. R. Loening; and the Second Vice Presidency, made vacant by the death of Mr. Zorrilla, was filled by the election on October 14, 1920, of Mr. Antonio San Miguel, formerly the Third Vice President. Mr. Dionisio Velasco of your board was elected, October 14, 1920, Third Vice President to succeed Mr. San Miguel. Mr. Zorrilla's place on the board of directors remained unfilled during the year

DETAILED REPORT OF GENERAL MANAGER

The following excerpts are from the more extensive and detailed report of Mr. Steinhart as general manager. But there is a fund of information within them, and his discussion of the labor disturbance, and the analysis of its genesis, is a worthy editorial within itself.

Other salient facts about the physical properties, drafted in a most interesting manner, are condensed for the stockholders and are given here:

Labor Disturbance.

The labor situation, from the beginning of the year, was much disturbed. Living expenses in Havana, especially house rents, were excessive, and the continual rise of prices kept all classes of wag-earners discontented and gave the ever-ready agitators and enthusiasts a chance to mislead men who, in ordinary times, would not listen to them seriously.

This compny voluntarily readjusted the pay of all classes of employes in January, with a total increase of 10 per cent in the total payroll, and again in July, with an increase of 19 per cent. A portion, however, of the conductors and motormen of the railway were still not satisfied, and the union presented demands that were unreasonable and could not be granted without first increasing the rate of fare.

During the preceding four or five years the high price of sugar stimulated the development of business of all sorts throughout the island of Cuba, and as the usual stream of immigration from Europe was cut off by the war, men were drawn from Havana to other places, and this company lost an unusually large proportion of the older and more reliable employes. In the same years the growth of railway traffic necessitated increasing the corps, so a great many new men had to be taken in.

These men seldom stayed long enough to get seniority pay, and constituted a considerable roup that remained more or less apart from the older men, having everything to gain and little to lose, and it was this element that got control of the union and fomented the trouble. One of their principal demands was the abolition of seniority pay and the equalizing of the newest with the oldest employes. Believing the conditions that had produced the situation of which they tried to take advanage were transitory, and, indeed, were already nearing their end, it was thought unwise even to seek authorization for increased fares that, if granted, would soon become detrimental to the growth of the community, and so to the company. But the officers of the union would not listen to reason, and ordered a strike that was approved at a packed general meeting and became effective August 7, when at midnight all railway service was suspended. All cars were, however, taken back to the terminals by their crews, and the next morning there were no crowds nor any attempt at disorder.

No Strike-Breakers.

What followed is fully described in the Transportation section of this deport. No strike-breakers were utilized, only enough new men were hired to replace those that had to be got rid of, and on August 21 the older men took matters into their own hands again and came back to work at the terms freely offered by the company in July, which their now discredited leaders had rejected. Construction and some maintenance men in other classes of work stopped in sympathy, but public service in other departments was not impaired, and it is worth noting that even during the strike all cars in operation were well maintained and there was no accumulation of "cripples" in the railway shop when it was over.

This is the first strike against this company since its organization, and the first in the history of the railway since 1906, when it was owned and administered by entirely different individuals and interests. It, of course, reduced the gross earnings of the Railway Department, so that the proportion of operating expense was somewhat increased, and was in every way regrettable, save, perhaps, that it cleared the air and exhibited to the regular employes the danger of letting strangers run their organizations.

New Car Designed.

The immediate need of more cars, combined with the difficulty in obtaining materials and the scarcity of labor, prevented any considerable progress in the remodeling of the railway shops, the need of which was explained in the Annual Report for 1919. Plans have been prepared and presented to the government authorities for a new railway terminal yard and connections in the block between 11th and 13th and 24th and 26th streets, Vedado, and an auxiliary terminal at 9th and 22d streets, in order to free the space in the Carmelo shop building at 9th and 18th streets, now used by the Transportation Department for a terminal: these projects are still awaiting official approval. Designs for an improved passenger car are now being worked out, and it is expected to increase the capacity, cut down the dead weight and decrease the time required for building.

Two 250 cubic foot steam-driven air compressors for general service in the power plant arrived in Havana in October and November, but so many parts went astray while on the custom house wharves, which have not yet been found, that they are still not available for service.

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By AMF NARS, Date 05/04/89

near the fronts of the houses. It is often hard enough to find space for the cables under the street pavements and sidewalks, and the location of every new transformer vault, junction box or switch is a problem in itself.

Zone Highway.

An agreement was reached with the Department of Public Works by which the Zone of Communication, a public highway to be constructed all around Havana harbor to give access to all wharves,, is to be extended across the Rincon de Melones tract of the Gas Works property, with a width of 15 meters (49.5 feet). In compensation for the extension of the zone the company is permitted to move the wharf bulkhead line granted by the decree of 1912 some distance into the bay, so that the front thereof will be in line with that of the adjacent property of the Havana Central Railroad Company, and it is proposed to build a permanent reenforced concrete wharf along both frontages with about 27 feet depth of water. The part belonging to this company will be about 341 feet long, and arrangements have been made for railroad connections and service and joint use of the combined wharf by both companies. This company is planning to install a movable coal crane to unload coal from barges or sea-going ships for the use of the Gas Works and for railroad shipment. New equipment will also be installed for the receipt of gas oil. In connection with the coal wharf a complete equipment will be constructed, extending throughout the Gas Works, for mechanical handling of coal between the wharf and storage and to the gas generators and boilers.

Why You Waited.

The demands of both old and new consumers were very insistent until October, when the unfavorable financial situation checked further expansion, although it did not decrease the total use of electricity, and it was even harder than in preceding years to keep up with the orders for increased facilities. Consumers often had to wait months for lack of wire and transformers and of competent personnel to install them. At the end of the year, however, both overhead and underground distributing systems were in better physical condition than ever before.

Underground Distribution.

The policy of consolidating the entire load of the lower business district, between Zulueta street and the harbor, on the underground cables, was continued, and now only one 2200-volt overhead circuit is left. The streets in this district are so narrow that the poles of the overhead lines are a serious obstruction, sometimes entirely blocking the tiny sidewalks, and the 2200-volt wires themselves are inconveniently

Hacking Figures.

During the past two years the number of cheap public automobile cabs has increased enormously. In 1918 there were 2,778, in 1919 there were 4,017, and in 1920, in spite of an increase of 50 per cent in the base tariff, which took effect early in the year, the number licensed increased to 5,461. The present fare is 30 cents for one or two passengers between any two points in the central zone, which includes the whole business and shopping district, with additional charges, by zones, for longer rides. The little one-horse victorias, that used to be a feature of Havana street traffic, have substantially disappeared.

The growth of automobile cab service has been due in some measure to the inability of this company to increase the number of its cars fast enough to satisfy the public demand, but in a far larger measure it was the result of the general spirit of extravagance that went with the boom in sugar. With the moratorium, October 10, the cab receipts fell off so much that a large proportion, probably more than a third, were withdrawn from service, and not many of these reappeared before the end of the year. There were no omnibuss operated in the central part of the city.

Service Statistics.

	1920.	Pct. of increase over 1919
To'l number of passengers carried .	97,019,389	15.9
Passenger car miles	13,668,249	1.2
Passenger earnings.	$4,850,969.45	15.9
Passenger earnings per car mile	.3549	14.5
Total earnings from operations	5,079,734.53	16.4
Total operating expenses	3,454,057.07	42.2
Total operating expenses per car mile	.2527	40.5
Operating ratio . . .	67.99%	
Net earnings from operation	1,625,677.46	15.9

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By AMF NARS, Date 05/04/89

AMERICAN LEGATION
OFFICE OF THE MILITARY ATTACHÉ
HABANA

3-1

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
1921 2653-9 JUN 15 23
WAR DEPARTMENT

June 2nd,1921.

#I458

FROM :Military Attache,Havana,Cuba.

TO :Director,Military Intelligence,Wa shington,D.C.

SUBJECT :Cost of Living(Havana,Cuba)

REC'D M.I.D.,G.S. JUN 10 1921

I. Reference your Circular Letter #219 dated May 20,1921 on above subject,the following data is furnished:

a-300%(75:25)
b-100%(40:40)
c-150%(6 :4)
d-240%(12: 5)
e-100%(6 : 6)
f-160%(80:50)
g-233 1/3%(14: 6)
h-200%(7 :3.5)
i-121%(17:14)
j-166 2/3%(5:3)
k-200%(40:20)
Exchange Increase-110%(110:99)

2. The cost of fresh fruits,vegetables and fresh milk and house rents not mentioned in this report is now from 200% to 300% higher than in 1914.

The attached sheet shows the Cost of Living prices prevailing in Havana Cuba in 1914 and at the present time.

J.M. Hobson

J.M.Hobson,Maj.Inf.,
Military Attache.

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AMERICAN LEGATION
OFFICE OF THE MILITARY ATTACHE
HABANA

Cost of Living Havana, Cuba.

I914 and I92I

Articles	Unit	Average cost July I914	Average cost June I, I92I
a- Meat	lb.	$.25	$ .75
b- Eggs	doz.	.40	.40
c- Potatoes	lb.	.04	.06
d-Flour	lb.	.05	.I2
e-Sugar	lb.	.06	.06
f-Coffee	lb.	.50	.80
g-Coal	ton.	$6.00	$I4.00
h-Wood	Local measure.	3.50	7.00
i-Elec.Light current	K.W.	.I4	.I7
j- Rent	per day	3.00	5.00
k-Servant hire	Fair cook per month	20.00	40.00
Exchange Increase	U.S.Currency $I.00	Spanish silver I.I0	Cuban Cy-U.S.Cy. .99¾

Note: This is the time of the year when several articles of comsumption are cheapest in Cuba; Eggs are always lower in price in the spring. Later they go to five cents apiece.

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By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
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WAR DEPARTMENT

SUBJECT THE ECONOMIC SITUATION - Monograph Report.

From CUBA - Economic.

No. 1,460. *Date* June 3, 1921., *19*

Replying to No. *Date* , *19*

REC'D M.I.D., G.S. JUN 10 1921

(54) Labor.

Labor unions are again making threats to go on strike. Carpenters, machinists, etc. of Havana Bay who have been on strike on account of a reduction in wages, have agreed to go back to work with the understanding that a solution of their grievances is to be effected within ten days, and if an adjustment is not made by that time they propose to go on strike again and to cause many other unions to participate in the strike.

Employees of the Cuba Railroad are again making trouble. The recent adjustment under which laborers returned to work was only a compromise, and the employees are insisting on further concessions to their demands for reinstatement of discharged employees, and increased wages. The railroad is standing firm in its resistance to these demands and states it is ready to renew the struggle until a final and definite settlement is made. The threat of the employees of this road to go on strike on May 28th was not carried out, but the differences between the employees and the railroad are still unsettled.

Passengers travelling through the eastern provinces report a decided change in the actions of the employees of this road during the last month. It has been previously pointed out that the employees practised enormous graft, which they exacted from the travelling public. It was a well known fact that many passengers riding on trains would not purchase tickets but would hand out personal consideration to conductors and other employees, and in this way evaded the payment of fares and cheated the Company. This appears to have ceased and the travelling public report refusal on the part of the employees to further engage in these sharp practices.

The Association of Commerce, Industry & Navigation of Cuba, through its president Mr. Carlos de Zaldo, has requested the Government to revoke the present high tariff rates of the railroads. The bill to revoke these high tariff rates was passed by the Cuban Congress last January but was vetoed and returned to that body by President Menocal in February. There is general public complaint against these high railroad tariff rates, both freight and passenger. Among those making a serious complaint of this nature are the cattle raisers of Camagüey, which is the cattle province of the Island. These cattle ranchers report a very large number of cattle on hand and their inability to sell same in the public market at a reasonable profit. They point out the fact that after paying the freight rates on their cattle from Camagüey to Havana they are unable to sell in the Havana market at prices as low as are charged for meats imported from the United States, all of their profit being used up in transportation charges. The complaints of the cattle raisers on this point are well founded. However, these cattle raisers have made an unjust demand on the Government, requesting that a prohibition be placed on the importation of foreign meats into the Cuban market.

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The public generally regard this demand as most unreasonable and a scheme on the part of the cattle raisers to control the price of meats and profiteer on the public.

The railroads are resisting this agitation for reduced rates and point out the fact that such reduction would require a reduction in the wages of their employees, which might result in more strikes.

(90) Revenue.

The President, in a Message to Congress, has formally recommended measures for lowering the cost of living. He suggests a reduction of thirty per cent in the import duties on imported articles of food. He also has called into conference Governmental officials, and wholesale and retail dealers in foodstuffs, with a view to lowering the cost of foodstuffs. The wholesale and retail dealers have promised to give assistance in this matter. Attention is called to the fact that one of the main reasons for the present high cost of food is not so much the importation duties thereon, but shameful profiteering which has been carried on against the public and which is still practised, even during the financial crises. However low importation duties may be placed, it is certain that no permanent and effective progress in lowering the cost of living will be effected until the profiteerers are eliminated.

The President also suggested to Congress retaliation against those countries which are discriminating against Cuban sugar and tobacco. He suggests an export duty of twentyfive per cent on these articles going to countries which have discriminated against Cuba. Attention is called to the fact that an export duty on these articles levied by the home Government, combined with the increased import duty which foreign countries now require, results in lowering the prices of these articles, and thereby would work very much to the injury of the producers.

The President has also suggested a new treaty of reciprocity with the United States, and has received a favorable letter from the President of the United States on this subject. It is generally thought that this is an excellent proposal and would greatly benefit the business relations of both countries. England has rescinded the 50 per cent surtax on tobacco, and should other countries do likewise, and should the President carry out his proposed measures of retaliation, a situation might be created whereby American interests would suffer.

(92) Money
(93) Banking.

The banking house of Bances & Co. have suspended payments. While this is a small banking institution, it is one of the oldest in Cuba.

The National City Bank of New York ~~(Havana Branch)~~, the Royal Bank of Canada, and many other strong banks now refuse to accept Cuban Government checks except with the notation "Subject to collection". This attitude taken by these banks is considered entirely justifiable in view of the depleted and uncertain condition of the Cuban Treasury. It has often been impossible for them to make prompt collections on checks which they have presented at the National Treasury.

There is still a strong resentment among the foreign banking institutions of Cuba against the unjust newspaper attacks, which have caused runs on banks and so distrubed business conditions as to aggravate the already acute depression. These banking institutions are headed by the Royal Bank of Canada with 45 branches throughout the Island, the National City Bank of New York with 25 branches throughout the Island, the Banco Mercantil Americano de Cuba, the Bank of Nova Scotia, and the American Foreign Banking Corporation. The officials of

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these institutions are seriously alarmed by the present state of affairs. They point out that in order to be able to meet a certain run on a bank, caused by inflammatory and yellow newspapers, it is necessary for a bank to keep on hand in cash about seventy-five per cent of its deposits; that, meeting this requirement, the Bank has remaining for investment such a small amount of funds that it is unable to function with a reasonable profit. It is estimated that at least $150,000,000. has been withdrawn from the banks of Havana and is now hoarded and hidden and out of circulation. The public in general, and especially the influential men of large business institutions, are more apprehensive than ever before, as to the financial situation. In fact the present economic situation has reached more serious proportions than has the political situation for several years. The National Treasury is in such a confused and uncertain condition that an official statement thereof will not be made public. The statement recently published in EL TRIUNFO was not official. While some of the items contained therein are not considered accurate, the total sum of about thirty five million dollars left by the last Administration on May 19th checks approximately with the statement recently published by Dr. Iribarren, ex-Secretary of the Treasury, in which he shows the condition of the Treasury as follows:

Cash in Treasury	Gold	4,310,000.00
	Bills, silver & nickel,	1,131,940.80
Cash in Customs Houses & Fiscal Zones . . .		2,000,000.00
Treasury Bonds 1917 - 6%		5,790,000.00
Other Bonds and Securities		22,624,897.70
		$35,856,838.50

This statement was given out by the ex-Secretary of the Treasury for self protection against rumors and complaints which had been made against his management of his Department.- This is a personal statement, and not an official one.

There has been considerable agitation reference the establishment of a "Bank of Emission". The most conservative and strongest business interests, are bitterly opposed to such action, and the opening of such an institution is not ~~thought~~ thought probable although it is a well known fact that several politicians are keenly favoring the creation of such a bank and the issuing of paper money by the Government.

There has also been proposed the establishment of a Government Central Reserve Bank. Business interests state that such an institution, under American control or connected with the Federal Reserve system of the United States, would be very desirable, but that such an institution under the control of the Cuban Government would be a failure.

(74) Aeroplane.

The first successful non-stop air trip by sea-plane was made from Key West to Cienfuegos on the 27th ~~in~~ of May. The flight was made by a sea-plane belonging to the Aeromarine West Indies Airways, Inc., and was accomplished in 3 hours and 15 minutes. The route taken was Key West, Havana, Batabanó, Cienfuegos.

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By AMF NARS, Date 05/04/89

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OFFICE CHIEF OF STAFF
1921 26 JT-g-25 JUN 20
WAR DEPARTMENT

SUBJECT THE ECONOMIC SITUATION - Monograph Report

From CUBA - Economic

No. 1,462 Date June 6, 1921., 19

Replying to No. Date, 19

REC'D M.I.D., G.S. JUN 17 1921

(30) Wealth
(90) Revenue

Cuban exports to the United States during the month of April, 1921, showed a decrease of $31,690,000. as compared with the same month of the previous year.
During April, 1920 exports amounted to $70,668,000.
During April, 1921 " " " $38,978,000.

Exports to the United States during the ten months completed April 30, 1921, show a decrease over the exports for a similar period of the previous fiscal year.
For ten month period ended April 30, 1920 exports amounted to $446,935,000.
" " " " " April 30, 1921 " " " $379,589,000.
showing a decrease of $67,346,000.

Imports from the United States for the month of April, 1920, $48,293,000.
" " " " " " " " " " 1921, 16,482,000.
showing a decrease amounting to $31,811,000.

Imports for the 10 months ending April 30, 1921, amounted to $379,096,000.
" " " " " " " " 1920 " " 296,911,000.
Showing an increase amounting to $82,185,000.

From the above figures it will be seen that for the fiscal year 1921 extremes have been reached in imports. During the early months of this fiscal year, when inflation was at its climax, imports were extremely high. During the last months of this fiscal year, when business depression is keenly felt, importations are far below normal.

(31) Structure
(93) Banking

The Banco Español (Spanish Bank) closed its doors on June 6th and went into liquidation. In spite of the fact that the press just a few days ago published propaganda to the effect that Sr. José Marimón, president of the bank, had succeeded in completing arrangements for financing this institution, the failure of

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this bank was not unexpected. Accurate figures as to the assets and liabilities have not yet been obtained. It was ont of the oldest and largest banking institutions in the Island of Cuba. Wild sugar speculation, unscrupulous promotions and gambling schemes carried on by the officials connected with this institution, the fall in the price of sugar, and the general business depression, are the main causes of its failure. A great many small business houses depended largely on the solvency of this bank, and several minor failures are expected to result from its failure. Many thousands of working people, servants, etc. had their small savings in this bank and its branches throughout the Island (over forty-five), and its failure has caused great suffering and indignation among the poor.

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NND 740058
By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
WAR DEPARTMENT

3-1 26 JJ-9-26

SUBJECT THE ECONOMIC SITUATION - Monograph Report

From CUBA - Economic

No. 1,469 Date June 17, 1921, 19

Replying to No. Date , 19

REC'D M.I.D., G.S. JUN 30 1921

(54) Labor.

On the 8th instant the employees of the Cuba Railroad attempted to renew their strike. At 1:00 p.m. workmen in the shops walked out and train employees refused to move trains from Santiago beyond Camagüey. At 5:00 p.m. the same day the strike was called off but the employees say it is only a postponement and they will go on strike on July 1st. unless by that time new regulations meeting their demands are put into effect. Mr. Gruber, Vice-President of the Railroad, is making every effort to eliminate the outrageous graft practiced by the employees which causes enormous loss to both the railroad and to the public. The railroad claims that the employees are so unreasonable in their demands that it has become a question of who is going to run the railroad,-the employees or the railroad officials. Indications are that the railroad company will continue its firm stand and that another temporary strike is probable, but on account of the acute financial depression and the lack of employment now so alarmingly prevalent throughout the whole Island, the employees will not be able to sustain an effective strike against this railroad.

Binding Margin

(8) Transportation
(23) Land
(70) Highways

Cuba
Government plans new Highway

The President, many political leaders, and the public in general were, recently, strongly advocating the construction of the Central Highway. This projected highway is to run the entire length of the Island, from Pinar del Rio to Santiago de Cuba. Transportation by truck or automobile is now practically impossible over most of the Island. This central highway would be of great economic benefit to all the Provinces and its construction would give employment to thousands of people now idle on account of the financial depression.

There are two main difficulties to overcome in solving this problem: 1st.- The Government now has no money available for this purpose; 2nd.- Even if the Government had sufficient funds appropriated and available, it would not be able to successfully complete the project within a reasonable time, on account of graft and wastage so generally practiced in all Government work.

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By AMF NARS, Date 05/04/89

(22) Carbohydrates
(65) Sugar.

A company has been formed for the purpose of converting by chemical and mechanical process low grade or waste molasses from cane sugar, into a liquid fuel, and its residuum as a by-product of commercial potash. This company is called the Black-Strap Fuel and Potash Company, and is incorporated under the laws of Delaware with a capital of $2,000,000. The officers of the company are:

President, Dr . P. G. Hildebrandt
Treasurer, Chester Roberts
Secretary, H. L. Fussell

The president, Dr. P. G. Hildebrandt, was formerly a resident of Havana. He was reported as a German officer, and on account of pro-German activity,was interned by the Cuban Government during the late war. During his former residence in Havana he had a bad reputation and is reported to have obtained much money under false pretenses. This company proposes to establish and sell plants all over the Island where sugar centrals are located. This process of converting waste molasses into fuel and potash residue, if successful, would be of wonderful economic value to sugar producers. However, on account of the reputation of the man at the head of this corporation,and on account of the lack of confidence by sugar men in the practicability of the process,it is doubtful whether this enterprise will prove successful.

Cuba

(31) Structure
(93) Banking.

Liquidation Commission issues statement on the Banco Nacional de Cuba
Reports to June 17 stating that

The Liquidation Commission of the National Bank of Cuba (Banco Nacional de Cuba) has given out the following preliminary statement showing approximately the condition of that Bank:

Assets

Cash, securities,and local bankers	$3,600,000.00
Loans and Discounts	60,000,000.00
Interest pending collection	2,250,000.00
Buildings	2,200,000.00
	$ 68,050,000.00

Liabilities

Due Republic of Cuba	$ 28,000,000.00
Deposits, all kinds	23,400,000.00
Due foreign bankers	2,250,000.00
Due special correspondents	2,200,000.00
	$ 57,840,000.00

The Commission has had by no means completed its work on this Bank,and did not claim this statement was entirely accurate. It was given to the public as preliminary information to inspire more public confidence and to assure depositors that in all probability they would recover almost the full value of their deposits.

Public confidence has been was shaken to such an extent that the President of Cuba in a special Message has advised Congress to take some action to prevent a repetition of the prejudicial campaign by which Havana newspapers have alarmed the public and caused runs on so many banks. In spite of the fact that the public understand that the newspapers use these blackmailing articles as means of

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extorting bribes from the banks, these articles have had such an injurious effect that the banks continue to keep on hand seventy per cent of the value of their deposits.

(90) Revenue

The President, in a special Message of June 8th, calls the attention of Congress to the enormous additional annual expense of $30,000,000. which the Government is required to meet in paying its employees the increased salaries (about 100% increase) which went into effect on July 1, 1920. The Secretary of the Treasury reports that it is impossible to pay these increased salaries ("gratificaciones"), and the President recommends to Congress that it devise means for meeting this unfortunate situation, and suggests changes in the imports duties as a method by which a remedy may be obtained.

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By AMF NARS, Date 05/04/89

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SENIOR CHIEF OF STAFF
WAR DEPARTMENT
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SUBJECT THE ECONOMIC SITUATION - Monograph Report.

From CUBA - Economic

No. 1477 Date June 24, 1921, 19

Replying to No. Date, 19

REC'D M.I.D., G.S. JUN 30 1921

(54) Labor

During the year 1920 thousands of immigrant laborers came to Cuba to work in harvesting the sugar crop. The present financial depression has so seriously affected labor of all classes that thousands of these immigrants are making the greatest effort to return to their native countries but they lack sufficient funds to pay their passage. It is estimated that there are about 50,000 Spanish laborers of this class, and steamship companies are granting reduced rates to enable them to return to Spain. Many of these are still unable to pay even the reduced rates, and have no visible prospect for future employment.

There is strong probability of a renewal of the strike by the employees of the Cuba Railroad. The date set for the strike is July 1st., but as pointed out in previous reports, indications are that the employees will not be able to sustain a strike for an appreciable length of time. The Railroad is making preparations to meet any difficulties which the proposed strike will cause.

Luis Fabregat, labor leader, was recently arrested and tried for insulting Major A. Andre, Captain of the Port of Havana. Fabregat, in a newspaper article, insinuated that the Captain of the Port was getting rich at the expense of the public, was not handling the job with efficiency, and was showing great injustice towards labor organizations of Havana Bay. In his trial before the Correctional Judge of the First Section of Havana, Fabregat was fined thirtyone dollars, and now swears that he will redouble his efforts to create more labor trouble and dissatisfaction.

Binding Margin

(90) Revenue
(91) Debits

It has been learned from a reliable source that the Menocal Administration during the last ten and a half months of its incumbency spent the enormous sum of $108,000,000. The condition of the Cuban Treasury is not known. The statement of the Liquidation Commission shows that the Banco Nacional de Cuba owes the Cuban Government $28,000,000. However, as this amount is held in the form of securities etc., and some of them of doubtful value, it is impossible to calculate how much money the Government will realize on this debt or how many years before the Government will be able to collect it. The bonded debt of the Government is almost $100,000,000. No one knows how many and the total amount of the unpaid claims which the Government will be called upon to meet.

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The Government employees are unable to collect their salaries and many are threatening to quit unless the Government pays them. The Customs duties collected in the month of May amounted to only $2,982,601.41, and indications point to a rapid decrease in receipts for the future. During the months prior to the financial depression the monthly customs receipts amounted to more than $6,000,000. per month.

From the foregoing facts it is plainly seen that the finances of the Cuban Government are in a most critical and alarming condition. If the Cuban Government went so heavily in debt when the country was prosperous and customs receipts and other revenues were so large, how can it avoid bankruptcy during the present depression when custom house receipts have fallen over 100% and other revenues are decreased? The most effective measure yet taken to improve the Government's financial condition was a decree issued by the President on June 22d which cuts off the increased salaries granted to Government employees by act of July 1,1920. This will save the Government many millions of dollars, but as the cost of living has by no means fallen in proportion to this decrease in salaries, all Government employees have a just complaint for such action.

(31) Structure
(93) Banking

The Banco de Proprietarios Industriales y Arrendatarios recently suspended payments and went into liquidation. It is now estimated that over 50% of the banking interests in Cuba are now undergoing liquidation. Some of the solvent banks,heavily interested in sugar properties, have undertaken to administer some of the sugar centrals on which they hold mortgages and controlling interests, the object being to see that money advanced by the bank for financing the operations of such centrals was efficiently and economically applied to the purpose for which it was loaned.

The effects of the moratorium which ended on June 15th, are now being keenly felt. The economic situation,already extremely acute, is becoming worse every day. The evil day postponed by bankrupt institutions has arrived,and the people who were afraid to meet their financial misfortunes now find themselves face to face with financial ruin from which they have not the power to recover.

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By AMF NARS, Date 05/04/89

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OFFICE CHIEF OF STAFF
WASH., D. C.
1921 26 JJ-9-28
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WAR DEPARTMENT

SUBJECT THE ECONOMIC SITUATION - Monograph Report

From CUBA - Economic

No. 1487 Date July 8, 1921, 19

Replying to No. Date, 19

(6) Industry
(18) Organization
(54) Labor

REC'D, M. I. B., O. C. S. JUL 15 1921

Binding Margin

The strike of employees of the Cuba Railroad, which was set for July 1st, did not take place. The Railroad Company had taken all precautions and was prepared for the strike. The Company had obtained assurances from its skilled employees that they would not join the walkout, and had arranged to replace on short notice all of its ordinary laborers who wished to quit. The vast multitude of unemployed now scattered all over the Island gave the Company a great advantage over the labor union, and the contest ended by the employees agreeing to the terms of the railroad company which gained a definite and decisive victory over the laborers.

All except 15 of the 197 sugar centrals have closed down. These centrals, together with many corporations and business houses, have discharged a large part of their laborers, and the Island is now overflowing with the unemployed. Many people are working for food alone. Many have not been able to obtain work, even for food alone, and considerable suffering from hunger is reported from the interior. As a result, pilfering, stealing and robbery are on the increase. The Departments of the Government are discharging many employees, and with the depleted condition of the national treasury the Government is having the greatest difficulty in paying even the employees whose services are being continued.

Labor, both organized and unorganized, is in a deplorable condition.

(89), (90) & (91) Credits, Revenue and Debits.

Custom House receipts for Havana during the last six months of the fiscal years ending June 30,1920 and June 30, 1921, were as follows:

Fiscal Year 1920		Fiscal Year 1921	
January	$2,243,798.02	January	$6,125,143.33
February	2,718,218.91	February	4,988,929.75
March	4,200,276.35	March	4,499,830.30
April	4,137,742.48	April	3,895,791.24
May	4,267,530.62	May	2,982,601.41
June	4,323,706.55	June	2,310,208.65
	$ 21,892,272.93		$ 24,802,504.68

A comparison of these data shows that in the year 1920 the customs receipts had a marked increase during each succeeding month from January

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to June, but that for the year 1921 these receipts show a corresponding alarming decrease.

As stated in previous reports, the Cuban Government finds its treasury about $47,000,000. behind. The $28,000,000 which the Banco Nacional owes the Government consists of paper only,and it is impossible to estimate when this will be paid and how much will be realized,due to the uncertainty as to the future value of these securities.

The Cuban Congress which closed its session on June 30th,enacted practically no constructive measures for the relief of the financial depression. The President will call an extra session about July 18th for the purpose of rapidly enacting measures for the present depression. In the meantime,sub-committees are being formed to confer daily with the President for the purpose of having these measures ready. These measures will provide for revising the budget downward, and revising the general tax laws upward. The budget which will be used as a standard for reduction,will be the budget of 1918-1919,which amounted to $64,460,000 (sixty-four million,four hundred sixty thousand dollars).

The Government contemplates negotiating large loans. American bankers are expected to finance these loans, but before doing so they require a demonstration on the part of the Cuban Government of a sufficiency of revenues to meet interest and sinking fund charges in addition to defraying the ordinary expenses of the Government. It is therefore seen that upon the coming extra session of Congress the financial welfare of the Republic is largely dependent.

The following attempts at decreasing public expenditures have been made:

(a) Many public employees have been discharged;
(b) Salaries have been decreased. This decrease affects mostly the minor employees;
(c) The many fiscal zones throughout the Island are being combined or decreased for the purpose of lowering expenses of their operation.

(92) (93) Money and Banking.

The President and many of his financial advisers have been ~~f~~ favoring the establishment by the Government of a ~~Central~~ Cuban Central Bank of Issue. This Bank to be the Agent of the Cuban Government to attend to its payments throughout the Republic and abroad. (Copy of proposed scheme attached hereto.)

Conservative financiers agree that such a Bank operated by the Cuban Government would not only fail to relieve the present situation but would materially injure the already impaired credit of the Government.

The situation has reached the delicate point where there is a necessity for sufficient American control to guarantee honesty and economy without bringing on actual economic intervention, and many careful observers doubt the possibility of accomplishing this end.

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NND 740058
By AMF NARS, Date 05/04/89

COPY

MEMORANDUM ON CENTRAL BANK OF ISSUE

June 20, 1921.

(By President Zayas)

My plan has been to create a Cuban Central Bank of Issue, re-discount and operations not directly with private parties.

The Capital of the Bank shall be Four Millions of Dollars, in shares of five hundred dollars each which are to be placed half and half with bankers of the United States and of Cuba, the Cuban Government to take enough to cover the latter half but with power to cede them to Bankers of Cuba applying for them.

This Bank shall also be the agent of the Cuban Government to attend to its payments throughout the whole territory of the Republic and abroad; and to facilitate it duly authorized credit operations.

Its status must be approved by law, and shall be modified only by another law.

The Board of Directors shall consist of seven members; three elected by the Cuban stockholders and three by the United States stockholders, through the Banks representing their shares, and the Cuban State through the Secretary of the Treasury, all in the form which shall be determined by Law. The seventh member shall be the Secretary of the Treasury of the Cuban Government who shakk have the character of President of the said Board of Directors, who shall be empowered to delegate his powers to any official of his Department whenever the Board of Directors shall have occasion to meet.

The management (direction) of the Central Bank shall be entrusted to the person agreed upon by the Board of Directors, without the vote of the Secretary of the Treasury or his substitute.

The Government shall designate an official known as <u>Comptroller of the Central Bank</u> on whom shall devolve the inspection of everything relating to the functioning of the said Bank, who shall imperatively be heard before any bank note issue is acceded to. This official shall consult with the Secretary of the Treasury on all matters relative to the Bank's conduct as Fiscal Agent, and with the Secretary of Justice in all concerning the observance of the statutes of the said Bank and the laws in general applicable to its functioning.

The Central Bank shall exercise inspection over all other Banks existing and that may be founded in accordance with law.

Any Bank a;ready established or that shall be established in conformity with the Banking legislation soon to be enacted may solicit of thw Central Bank the issue and delivery to it of bank notes not to exceed a certain proportion of the proven cash capital of the said bank, and on the deposit in gold of a sum equal to thirty-five per cent of

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By AMF NARS, Date 05/04/89

the issue asked for. An issue may also be made proportional to the value of Bonds, Stocks or other securities or real properties (bienes inmuebles) belonging to third parties who offer them as a guarantee for a loan or advance to be made ~~by~~ them by the Bank, but the requisite of the first named deposit and the other requisites prescribed for the issue of bille shall always be fulfilled. The total of bank notes in circulation at any moment shall not exceed a maximum amount which the Law shall fix; but within that limit notes may be issued when the gathering in or cancellation of any part of those already issued shall permit.

The bank notes shall not be of forced circulation (legal tender) but the Government shall receive them in payment of its rents and revenues (rentas e ingresos), excepting such of the latter as may be destined to the expenditures that must be made in a specified kind of money. Before authorizing the issue of bills the Central Bank shall obtain, besides the delivery and deposit in gold of thirty-five per cent of the said issue, the delivery ~~of~~ by the Government of Bonds for thirty per cent of the same issue, the bonds being authorized by the said Government, without interest, and expiringin three years from the date of issue, which shall likewise be kept in deposit.

The notes shall not be exchangeable for official money, for taking up or cancelling, until three years after their respective date of issue . Three years having elapsed, if the Bank which obtained the issue shall not have taken up or cancelled the whole of the same, or shall fail to prove that it has done so, or shall fail to deliver to the Central Bank the amount necessary thereto (to the cancellation of the whole issue) the said Central Bank shall p_oceed to apply to that operation the thirty-five per cent of the issue, deposited in gold and the value of the government bonds in the same manner deposited, which the said Government shall pay within three months following the expiration of those three years.

Immediately upon the expiration of the three years of a note issue without the notes having been taken up or without there having been furnished by the Bank which obtained the issue the necessary amount for their retirement, the Government Comptroller in the Central Bank shall assume through a delegate and under his own supervision the entire administration of the bank and shall without delay and with preference over all other claims devote the resources of the said Bank to covering, first, the thirty-five percent remaining of the issue of notes, and,next, to reimbursing the State the value of the Bonds which may have been paid. In case there exist guarantees given to the Bank being administered by the Deputy of the Comptroller, the latter can and must take such legal action as shall conduce to the conversion of such guarantees into cash.

The Banking Law shall prescribe the other cases in which the Comptroller shall adopt or recommend measures in relation to the functioning of the Central Bank or of any other Bank and shall amplify these basic ideas if the Congress shall see fit to do so.

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By AMF NARS, Date 05/04/89

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
JUL 27 1921
2655-g-29
WAR DEPARTMENT

SUBJECT THE ECONOMIC SITUATION - Monograph Report

From CUBA - Economic

No. 1492 *Date* July 15, 1921, *19*

Replying to No. *Date* REC'D, M.I.B., O.C.S. JUL 21 1921, *19*

(8) Transportation
(23) Land.

Many of the jitney Ford automobiles are using alcohol as a substitute for gasoline. The object of this movement is to force the oil companies to lower the price of gasoline, which at present exceeds 50 cents per gallon. It is claimed that alcohol can be purchased 40% cheaper than gasoline, and that it gives a mileage about equal to gasoline. Jitney chauffeurs who have organized the movement, claim that by using alcohol they can force the price of gasoline down to 25 cts. per gallon.

Binding Margin

(89, 90 & 91) Credits, Revenue & Debits.

It is charged that a large part of the present shortage in the National Treasury is due to the payment by the former Secretary of the Treasury of many old claims which were of a questionable nature and amounted to many millions of dollars. This charge is generally believed by the public.

(35) Health
(106) Disease.

The small pox epidemic which has prevailed for some time in Oriente Province, especially in the vicinity of Guantanamo and Santiago, is now spreading to the Western Provinces. In Camaguey Province this epidemic has assumed alarming proportions, especially in the municipality of Morón. Some cases have also appeared in Matanzas and Santa Clara.

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By AMF NARS, Date 05/04/89

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OFFICE CHIEF OF STAFF
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SUBJECT THE ECONOMIC SITUATION - Monograph Report

M. I. 2.

From CUBA - Economic

No. 1,495 Date July 22, 1921, 19

Replying to No. Date, 19

REC'D, M. I. B., O. C. S. JUL 27 1921

Binding Margin

(54) Labor.

(1) At the present time labor conditions in Cuba are most deplorable and there are no prospects for improvement in the near future. Indications point to even worse conditions for laborers belonging both to the organized and unorganized classes. As the financial and business depression is daily getting worse, the number of the unemployed is increasing at an alarming rate. Many people are working for food alone, and many who are anxious to work for food alone find themselves unable to ~~find~~ obtain employment. The failure of the large Banks, where thousands of laborers had their small savings deposited, together with the continued high cost of living and the wholesale discharge of employees, is now being most keenly felt. Many people are subsisting on mangoes, bananas, pineapples and such other native fruits as they can find in the country. Actual starvation is reported from many localities but it is thought that these reports are exaggerated because the parties furnishing the reports are not able to give the names of the parties alleged to be starving. At night many parks, streets and other public places are filled with people who sleep there because they have spent their last pittance and are unable to obtain shelter.

(90, 91, & 92) Revenue, Debits & Credits.

(2) On July 13, 1921, the Treasury Records showed the National Debt of Cuba to be as follows:

Name of Loan	When Issued	Date of Maturity	Interest	Original Amount	Now Outstanding after Amortizations
1st. Speyer Loan (Foreign)	1904	Mch. 1/44	5%	$35,000,000	$23,219,000.
2nd. Speyer Loan (Foreign)	1909	1941	4-1/2%	16,500,000.	16,106,000.
Morgan Loan (Foreign)	1914	1949	5%	10,000,000.	9,460,000.
Republic of Cuba 5's (Domestic)	1905	Indefinite	5%	11,250,000.	10,421,000.
Republic of Cuba 6's (Domestic)	1917	Dec. 30/29	6%	30,000,000.	21,109,100.
				Forward.....	$ 80,315,100.

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Name of Loan	When Issued	Date of Maturity	Interest	Original Amount	Now Outstanding after Amortizations
				Forward.....	$80,315,100.
Ports Company Bonds (Domestic) ("Dragado"Scandal)	1917	1931	5%	$7,000,000.	5,500,000.
Floating Debt - that is, obligations outstanding for current expenses (Domestic) Estimated at maximum					50,000,000.
				Total.....	$ 135,815,100.

The 1st. Speyer Loan (1904) was contracted for the purpose of paying off 50% of the salaries due to the Army of Liberation.

The 2nd Speyer Loan (1909) was contracted for the purpose of completing and Paving & Sewerage System of Havana.

The Interior debt of 1905 was contracted for the purpose of paying off the remaining 50% of salaries due to the Army of Liberation.

The Interior debt of 1917 (6's) was contracted for war purposes.

The Interior debt of 1917 (5's) was contracted for paying of certain obligations resulting from the suppressed 'Dragado' Company.

Reliable information has been obtained to the effect that of its $50,000,000. floating debt the Cuban Government has for some time owed the United States Government about $800,000. for money collected on Post Office money orders.

For the purpose of paying off the Floating Debt there has been prepared a project for a new issue of 6% Bonds to the amount of $50,000,000. A Mixed Committee of Congressmen and Senators has prepared the Bill, and indications point to its passage by both Houses of Congress.

There has been introduced in the Cuban Congress a Budget Bill which bases the Budget of 1921-1922 upon the Budget law of 1918-1919. Copy of this Bill enclosed with Political Report this date. The Budget law of 1918-1919 estimated the revenue for that year at $64,460,000. The expenditures for that year were estimated as follows:

For payment of fixed loans, interest and amortization of bonds, etc.....	$10,035,909.26
Expenditures for the Presidency	209,620.00
" " Department of State....	1,261,804.13
" " " " Justice...	265,260.00
" " " Interior (Gobernacion)...	6,261,586.26
" " " Treasury (Hacienda).....	4,581,931.75
" " " Education	10,406,127.04
" " " Public Works	7,056,140.00
" " " Sanitation & Charities.....	6,152,344.45
" " " Agriculture, Commerce & Labor.	1,400,000.00
" " " War & Navy	15,099,170.96
Reserve, and Miscellaneous Expenses.....	1,700,000.00

The largest item of Revenue was that estimated from Customs Receipts as $37,000,000.

Attention is called to our report No.1487 of July 8,1921, showing the rapid falling off in Customs Receipts which for the month of June, 1921, amounted to only $2,310,208.65.

The Secretary of the Treasury is now investigating some of the notorious graft charged to have been carried on in the Custom House. Among these charges it is alleged that large cargoes of fresh beef were hurried through the Customs House without payment of duty, and

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that the record book of weights, etc. was destroyed. It is also charged that false entries were made in several books showing receipts to be many times less than the duties actually collected on many shipments. These charges involve Señor Escoto, Administrador (Collector) of Customs, who due to his obstruction against clearing of the congested docks, was forced to go on leave during the process of discongestion.

(31) Structure
(93) Banking.

(3) Fraud has been detected in the banking house of J. Bances & Co. since that institution went into liquidation. It is charged that with the knowledge and approval of this bank's manager, $223,000. worth of securities belonging to a depositor now absent in Spain, were taken from the bank and pawned for the sum of $138,000. The bank manager has been arrested.

In the bank of Penabad, Areces & Co., itis charged that after this institution went into liquidation many of the bank's holdings were traded without authority and that certain individuals gained several thousand dollars thereby. Two of the members of the Liquidation Commission appointed for this particular bank have been discharged as a result of this scandal.

The Havana daily press is carrying on an active campaign to discredit Mr. Clarence Marine, the American member of the Superior Liquidation Commission. Copies of scurrilous articles appearing in LA LUCHA are attached hereto. It is reliably reported that influential persons of high financial position are in danger of being exposed by the Liquidation Commission, and that in fear of such exposure they have started this propaganda against Mr. Marine and hope to obtain his removal.

In the near future the President of Cuba expects to send a Commission to the United States to represent Cuba before the Senate ~~Com~~ Finance Committee respecting the Reciprocity Treaty between the two countries. This Commission, composed of 6 members,- 2 appointed by the Cuban Government and 4 selected from Cuban commercial organizations, will give special attention to the duties on importations of Cuban sugar.

The President also contemplates sending another Commission to confer with the American Government and bank officials reference the basis and terms of an Interior loan and a probable Foreign loan. A foreign loan or any interior loan which necessitates the application of the provisions of the Platt Amendment will meet strong opposition on the part of politicians who believe that American financial interests would require a close American fiscal supervision, and this is what Cuban office holders do not want.

(105 & 106) Sanitation & Disease.

(4) The small pox epidemic continues on the increase and is especially bad in Camagüey and Oriente Provinces. Considerable influenza is also reported from Camagüey, though this influenza is not of a very dangerous type. Typhus and malaria are also prevalent.

The Secretary of Sanitation has been active in his campaign to improve sanitation. Hundreds of bodegas, restaurants and other

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public places are being inspected, fined and placed on the black list. This, together with disappointed politicians, has caused a movement against Dr. Guiteras, the Chief of Sanitation. At a recent political meeting held for the purpose of protesting against the Chief of Sanitation, the politicians complained that Dr. Guiteras turned a deaf ear to the petitions of their friends who were seeking positions in ~~thi~~ his Department.

The whole Island is infested with mosquitoes. These mosquitoes have increased at a most alarming rate even in the suburbs of Havana which at one time was almost free from this pestilence. The Secretary of Sanitation is starting an active campaign for eradication of mosquitoes. He is seriously handicapped by shortage of funds and the non-inclination of the employees of the Sanitary Department to do any work, and the obstruction interposed by those who are unwilling to clean their properties and comply with sanitary regulations.

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The Superfinancier

Clare[illegible] L. Marine, lawyer by profession, is a member, freely appointed by our Government, of the Banking Liquidating Commission. In reality, his position in that organization is in no sense privileged, nor his dictates determintive. His power are absolutely equal to those of his colleagues. But, nevertheless, Mr. Marine acts in a bold and indiscret form, which, as a general rule, converts him into a decisive, omnipotent factor within said commission, thus provoking the surprise and indignation of his companions, who realize that through said attitude of his,, important native interests are imperilled and the United States discredited, for he, in his unjustifiable assumption of supreme authority, represents himself as the extraofficial spokesman of the American Government.

Who is Mr. Marine He is not a distinguished figure of our Bar or of our financial world. He is one of those mediocres that always manage to personally thrive in abnormal situations. Antecedents? Mr. Marine is well-known as former agent of certain revolvers which were officially accepted for use by the Cuban armed forces; he is also known for other activities which need not be mentioned here. At present, Mr. Marine is devoting himself to criticism, in secret, Genenral Crowder, whose whose friend he pretends to be, and also, President Harding's Administration.

What is Mr. Marine's conception of the relations between Cuba and the United States We would like to know the real opinion on the matter of this lawyer broker and agent of obscure businesses, now self-created master of the Liquidating Commission. We would like to know whether General Crowder is aware of the fact that he and his Government have an implacable critic in Mr. Marine, whose favorite phrase is: "If I resign my membership in the Commission, an American Intervention in Cuba would be immediately decreed by President Harding".

Surely General Crowder, who has never even suggested such a drastic step at a time when, given the political condition here it would have been justifiable, and whose attitude with respect to our present economic troubles is so considerate, cannot know what Mr. Marine is daily proclaiming. We doubt his knowing that Mr. Marine, in referring to him, says: "The General is an eminent jurist, but he understands nothing of economic matters".

Mr. Marine, however, regards himself and poses as a superfinancier. He is past master in placing merchandise in the market, and fishing in troubled waters For example, his marvellous exploitation of the American Black List , during the World War.

Finally, we want to ask: "Will the austere General Crowder now in Cuba charged with dual mission, political and economic, tolerate his being presented as incompetent in one of the matters intrusted to him for study and solution? Does the General regard Mr. Marine as his master and adviser? Will he confirm Mr. Marine's statement as to the possibility of an American Intervention here, in case the later should resign his post in the aforesaid commission? Would President Harding tolerate the mentioned threat to our nationality, if it reached his ears? Or are the relations between Cuba and the United States to depend, henceforth, exclusively on the passions and interests of Mr. Marine?

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EL «COCO» FINANCIERO

El abogado señor Clarens L. Marine, forma parte como un vocal, como un miembro libremente designado por nuestro Gobierno, de la Comisión Temporal de Liquidación Bancaria. En realidad la situación del mencionado Mr. Marine, abogado y hombre de negocios harto conocido aquí, dista mucho de ser privilegiada conforme a la ley, dentro de ese organismo. Es un vocal de la Junta, con las mismas facultades y atribuciones que los demás. Pero Mr. Marine, actúa en tal forma desconsiderada, indiscreta y audaz, que de facto resulta un factor decisivo, omnipotente, en el seno de esa comisión, para tortura de sus colegas que contemplan asombrados su desparpajo, para desventura de Cuba, puesto que muy respetables intereses se ponen en peligro con su proceder atrabiliario, y para descrédito de los Estados Unidos, ya que en su afán de revestirse de autoridad incontrastable, se erige en representante oficioso del Gobierno de la Gran República, cuando le conviene!

¿Quién es Mr. Marine? No ha brillado en el Foro, no ha figurado en primera línea en nuestro mundo financiero, pero si lo bastante conocido para excusar su presentación al público. Mr. Marine, es una de esas medianías que necesitan de las situaciones anormales de transición para deslizarse en la sombra y obtener provecho personal. ¿Antecedentes? Mr. Marine es bien conocido como agente de unos revólvers que logró se declaracen "reglamentarios" en los cuerpos armados de Cuba, fuente de ganancia para su bolsillo y bien conocido por otras cosas más, que por ahora no vienen a cuento... Pues ese Mr. Marine está haciendo un flaco servicio al General Crowder, de quién se proclama amigo íntimo, y no pasa día sin que, con sus palabras y actos, tienda a poner en ridículo al Gobierno del Presidente Harding.

¿Qué concepto tiene formado Mr. Marine de las relaciones de los Estados Unidos y Cuba? Quisiéramos poder apreciar debidamente, el modo de pensar, de ese abogado comisionista, corredor de asuntos escabrosos, etc., hoy dueño de la comisión que entiende en nuestros asuntos bancarios. Pues al menos que juzgue a Mr. Harding y sus colaboradores de Washington como a unos tiranuelos de la marca latino-americana y a los cubanos unos parias desventurados, no se explica que el vocal de la Comisión Temporal tenga consagrada esta frase soberbia y estulta "YO RENUNCIO Y MAñANA ESTA AQUI LA INTERVENCION AMERICANA ¡Adiós Júpiter de guardarropia!

Seguramente el General Crowder, el respetable y respetado General Crowder—que tantas buenas demostraciones lleva dadas a los cubanos—y que acaba de declarar en la Comisión Mixta en Palacio, en nombre de su Gobierno, que no intervendrá en las conferencias financieras más que cuando se trate de asuntos que afectan directamente a los Estados Unidos, en sus relaciones con Cuba, no está enterado de la peregrina manera de pensar de Mr. Marine. Ni sabrá tampoco el General, que su titulado amigo y representante, dice a boca llena "que él, Marine, es el árbitro financiero de este país, PUES MR. CROWDER AUNQUE JURISCONSULTO ILUSTRE, NO ENTIENDE UNA JOTA DE MATERIAS ECONOMICAS".

Eso sí, él, Mr. Marine, se proclama en su modestia, un verdadero experto en finanzas. Conoce al dedillo como puede agenciarse en buenas condiciones una mercancía, introducirla en el mercado aunque no pueda competir en calidad con otras mejores y sabe muy bien, sobre todo, el arte de pescar en río revuelto. ¿No se recuerda aquel inusitado, extraordinario movimiento que tuvo su bufete en los azarosos días de la "Lista Negra", suculenta zafra rendida en corta molienda?

Ahora nosotros preguntamos: ¿Tolerará el austero mister Crowder que ha traído a Cuba una doble misión de aspecto político y económico, que se le presente como un incompetente improvisado en esta materia, teniendo como asesor decisivo a Mr. Marine, y sometido a la voluntad y hasta al capricho del propio Mr. Marine? ¿Admitirá, que invocando ese relieve personal, diga Mr. Marine que él puede decretar la intervención norteamericana en Cuba, medida gravísima que no pasó por la mente del ilustre ex-Preboste, ni aún en los días en que mayores amarguras embargaban su espíritu por la complicada maraña de nuestros problemas electorales? ¿Tolerará el Gobierno del Presidente Harding, cuyo representante diplomático en Cuba lo es el distinguido y correcto funcionario Mr. Cable, que en su nombre se amenace a la nación cubana con una medida violenta de intervención tan solo porque no se vea complacido en sus pasiones o en sus intereses el susodicho mister Marine?

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By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
WAR DEPARTMENT, G.S.
AUG 17 1921

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M. I. 2.

SUBJECT THE ECONOMIC SITUATION - ~~Monograph Report~~ in Cuba
(Report followed)

From CUBA - Economic

No. 1508 Date August 5, 1921, 19

Replying to No. Date, 19

REC'D, M. I. D., G. S. AUG 12 1921

(54) Labor.

1. Organized labor in Cuba consists of 403 registered unions distributed throughout the Island.

The following are the most serious strikes amd labor troubles that have occurred during the last three years:

1918 - Nov. 4 to Dec. 12; strike of stevedores of Havana. This strike was followed by sympathetic strikes which involved various other labor unions. Settled by compromise.

1918 - Jan. 13 to Jan. 22; strike of carpenters and brick masons, increased by sympathetic strikes on the part of other labor organizations. Settled by compromise.

1919 - Feb. 5 to Feb. 14 - Strike of Havana typesetters. Settled by compromise.

1919 - Mch. 4 to Mch. 14 - General strike resulting from controversy between the building trades unions and contractors. Settled by compromise.

1919 - Dec., to 1920, Feb. 6 - Strike of stevedores and dock laborers in Havana Harbor. This strike was settled by compromise and followed by intermittent partial strikes of little consequence.

1920 - Aug. 12 to Aug. 17 - Small strike of telegraph operators on Cuba R.R. Settled by compromise.

1920; Aug. 7 to Aug. 21 - Strike of the laborers on Havana Electric Ry. Ended by complete and cleancut victory for the Company.

1920 - Aug. 18; Strike of Havana chauffeurs, out of sympathy for employees of Havana Electric. Strike lasted only a few days and had no effective result.

1921 - Apr. 27 to June 1 - Strike of employees of Cuba R.R. Settled by compromise on May 28, 1921; later definitely settled about June 1, 1921, by complete and decisive victory for the R.R.Co.

1921 - May 2 - Strike of motor truck and cart drivers, lasting 24 hours and undertaken as a protest by chauffeurs against alleged excessive fines imposed on lawbreaking chauffeurs by Judge Armisen of the Fourth Section Court, Havana,

From the above facts it will be seen that in all except two instances, strikes in Cuba have been settled by compromise and that the only clean-cut termination of strikes were those obtained by the Havana Electric Co. Aug. 21, 1920 and the Cuba R.R., June 1, 1921, where the results were decisive and against the strikers.

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These labor troubles were economic in their origen and were not materially influenced by politic intrigue. Demand for higher wages was generally the cause of those strikes which occurred prior to the present financial crisis. These demands were generally justified by the high cost of living and the failure of capitalists to grant increased wages in proportion thereto. Since the financial depression the general cause of strikes has been the insistence of capital on decreasing wages, and cutting out graft exacted by so many employees. Capital has generally been justified in these financial retrenchments, due to tremendous business losses brought on by economic depression.

Cuban labor is still restless and still threatens to strike. However, on account of the rapidly-increasing army of unemployed, labor today finds itself unable to sustain a strike of any proportions against capital.

3 F 2.

(16) Finance
(89,90 & 91) Credits, Revenue and Debits.

2. The situation is extremely grave concerning both governmental and industrial finance. The Cuban Government today finds itself discredited both at home and abroad. This deplorable condition is the result of prior mis-government, especially the Administration of General Menocal which was notoriously inefficient and corrupt. This mis-government consisted of the following:

(a) Gross frauds in elections;
(b) Shameless extravagance;
(c) Improper concessions and franchises;
(d) Frauds in revenue collections;
(e) Frauds in disbursements, accomplished by false documentation and other sharp practices;
(f) Improvident contracts for public works and services;
(g) Neglect of important public services to such an extent that the Departments of Public Works, Sanitation and Education degenerated into the lowest state of efficiency in the history of the Republic;
(h) Indiscriminate freeing of criminals by wholesale pardons and amnesties;
(i) Lack of constructive legislation;
(j) Corrupt practices of subordinates of the judiciary;
(k) Disgraceful failure to enforce existing law and to bring to justice the notorious speculators, gamblers and financiers who so shamefully robbed the people and the Government.

This governmental degeneration, started in the Administration of José Miguel Gomez, reached its climax in the Menocal Administration, and in spite of the fact that the last Menocal term experienced the most prosperous revenue-producing years of the Republic, it handed down to the present Administration (Zayas) an outstanding national debt exceeding $85,000,000., a Treasury practically empty, and in addition to the above, a floating debt (money due for current obligations), approximating $50,000,000.

The Cuban Congress during the two terms (8 years) of the Menocal Administration, failed in five different years to enact an annual budget, thus abdicating to the President the prerogative to place large and improvident credits by decree. It is therefore not surprising that the Menocal Administration during the first ten and one-half months of the fiscal year 1920-1921 spent over $118,000,000., and it is not surprising that today there are seen

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hundreds of Government employees unable to collect their long-unpaid salaries from an empty Treasury,and Banks generally refusing to accept Government checks.

The condition of Industrial Finance is equally alarming. These conditions are the result of the following causes:

(a) World wide economic disturbance;
(b) Over-expansion of the sugar industry; whereby the normal annual production of 2,500,000 tons was increased to 4,000,000 tons;
(c) The rapid decline in the price of sugar (from about 23 cts. to 3 cts. per lb.)
(d) The absence of effective banking laws resulting in high finance, notorious speculation, swindling,and banking corruption;
(e) Shameless profiteering,whereby the cost of living has been kept higher than in any other country on earth.
(f) Habitual gambling and general extravagance of the Cuban public,who delight in ostentation and have no conception of frugality and economy.

The moratorium,which postponed the evil day about six months, did not serve as a sufficient warning,and the Cuban public in general did not prepare and fortify themselves for the industrial disaster which now surrounds them. It is therefore not surprising that the army of the unemployed has reached enormous proportions and is rapidly increasing each day, and thousands of people are working for food alone. Neither is it surprising that fourteen banks, which formerly transacted over 50% of the Island's banking business, are now closed and undergoing liquidation; among these insolvent banks is the Banco Nacional which owes the Government $28,000,000. Nor is it surprising that the banks now solvent find themselves crippled by over-extension of credits,and unable to make further loans. These solvent banks are also handicapped by the necessity of keeping on hand enormous sums of cash to meet sudden runs caused by blackmailing newspapers.

In view of the above-mentioned crisis prevailing in both governmental and industrial finance, it is easy to see what a difficult task confronts the Zayas Administration. This President is struggling to obtain remedial measures. He is receiving both excellent and evil advice. He appears to be disposed to heed his good advisers who point out the necessity for the following action:

1st.- Payment of the Government's floating debt or current obligations, at the earliest possible date.

This to be accomplished by an issue of Treasury bonds bearing 6% interest exchangeable at par,for the outstanding current obligations of the Treasury,and with provisions respecting interest and amortization similar to the provisions of the act of Aug. 1,1917 authorizing the interior loan of $30,000,000.

2nd.- A foreign loan, at rates of interest and amortization so adjusted as to produce over $50,000,000. for the purpose of aiding and continuing the industry of the Island..

This money to be handled and its distribution properly regulated by a proposed "Cuban Finance Corporation" to be organized by law for that purpose.

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3rd.- These loans will both require the consent of the United States Government. Article 2 of the Platt Amendment makes it plain that the Cuban Government may not assume or contract any public debt, foreign or interior, until the United States has sanctioned the same, and the United States Government may not properly give that sanction until it is able to find that the ordinary revenues of the Island, after defraying expenses of the Government, are and will remain sufficient for the service of such debt.

Therefore it is not only necessary for the Cuban Government to obtain the sanction of the United States Government for such loans, but it is also necessary for Cuba to take such measures as to assure the United States that she can cut down her expenses to such an extent, and revise her revenue laws to such a degree, that sufficient funds will be available for such purposes and will be honestly applied to that end.

In our Report No. 1495 of July 22 (Monograph) we mentioned a Commission to be sent by the Cuban Government to Washington for the purpose of negotiating with United States officials and bankers reference these loans. This Commission, headed by Mr. Sebastian Gelabert, Secretary of the Treasury, will leave Cuba for that purpose ~~today, July~~ 5. Cuban officials appear to be hopeful that these loans and American sanction therefor can be obtained upon the same easy terms as were obtained when other loans were floated in normal times. Indications point to a long-extended conference in the United States, which if successful, will require constructive legislation on the part of the Cuban Government before the final arrangements can be made. This constructive legislation must be enacted after the conditions of the loan are made known by the Washington Government. It is therefore seen that a considerable delay may be expected before this program is put through. Legislative projects proposed to carry out the program are submitted with our Political report of this date.

The Cuban Congress is favorably disposed to an interior bond issue, but hostile to an exterior loan. The reason for this attitude is easily explained. They are inclined to believe that an interior bond issue is beyond the scope of the Platt Amendment, (this is of course a mistaken view) but that an exterior loan comes within the provisions of the Platt Amendment and before such a project can be consummated the necessary sanction of the United States can only be obtained by assurances as to the ability of the Cuban Government to raise sufficient revenue and the proper and honest application of the funds obtained. Cuban Congressmen know these assurances will be so binding that there will be little room for corrupt practices in distributing these funds.

The President's task in persuading Congress to enact the necessary legislation is difficult; but he will be confronted by an enormous task when it comes to exacting the necessary economies and the stamping out of corruption in all the Departments of the Government. The President has expressed a desire to increase the public revenue by stamping out the graft connected with the National Lottery, which has become a national scandal. During recent years the lottery has yielded an annual revenue to the National Treasury of about ~~$x,xxx,xxx~~ $4,500,000. This has accrued from the proceeds of sales of tickets over and above the

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(10) Finance
(89,90 & 91)Credits,Payments & Debits

70% of such proceeds which are returned to the public in the form of prizes, and about 3% of such proceeds retained for expenses of administration. Through open violation of laws regulating the selling-price of tickets, colecturias and other sinecures who have controlled the sale of tickets to the public,have realized an annual sum estimated at more than $9,000,000. In other words, the spoilsmen by robbing the public have made annual gains twice as large as that accruing to the Government. ~~The detailed methods by which this spoils system works, is shown by our Service Report (No.1509) submitted this date.~~

The President's plan is to increase the Government's price on a lottery ticket from ~~$5~~ $20. to $25., and by exacting strict compliance with the law forbidding sales at unauthorized prices,to increase the Government's share of the profit by about 25%, and entirely eliminate the $9,000,000. now annually going to the sinecures. It is pointed out that such action will yield the Government an increased annual revenue of about $2,500,000., and will save the public over $7,000,000. The President has expressed a hope to bring about this reform within five months after the beginning of his term. Two and a half months of his term have already passed,and there are no evidences of this reform. Lottery tickets are still being sold by many vendors at $30.00 per ticket.

The President has also expressed a desire to cut down frauds in customs collections,thereby saving to the Government the loss of the 15% customs receipts estimated as now being stolen from the Government each year.

The President has appointed two of his relatives to positions in the Lottery. A nephew, Alberto Alfonso, has been appointed Administrator of the Lottery, and another nephew has been appointed second chief of the Lottery. It is also believed that the President will in the near future appoint one of his relatives as chief Administrator (Collector) of the Custom House. Friends of the present Administration believe these family appointments were made by the President in view of his confidence in these relatives and his ability to more effectively use them in stamping out the frauds prevalent in these Departments. Enemies of the present Administration believe this is simply a method used by the President to rapidly enruch his relatives and friends,- a method so successfully adopted by the Menocal Administration. It is mentioned in a Service Report ~~of this date (No.1509)~~ that almost every member of the National Congress holds one or more lottery colecturias, such considerations being generally given to these legislators for the purpose of maintaining Presidential control.

From data already presented in this report it is easy to see the urgent necessity for constructive legislation. How can the President bring about this constructive legislation unless he can exercise a control over Congress? How can he exercise this control over Congressmen if he stamps out Lottery corruption and withdraws from them their highly-prized colecturias? Indications point to a cautious delay in stamping out the colecturias until after the passage of desired legislation.

Observers, of good judgment, are of the opinion that however well disposed the President may be in his program for reforms, he will not have the power nor the ability to exercise sufficient control for overcoming the well-entrenched corrupt interests that are sure to oppose him.

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By AMF NARS, Date 05/04/89

(31) Structure;
(92 & 93) Money & Banking.

Our previous reports have mentioned the attack waged by Havana newspapers against Mr. Clarence L. Marine, American member of the Superior Liquidation Commission. The object of these attacks was to force Mr. Marine's resignation. The attacks were inspired by Mr. San Miguel, owber of the Havana dailies, LA LUCHA, LA NOCHE and EL IMPARCIAL. Mr. Marine had insisted on using expert American auditors, of the New York auditing firm of Haskins & Sells, to audit the accounts of the insolvent Banco Español. Mr. San Miguel is said to be closely allied with the officials of this Bank who so outrageously swindled the Cuban people. This audit by American experts might bring to light the many crimes of these bank speculators and gamblers, and might lead to their prosecution before the courts. There is a public demand for bringing to justice officials, both of governmental and industrial institutions, who have robbed the public. This subject is mentioned in one of the President's special messages to Congress. Mr. Marine is still a member of the Superior Liquidation Commission and continues functioning as such.

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By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
AUG 17
WAR DEPARTMENT

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M.I.2

SUBJECT THE CUBAN LOTTERY - Service Report.

From CUBA. - Economic.

No. 1509 *Date* August 5, 1921. *19*

Replying to No. *Date* *19*

REC'D, M. I. D., G. S. AUG 12 1921

I. The original lottery law was enacted July 7th,1909,and the regulations were issued the same day. The law and the regulations contemplated the sale of lottery tickets through "colecturias" or sales agencies. The number of"colecturias" was to be determined by the Secretary of Finance(article 34 of the regulations) and agents were obliged to give bond(article 37 of the law and 36 of the regulations). The agents were to pay the value of the tickets they received from the Treasury Department(article 37 of the regulations) and the number of such tickets depended on the amount requested by them and the decision of the Director General on such requests(article 38 of the regulations). Unsold lottery tickets might be returned to the Treasury on the day before the drawing,but only up to the amount of 10% of the whole number of tickets received by the collectors (article 56 of the regulations). The agents were authorized to appoint peddlers for the resale of tickets to the public(article 39 of the law, 57 of the regulations). The agencies were required to be on the ground floors of buildings and to be designated by certain signs(articles 58,59 and 60 of the regulations) and the peddlers were required to carry a badge showing the agency to which they belonged(article 57 of the regulations).

Binding Margin

II. The agents were allowed a commission of 3% of the value of tickets sold by them(article 38 of the law,41 of the regulations) and were strictly prohibited from increasing the price(article 51 of the regulations),but no definite penalty was designated. The State thus received the nominal value of the tickets,less 3%. The peddlers appointed by the agents were permitted to increase the price of the lottery tickets by not exceeding 5%,such increase being their commission. Violators of this provision were subject to a fine of $25 and to the loss of their appointment as peddlers(article 39 of the law and 57 of the regulations). No person was permitted to resell tickets without being duly authorized(article 39 of the law).

. Individuals were permitted to subscribe for tickets of certain numbers(article 42 of the law,53 of the regulations).

III. The lottery law was considerably modified by a law of July 9th, 1912,for which the new regulations were issued on October 16th,1912. This law fixed the number of sales agencies at one for every 3,000 inhabitants (article 35 modified). The original law had fixed no term of office for the agents;the amendatory law expressly provided that they can be removed only for just cause(article 36 modified). The sales agents were relieved from the requirement of giving bond(article 37 modified). All the tickets of every drawing were to be distributed among all the agencies in equal shares and were to be paid at the momentof being taken out of the Treasury(article 37 modified),and agents were obliged to take over all the tickets corres ponding to them in each drawing,under penalty of having their appointment cancelled(article 38 modified). The 3% commission was maintained as the agents commisssion(article 38 modified). Tickets unsold on the day before the drawing were to be cancelled(article 40 modified),but not more than 10% of the tickets received by any may be returned as unsold(article 48 of the regulations). The direct subscription of tickets was abolished(article 42 modified).

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IV. The system of selling tickets to the public through peddlers appointed by the agents was also abolished by article 39 as modified, which reads as follows:

"Article 39. Any person may resell tickets delivered to the sales agencies, but no one may call them in public nor increase their price by more than 5%, being liable, in case of violation of this prohibition, to a fine of $3.00 the first time and $I0.00 for later violations."

Furthermore, the disbursements for operating the lottery which by article 43 of the original law had been fixed at 5% of the nominal value of the tickets, were by the new law (article 43 modified) permitted to be increased to not exceeding I2%. Decree 6II of July 9, I9I2 definitly fixed the rate at 9 %.

The new regulations, issued for the amended law on October I6, I9I2, give evidence of the intention that the sales agencies were to be the direct means of communication between the Goverment and the public, for they re-enacted the provisions as to the kinds of offices to be opened and the signs by which such offices are to be distinguished (articles 5I-54 of the regulations). They contain no reference to peddlers, since the amendments to the law granted to everyone the right to resell lottery tickets.

V. For a while an attempt seems to have been made to carry out the spirit of the law and make the sales agencies the distributors of the lottery tickets. At first many agencies were given to veterans of the War of Independence or widows of such veterans.

It happened, however, that some of the agents son appointed found difficulty in raising the money payable to the Treasrry for their lottery tickets, particularly when the drawing was far off. Also some were not active and had trouble in disposing of all their tickets,. Others, on the contrary, were able to dispose quickly of all their tickets and required more to meet the demands made upon them.

Some to the agents, therefor, began to sell all of their tickets to other agents. Agent A who was no business man would sell his tickets to wide-awake agent X. Both parties would profit by the transaction, for agent A gained his commission without work or worry and agent X had tickets enough to satisfy his business demands. Moreover agent A, in defiance of the law, sold the tickets to the public, either directly or through employees or sub-agents, at any price he chose to designate.

VI. The possiblities of the situation were quickly realized. Agents B, C and D followed the example of agent A and sold out to agent X or to some one else, whether agent or not. Finally all the agents in the Republic sold their tickets to a small group of persons, some of them agents and some not. These men who gathered in all the tickets came to be known as" acaparadores" or monopolists.

This proceeding was facilitated by the method followed by the Treasury in issuing the tickets. Each agent has a right under the law to a certain number of tickets in each drawing (article 37 modified). In order to transfer the tickets he is not required to call for them and deliver them physically but he merely transfers his "cargaréme" or certificate showing his right to the tickets. The purchaser of this certificate delivers it at the Treasury and obtains the tickets.

A "colecturia" or sales agency thus ceased to be an office and was converted into a mere privilage of obtaining a specified number of lottery tickets from the Treasury at a reduction of 3% from the nominal price. No pretense is made by the agents at opening any office. When an agent is appointed his first act is to get in touch with one of the"acaparadores" and arrange the terms for the sale of his privilage.

VII. The price of such sales has fluctuated. At times it is merely the amount of the 3% commission to which the agent would be entitled by law on the tickets, at times it is much more. Of late the privilage has been sold for as high as $600.00 per month. The agnet then does nothing more than collect his money for the period of his arrangement with

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the purchaser of his privilage. The politicians also awoke to the situation and began to obtain sales agencies in large numbers,for themselves and their nominees. Occasionally ten or more such agencies were given to a single man. It is said that every member of the Cuban Senate except one had from I to I4 of such"colecturias" and likewise every member of the House of Representatives. By selling their ticket privileges to the "acaparadores" they thus had an income of thousands of dollars per month without any effort. At the same time the Govèrment was induced to increase the number of "colecturias" by generous estimates of increases in population.

The "acaparadores" on their part sell the tickets to the public at any price they think fit,without regard to the limitation established by law. A $20.00 ticket,which the agents would sell,for that price and the retailers for not over $2I.00,is now sold to the public for $30.00, the increase being 50% instead of 5%. There is some measure of understanding among the "acaparadores" as to the price to be charged for the tickets,but the public demand also has a considerable influence. It is to be noted for instance that when there are a number of rainy days shortly before a drawing,the price of the tickets falls,as there has been less opportunity to dispose of them.

The principal reason for the abuse which has thus arisen seems to be the fact that no attempt has been madeto limit the retailers of tickets to the 5% commission allowed by law. There is hardly ax case on record where any complaint has been made on account of excessive prices, and it appears that in the few instances where there has been a complaint no action has been taken. Moreover,even if the penaly designated by law were imposed,the result would probably not be different. The penalty,$3.00 for the first offense and $I0.00 for every offense thereafter,is too small to produce any appreciable effect.

The result ofx the mismamangement of the National Lottery has been as follows:

The Goverment has obtained an annuanl revenue estimated at about $4,500,000.00.

The grafters have obtained an annual revenue exceeding $9,000,000.00 which has been illegally extorted from the public.

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By AMF NARS, Date 05/04/89

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AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE
HAVANA, CUBA.

May 15, 1923.

3-1 165-9-32

Lieut. Col. G.S. Norvell, General Staff,
Chief, Latin-American Subsection, M.I.D.

AKB 5/28

No.- 1894

From: The Military Attaché, Havana.

To: The A. C. of S., G-2.

Subject: The Cuban National Lottery. (No. 5090)

RECEIVED G/2 W.D. MAY 25 1923

1. Much has been said about the illegal profits, or graft, made out of the Cuban National Lottery. Enclosed herewith will be found copy of Memorandum No. 10 addressed to the President of Cuba by General Crowder on May 15, 1922, on the subject, "Reform of the National Lottery", describing in detail the operations of the Lottery system as it obtains in Cuba.

2. The conditions indicated in General Crowder's Memorandum are no different now, and the illegalities cited therein are still in practice.

W. H. SHUTAN,
Major, Gen. Staff,
Military Attaché.

Encs attached
AKB

copy # 2 (with enclosures) retained in Cuban files 2611.1-2 a.
AKB 6/8

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By AMF NARS, Date 05/04/89

COPY

3-1 2655-9-32

WAR DEPARTMENT

Havana, Cuba
May 15, 1922.

Dear Mr. Secretary:

I beg to forward herewith copy of the Memorandum on "Reform of the National Lottery," handed to President Zayas today together with a copy of the letter of transmittal.

The Department will take note of the fact that I have omitted, in compliance with its instructions in Department's No. 30, May 13th, 1 p.m., all reference to the Platt Amendment, and in both the letter of transmittal and the Memorandum have placed special emphasis upon President Zayas' commitments.

I am, my dear Mr. Secretary,

Very respectfully,

E. H. CROWDER.

Enclosures:
As stated.

The Honorable,

The Secretary of State,

Washington.

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By AMF NARS, Date 05/04/89

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DEPT. STATE
MIL. INTELL. DIV.
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WAR DEPT.

Habana, Cuba,
May 15, 1922.

MEMORANDUM NO. 10: For Doctor Alfredo Zayas,
President of the Republic.

SUBJECT: Reform of the National Lottery.

PRELIMINARY STATEMENT

One year has elapsed since Your Excellency, then President-elect, committed yourself on the reform of the National Lottery in a letter written to me April 30, 1921, in which you declared:

> "Among the revenues of the Government there exists that produced by the National Lottery, which, in my judgment, should not disappear but should be the object of modifications as regards the sale of tickets, so as to avoid having their legal price altered and having this transaction be the means of undue profits to persons mediating between the Government and vendors." (Italics my own).

Two days prior to the above mentioned letter, on April 28, 1921, I had included the following commitment of Your Excellency in my Urgent No. 66 of April 28th which you will recall was shown to you and endorsed by you on the margin before sending:

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> "He will immediately suppress all 'botellas' and within a period of five months make sweeping reforms in National Lottery particularly in the colecturía system."

The promised action has not yet been taken. Now, as in the past, colectores and acaparadores continue to extract undue and even illegal profits through their mediation between the Government and the vendedores in direct violation of Your Excellency's commitments; and now, as in the past, there is being maintained a grossly excessive personnel in the Lottery Bureau. It is the purpose of this Memorandum to show these and other abuses that have crept into the administration of the Lottery through which the public is being exploited and large sums of money collected for private gain instead of for the Treasury; to show that the continuation of abuses and the corrupt purposes to which the sums collected thereunder are applied, constitute a serious obstacle to the restoration of Cuba's finances; and to include definite suggestions as to the measures which Your Excellency alone is competent to take and which Your Excellency and Congress might take to eliminate these abuses and evils.

In Part I below, I shall endeavor to visualize the Lottery as an institution, by giving the effect of the law and regulations under which it was established in 1909, and the effect of the amendatory legislation of 1912,

illustrating

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illustrating by examples of the receipts and disbursements of a strictly legal drawing under the original Act of 1909, and the receipts and disbursements of a strictly legal drawing under the Amendatory Act of 1912.

In Part 11, I shall endeavor to visualize the Lottery as a source of corruption and a system of exploitation, by giving the effect of the existing open violations of the law and regulations, and by showing the receipts of a modern day illegal drawing and the disposition made of those receipts.

In Part III, I shall show the magnitude of the annual illicit exploitation, and the corrupt uses which the sums extracted from the public are alleged to serve, in order that the imperative need for eliminating the abuses may be seen.

Finally, in Part IV, I shall discuss the remedies which the Executive alone may apply and also those which the President and Congress together may apply along with pertinent recommendations as to the action which would best contribute much needed additions to the revenues and thus help to restore the nation's solvency.

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P A R T I.

THE LOTTERY AS AN INSTITUTION

The law "establishing a public revenue under the title of 'The National Lottery of Cuba'" was sanctioned by

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by President Gomez on July 7, 1909 and the corresponding regulations were issued on the same date. The effect of that law and those regulations was to provide for the administration of the lottery and for the distribution and sale of tickets, through a Lottery Bureau under the Department of the Treasury, and through Sales Agencies (Colecturías) and peddlers (vendedores).

The Lottery Bureau under the law of 1909 was placed under the immediate direction of a Director General of the Lottery, appointed by the President with the approval of the Senate, and under the supervision and inspection of the Secretary of the Treasury. The appointment of employees and colectores was made by the Secretary of the Treasury, who was also to determine the number of colectores, the number and dates of drawings in each quarter within the limit of three per month fixed by the law; the price, number and subdivision of the tickets; and other details necessary to the holding of the drawings. The balance sheets of each drawing were to be closed within eight days of the drawing, and after examination by the Auditor General of the Republic, were subject to the approval of the Secretary of the Treasury. The latter was to see that all accounts were properly kept and forwarded in due time to the Auditor General of the Republic. The officials and employees of the Bureau were

to

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to be Cuban citizens, were to be salaried employees of the Government, and wereto be paid from that portion of the proceeds of the sale of the tickets which was to be collected by the Government and not paid out as prizes. The total amount of expenditures for the operation of the Lottery Bureau, including the salaries and expenditures for material and other purposes, was not to exceed five per cent of the face value of all the tickets issued. The Lottery Bureau was charged with all the operations pertaining to the administration of the Lottery as prescribed in the law, up to and including the distribution of the tickets to the colectores.

The colectores were all to be Cuban citizens of known residence and were to maintain offices on the ground floors of buildings properly designated with signs bearing the number of their respective colecturias. Their function was to receive the tickets from the Treasury Department at a discount of three per cent and to sell the tickets at their face value at the respective sales offices, either to the public or to the duly appointed retail agents or vendedores. The number of tickets received by each colector was to depend upon his request therefor and the decision of the Director General of the Lottery on such request. The profit of the colector was to consist exclusively of the three per cent discount above referred to.

The vendedores were to be appointed by the colectores after due notification to the Director General of the Lottery, in the number desired by each colector. The vendedores were to wear badges showing the number of the colecturia for which they acted as agents. They were not to be salaried employees of the Government or of the colector, but were to obtain their remuneration by purchasing the

tickets

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tickets from the colectores at the face value and selling them to the public at a maximum premium of five per cent of their face value. The selling of tickets at a greater premium was prohibited under penalty of a fine of $25 and the loss of appointment as vendedor. No persons other than the vendedores were to engage in the reselling of lottery tickets under penalty of a fine of $25 for each offense.

The essential operations of the drawings of 1909 will be understood from the following talbe, No. I. In order to facilitate comparisons hereinafter made, I have assumed that the total sale to the public through the vendedores of each issue amounted to ~~twentyeiai~~ twenty-eight thousand tickets at a face value of $20 per ticket:

TABLE NO. I.

OPERATION OF A SINGLE DRAWING IN 1909 IN STRICT COMPLIANCE WITH LAW

Cost to public	105% of face value	$588,000.00
Profit to peddlers	5% of face value	$ 28,000.00
Face Value 28,000 tickets at $20.00		$560,000.00
Profit to Sales Agencies	3% of face value	16,800.00
Gross Receipts of Lottery Bureau	97% of face value	543,200.00
Prizes to Public	70% of face value	392,000.00
Net Receipts of Lottery Bureau	27% of face value	151,200.00
Operating Cost of Lottery Bureau	5% of face value	28,000.00
Net Revunue to Treasury	22% of face value	$123,200.00

The amendatory Act of July 9, 1912 and the subsequent Regulations, still in force at the present day did not modify the general scheme established in 1909 for the administration of the Lottery, the distribution and the sale of the tickets through the Lottery Bureau, the colecturias, and the vendedores. However, modifications were introduced under each of these heads which made easier the establishment, in violation

of the

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of the law, of organized corruption and exploitation.

The Lottery Bureau under the Amendatory Act was designated as an "autonomous" office of the Treasury Department, and the removal of its Director General was to be accomplished only for just cause. The free right of the Secretary of the Treasury to appoint employees and colectores was converted into the mere approval of the appointments proposed by the Director General of the Lottery. The determination of the number and dates of drawings, the price, number and subdivisions of the tickets issued, etc., was transferred from the Secretary of the Treasury to the Director General of the Lottery, who was further authorized to suppress, modify or create subdivisions of the services within his Bureau, and to appoint and remove temporary personnel as the operation of his Bureau might require. The limit of expenditures for operation of the Lottery Bureau was raised from Five per cent to twelve per cent of the face value of the tickets issued; but a Presidential Decree issued on the same date as the Law fixed the maximum definitely at nine per cent. This was later reduced by the law of Economic Defense of October 29, 1914, to eight per cent.

Colecturias: The number of colecturias was no longer to be determined by the Secretary of the Treasury, but was definitely fixed at one for each three thousand inhabitants distributed by minicipalities. The entire issue of tickets at each drawing was to be distributed in equal shares among all the colectores. The appointment as colectores were to be revoked only for just cause. The requirements of Cuban citizenship and of maintaining properly designated offices on the ground floor of buildings were retained for the holding of colecturias. The law further provided for the publication, in the Official Gazette, in the Bulletin

Board

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Board of the Lottery Bureau, and at each colecturia, of a complete list of the names and addresses of all colectores. The latter were no longer to appoint vendedores, but were to sell their tickets at the face value thereof to any individual wishing to purchase. The profit of the colectores was still to consist of the three per cent discount allowed them by the Treasury.

The vendedores were no longer to be the duly appointed agents of the colectores. The resale of the tickets was to be governed by the following article:

> "Article 39 - Any person may resell tickets delivered to the sales agencies, but no one may call them in public nor increase their price by more than 5%, being liable, in case of violation of this prohibition, to a fine of $3 the first time and $10 for later violations."

The essential operations of a drawing today under the law of 1909 and the Amendatory Act of 1912, together with subsequent Regulations, if the Laws and Regulations were strictly complied with, would be as shown in the following table, based again on the assumption of a total sale to the public through vendedores of an issue of twenty-eight thousand tickets at a face value of $20 cash:

TABLE NO. II.

OPERATION OF A SINGLE DRAWING UNDER THE LAW OF 1909 AS AMENDED BY THE ACT OF 1912.

Cost to Public	105% of face value	$588,000.00
Profit to Resellers	5% of face value	28,000.00
Face Value 28,000 tickets at $20.00		560,000.00
Profit to Sales Agencies	3% of face value	16,800.00
Gross Receipts of Lottery Bureau	97% of face value	543,200.00
Prizes to Public	70% of face value	392,000.00
Net Receipts of Lottery Bureau	27% of face value	151,200.00
Operating Cost Lottery Bureau	8% of face value	44,800.00
Net Revunue to Treasury	19% of face value	106,400.00

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Thus it will be seen that in a legally conducted drawing, not only under the law of 1909, but also under that Law as later modified and now in force, the operations involved should be fair to the public, should provide no excessive profits to mediators between the Government and the Public, and should produce considerable revenue to the Government. At the same time, however, it should be noted, for further consideration in connection with the autonomous character given the Lottery Bureau by the Amendatory Act of 1912, that the expenditures of the Bureau under the existing legislation have been increased by 60%, at the expense of the net revenu of the Treasury.

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P A R T II.

THE LOTTERY AS A SOURCE OF CORRUPTION AND A SYSTEM OF EXPLOITATION

Within a short time after the approval of the Amendatory Act of 1912, the lottery began to lose its original character. The transition was rapid, and the present system, organized by misapplication, violation and disregard of many provisions of the law, probably dates from 1912 or 1913.

The new system is marked by changes in the character, function and profits of each of the three essential elements of the lottery scheme (Lottery Bureau, Colecturias, and Vendedores) provided for in the law, and the appearance of a new one unprovided for in the law and mediating between the colectores and the vendedores;- the wholesale dealers in colecturias and tickets, known as the "acaparadores".

The Lottery Bureau as it exists in the present practice

cannot,

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cannot, with propriety, be designated an "autonomous office of the Treasury Department," as the law describes it. It has become in practice, illegally I think, an independent office free from all control except that of the President of the Republic as exercised through the Director General of the Lottery appointed by him. If I am correctly informed and I think I am, the intervention of the Secretary of the Treasury in the operation of the Lottery Bureau, and the audit of the lottery accounts by the Auditor General, have been reduced to mere matters of form and the Director General of the Lottery is in reality responsible in his conduct of the Bureau to no one but the President of the Republic, and employees and colectores are appointed and removed at will under the President's direct orders or his consent. Under these conditions, two results are produced; First, the disbursements charged up as expenses of the Lottery Bureau being free from any real audit are utilized as political patronage and are never less than the maximum permitted by law, or eight per cent of the face value of the tickets; and Second, the free appointment and removal of the colectores is taken advantage of in maintaining and utilizing the evils of the colecturia system.

The colector has ceased to be the holder of a right to obtain tickets from the Treasury at a three per cent discount and sell them at their face value upon compliance with certain requisites established by law, and has become the holder, largely through political or personal influence, of a privilege which he disposes of to the highest bidder without performing any of the functions required of him by law. This privilege is represented by the receipt each month throughout

the period

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the period during which the colecturia is held, of a printed authorization to bearer, called a "cargareme", to withdraw from the Treasury the tickets corresponding to his colecturia at each of the three drawings of the succeeding month. The colector capitalizes his privilege regularly by selling his monthly cargareme at the best price he can obtain to any one of the several existing monopolistic wholesale dealers in colecturias and tickets, known as acaparadores.

The acaparador is essentially a speculator; his function is not provided for in the law and while his existence and toleration is a convenience to the colectores who, by selling to him their cargaremes, are relieved of the inconvenience and outlay of cash attendant upon the withdrawal of the tickets from the Treasury, his existence depends solely upon the violations of those provisions of the law which establish definite requirements for the holding of a colecturia and which limit definitely the maximum premium at which tickets can be sold to the public. His speculation and his profits consist in buying up from a great number of colectores their privilege of drawing the tickets from the Treasury, and then, through the monopoly exercised by all of the acaparadores together and through colusion with the officials of the Lottery Bureau, forcing the public to pay for each ticket a much higher price than the maximum permitted by law, sufficient to cover, in addition to his profits, the various outlays in the purchase of the cargareme from the colectores, in the purchase of the tickets from the Treasury, and in the maintenance of his central and branch offices.

The vendedores

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The vendedores exist primarily for the convenience of the public, which by purchasing tickets from them is saved the trouble of going personally to the offices of the acaparadores. The vendedores may be free peddlers, or peddlers in the employ of acaparadores, owners of cigar stands, or any other persons wishing to sell tickets in connection with their established business. It is quite natural that for thisservice the vendedores should be allowed to charge a premium over the price at which they obtain their tickets. But while this premium is limited by law to five per cent of the face value of the tickets, (the price at which the vendedores are supposed to make their purchases) the toleration of the illegal price set by the acaparadores has resulted in compelling the vendedores to exact a price not within the limits of the law, and quite naturally they also take advantage of the toleration to include within their price a commission in excess of that which they were intended to receive under the law.

The officially tolerated violations of the law and regulations under which the scheme outlined above has been featured and maintained may be briefly summarized as follows:

First: the accounts of the Lottery Bureau are not subject to a proper audit by the Auditor General not to proper inspection by the Secretary of the Treasury.

Second: the appointment of employees in the Lottery Bureau and removal of colectores are made independent of the approval of the Secretary of the Treasury.

Third: the names and addresses appearing in the official

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official list of colectores in their greater part are not those of the real holders of the colecturias.

Fourth: no attempt is made to verify compliance with the conditions which the law establishes for the holding of a colecturia.

Fifth: the number of colecturias is neither limited to the provision of the law, nor are the appointments distributed geographically as therein provided for; the number and distribution depending in reality upon the free will of the President of the Republic.

Sixth: the appointment as colector is given a temporary character over the signature of the Director General of the Lottery only, and is revoked and remade or reserved at the discretion of the latter.

Seventh: Finally, the one most flagrant violation, without which the present system would be impossible, is the official toleration of the sale of the tickets at a price very much greater than that established by law as a maximum limit.

The price to the public purchasing tickets from vendedores varies but it is fair for the purposes of this Memorandum to fix the average at about $30.00 per ticket. The acaparadores buy the cargaremes (now equivalent to 14 tickets) from the colectores at an average price of about $273.00 a piece, and the corresponding tickets from the Treasury at $20.00 a piece, inasmuch as the three per cent discount which should go to the advantage of the person withdrawing the tickets is usually ceded to the lottery officials, in return for their cooperation in maintaining the monopoly of the acaparadores and a high price of the tickets

to the

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to the public. The number of colecturias, in order to distribute over a wider field the illicit profits therefrom has been raised in violation of the law, and is now two thousand, to each of which corresponds fourteen tickets when, as at present, the total issue at each drawing is twenty-eight thousand tickets. Al these statements have been verified by the best evidence at my command and while there may be a small margin of error and some inaccuracies, it is believed they are negligible.

We are now prepared to state the essential operations of a drawing of today, as actually held in violation of the law. These are shown in the following table, designated Table No. III. It is assumed for the purpose of comparison that an entire issue of twenty-eight thousand tickets with a face value of twenty dollars each are sold to the public through the vendedores at thirty dollars each:

TABLE NO. III.

OPERATIONS OF A SINGLE MODERN DAY DRAWING IN VIOLATION OF THE LAW AND REGULATIONS

Cost to Public	150%	$840,000.00
Surcharge, ~~Acaparadores~~ Vendedores ~~$1.5~~ $1.50 per ticket	~~10%~~ 7-1/2%	42,000.00
Surcharge, Acaparadores $2.00 per ticket	10%	56,000.00
Surcharge, Colectores $6.50 per ticket	32-1/3%	182,000.00
Face Value, 28,000 tickets	100%	560,000.00
Colector's discount ceded to Lottery Officials	3%	16,800.00
Gross Receipts Lottery Bureau	97%	543,200.00
Prizes to Public	70%	392,000.00
Net Receipts Lottery Bureau	27%	151,200.00
Operating Cost Lottery Bureau	8%	44,800.00
Net Revenue to Treasury		106,400.00

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P A R T III

MAGNITUDE OF THE EXPLOITATION EACH YEAR AND CORRUPT USES WHICH THE PROCEEDS ARE MADE TO SERVE.

We know that the total number of tickets at each drawing is varied from time to time and also that the percentage of tickets remaining unsold is likewise a variable quantity. For this reason, and because also of the difficulty attendant upon the obtaining of exact information of any description regarding the lottery, I have been compelled to base my calculations of the sums involved in the operations for <u>one year</u> upon the average net revenue to the Government for the year (a known quantity) in connection with a percentage table derived from the tabulation above rather than by attempting to calculate the actual number of tickets sold throughout the year. The margin of error in these calculations, considering the purposes this Memorandum is intended to serve is negligible.

The annual net revenue to the Government averages about four million dollars. Applying thereto the percentage of Table II and Table III above, we obtain respectively Tables IV and ~~Co~~ V below, the former showing one year's operations in <u>compliance</u> with the law and the latter one year's operations according to present practice in violation of the law:

TABLE NO. IV.

ONE YEAR'S OPERATIONS IN COMPLIANCE WITH THE LAW.

Net Revenue to Treasury	19% of face value	$4,000,000.00
Expenses of Lottery Bureau	8% of face value	1,684,300.00
Prizes to Public	70% of face value	14,737,100.00
Discount to colectores	3% of face value	631 ,600.00
Face Value of tickets sold	100%.....	21,053,000.00
Profit of Vendedores	5% surcharge.....	1,052,650.00
Cost to Public	105%.....	$22,105,650.00

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TABLE NO. V.

ONE YEAR'S OPERATIONS ACCORDING TO PRESENT PRACTICE IN VIOLATION OF THE LAW.

Net Revenue to Treasury	19% of face value	$4,000,000.00
Expenses of the Lottery Bureau	8% of face value	1,684,300.00
Prizes to Public	70% of face value	14,737,100.00
Illicit Profit Lottery Officials	3% of face value	631,600.00
Face Value	100%.....	21,053,000.00
Profit of colectores	32-1/2%.....	6,842,200.00
Profit to acaparadores	10%.....	2,105,300.00
Profit to vendedores	7-1/2%.....	1,578,500.00
Cost to public	150%.....	31,579,000.00

It will be seen that when the selling price of the vendedor is thirty dollars per ticket, the profits extracted from the public by mediators between the Government and the public, over and above the limits fixed by the law, amount to the enormous sum of about $9,500,000, or nearly two and one-half times the sum accruing to the Treasury as revenue from the Lottery. It will be further seen that while of this sum $526,000 represents the excessive profit of the vendedores and $2,105,300 represents the entirely illegal profit of the acaparadores, both of whom however perform service, by far the greater portion of the illicit profits, namely, $6,210,600 goes to the two thousand colectores who perform no service whatsoever.

The important and startling fact here presented is that as a mere incident of the collection of about four million dollars of annual revenue from the lottery, nearly two and one-half times that amount, or about $9,500,000, are permitted to be collected annually for avoidable expenses, most of it for private gain; and that the total of annual exploitation of

the public

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the public equals in amount nearly one-fifth of the annual revenues of the Island from all sources and constitutes therefore a most serious drain on the taxpaying capacity of the Cuban people.

I have stated elsewhere in this Memorandum that there exists now about two thousand colecturias averaging in value at the present time to about $273 each per month. In respect of the distribution of these colecturias, I speak with great diffidence, asking from Your Excellency instant correction in the event the statements which follow and which I have received from credible but unofficial sources, show substantial error. These statements circulate very generally in Cuba and in the United States, go unchallenged as to substantial accuracy, and have a tendency to undermine the credit of Cuba in both countries. They are as follows:

First: That the official list of colecturias is heavily padded with fictitious names and that the real holders of colecturias appear only in the private and strictly confidential books kept in person by the Director General of the Lottery.

Second: That about eight to nine hundred colecturias are reserved by the Director General of the Lottery for direct sale to the acaparadores for the creation thereby of a fund varying from two hundred thousand to two hundred and fifty thousand dollars per month, for the personnel or political uses of the national administration.

Third: That the President receives from the fund mentioned in the preceding paragraph about eighty-four thousand dollars per month (corresponding to one dollar for each ticket issued); and that the Director General receives

very

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very nearly as much more.

Fourth: That a considerable portion of said fund is distributed among the different newspapers, both administration and opposition, and that in one instance, this particular lottery fund contributed a large portion of the purchase price of one paper, and aids this paper, as many others, by monthly contribution.

Fifth: That two hundred or more colecturias are held by members of the Senate, one of whom is alleged to hold sixteen and another fourteen, the average being about eight per Senator.

Sixth: That between two hundred and fifty and three hundred are held by members of the Lower House, some of whom hold as amny as six, while the average appears to be between two and three.

Seventh: That probably not more than two Senators and not more than eight or ten members of the House are without colecturias.

Eighth: That the remaining six to eight hundred colecturias are distributed among all circles of Cuban political and social national life, including sometimes members of the Cabinet but oftener government officials of lesser rank, members of the police force, army officers in spite of legal prohibition, political leaders of all parties, social leaders both men and women, prominent men of the Press and even certain members of the active Judiciary, all with government salaries or ample private incomes; and only to a limited extent are given a pardonable beneficient use by the distribution of a small number among crippled or aged veterans of the War of Independence, widows of Cuban patriots or Cubans who in some way performed distinguished or other deserving services.

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I repeat, Mr. President, that I have not the evidence before me which establishes conclusively the aforesaid distribution of two thousand colecturias, and that I beg your instant correction in the event that this information which as I have said proceeds from credible sources, is substantially incorrect, in order that I may through my own Government and channels under its control check reports of this kind that circulate there as well as here.

But whatever the margin of error in the foregoing statements, it will not be denied that the colecturia and acaparadores systems have extended their insidious and corrupt influences through pretty nearly all phases of the national life and that the exploitation of the public through these systems constitutes a serious drain on the taxpaying capacity of the public, produces no benefit to the national Treasury and is a formidable obstacle to the efforts now being made to restore the solvency of the Republic. In the face of these facts, such errors as may occur in this Memorandum, and particularly in that part of it which deals with the distribution of colecturias may be disregarded in the consideration of applicable remedies which is the subject next to be discussed.

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P A R T IV

APPLICABLE REMEDIES

A. REMEDIES SUGGESTED BY THE PUBLIC

Suggestions for the accomplishment of the much needed reforms in the National Lottery of Cuba have not been absent from the local press, from public speeches, nor from public agitation. Proposed measures intended to rectify the

evils

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evils and abuses have frequently been brought to me by prominent Cubans, both during my mission in 1919 and during the present mission to the end that the Cuban Government might be forced to heed the local demand for reform. In general, all projects have had in common the following objectives:

First: Suppression of the corruption and sinecures in the Lottery Bureau.

Second: Elimination of the acaparadores and their illegal profits.

Third: Conversion back of the colecturias into service performing agencies in place of privileged sinecures, with the reduction of the profits derived from each colecturia to the legal limits.

Third A:(Alternative to Third above). Complete elimination of colecturias and the sale of the tickets through other existing organizations of the Government.

Fourth: Effective limitation of the profits of the vendedores to within the legal limit.

Fifth: Reduction in the cost of the tickets to the public.

Sixth: Increase of revenue to the Government.

The various measures proposed can be classified into two general groups: First, those dependent upon Executive action alone; and, Second, those dependent upon both Executive and Congressional action.

B. REMEDIES BY PRESIDENTIAL ACTION ALONE.

By Presidential action alone, strict compliance with all the provisions of the existing law and regulations can be enforced and the results of such action would accomplish all the objectives above enumerated except Third-A, as follows:

1. The Lottery Bureau through the proper exercise

of the

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of the powers already granted by the law and regulations to the Secretary of the Treasury and to the Auditor General of the Republic would cease to be a centre of political corruption and sinecures. The expenses of that Bureau with a proper audit given due publicity would not reach the maximum limit set by law of eight per cent of the face value of the tickets, and there would be a direct saving to the Treasury of approximately sixty per cent of the present operating cost of the Bureau, amounting in one year to about one million dollars.

2. The acaparadores would be eliminated, first, by the low margin of profit existing between the selling price of the tickets at the Treasury and the maximum selling price to the public, and second, by the obligations i posed upon the colectores enumerated below.

3. The colecturias would cease to be sinecures and could no longer be held under fictitious names. Each colector would be obliged to establish his office and sell his tickets either directly or through vendedores. His profit would be limited strictly to three per cent discount granted by the Treasury.

4. The venderores would buy their tickets from the colectores at their face value, and even by limiting their profits to the five per cent permitted by law would obtain a sufficient remuneration. By effective police action, followed by uninfluenced correctional court action, the vendedores could not sell tickets at above the legal limit, without the penalties provided in the law falling heavily upon them, and rendering such violations unprofitable.

Thus, by the mere strict enforcement of the law by the Executive, could all the evils of the present system be eliminated, and the annual revenue to the Government be increased by perhaps one million dollars.

5. If in addition, the President of the Republic, in the exercise of the powers already conferred upon him by the existing law should raise the face value of the tickets to $24.00 per ticket, he would accomplish a treble result; - First, in connection with the enforcement of all the other provisions of the law, he would reduce the cost to the public from $30.00, the present price of the ticket, to $25.20; Second, he would increase slightly the actual remunerations received by both colectores and vendedores, and thus make up somewhat for the rather small profits to which they are limited under the present law and regulations; and, Third, he would increase the annual revenue to the Treasury by about $800,000 additional to the economy in the Lottery Bureau, amounting at the new face value of the tickets, to probably $1,200,000.

To sum up,

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To sum up, by Executive action alone, the President through merly exacting strict compliance with the laws and regulations could eliminate all the abuses, lower the price to $21.00 per ticket, and increase the revenue to the Treasury by about one million dollars. If he were to combine his action with a Decree raising the face value of the ticket to $24.00, he would still lower the price to the public from the present illegal level of $30.00 per ticket to a legal maximum of $25.20, and effect a total increase in the revenue to the Treasury of about two million dollars.

C. REMEDIES BY PRESIDENTIAL AND CONGRESSIONAL ACTION TOGETHER.

By Presidential and Congressional action together, all of the objectives listed above can be attained in any one of several ways; and the attendant modification of the law can be taken advantage of to produce still greater increases in the net revenue to the Treasury, while reducing the present actual price of tickets:

1. The Lottery Bureau, if adequate Congressional action could be secured, could be deprived of its autonomous character and subjected to a stricter control. The legal limit on its expenditures could be lowered from eight per cent to five per cent, without prejudice to a strict audit which would bring the actual total of expenditures well within even that maximum of five per cent.

2. The Acaparadores could, as under Presidential action alone, be eliminated.

3. The Colectores could be suppressed by adequate provisions in the law governing the distribution of the tickets through existing organizations of the Government such as the fiscal zone offices or the post offices, and the sale of the tickets at those offices at their face value. Or, if certain beneficent purposes are to be retained in the distribution of the colecturias, a limited number of tickets could be distributed through colecturias well safeguarded against the present abuses, and the rest of the tickets sold through fiscal zone offices or post offices.

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4. The Vendedores could be more effectively controlled by an increase in the amount of the fine established for the violation of the provision of the law establishing a maximum premium for the reselling of the tickets.

5. Finally, the net revenue to the Government could be greatly increased by a modification of the proportional distribution of the proceeds from the sale of the tickets in such manner as to lower the percentage to be distributed as prizes and increase the percentage to accrue to the Government as revenue. The proportion distributed at present as prizes is seventy per cent of the face value of the tickets. By lowering this percentage to sixty per cent and diverting the ten per cent difference to the Treasury and leaving the face value of the tickets at $20.00, the additional revenue to the Government would be somewhat over two million dollars every year. If in addition, the face value of the ticket is set at $24.00 a ticket, the annual revenue to the Government would be increased by more than $3,300,000, in addition to the probable economy of $1,200,000 in the expenses of the Lottery Bureau.

D. MY OWN SUGGESTIONS.

I have not discussed the relative merits of the measures thus far outlined. Perhaps the most flexible and satisfactory measure, if both Executive and Congressional action can be secured, would be strict enforcement of the law, combined with an Act of Congress modifying the existing law, regulations and price of tickets only in the following respects:

First: By limiting the operation expenses of the Lottery Bureau to a maximum of five per cent of the face value of the tickets.

Second: By increasing the fines to be imposed for violation of the provision establishing a maximum premium for reselling tickets at five per cent of their face value.

Third: By authorizing the President in times of emergency like the present one, to increase the revenue derived from the Lottery by establishing, within limits, a special emergency premium on the purchase of each lottery ticket, over and above the face value of the ticket, the proceeds of both the value of the ticket and the premium to be collected through the established lottery organization and at the moment of sale of the ticket. The face value of the ticket would still be the basis for all percentage operations of discounts, premiums, prizes, revenue etc., which would remain unchanged.

Fourth: (Not essential). By effecting the distribu-

tion of the

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tion of the tickets, if feasible or advisable, through fiscal zone offices or post offices instead of through colecturias.

The advantages of this method over those previously outlined would be as follows: The face value of each ticket could be left at $20.00; the public, while in reality receiving back in the form of prizes a smaller percentage of the entire cost of the ticket than at present provided for in the law, would reconcile itself to the change more readily by knowing that the amount of prizes would remain as at present at seventy per cent of the face value of the tickets, equal in actual amount to the total value of the prizes at present distributed. The actual sums received as profit by colecturias and vendedores would remain as under the present law; yet an emergency premium of $3.00 per ticket, while resulting in the sale of the tickets through the vendedores at $24.00 in place of the present $30.00 exacted from the public, would produce an increase in the revenue to the Government of over three million dollars per year, in addition to the economy of about one million dollars in the Lottery Bureau; while by fixing the special emergency premium at $4.00 per ticket, the maximum price to the public would be but $25.00, and the net revenue to the Treasury would be more than doubled, or increased b $4,200,000 plus the economy in the expenses of the Lottery Bureau.

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CONCLUSION

In concluding this Memorandum, permit me to say that I do not wish to be understood as overlooking the moral, social or economic unsoundness of any legally established lottery. Nor am I alone in expressing such a view. Condemnation of the system has been continuously maintained in one portion of the Cuban press or another throughout its existence. Moreover, in at least one Presi-

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Presidential Message addressed to the Congress of Cuba under date March 10, 1914, the unsoundness of any National Lottery even when honestly administered for the purpose of obtaining revenue for Treasury, was pointed out, as well as the viciousness of the system now in vogue. Were this Memorandum to deal with the advisability of establishing in Cuba a Lottery of any nature, even for the purpose of obtaining additional revenue to meet the present crisis in the nation's finances, my recommendations against such a measure would be couched in the strongest terms and somewhat along the lines of said Presidential Message. But I agree with Your Excellency that we must deal with the National Lottery as an established institution which has existed during the past thirteen years, while its predecessor, the Madrid Lottery of Spain, officially distributed lottery tickets in Cuba throughout the long years of Spanish rule during which the Lottery ticket form of gambling obtained a firm hold on the Cuban people. Under these conditions, the proper thing would seem to be to direct every effort to the eradication of the serious abuses which I have shown characterize the illegally administered Cuban Lottery of today.

In the letter of transmittal which accompanies this Memorandum, I have endeavored to point out the urgency of the reforms which are proposed in the Memorandum and the concurrence of my Government as to the necessity of said reforms. All the study which my Government has given to this Lottery situation confirms it in the view that you spoke with great wisdom and discernment in your original commitment of April 30, 1921, when you declared that the reform needed must be the elimination of "undue profits of persons mediating between the Government and the vendors".

In submitting

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In submitting this Memorandum, I desire to invite attention again to my Memorandum No. 8 dealing with Graft, Corruption and Immorality in the Public Administration of Cuba, and to express the view that prompt corrective action under both these Memoranda will, in my judgment, do much toward alleviating present conditions.

I am, my dear Mr. President,

Very respectfully,

E. H. CROWDER.

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By AMF NARS, Date 05/04/89

Havana, Cuba
May 15, 1922.

Dear Mr. President:

My Government, after most careful consideration, has directed me to submit to Your Excellency the enclosed Memorandum dealing with "Reform of the National Lottery."

Your Excellency will observe that the argument of the Memorandum tends strongly to support the position taken in your letter to me of April 30, 1921, that the reform of the Lottery, which it was promised would be consummated in the five months' period following your assumption of the Administration, should center upon the "undue profits to persons mediating between the Government and vendores"; language which certainly designates the acaparadores and colectores and in spirit includes the sinecures that have fastened themselves upon the Lottery administration.

The Cuban Treasury is at present confronted with a bonded indebtedness of about eighty-five million with default in the payment of interest and sinking fund charges which has continued for several months; with a floating

indebtedness

His Excellency,

Doctor Alfredo Zayas

President of the Republic.

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indebtedness not even yet definitely ascertained, but probably in excess of fifty millions, with creditors who, threatened with bankruptcy proceedings, are clamoring for even partial payments which the Treasury cannot make; with a large outstanding contractual indebtedness now being readjusted and certain to carry in its readjusted form heavy burdens to the Treasury; and with an additional deficit during the current fiscal year of probably fifteen millions of dollars representing defaults in payment for the most urgent services of the State. In addition, the people of Cuba are staggering under the extreme economic depression which is now being undergone by its principal industry.

Yet the lottery which will have contributed to the National Treasury during the current fiscal year but about four out of a total of fifty-six millions of dollars of revenue for the year, has, in practice, been made the instrument through which the people of Cuba have been forced by illegal methods to contribute an additional nine and one-half millions to the private profit of individuals; and likewise the instrument through which approximately one million dollars more collected by the Lottery Bureau have been diverted to political uses instead of to increasing the revenue of the Treasury.

When the national finances are confronted with such deficits; when the economic condition of the country is

under

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under such depression; and when the collection through the lottery of not less than one-fourteenth part of the national revenue is attended by a drain on the taxpaying capacity of the people for the benefit of private individuals and not of the Treasury or of the public, equal in one year to nearly one-fifth part of the entire annual revenue, who can be heard to question the immediate and urgent necessity for reform?

In submitting to Your Excellency the enclosed Memorandum on the reform of the National Lottery, my Government instructs me to say that it is obvious that the sums illegally taken from the public do operate materially to diminish the capacity of the public to pay taxes to the Government; that there is urgent need of the Cuban Government to avail itself of all available sources of revenue and to divert to the Treasury the large sums which are now taken from the public by illegal methods pointed out in said Memorandum and given to individuals: and that a continuation of present conditions in the lottery would be regarded by the United States Government not only as a serious obstacle to any rehabilitation of Cuba's finances, but also as a violation of Your Excellency's own commitments of April 28th and April 30th, pointed out on pages one and two to ~~fht~~ the enclosed Memorandum.

Finally, I have to call your attention to a further commitment made by Your Excellency in the Constructive

Financial

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Financial Program of October 16th, 1921, in which you state:

> "Another and effective means of counteracting a possible decrease in the monthly receipts is well within my authority to enforce. I refer to the increase of the receipts of the Treasury to be obtained by augmenting the product of the National Lottery. I have the power under the law to raise the price of tickets (face value), thereby increasing the revenues of the Treasury nd I shall exercise this authority, <u>if at any time the receipts of the Treasury fall to a point where the revenues may be inadequate to meet the expenses of the Government and the service of the public debt.</u>" (Italics my own).

Already, Mr. President, we have reached a point in the current fiscal year where we know the revenues have been, and continue to be, "inadequate to meet the expenses of the Government and the service of th public debt", and the time has come under this last commitment, if indeed it has not already passed, for effective action in carrying out this commitment.

I am, my dear Mr. President,

Very respectfully,

E. H. CROWDER.

Enclosure:
As stated.

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
1269 AUG 22
WAR DEPARTMENT

SUBJECT THE ECONOMIC SITUATION - Monograph Report.

From CUBA - Economic.

No. 1520 *Date* August 12, 1921., *19*

Replying to No. *Date*, *19*

M. I. 2
REC'D, M. I. D., G. S AUG 19 1921

(65) Sugar.

There is attached hereto a copy of a Bill introduced in the Cuban Congress for the purpose of regulating contracts relating to financing, colonization, and grinding of sugar cane (see our Report No. 1510 of Aug. 5/21, p.2, par.(c)).

This Bill has met with considerable opposition on the part of some of the large sugar mill corporations, and it is thought that there will be numerous attempts to inject modifications thereto.

Binding Margin

(25) Air
(74) Aeroplane.

The Aero Marine West Indies Airways Co., which for several months has been conducting a daily hydroplane passenger service between Key West and Havana, has temporarily suspended this service.

This service has been discontinued on account of a decrease in the number of passengers which for several weeks has resulted in the service being operated at a financial loss. The management intends to resume this passenger service next fall when they expect an increase in the number of visitors to Cuba.

(10) Finance
(30) Wealth
(89,90 & 91) Credits, Revenue and Debits.

The Commission appointed by the Cuban Government to confer with United States authorities concerning proposed loans and an adjustment of the tariff on sugar, left Havana on the 5th instant. Indications point to the following procedure as necessary to the consummation of this transaction:

1st.- This Commission in conference with United States officials will have to convince the American authorities that Cuba is perfectly able to meet the requirements of Article II of the Platt Amendment which clearly prescribes the conditions on which the United States may consent to the proposed loan.

2nd.- This Commission in conference with American banking interests, who will be requested to furnish money for the loan, will have to meet the demands of these bankers as to the requirements necessary for the honest application or distribution of this loan; also the

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banking interests will undoubtedly exact rigid guarantees of honest administration in collection of Cuban revenues,and honest application of said revenues in paying the Government debts.

3rd.- The Commission then by a further conference with United States officials will have to agree on a program meeting the requirements of both the American Government and American bankers. (It is thought that the bankers' requirements will be incorporated into the terms to be demanded by the American Government.) This constructive program will then be the subject of constructive legislation which will have to be passed by the Cuban Congress and approved by the President. It is therefore reasonable to expect a long delay in the final accomplishment of this loan.

The graft so successfully practiced in financial transactions of the former Administration, continues to be practiced by Government employees of the present Administration. For some concrete examples of this graft, seePolitical Service report of this date (No.1519).

On account of graft charges made by the Havana daily EL COMERCIO, alleging graft in the Department of the Treasury, an investigation of that Department is now being conducted by Dr. de la Torre, Director of Justice. This investigation was started at the request of Dr. Gelabert, Secretary of the Treasury.

The Cuban Government still finds itself unable to pay its employees, and the Street Cleaners of Havana, who have not been paid for six weeks, went on strike on the 10th instant,and are still out.

Indications point to an increase in these financial difficulties, and even if the Government should gain possession of large revenues it is thought that due to the enormous graft now prevailing under the present system,its funds will not be honestly applied to paying its legitimate employees and its debts.

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TRANSLATION.

PROPOSAL OF LAW CONCERNING CONTRACTS FOR AGRICULTURAL FINANCING
REPORTED ON BY DR.GONZALO FREYRE DE ANDRADE.

PROJECT OF LAW.

CHAPTER I.

Of Contracts for Agricultural Financing,Colonization and Cane Grinding.

ARTICLE I? The object of this law is the regulating of contracts relating to agricultural financing, colonization and grinding of cane,and the establishing of the necessary guarantees to insure their fulfilment.

ARTICLE II. The contract for agricultural financing in that by means of which one of the parties thereto deliversand the other receives,in the nature of a loan,certain amounts of money in cash or specie,either at one time or on successive occasions,according to agreement,for the purpose of administration,upkeep,cultivation,development or improvement of rural properties,a lien being constituted on the fruits or industrial products specified in the cont ract to guarantee thepayment of the amounts received,with interests and other specified obligations.

ARTICLE III. There may be included in the contract the construction and repair of buildings and machinery,for agricultural and industrial purposes,in proportion to the cultivation or installation of new works. The contracting parties may enter into the legal agreements which they deem necessary.

ARTICLE IV. The right of the creditor shall not be prejudiced even though the debtor may put the loan to a different use from that stipulated in the contract or in this law.

ARTICLE V. The amounts received by the debtor shall be reimbursed in the manner,periods of time and under the conditions stipulated by the contracting parties.

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By AMF NARS, Date 05/04/89

Article VI. Every land-holder,whether with title of ownership,possession,lease or usufruct,of rural properties,may enter into contracts for agricultural financing with thirdparties,but in case the land is held under lease or othertemporary holding,the financing contract will have to be limited to the term of the lease or usufruct of the land,according to the conditions stipulated in his behalf.

Article VII. Colonization contracts (contrato de colonato) shall be known as those by virtue of which the rightis acquired to make plantings of cane on lands belonging to others,and to preserve the ownership of the cane stools and the products thereof during a specified periodx of time. All theprovisions of this law compatible with the nature of these contracts shall be applicable thereto.

Article VIII. In the contracts of colonization,the canestools and the products thereof shall constitute a specialxxxx ownership,seperate from the dominion and property rights on the land in which they are planted. In the contracts to which the preceding paragraph refers,and while the dominion andother property rights on the ground are existent,no rights will,exist to the cane stools and their products,and,meanwhile,in the transfer,constitution or modification of the dominion and other property rights,the cane stools and their products shall be understood as excluded.

Article IX. Should the debtor not fulfill the obligations which the title,by virtue of which he enjoys the right to the estate,imposes upon him,the financing creditor may do so in his stead,for account of the debtor,and against the agricultural financing credit and the guarantees. The creditor may likewise pay,in the stead of the debtor,any obligations or charge against the property to guarantee the stability of the financing credit.

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Article X. The contract for the grinding of sugar canes shall be considered as that entered into between the person or entity owning a mill-factory (ingenion) for the manufacturemt of sugar, by which the former obligates himself to deliver to the latter the canes produced on his plantation(colonia) and the latter obligates himself to grind them and deliver to the plantation holder(colono) a stipulated amount, either insugar or money.

Article XI. This contract may contain any other legal agreements whatsoever; but should the colono hold the estate not in title of ownership, but in temporary title of use andprofit, the contract may not be extended over a greater periodof time than that specified on behalf of the colono. All the provisions of this law relating to agricultural financing shall be applicable to these contracts, and the owner of the factory or sugar mill may cause to be fulfilled all the obligationsof the plantation holder(colono) in his stead, and may deduct from the amounts which he should receive by virtue of the contract for grinding cane the amount which the mill-owner may have expended, with proper interest thereon.

Article XII. If the contract for grinding cane should also include the contract of agricultural finance loan, this latter shall be governed by this law, and the manufacturer may charge the plantation holder (colono), deducting from the price of the liquidation of the canes delivered and ground, in the manner stipulated in the contract, the amounts given to the plantation holder(colono) in thenature of advances, without prejudice to third parties, or to whomsoever this law may grant priority.

CHAPTER II.

Of the Form of Execution.

Article XIII. Contracts of agricultural financing, as well as those of

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colonization(colonato) and for the grindingof canes,may be made by public instruments or by private document drawn before a notary,without the intervention of witnesses,but by the acknowledgement of acquaintance with the contracting parties. When the contract includes the constitution,modification or discharge of a property right,it mustbe made by a public instrument and inserted in the ~~Registry~~ Registry of Property,in accordance with the requirements of law in force.

Article XIV. In all of these contracts there shall be set forth the description of the properties which are the subject thereof,the nature of the title os seizing and the conditions stipulated by the parties.

The debtor in contracts of agricultural financing,theplantation-holder(colono) in those of colonization(colonato) ~~ix~~ and in those for the grinding of ccanes,and the assignor of any such contracts,shall be set forth in detail,and underoath,any prior contracts of agricultural finance advances,or colonization,or grinding of canes,of which the industrialfruits or products to which the new contract refers may have been the subject matter. Whomsover should maliciously deviate from the truth,to the prejudice of another ,contravening such oath,shall be guilty of perjury. In any case where the culprit shall pay or discharge the civil obligation arising from reason of perjury,so that the damaged party~~xhxd~~ shall be reimbursed,the pe~~h~~al responsibility or penalty shall de discharged.

Article XV. The rights accruing from these contracts shall be transfereable by public instruments if by a document of this c~~l~~iss the original contract should have been made,or by a simple endorsement before a notary public and acknowledgement of acq~~u~~aintance with the party,at the foot or on the margin of the private document constituting the contract,there being set forth in such endorsement the names ofthe assignor and assignee,the price and date of the transfer.

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CHAPTER III

Of the Registration of Agricultural Contracts.

Article XVI.

A Registry of Agricultural Contracts is hereby established, which shall be in charge of the present Registrars of Property in their respective districts.

Article XVII. In this Registry shall be inscribed the contracts of agricultural financing,colonization and grinding of cane,by means of the literal transcription of the document containing them. Registrars shall not discrimminate against said documents or deny their inscription. Should there arise any disputes with respect to the fees to be received by the Registry, these shall be settled by the courts.

Article XVIII. The modifications and transfers relatingto these contracts shall be noted concisely in the margin ofthe respective inscriptions. The Registrars of Property shall keep indexs of the entries which shall be made in the Registrypf Agricultural Contracts,classified according to persons and properties,in which shall appear all of the contracts,the names of the parties and the owners of the financed properties,reference being made to the folio and volume of the books of the Registry in which they shall be inscribed.

Article XIX. In what refers to the manner of conductingthe Registries, the books pertaining thereto,and whatever elsemay refer to the inscriptions, the provisions of the Mortgage Law and Regulations shall be applicable in so far as they maybe compatible with the provisions of this Law.

Article XX. Should there arise any judicial complaint with regard to any inscribed contract,the complainant may petition the competent Judge or Court for an extension of the rights of the inscription until a definite and final decisionis reached by the court. In such cases the Judge or Court shall issue the opportune order to the Registrar,and the Registrar shall enter it by a marginal note.

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Article XXI. In any case in which the creditor may enter a complaint with relation to an inscribed contract,the debtor may deposit in money the amount claimed to guarantee the compliance with the sentemne which might result and said deposit having been approved by the Judge or Court,the latter may issue an order for the cancellation of the inscription of the contract in litigation.

Article XXII. For each inscription in the Registery ofAgricultural ~~Contrx~~ Contracts,the Registerars shall receive the following fees:

Twenty-five dollars in the case of a loan of not more than ten thousand dollars,or in the case of colonization or grinding contracts relating to properties of not more than five ~~thousand caballe~~ caballerias.

Fifty Dollars in the case of loans of more than ten thousand dollars~~x~~ and not exceeding fifty thousand dollars,or of colonization contracts or contracts for the grinding of cane from properties of more than five caballerias and not exceeding twenty-five caballerias.

Seventy-five Dollars,if the loan contract exceeds fifty thousand dollars,and the contract of colonization or of thegrinding of cane relates to a property of more than twenty-five caballerias.

Article XXIV. In no case shall there be required forthe inscription of agricultural contracts the previous inscription in the Registry of Property of the property or title of the grantor.

CHAPTER IV.

Of Procedures.

Article XXV. In any case ~~kx~~ in which by any act or omission of the debtor or of a third party,or for any other causewhatsoever,the cane stools,fruits or industrial productsgiven in ~~guarantyx~~ according to this law or which shall have been the subject of the contract,shall be palced or it shallbe feared that they may be placed in a sitiation or condition of fact or law incompatible with the fulfillment of the agricultural financing contract,colonization contract,or contract

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for the grinding of cane, or that may jepardize said fulfillment, the interested party may petition the competent Judge of the First Instance to issue an order establishing the regulations necessary, in the Judgement of the Judge or Court, to provide for and insure due compliance with the contract, This petition shall be established by the same proceedings andrecourse, in so far as applicable, as apply in the procedure for the protection of property rights.

The provisions of the preceding paragraph shall beunderstood as without prejudice to the rights granted by the laws to any third owner in good faith.

This procedure is understood as without prejudice toany other claims which may arise, which shall be established in the form provided by law.

CHAPTER V.

General Provisions.

Article XXVI. The contracts inscribed in the Registryof Agricultural Contracts will be in prejudice of, and shall obligate, thrid parties, from the date of the filing of the corresponding documents.

Such obligations shall be in force during the entire period of the contract and for sixty days after the termination of the indicated period, and shall be cancelled in full if within the said period of sixty days the document justifying the extension of the original contract is not filed in the Registry, or entry made of the intervening complaint to which Article XVIII refers.

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SUBJECT THE ECONOMIC SITUATION - Monograph Report

From CUBA - Economic.

No. 1,539 Date September 15, 1921., 19

Replying to No. Date , 19

REC'D, M. I. D., G. S. SEP 22 1921

(65) Sugar.

For the week ending September 10, 1921, the sugar receipts were 24,978 tons, against 24,822 tons for same period last year (1920). Total receipts for season amounted to 3,235,765 tons, as against 3,562,793 tons up to same date last year.

Total exports 2,004,007 tons against 3,187,161 for same period last year.

Stocks at the ports, 1,198,444 tons, against 334,258 tons for same period last year.

The price of 3-1/4 cts. c.& f. is still maintained by the Financial Sugar Commission. As this is above the equivalent at which outside sugars have been sold the past week, Cuba's have had no place among the sales reported.

Another central, "Delicias" of Puerto Padre, has ceased grinding. This leaves only three centrals now grinding, which are "Preston", "Boston" and "Santa Lucia", all located in Oriente in the vicinity of Nipe Bay.

Binding Margin

(5) Products (15) Animal (44) Food

The Cuban Congress has recently passed a bill demanded by the cattle raisers of Camaguey Province. According to the provisions of this bill, all cattle imported into Cuba will have to be placed in quarantine for thirty days, and will have to go through a branding process and other detailed requirements which will make it practically impossible for foreign cattle to be imported at any profit. The cattle raisers of Cuba first requested an open prohibition against importation of foreign cattle, and, not being able to obtain this, indirectly accomplished their purpose by means of this bill, which will enable the Cuban cattle owners to practically control the price of beef. There is considerable complaint from the consumers, who point out that the result of this bill will increase the already high cost of living. The bill has not yet been signed by the President.

(54) Labor.

The strike carried on by the Havana street-cleaners has been adjusted, but indications point to only a temporary adjustment. For several days the streets of Havana were in a most filthy and unsanitary condition. The Government had not paid the street cleaners for about two months, although the Sub-Secretary of the Treasury stated publicly that he had long since turned over to the Department of Public Works the money for the payment of these laborers. Enemies of

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Dr. Guiteras, Secretary of Sanitation, tried to avail themselves of this opportunity to blame him for these conditions, but the public understands that the responsibility rested upon those charged with the payment of the laborers and not with the Sanitary Department. The laborers have returned to work, but will probably go on strike again when the bankrupt government again fails to pay them. Labor is now cheap in Cuba. Many people are working for food alone, and many more find themselves unable to obtain work for food alone. In the Interior there have been public demonstrations un many municipalities, where large groups of people called on the Mayor asking for food and for work. The hunger situation is becoming more acute every day. Rents are still high and a source of just complaint by the laboring class.

(7) Food (22) Carbonhydrates (67) Others.

During this year's pineapple shipping season which recently closed, Cuba shipped to the United States 1,010,000 crates, the total contents of which were about 34,465,704 fresh pineapples.

(30) Wealth; (89,90 & 91) Credit, Revenue & Debits.

The projected loan is still awaiting the terms of agreement to be reached by the American Government and American Bankers on one side, and the Cuban Government on the other. Cuban officials will continue for some time to hold out against any arrangement whereby an honest distribution of the Loan and an honest administration of the Government's receipts are required. Graft and corruption continue, and opportunities for practicing the same will not be surrendered without a persistent struggle. The public have lost all confidence in the present Administration. It is pointed out that the Government is now collecting revenues approximating $5,000,000. per month, yet the floating debt is not being paid off, and thousands of Government employees, including men in the Army and Navy, are not receiving their salaries. The public is naturally asking the question- "What is becoming of the money collected by the Government?" They point to the fact that although small salaried laborers are not receiving their pay, Congressmen, politicians, grafters and others of influence are obtaining prompt payment of their salaries and claims. They also point to the fact that many members of the President's personal family, who hold very important positions in five or six different Departments, are rapidly becoming rich. As a result of such corruption and inefficiency, and the public's increasing distrust of the Government, serious, clear-thinking observers are convinced that American Intervention is the only thing that can redeem the Republic of Cuba from the economic and political disaster and ruin which prevail today and which are becoming worse.

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SUBJECT THE ECONOMIC SITUATION - Monograph Report.

From CUBA - Economic

No. 1,544 Date September 23, 1921., 19

Replying to No. Date, 19

SEC'D. M. I. D., U. S. SEP 30 1921

(65) Sugar.

For week ending September 17, 1921.

Receipts, 12,413 tons; against 9,692 tons for corresponding week last year.

Total receipts for entire season to this date, 3,248,178 tons, against 3,572,485 tons for the same period last year.

Total exports to date, 2,024,999 tons, against 3,197,374 tons for same period last year.

Stock on hand at ports, 1,189,831 tons, against 333,668 tons at this time last year.

Centrals grinding, 2; against 3 at this time last year.

The Central BOSTON located at Banes ceased grinding during the past week.

There has been no sale of Cuba's for over a month, the price demanded by the Sugar Commission still being 3-1/4 cts. c.&.f., while other sugars have been sold at an equivalent of 2.40 cts. c.& f.

The sugar situation today is not optimistic, but it is thought that the President's recent announcement to the effect that the Sugar Commission will not be dissolved but will continue handling the present crop, will to a large degree offset the injury caused by recent reports that refiners are holding back their purchases in the belief that the Sugar Commission would soon be dissolved and thereby cause a very material lowering of the price.

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(10) Finance
(89, 90 & 91) Credits, Revenue and Debits.

The notorious corruption, graft and inefficiency prevalent not only in Congress but practically in all Departments of the Government, continues to aggravate the disastrous financial condition of the entire Republic. At the beginning of his Administration, the President expressed the laudable hope and desire that within five months he would effectively stamp out the graft and inefficiency practiced in so many Departments. The five months have passed, but graft and extravagance continue to such an extent that the public in general believe that the corruption has increased.

Notwithstanding the tremendous debt now overhanging the Republic, and the bankrupt condition of the public treasury, the Cuban Congress recently passed a bill appropriating $12,075,000. for the construction of houses for workmen.

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This bill was secretly and hurriedly rushed through both Houses of Congress one night, with practically no discussion as to its merits. It is reliably reported that copies of the bill were not even furnished to Congressmen before the vote was taken on this measure. The Bill is full of provisions whereby the most outrageous graft may be practiced, and it is said that a group of Senators have formed a corporation to exploit the scheme and reap the benefits of the graft connected therewith. It is also reliably reported that each congressman who voted for the bill was to receive $10,000. when the scheme is finally consummated. The President disclaimed any knowledge of the bill priot to the time it came to him for signature. He has not yet signed this bill, and indications are that due to the pressure brought to bear upon him by good advisers, he will veto the measure.

Previous reports from this office have given estimates of the enormous debt overhanging the Government, but those estimates did not include numerous outstanding contractual obligations estimated at between 35,000,000 and 50,000,000 dollars. These outstanding contracts, honeycombed with fraud, of every description, have yet to be liquidated. In fact the Cuban Government is so deeply and irredeemably in debt that it is considered almost a hopeless task for even expert auditors to come anywhere near an accurate estimate of the amount thereof.

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SUBJECT THE ECONOMIC SITUATION - Monograph Report.

From CUBA - Economic.

No. 1,549 *Date* September 30, 1921. *19*

Replying to No. *Date* *19*

REC'D, M. I. D., G. S OCT 5 1921

(65) Sugar.

For week ending September 24, 1921:

Weekly receipts were 15,513 tons; against
12,586 " for same period last year.

Total receipts to date, 3,263,691 tons;
against 3,585,071 " last year.

Total exports to date 2,038,543 "
against 3,203,378 " last year.

Stock on hand at ports, 1,191,800 "
against 340,250 " last year.

Centrals still grinding, 2
against 2 at this time last year.

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NND 740058
By AMF NARS, Date 05/04/89

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SUBJECT THE ECONOMIC SITUATION - Monograph Report

From CUBA - Economic

No. 1565 *Date* October 14, 1921. *19*

Replying to No. *Date* *19*

REC'D, M. I. D., G. S OCT 28 1921

(65) Sugar.

For week ending October 8, 1921:

Weekly receipts were	13,278	tons
against	7,418	" for same period last year;
Total receipts to date	3,291,288	"
against	3,602,232	" " " " " "
Stock on hand at ports	1,191,480	"
against	341,936	" " " " " "
Central still grinding	 1	
Sales during the week,	139,196	bags, at 2-5/8 cts. c.& f.

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SUBJECT THE ECONOMIC SITUATION - Monograph Report

From CUBA - Economic

No. 1,552 *Date* September 30, 1921. *19*

Replying to No. *Date* *19*

REC'D, M. I. D., G. S OCT 5 1921

(15) Animals
(44) Food.

The President has vetoed the Cattle Law recently passed by the Cuban Congress. This veto by the President meets with general approval in view of the fact that this Bill, demanded by the cattle men of Camagüey, would have practically prohibited the importation of foreign cattle into Cuba, and thereby would have very materially increased the cost of meat.

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(10) Finance
(91) Debits

The Cuban Government now owes the United States over one million dollars on postal money order funds. In spite of the fact that the Cuban Government has made two payments on this account, one for $113,000 on September 4th, and the other for $182,000. on September 29th,, this debt has been increasing and a few months ago amounted to about $800,000.

This debt and the rapid increase thereof is evidently due to misappropriation by the Treasury Department of a large portion of the funds collected from this source. Several months ago the Chief of Communications, under whom the Post Office Department functions, confidentially explained to us that there was then due the United States Government about $800,000., and that the Post Office Department was not to blame as it could not liquidate the indebtedness directly, but is required to turn in to the Treasury Department the receipts derived from this source.

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By AMF NARS, Date 05/04/89

(92, 93 & 94) Money, Banking & Connections.

There was a small run on a few Cuban branches of the National City Bank of New York, on the 28th and 29th, instant. The run was more acute on the branches located in Santa Clara, Cienfuegos, and Camaguey than on the branches in other localities. The run was started by propaganda in the ∮ form of cables bringing false information from New York, to the effect that the National City Bank was on the verge of a failure.

This propaganda is generally understood to be a continuation of the unscrupulous measures undertaken several months ago for the purpose of discrediting and injuring foreign banking institutions on the Island of Cuba. Confidence in the National City Bank has been entirely restored and the best elements in Cuba, both native and foreign, condemn these outrageous attempts to embarrass solvent and reliable banking institutions.

The President has vetoed the two amendments recently passed by the Cuban Congress, to the Banking Law of January 31, 1921. These amendments were generally condemned by conservative business and banking interests because they contained provisions whereby certain insolvent institutions would be permitted to use, with great advantage for the purposes of liquidation and reorganization, questionable securities of practically no value.

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SUBJECT THE ECONOMIC SITUATION - Monograph Report

From CUBA - Economic

No. 1,554 *Date* October 7, 1921, *19*

Replying to No. *Date*, *19*

REC'D, M. I. D., G. S OCT 22 1921

(89, 90 & 91) Credits, Revenue & Debits.

Mr. Norman Davis, Mr. Morrow, and Mr. Martin Eagin, representatives of the Morgan banking group, ~~are now~~ in Havana studying economic conditions, and in particular the financial condition of the Cuban Government. This investigation is preliminary to the proposed loan of $50,000,000 which the Cuban Government seeks to obtain from American banking interests. It is understood that a preliminary loan of $5,000,000 is contemplated before the ~~large~~ $50,000,000 is to be consummated. The data so far obtained by these banking representatives is known to be of such an alarming nature as to endanger the prospects of the loan.

When the final arrangements are made for the loan and the United States Government is satisfied that the requirements of the Platt Amendment have been sufficiently fulfilled to grant permission for the loan, it is intended to award the loan after competitive bids from different banking groups have been submitted. It is known that both the Morgan group and the Speyer group are carefully considering the loan. ~~The Havana~~ representative of the Speyer group is Mr. Frank Steinhart.

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By AMF NARS, Date 05/04/89

(65) Sugar

For week ending October 1, 1921:

Weekly receipts were 14,319 tons;
against 9,743 " for same period last year;

Total receipts to date, 3,278,010 tons,
against 3,594,814 " last year.

Exports for week 29,836 tons.

Total exports to date 2,068,379 tons,
against 3,211,335 " last year.

Stock on hand at ports, 1,176,019 tons
against 341,750 " last year.

Sales during past week, 324,101 sacks , to American refiners,
at 2-5/8 c/c & f., of this year's crop;
also 16,000 tons of last year's crop were sold at
2-1/2 c/c & f.

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SUBJECT THE ECONOMIC SITUATION - Monograph Report.

From CUBA - Economic.

No. No. 1,567. Date October 21, 1921., 19

Replying to No. Date , 19

REC'D. M. I. D., G. S. NOV 1 1921

(65) Sugar.

For week ending October 15, 1921:

Weekly receipts were	3,356 tons	
against	1,958 "	for same period last year;
Total receipts to date	3,294,644 "	
against	3,604,190 " " " " " "	
Total exports to date	2,109,453 "	
against	3,220,630 " " " " " "	
Stock on hand at ports	1,148,320 " "	
against	341,613 " " " " " "	
Sales during the week	92,293 bags at 2-5/8 cts. c.& f.	
	60,051 " " 2-1/2 " "	
	6,000 tons " " " "	
Centrals still grinding	1 (Santa Lucia)	
against	0 at this time last year.	

Considerable optimism prevails as to the success of the proposed loan by American bankers to the Cuban Government. However, it is now understood that the loan will be applied to paying off the debts of the Government and will not be used to finance the coming sugar crop. The sugar interests now rely on the probability of obtaining concessions from the American Government by way of alterations in the Reciprocity Treaty or the Fordney tariff law to such an extent that the duty charged on sugar importations from Cuba will be very materially reduced.

Mr. P. B. Locker, an American coal merchant and business man, has been in Havana for sometime endeavoring to complete negotiations for the purchase of the unsold sugar ~~xxpxxxrpkx~~ supply now on hand in Cuba from the last crop. His credentials and financial backing are questioned in business circles, and business interests here have been unable to get a line on his general standing in the American business world. Mr. Locker claims to represent a group of financiers. It is known that he has financial backing in the form of guarantees amounting to about five millions, furnished by the German banker H. Upmann of Havana. However, this backing of five millions is furnished only with certain provisions the fulfilment of which would require the Sugar Finance Commission and sugar interests in general to make great concessions to Mr. Locker before he purchases the 700,000 tons of sugar which he has announced his intention to do. It is reliably reported that the concessions requested by him are of such a nature as would give him a practical monopoly on the existing supply of sugar in Cuba, and all indications are that his negotiations will not be successful.

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NND 740058
By AMF NARS, Date 05/04/89

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OFFICE CHIEF OF STAFF
MIL. INTELLIGENCE DIV.
NOV 10 1921

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SUBJECT THE ECONOMIC SITUATION - Monograph Report.

From CUBA - Economic

No. 1,572 *Date* October 28, 1921, *19*

Replying to No. *Date*, *19*

REC'D. M. I. D., U.S. NOV 9 1921

(65) Sugar

For week ending October 22, 1921:

Weekly receipts were	9,496	tons
against	5,835	" last year
Total receipts to date	3,304,140	"
against	3,610,025	" " "
Total exports to date	2,115,083	"
against	3,228,261	" " "
Stock on hand at ports	1,152,143	" new crop
" " " " "	24,525	" old crop
against		
" " " " "	339,817	" at this time last year.

Sales during the week, 343,299 sacks, at 2-1/2 c., c.& f.

Centrals still grinding, - - - - - 1

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(24) Shipping
(71) Ocean.

The five interned German ships which were leased by the Cuban Government to the Compañia de Navigacion de Cuba, mentioned in our report No. 1222 of September 24,1920, have been taken back by the Cuban Government. Several of these ships, while at Hamburg and other harbors, needed repairs. After the repair work was done the Company failed to pay for the repairs and the Cuban Government had to pay the repair charges to get the ships released. Now that these bills have been paid, the Compañia de Navigación de Cuba has been endeavoring to get the Government to turn the ships back to them.

As pointed out in previous reports, several influential Government officials owned the main interests in this Company, and the whole enterprise was generally regarded as a grafting scheme whereby the Government would pay the bills and the Company would reap the benefits.

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By AMF NARS, Date 05/04/89

Havana, Cuba
Oct. 28, 1921
(89, 90 & 91) Credits, Revenue & Debits

Cuba

Economic

*SUBJECT*_____

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*From*_____

*No.*_____ *Date*_____, *19*

*Replying to No.*_____ *Date*_____, *19*

Binding Margin

(89, 90 & 91) Credits, Revenue, and Debits.

The Cuban Congress recently passed the new Budget Law (copy attached hereto). Without expert American fiscal supervision this law will certainly fail to remedy the deplorable condition of the nation's finance. It is now a notorious custom on the part of Government officials to break and evade the laws. These legal infractions and evasions are more numerous in the economic laws than in any other laws. We have pointed out in previous reports how the last Administration, which used the budget of 1918-1919 as its basis, shamefully disregarded that budget and spent over $118,000,000 in ten and one-half months. We have also pointed out how the present Administration is steeped in graft and is even committing more legal infractions and permitting more graft than the Menocal Administration.

In view of the past, it cannot reasonably be expected that this law will be observed. On the other hand, without Intervention, it is certain that this law, like the others, will be grossly violated and abused.

Attention is called to Article 6 of this law, whereby the President is empowered to increase by such amount as he considers necessary, the expenses of the 'Presidencia' (Presidential Offices). This article offers an excellent opportunity for graft.

The Cuban Congress also recently passed a bill authorizing the pignoration of $7,000,000 worth of bonds as security for a $5,000,000 loan now being negotiated by the Cuban Government with the American banking house of Morgan. The money obtained from this loan is to be applied principally to paying certain foreign obligations, such as postal money orders due the United States, interest and amortization of public debt, etc. However, it is known that the Cuban Treasury counts on the money so obtained to help pay the many employees of the Government who have gone so long without receiving their salaries. It is common knowledge that the Government has been principally paying its high and influential officials, but that thousands of low-salaried employees in practically every department are unable to collect their wages.

The Extraordinary Session of Congress just closed left so much undone that the regular session which opens on the first Monday in November will have to enact a great deal of constructive legislation. The law authorizing the $50,000,000. loan will have to be passed; and there also remains the Agricultural law, and the law regulating House Rentals. A revenue-producing measure to meet the requirements

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

Havana, Cuba
Oct. 28/21
(89,90 & 91) Credits, Revenue & Debits

Cuba

Economic

SUBJECT----------

From----------

No.---------- Date---------- 19

Replying to No.---------- Date---------- 19

of the Budget will also have to be passed.

The Government now fails to collect a large part of the revenue due to it. Through the connivance of corrupt Government officials and dishonest business men the Government is annually cheated out of many millions of revenue, and the enactment and enforcement of a suitable revenue measure appears to be almost impossible.

The $50,000,000. loan will require some time before its consummation. Indications are that Congress will take a long time to pass the bill authorizing the loan and the conditions required by the United States Government and the Bankers have not been completely adjusted and will occasion more delay. Without American fiscal intervention or supervision it is a foregone conclusion that, regardless of all laws and promises, the money obtained from this loan will be so stolen, misappropriated and squandered as to leave the national Treasury in a worse fix than it was before the loan was consummated.

Binding Margin

(35) Health
(104, 105 & 106) Sanitation, Hygiene and Disease.

The smallpox epidemic is alarming, and extends practically over the entire Island. The Department of Sanitation furnishes the following data as to the number of cases of smallpox existing on October 20th:

Oriente Province	137	cases
Camagüey "	158	"
Santa Clara"	8	"
Matanzas "	0	"
Havana "	4	"
Pinar del Rio	0	
	307	"

These figures are known to be incorrect, because there are hundreds of cases concealed in various municipalities and the medical officials in those localities are not furnishing reliable reports. The American medical officer on duty with the Marine Detachment at Camagüey states that there are over a thousand cases in the municipality of Camaguey alone. It is also known that there are about five hundred cases in the municipality of Victoria de las Tunas, Oriente.

Vaccination has not been thorough; many people have successfully dodged it, and due to a bad quality of vaccine, the vaccinations actually made have not been very effective.

The development of infectious diseases on the Island during the past ten days, is as follows:

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

Havana, Cuba
C[redacted].28/21
(35) Health
(104,105 & 106) Sanitation, Hygiene & Disease

Cuba

Economic

SUBJECT----------

From----------

No.---------- *Date*----------, *19*

Replying to No.----------*Date*----------, *19*

Pinar del Rio Province:
7 cases of typhoid
7 " " malarial fever
2 " infantile paralysis

Havana Province:
10 cases typhoid
5 " para-typhoid
33 " malaria
4 " diphtheria
3 " ~~xxxxxxx~~ chicken pox
1 " small pox

Matanzas Province:
4 cases of typhoid
3 " para-typhoid
1 " malaria
2 " diphtheria
1 " infantile paralysis

Santa Clara Province:
8 cases typhoid fever
3 " para-typhoid
1 " malaria
1 " diphtheria
2 " measles
6 " chicken pox
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Camagüey Province:
10 cases of malaria
1 " diphtheria
74 " small pox
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Oriente Province:
35 cases typhoid
147 " malaria
1 " measles
1 " chicken pox
126 " small pox.

Binding Margin

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

TRANSLATION OF THE BUDGET LAW AS APPEARING IN THE OFFICIAL GAZETTE

(October 22, 1921.)

I, ALFREDO ZAYAS ~~Y~~ Y ALFONSO, President of the Republic of Cuba:

Be it known: That Congress has voted, and I have sanctioned, the following

L A W :

Art. 1: The Budget Law of the fiscal year 1918-19, which was used for 1919-20 and 1920-21, will be continued in force during the present fiscal year 1921-22, with the modifications herein set out.

Art. 2. The Executive will increase the annual budget revenues with the proceeds of taxes created subsequent to July 1, 1918, fixing the total amount of revenues for the fiscal year 1921-22 at $72,000,000.

Art. 3. The fixed budget will be increased by the expenses authorized by laws promulgated to date,- creating or modifying services which are to figure in same, and further by~~/~~ the sum of $14,400. for expenses and salary of new Representatives.

The total expenses of the fixed budget, taking into account Art. 7 of this law, shall be $16,306,002.46.

Art. 4. The Executive shall include in the annual budget of expenses the sum necessary for compliance with the Special Laws and the Decrees pertaining to them, by which pensions are granted, and which have been enacted since July 1,1918.

There shall also be included in said annual budget the expenses involved in compliance with the General Law of Pensions of July 11,1918,affecting members of the Army of Liberation and its Civil Auxiliary Corps, within the limits and conditions of said Law.

Art. 5. The organized services at present created by Special Laws and their corresponding Decrees, for the payment of which there exists no credit provided in the 1918-19 budget now in force, shall be maintained by the Executive in the manner and amount which he shall consider proper, the annual budget to be increased by the amount of,the expenses required for the payment of same.

Art. 6. The Executive is authorized to increase the annual budget of expenses, when the proposed budget for 1921-22 is drafted, by such amount as is considered necessary for the Presidencia (Presidential offices) of the Republic,and which could not have been foreseen ~~provided for~~ in the 1918-19 budget.

J.M.H

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

Art. 7. There shall be understood as excluded from the fixed budget the amount of $1,375,637.50, amortization of principal of the Public Debt.

Art. 8. There shall be understood as excluded from the annual budget all credits allotted for works which have been duly performed; for payments provided for only once; and for services already suppressed.

Art. 9. The Executive shall also order such economies as may be necessary in the expenditures for services rendered, acquisition of material, and performance of works, authorized by the annual budget of 1918-19, in force, and in the expenditures authorized by Special Laws and their corresponding Decrees, referred to in Articles 5 and 6 of this Law,, until the public expenditures of the annual budget shall have been reduced to the maximum amount of $48,693,997.54.

Art. 10. The difference resulting between the revenues and authorized expenditures under this Law, shall be solely applied to the payment of the Floating Debt, or that is, of obligations legally contracted and unpaid, from former fiscal years.

Art. 11. The Executive shall publish the National Budgets as they are to govern for the fiscal year 1921-22 in accordance with the prescriptions of this law, before November 1 of this year.

Art. 12. The application of any law or decree in conflict with the provisions of this Law, is hereby declared suspended, and for this purpose only.

Art. 13. The Executive shall report to Congress the manner and form in which the powers granted him under this law have been carried out; and the enactment of this law shall become effective upon its publication in the OFFICIAL GAZETTE OF THE REPUBLIC.

ADDITIONAL ARTICLE.

Pending at present the discussion and agreement of Congress upon a Project of Law relating to a Foreign Loan and to the creation of new taxes and increase or modification of existing taxes, -- should said project of law be approved the revenues which it has been possible to obtain must figure in the budget and must be applied solely to the exclusive purpose indicated in article 10, after applying the necessary amount to the payment of interest and amortization of such Foreign Loan if accomplished.

THEREFORE, I order the present Law executed and complied with in all its parts.

Given at the Palace of the President in Havana, October 22, 1921.

ALFREDO ZAYAS.

Rafael Montoro, Secretary of State and
Acting Secretary of the Treasury.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

TREASURY DEPARTMENT

L A W .

Art. 1. The Executive is hereby authorized to dispose of bonds of the issue of 1917, and of securities forming part of the guarantee given by the Banco Nacional, amounting together to seven million dollars ($7,000,000) par value, now in the National Treasury, in order to carry out a financial operation which will bring about a loan of five million dollars ($5,000,000) more or less, ~~to the National Treasury~~ to be turned over to the National Treasury and applied to pending obligations and preferably to those of foreign nature, such as postal money orders, interest and amortization of public debt, etc., without transferring ownership of such securities, but giving them in pledge as guarantee.

The rate of interest on the amount pledged shall not exceed 8% annually.

With the proceeds obtained in the operation accomplished with said bonds, the Executive may pay ~~the~~ preferred creditors, to such amount as the State may be creditor against real estate properties.

Art. 2. When the transaction referred to in the ~~10~~ preceding article shall have been accomplished, the Executive shall report to Congress the application made of the sums obtained through the said pignoration.

Art. 3. This Law shall become effective upon its publication in the OFFICIAL GAZETTE.

Palace, Havana, October 25, 1921.

ALFREDO ZAYAS.

Rafael Montoro
Secretary of State and
Acting Secretary of the Treasury.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

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M. I. 2.

SUBJECT THE ECONOMIC SITUATION - Monograph Report.

From CUBA - Economic

No. 1,572 *Date* October 28, 1921, *19*

Replying to No. *Date*, *19*

Binding Margin

(65) Sugar

For week ending October 22, 1921:

Weekly receipts were	9,496	tons	
against	5,835	"	last year
Total receipts to date	3,304,140	"	
against	3,610,025	"	" "
Total exports to date	2,115,083	"	
against	3,228,261	"	" "
Stock on hand at ports	1,152,143	"	new crop
" " " " "	24,525	"	old crop
against			
" " " " "	339,817	"	at this time last year.

Sales during the week, 343,299 sacks, at 2-1/2 c., c.& f.

Centrals still grinding, - - - - - 1

(24) Shipping
(71) Ocean.

The five interned German ships which were leased by the Cuban Government to the Compañia de Navigacion de Cuba, mentioned in our report No. 1222 of September 24, 1920, have been taken back by the Cuban Government. Several of these ships, while at Hamburg and other harbors, needed repairs. After the repair work was done the Company failed to pay for the repairs and the Cuban Government had to pay the repair charges to get the ships released. Now that these bills have been paid, the Compañia de Navigación de Cuba has been endeavoring to get the Government to turn the ships back to them.

As pointed out in previous reports, several influential Government officials owned the main interests in this Company, and the whole enterprise was generally regarded as a grafting scheme whereby the Government would pay the bills and the Company would reap the benefits.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

Havana, Cuba
Oct. 28, 1921
(89, 90 & 91) Credits, Revenue & Debits

Cuba
Economic

*SUBJECT*_____

_____

*From*_____

*No.*_____ *Date*_____, *19*

*Replying to No.*_____ *Date*_____, *19*

Binding Margin

(89, 90 & 91) Credits, Revenue, and Debits.

The Cuban Congress recently passed the new Budget Law (copy attached hereto). Without expert American fiscal supervision this law will certainly fail to remedy the deplorable condition of the nation's finance. It is now a notorious custom on the part of Government officials to break and evade the laws. These legal infractions and evasions are more numerous in the economic laws than in any other laws. We have pointed out in previous reports how the last Administration, which used the budget of 1918-1919 as its basis, shamefully disregarded that budget and spent over $118,000,000 in ten and one-half months. We have also pointed out how the present Administration is steeped in graft and is even committing more legal infractions and permitting more graft than the Menocal Administration.

In view of the past, it cannot reasonably be expected that this law will be observed. On the other hand, without Intervention, it is certain that this law, like the others, will be grossly violated and abused.

Attention is called to Article 6 of this law, whereby the President is empowered to increase by such amount as he considers necessary, the expenses of the 'Presidencia' (Presidential Offices). This article offers an excellent opportunity for graft.

The Cuban Congress also recently passed a bill authorizing the pignoration of $7,000,000 worth of bonds as security for a $5,000,000 loan now being negotiated by the Cuban Government with the American banking house of Morgan. The money obtained from this loan is to be applied principally to paying certain foreign obligations, such as postal money orders due the United States, interest and amortization of public debt, etc. However, it is known that the Cuban Treasury counts on the money so obtained to help pay the many employees of the Government who have gone so long without receiving their salaries. It is common knowledge that the Government has been principally paying its high and influential officials, but that thousands of low-salaried employees in practically every department are unable to collect their wages.

The Extraordinary Session of Congress just closed left so much undone that the regular session which opens on the first Monday in November will have to enact a great deal of constructive legislation. The law authorizing the $50,000,000. loan will have to be passed; and there also remains the Agricultural law, and the law regulating House Rentals. A revenue-producing measure to meet the requirements

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

SUBJECT_____

_____

From_____

No._____ Date_____, 19

Replying to No._____Date_____, 19

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The Government now fails to collect a large part of the revenue due to it. Through the connivance of corrupt Government officials and dishonest business men the Government is annually cheated out of many millions of revenue, and the enactment and enforcement of a suitable revenue measure appears to be almost impossible.

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Binding Margin

(35) Health
(104, 105 & 106) Sanitation, Hygiene and Disease.

The smallpox epidemic is alarming, and extends practically over the entire Island. The Department of Sanitation furnishes the following data as to the number of cases of smallpox existing on October 20th:

Oriente Province	137 cases
Camagüey "	158 "
Santa Clara"	8 "
Matanzas "	0 "
Havana "	4 "
Pinar del Rio	0
	307 "

These figures are known to be incorrect, because there are hundreds of cases concealed in various municipalities and the medical officials in those localities are not furnishing reliable reports. The American medical officer on duty with the Marine Detachment at Camagüey states that there are over a thousand cases in the municipality of Camaguey alone. It is also known that there are about five hundred cases in the municipality of Victoria de las Tunas, Oriente.

Vaccination has not been thorough; many people have successfully dodged it, and due to a bad quality of vaccine, the vaccinations actually made have not been very effective.

The development of infectious diseases on the Island during the past ten days, is as follows:

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NND 740058
By AMF NARS, Date 05/04/89

Havana, Cuba
[illegible].28/21
(35) Health
(104,105 & 106) Sanitation, Hygiene & Disease

Cuba

Economic

*SUBJECT*_____

_____

*From*_____

*No.*_____ *Date*_____, *19*

*Replying to No.*_____ *Date*_____, *19*

Pinar del Rio Province:
7 cases of typhoid
7 " " malarial fever
2 " infantile paralysis

Havana Province:
10 cases typhoid
5 " para-typhoid
33 " malaria
4 " diphtheria
3 " ~~xxxiixpex~~ chicken pox
1 " small pox

Matanzas Province:
4 cases of typhoid
3 " para-typhoid
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2 " diphtheria
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Santa Clara Province:
8 cases typhoid fever
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2 " measles
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Camagüey Province:
10 cases of malaria
1 " diphtheria
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Oriente Province:
35 cases typhoid
147 " malaria
1 " measles
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126 " small pox.

Binding Margin

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

TRANSLATION OF THE BUDGET LAW AS APPEARING IN THE OFFICIAL GAZETTE

(October 22, 1921.)

I, ALFREDO ZAYAS ~~Y~~ Y ALFONSO, President of the Republic of Cuba:

Be it known: That Congress has voted, and I have sanctioned, the following

L A W :

Art. 1: The Budget Law of the fiscal year 1918-19, which was used for 1919-20 and 1920-21, will be continued in force during the present fiscal year 1921-22, with the modifications herein set out.

Art. 2. The Executive will increase the annual budget revenues with the proceeds of taxes created subsequent to July 1, 1918, fixing the total amount of revenues for the fiscal year 1921-22 at $72,000,000.

Art. 3. The fixed budget will be increased by the expenses authorized by laws promulgated to date,- creating or modifying services which are to figure in same, and further by the sum of $14,400. for expenses and salary of new Representatives.

The total expenses of the fixed budget, taking into account Art. 7 of this law, shall be $16,306,002.46.

Art. 4. The Executive shall include in the annual budget of expenses the sum necessary for compliance with the Special Laws and the Decrees pertaining to them, by which pensions are granted, and which have been enacted since July 1,1918.

There shall also be included in said annual budget the expenses involved in compliance with the General Law of Pensions of July 11,1918, affecting members of the Army of Liberation and its Civil Auxiliary Corps, within the limits and conditions of said Law.

Art. 5. The organized services at present created by Special Laws and their corresponding Decrees, for the payment of which there exists no credit provided in the 1918-19 budget now in force, shall be maintained by the Executive in the manner and amount which he shall consider proper, the annual budget to be increased by the amount of, the expenses required for the payment of same.

Art. 6. The Executive is authorized to increase the annual budget of expenses, when the proposed budget for 1921-22 is drafted, by such amount as is considered necessary for the Presidencia (Presidential offices) of the Republic, and which could not have been foreseen ~~provided for~~ in the 1918-19 budget.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

Art. 7. There shall be understood as excluded from the fixed budget the amount of $1,375,637.50, amortization of principal of the Public Debt.

Art. 8. There shall be understood as excluded from the annual budget all credits allotted for works which have been duly performed; for payments provided for only once; and for services already suppressed.

Art. 9. The Executive shall also order such economies as may be necessary in the expenditures for services rendered, acquisition of material, and performance of works, authorized by the annual budget of 1918-19, in force, and in the expenditures authorized by Special Laws and their corresponding Decrees, referred to in Articles 5 and 6 of this Law,, until the public expenditures of the annual budget shall have been reduced to the ~~amount authorized by said laws~~ maximum amount of $48,695,997.54.

Art. 10. The difference resulting between the revenues and authorized expenditures under this Law, shall be solely applied to the payment of the Floating Debt, or that is, of obligations legally contracted and unpaid, from former fiscal years.

Art. 11. The Executive shall publish the National Budgets as they are to govern for the fiscal year 1921-22 in accordance with the prescriptions of this law, before November 1 of this year.

Art. 12. The application of any law or decree in conflict with the provisions of this Law, is hereby declared suspended, and for this purpose only.

Art. 13. The Executive shall report to Congress the manner and form in which the powers granted him under this law have been carried out; and the enactment of this law shall become effective upon its publication in the OFFICIAL GAZETTE OF THE REPUBLIC.

ADDITIONAL ARTICLE.

Pending at present the discussion and agreement of Congress upon a Project of Law relating to a Foreign Loan and to the creation of new taxes and increase or modification of existing taxes, ~~which Project of Law is approved~~ -- should said project of law be approved the revenues which it has been possible to obtain must figure in the budget and must be applied solely to the exclusive purpose indicated in article 10, after applying the necessary amount to the payment of interest and amortization of such Foreign Loan if accomplished.

THEREFORE, I order the present Law executed and complied with in all its parts.

Given at the Palace of the President in Havana, October 22, 1921.

ALFREDO ZAYAS.

Rafael Montoro, Secretary of State and
Acting Secretary of the Treasury.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

TREASURY DEPARTMENT

L A W .

Art. 1. The Executive is hereby authorized to dispose of bonds of the issue of 1917, and of securities forming part of the guarantee given by the Banco Nacional, amounting together to seven million dollars ($7,000,000) par value, now in the National Treasury, in order to carry out a financial operation which will bring about a loan of five million dollars ($5,000,000) more or less, ~~to the National Treasury~~ to be turned over to the National Treasury and applied to pending obligations and preferably to those of foreign nature, such as postal money orders, interest and amortization of public debt, etc., without transferring ownership of such securities, but giving them in pledge as guarantee.

The rate of interest on the amount pledged shall not exceed 8% annually.

With the proceeds obtained in the operation accomplished with said bonds, the Executive may pay ~~the~~ preferred creditors, to such amount as the State may be creditor against real estate properties.

Art. 2. When the transaction referred to in the ~~to~~ preceding article shall have been accomplished, the Executive shall report to Congress the application made of the sums obtained through the said pignoration.

Art. 3. This Law shall become effective upon its publication in the OFFICIAL GAZETTE.

Palace, Havana, October 25, 1921.

ALFREDO ZAYAS.

Rafael Montoro
Secretary of State and
Acting Secretary of the Treasury.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

Binding Margin

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OFFICE CHIEF OF STAFF
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SUBJECT THE ECONOMIC SITUATION - Monograph Report

From CUBA - Economic

No. 1,577 *Date* November 3, 1921. *19*

Replying to No. *Date* *19*

REC'D. M. I. D., U. S. NOV 14 1921

(65) Sugar.

For week ending October 29, 1921:

Weekly receipts were	5,352 tons	
against	1,628 "	last year
Total receipts to date	3,309,492 "	
against	3,611,653 " " "	
Total exports to date	2,137,613 "	
against	3,236,289 " " "	
Stock on hand at ports	1,134,799 "	new crop
" " " " "	22,811 "	old crop
against	333,417 "	on hand last year.
Sales during the week	712,631 bags, at 2-1/2 c.,c.& f.	

Centrals still grinding - - -- - - 1

Plentiful rains have given place to much dryer conditions. The temperature is much cooler, and the conditions generally are much more favorable for the maturing of the cane.

There now prevails considerable agitation, and propaganda is being carried on for the purpose of delaying the grinding of this year's crop until the month of February, 1922.- This is in order to permit disposal of the large surplus now on hand from the old crop so that a better price may be obtained for the new crop. It is known that the Sugar Finance Commission has had this scheme in view, and it is generally understood that it could be made effective only through this Sugar Finance Commission, and not through legislation as suggested by certain interested parties. Considerable propaganda in favor of this project is being carried on by Mr. H. Upmann, a German banker and tobacco manufacturer of this city, who prior to the war was a strong factor in the economic life of Havana. It is alleged that Mr. Upmann's enthusiasm for delaying the grinding season in Cuba until February has for its object to keep Cuban sugar out of the United States up until that time in order that the very large ~~beet sugar~~ supply of beet sugar produced in Germany this season may be sold in the market of the United States before February and without meeting any competition from Cuban sugar. There are attached hereto translated copies of two cablegrams sent by Mr. Upmann from New York where he is now on a temporary business visit. There is a difference of opinion among sugar men as to the practicability of this plan, and the one point on which there is no division of opinion that the present Fordney tariff, if made permanent, would be ruinous to the sugar industry.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

TRANSLATION FROM "EL HERALDO DE CUBA"

November 1, 1921.

WITH THE NEWS THAT THE CUBAN CROP WILL BE POSTPONED UNTIL FEBRUARY, THERE HAVE ARISEN DEMANDS FOR OUR SUGAR IN ENGLAND, FRANCE, AND PARTLY IN THE UNITED STATES.

As soon as Congress passes the necessary law and it is sanctioned by the President, American banks will want to aid the sugar industry.

Those who sold this year outside of the Commission are undertaking to flood the sugar market of 1921-22.

Yesterday there were received in this city two very important cables sent from New York by Mr. H. Upmann.

We will translate them literally, without adding to them or taking away. In the laconic cable language itself lies its greatest force.

The first one is as follows:

"Let us hope that the opinion in Cuba may be the same as that held here,- that is, that the crop should be delayed until February. That is in reality the only salvation of ~~xx~~ the sugar industry in Cuba and of the welfare of the country. Tell our friends to make active propaganda for the passing of the necessary law to that end. Without doubt, as soon as Congress passes such a law and the President sanctions it, American banks will feel disposed to assist the sugar industry. We have authentic reports that the only enemies to the ~~proposition~~ postponing of the grinding are those American interests who, having made prior sales contracts, did not enter into the agreement under the Menocal decree, and who now have no unsold sugar. If they begin grinding early, they will certainly plunge the prices to the lowest level yet, and will destroy all values. If on the other hand, grinding is begun in February, we will see a healthy market during the whole of the coming crop.

H. UPMANN."

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

The second despatch reads as follows:

"I confirm my earlier cable. I may add that the rumors regarding the proposed postponement of the Cuban crop have positively resulted in a greater demand for Cuban sugar, in England, France, and partially in the United States.

H. UHMANN."

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
CONFIDENTIAL
CONFIDENTIAL
26 J-9-40
1921
DEC

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SUBJECT THE ECONOMIC SITUATION - G-2 Report

From CUBA - ECONOMIC

GEORGE O'CONNOR
Capt. U.S.A.

No. 1,582 *Date* November 10, 1921, *19*

Replying to No. *Date*, *19*

REC'D, M.I.D., G.S. DEC 1 1921

Binding Margin

(65) Sugar

For week ending November 5, 1921:

Weekly receipts were	16,865	tons	
against	3,161	"	last year
Total receipts to date	3,326,357	"	
against	3,614,814	"	" "
Total exports to date	2,196,867	"	
against	3,249,991	"	" "
Stocks on hand at ports	1,092,196	"	new crop
" " " "	22,377	"	old "
against	320,019	"	on hand last year.

Sales during the week 278,360 bags, at 2-1/2 c.,c.& f.New York.

The matter of reducing the production of the next crop is being spoken of with greater insistence as time goes on, without any definite manner for doing so having been arrived at, and in spite of a doubt as to whether such action would be constitutional or not. There is a tendency to revive a project presented to Congress some two months ago which suggested a tax of one cent a pound on all sugar made prior to February 1st or after May 20th,1922. But there is no lack of opinions that are against these various artificial methods and which favor freedom in production.

The new project introduced in the Cuban Congress on November 8th proposes a tax of two cents per pound on all sugar made prior to February 1st. or after May 20th,1922. Due to the very strong public sentiment against this project, indications are that it will not be enacted into law.

(68) Railroads.

A short stretch of narrow guage railway has recently been completed by the American contracting firm of Shirley & Gunter of Omaha, for the Atlantic Fruit Company. This narrow guage railroad runs from Cayo Mambí situated on Tánamo Bay,north coast of Oriente,about 50 kilometers east of Antilla, into the banana groves and sugar plantations belonging to the Atlantic Fruit Company.

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DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

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OFFICE CHIEF OF STAFF
DEC 2 1921

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SUBJECT THE ECONOMIC SITUATION - G-2 Report.

From CUBA - ECONOMIC

No. 1588 Date November 18, 1921., 19

Replying to No. Date, 19

MILITARY INTELLIGENCE DIV. U.S. DEC 1 1921

(65) Sugar

GEORGE L. O'CONNOR
Capt. Inf. U.S.A.

For week ending November 12, 1921:

Weekly receipts were	25,560	tons
against	4,415	" last year;
Total receipts to date	3,351,917	"
against	3,619,229	" " "
Total exports to date	2,240,634	"
against	3,272,993	" " "
Stock on hand at ports	1,073,989	" new crop
" " " " "	22,377	" old crop
against	299,789	" on hand last year.

Sales during the week, 218,000 bags at 2-1/2c., c.& f.New York.

On November 11th the Cuban Sugar Crop of 1920-1921 came to an end when the SANTA LUCIA mill of Oriente ceased grinding. During this season 198 mills were operated, the total production being 3,935,433 tons.

Of these 198 mills, 72 are owned by Americans or controlled by American interests, distributed as follows:

4	in	Pinar del Rio	Province,	representing an output of	40,723	tons
6	in	Habana	"	" " "	179,559-2/3	"
16	"	Matanzas	"	" " "	397,653-1/3	"
16	"	Santa Clara	"	" " "	321,113-1/3	"
12	"	Camagüey	"	" " "	546,427	"
18	"	Oriente	"	" " "	538,676-2/3	"
72					2,024,153	tons

From these figures it will be seen that over one-half of the sugar production of the Island is American-controlled, and it is therefore quite natural that strong American interests should be actively engaged in combatting that part of the Fordney tariff bill which imposes high import duty on sugar.

Indications are that the Sugar Finance Commission will be dissolved in the near future, and due to the immanence of its dissolution great activity in the sales of sugar is expected within the next few days.

The cane crop of the present year is a large one, and is believed to be as large as that of the season which has just closed; but the sugar interests state that it is very doubtful as to how much of the present crop will be ground. There is apparently a great deal of propaganda being agitated to make the public believe that a large portion of the sugar-cane now in the fields will not be ground and that consequently the Cuban output for next year will be very small. However, it is thought that this propaganda is for the purpose of influencing the price of sugar, and that in spite of all the pessimism prevailing among the sugar interests, there will be a large production for the coming season.

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NND 740058
By AMF NARS, Date 05/04/89

(10) Finance
(30) Wealth;
(89,90,91) Credits, Revenue and Debits.

It is estimated that during the first four months (ending October 31st) of the present fiscal year, the Cuban Government has been expending funds at the rate of $80,000,000. per annum.

Notwithstanding these heavy governmental expenditures, many Government employees have not received their salaries for over two months, and nothing has been paid on the large floating debt.

It therefore appears impossible for the Cuban Government to limit its annual expenditures to $50,000,000,- the limit placed by American interests as a condition for the proposed loan.

The success of the proposed loan is therefore extremely doubtful.

Even a very decided upward revision of the taxes for increasing revenues will not be able to relieve the distressing financial condition of the Government, because such a large portion of the taxes due are stolen after collection, or remain unpaid, on account of dishonest government officials who for personal considerations frequently permit evasions in tax payments. On the other hand, a revision of the taxes upward would materially increase the already oppressively high cost of living, and would give the present horde of profiteers and grafters a good excuse to increase their outrageous extortions from the public.

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NND 740058
By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
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SUBJECT THE ECONOMIC SITUATION. G-2 Report

L. O'[redacted]
Lieut. U.S.A. L. O'CONNOR
Asst. Mr. U.S.A.

From CUBA - ECONOMIC

No. 1594 *Date* November 25, 1921., *19*

Replying to No. *Date*, *19*

RECD, M. I. D., G. S DEC 3 1921

(54) Labor.

Another strike in the Bay of Havana is threatened and has been set for December 5th. Members of the Employers' Association have served notice on the labor unions of the Bay that after that date they will not recognize the walking delegate. All the members of the Employers' Association except two have decided to take this step.

However, indications are that the strike will not actually take place, owing to lack of cooperation. As has frequently occurred in the past, the members of the Employers' Association will not hold to the agreement and the situation will probably return to its present status. In previous reports it has been pointed out how difficult it has been for the employers to stand by resolutions of this kind.

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NND 740058
By AMF NARS, Date 05/04/89

(65) Sugar.

For week ending November 19, 1921:

Weekly receipts were	23,864 tons	
against	6,687 "	Last year.
Total receipts to date	3,375,781 "	
against	3,625,916 " " "	
Total exports to date	2,328,267 "	
against	3,291,116 " " "	
Stock on hand at ports	1,010,220 "	new crop
" " " " "	22,005 "	old crop
against	286,210 "	on hand last year.

Sales during the week, 140,500 Bags, those to the United States being at 2-1/2 c. c.& f.New York, and those to Europe being slightly under this figure.

The termination of the crop of 1920-1921 is concentrating attention on the crop to come.

The Chambers of Commerce and like organizations of a great many different localities of the Island are asking for a dissolution of the Sugar Finance Commission. The President of the Senate has introduced a bill in that body calling for dissolution of this Commission on December 15th. The indications are that it will eventually be dissolved, although it is understood that the Commission is at present working on a plan for the gradual sale of the old sugar crop at the rate of 100,000 tons per month, to be sold partially to the United States abd partially to European countries, until the entire surplus on the Island is thus consumed. The adoption of this plan would require the continuance of the Sugar Finance Commission for several months longer.

A very large demonstration has been organized to take place in the city of Havana on the 28th inst. This demonstration has for its object a strenuous protest against the Fordney Law. Not only Cubans, but influential business men and leaders, both American and all other nationalities, will participate, and the demonstration will undoubtedly be a very large one.

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NND 740058
By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
WAR DEPARTMENT

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SUBJECT THE ECONOMIC SITUATION. G-2 Report

From CUBA - ECONOMIC

No. 1606 *Date* December 9, 1921. *19*

Replying to No. *Date* *19*

GEORGE L. O'CONNOR
Capt. Inf. U.S.A.
RECD. M. I. D., G. S DEC 24 1921

(65) Sugar.

The weather during the past week has been favorable to the sugar crop.

The public is still in the dark as to the future action and continuance of the Sugar Finance Commission. The bill calling for annulment of the Decree which created the Commission has been passed by the Senate, and the public in general hope for its dissolution before January 1st.

Three centrals started grinding during the week, namely:

"AMERICA" of Santiago
"ERMITA" of Guantánamo
"FLORIDA" of Nuevitas.

Each of these centrals have beaten their starting record of last year, when they began on Dec. 19th, Jan. 4th, and Dec. 26th respectively. Two or three more will, it is expected, start grinding within the next few days, and several more about December 15th. Recently there has been much written about the impoverished state of the interior of the Island, and the absolute necessity of providing work for the laborers who depend upon the grinding season for their living, and this ought to be an effective off-set against any continuance of the agitation for restriction, and incline planters to discourage the unemployment and unrest which restriction would bring with it. The prices being paid for labor are very low, and this fact also probably influenced those who are making an early start.

The Sugar Finance Commission reports sales during the week of 147,000 bags to the United States, Europe, and Japan. 42,000 of these to Europe are definitely reported as equivalent to 2-1/2 cts. c.& f. New York, but the balance are said to have been sold around that price.

For week ending December 3, 1921:

Weekly receipts were	31,752	tons
against	7,866	tons last year
Total receipts to date	3,424,670	"
against	3,643,134	" " "
Total exports to date	2,433,077	"
against	3,322,316	" " "
Stock on hand at ports	950,558	" new crop
	21,877	" old crop
against	264,391	" on hand last year.

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NND 740058
By AMF NARS, Date 05/04/89

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SUBJECT---THE ECONOMIC SITUATION---G-2 Report.---

From---CUBA - Economic.---

GEORGE L. O'CONNOR
Capt. Inf. U.S.A.

No.---1603--- *Date*---December 2, 1921.---, *19*

Replying to No.---*Date*---, *19*

REC'D, M.I.D., G.S. DEC 7 1921

(65) Sugar.

For week ending November 26, 1921:

Weekly receipts were	17,137	tons
against	9,352	" last year.
Total receipts to date	3,392,918	"
against	3,635,268	" " "
Total exports to date	2,376,659	"
against	3,316,705	" " "
Stock on hand at ports	978,965	" new crop
" " " " "	22,005	" old crop
against	267,830	" on hand last year.

Sales during the week, 252,887 bags, at 2-1/2 cts. c.& f.New York.

The week opened threatening a change in the weather, with rains in all the provinces, and this was followed by a still greater increase during the week, a condition which is unfavorable at this time, in view of the preparation of some of the Centrals for an early commencement of their grinding. The temperature too is high and unsatisfactory.

Although planters remain in the dark as to whether or not they will be allowed to grind whenever they please, or whether a heavy and prohibitive tax will be imposed upon sugars made before February 1st., the more general impression prevailing here is that they will be allowed to start their crops when they think best. This is borne out by statements that some half a dozen Centrals in the Guantánamo district are likely to commence grinding operations shortly. We also learn that the Manager of Central RIO CAUTO has telegraphed very generally to Managers of other Estates that he will commence to grind on November 28th, and that he has arranged for the cutting of his cane at a low price, about one-half or less, of a normal figure. It is also reported that Centrals EL PILAR of Pinar del Rio province, POR FUERZA of Cárdenas, and HORMIGUERO and CARACAS of Cienfuegos, expect to start their crops about December 15th. The Centrals in Oriente province are reported as anxious to commence grinding and give employment to their hands as soon as they are satisfied that there will be no measures taken by the Government in

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NND 740058
By AMF NARS, Date 05/04/89

opposition to it. Those who do commence at this time, however, must expect a low yield of sugar, in view of the unseasonably hot and sultry weather.

Some official advice is also expected shortly as to how long the present Financial Sugar Commission will continue in operation. When it was created it was given authority to sell and ship only the 1920-1921 crop, and many are of the opinion that it will be dissolved when new crop sugars commence to come on the market.

A new suggestion, apparently emanating from the Commission, for the disposal of a large quantity of the remaining stocks in the Island, has come up during the week, and has been placed before President Zayas for consideration. This proposes that a quantity of 900,000 tons, of a polarization of not less than 91°, be distributed among some of the American refiners for refining on a tolling basis, the quantity to be spread over a period of nine months at the rate of 100,000 tons monthly. The proposition then is to ship at least a part of this quantity to Europe on a consignment basis. At present writing nothing has been decided. The wisdom of consigning sugar to Europe is questioned, on the very pertinent ground that, once there, the sugar would be at the mercy of local markets, that could not be expected to show any altruistic interest in Cuban sugars, to the possible exclusion of their own. The banks, who hold sugars against loans, are said to be favorable to the suggestion.

See also 2012-88

(89) (90) and (91) Credits, Revenues and Debits:

For the purpose of materially lowering the expenses of the Cuban Government, General Crowder has suggested to the President of Cuba a considerable reduction in the strength of the Cuban army. Last year's appropriation for the War Department amounted to about $17,000,000, and by reducing the present strength it is hoped to bring the cost of its maintenance down to about $8,000,000.

(92) (93) and (94) Structure, Banking, and Connections.

The total obligations of the banks which were closed in accordance with the provisions of the Moratorium decree and which have taken advantage of the Law of Liquidation, amount to approximately $152,937,769.71, as follows:

Banco Federal de Cuba	$198,927.25
Banco Nacional de Cuba	81,660,126.92
Banco Trillo Hermanos	655,060.21
Banco Penabad, Areces Y Cia.	920,173.63
Banco Demetrio Cordova Y Cia.	1,483,996.15
Banco Digon Hermanos	2,748,108.78
Banco Fernandez y Hermanos	712,108.32
Banco Agapito Garcia Llano	614,304.30
Banco Internacional de Cuba	13,013,320.66
Banco Francisco Diez Vega	139,928.08
Banco J. A. Bances Y Cia.	1,243,423.59
Banco Español de la Isla de Cuba	47,580,845.67
Banco Indt. y Arrendatarios	383,487.13
Banco Victor E. Escartin	130,343.00
Banco Hisp. Cubano de Oriente	1,282,518.96
Banco Alonso Exposito Y Cia.	171,097.06
	$ 152,937,769.71

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By AMF NARS, Date 05/04/89

Of the foregoing amounts, the following represent sums owed to depositors, in current and savings accounts, viz:

Banco Nacional de Cuba	$23,617,626.24;
Banco Español de la Isla de Cuba . . .	25,945,341.12
Banco Internacional de Cuba	8,108,332.60
Banco Digon Hermanos	1,302,218.40
Banco Cordova y Cia	1,172,976.61
Banco Bances y Cia	138,484.28
Banco Penabad, Areces y Cia.	755,294.59
Banco Indt. y Arrendatarios	24,326.17
Banco Trillo y Hermanos	444,205.33
Banco D. Fernandez y Hermano	444,205.33

The Temporary Bank Liquidation Commission has refused to accept plans of reorganization prepared by the Banco Nacional de Cuba and the Banco Español de la Isla de Cuba. The committees of these banks had hoped to be able to secure a modification or an amendment of the bank liquidation act of January 31,1921, but the President vetoed the amendment, which would virtually have taken the control of the closed banks from the hands of the Liquidation Commission. For reorganization, the closed banks are required to present a plan which will give real protection to the interests of the creditors; then there can be a resumption of business by them, but not until then can anything be done. The lists of securities held by them must be bona fide securities, and dead accounts are required to be stricken from the books, and accurate estimates made. The work of the experts who examined the books of these two institutions (Banco Nacional and Banco Español) is said to have been very thorough.

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NND 740058
By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
MILITARY INTELLIGENCE DIVISION
WAR DEPARTMENT

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SUBJECT THE POLITICAL SITUATION. G-2 Report

From CUBA - POLITICAL

No. 1605 *Date* December 9, 1921. *19*

Replying to No. *Date* *19*

RECD. M. I. D. G. S. DEC 24 1921

(6) Groups
(58) Labor

Labor unions of the Harbor of Havana went on strike on December 5, 1921. The Association of Commerce and Industry of the Bay of Havana (the Employers' Association) is firm in its refusal to recognize the walking delegate and has adopted the Open Shop policy toward labor, beginning on the 5th instant. They have been able to obtain a large body of non-union men as substitutes for the strikers, and on account of the large number of men seeking employment, no great difficulty is contemplated in keeping up the normal loading and unloading of ships and other traffic along the water front.

Beyond one or two minor incidents of threats and slugging, the strike has been orderly, and no serious disturbance of public order is contemplated as an extra police force has been placed along the docks.

Indications are that the labor unions will lose this strike in case further efforts at a compromise do not succeed.

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NND 740058
By AMF NARS, Date 05/04/89

(20) National
(60) Domestic

The Cuban Senate has passed the Amnesty Law. Indications are that this bill will be vetoed by the President.

The public is already convinced that the pardoning power has been seriously abused, to the detriment of public order. This bill extends or increases the pardoning power, and unbiased observers believe that it should be restricted rather than extended.

The Senate has also passed a bill providing for the dissolution of the Sugar Finance Commission on December 31,1921.

A very large per cent of the business interests and the general public are very much opposed to a continuance of this Sugar Commission, and while the President's action on this bill is problematical, all indications are that the Commission will cease to function in the near future.

The Government has appointed Judge Salidrigas to investigate frauds and financial irregularities charged to exist in the Lottery and in the Departments of Obras Publicas (Public Works) and Gobernación (Interior). This investigation has made little progress so far, and on account of the strong political and personal influence of the officials functioning in those Departments little hope is felt for a thorough and honest investigation.

Indications are that this investigation will meet with such powerful obstacles that it will prove of no consequence.

The Departments of the Government report that they are discharging hundreds of employees for the sake of economy.

In spite of these sttempted efforts at economy, the Government still is unable to pay its employees, and the deplorable condition of the national finance is getting worse. Business in general is getting worse and hunger and unemployment are still on the increase.

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NND 740058
By AMF NARS, Date 05/04/89

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SUBJECT THE ECONOMIC SITUATION. G-2 Report.

From CUBA - Economic.

No. 1610 Date December 16, 1921., 19

Replying to No. Date , 19

RECD. M. I. D., U. S. JAN 3 1922
GEORGE L. COOK
Dept. Int. U. S. A.

(54) Labor.

The strike of the labor unions of the Bay of Havana against the shipping interests or Employers' Association, has been ineffective, and conditions along the water front have become normalized, as the employers have been able to obtain plenty of labor to replace the strikers.

Labor unions in Cuba are now in no position to carry on a strike for any length of time, owing to the large number of unemployed and the destitute condition of so many people who are hungry and looking for work at almost any wage.

The street cleaners' union has again gone on strike against the Government, and declare they will remain on strike until they are paid the three months' wages now due them.

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NND 740058
By AMF NARS, Date 05/04/89

(65) Sugar.

Five additional centrals that have started to grind must now be added to those reported last week. They are:

ROMELIE,	of	Guantánamo
ESPERANZA	"	"
RIO CAUTO	"	Manzanillo
MIRANDA	"	Antilla
SENADO	"	Nuevitas.

While it is expected that some will make a late commencement, conditions this year having impeded the normal preparations, it is probable that after the middle of this month we shall find many centrals falling in line with the eight now grinding.

For the week ending December 10, 1921:

Weekly receipts were	22,477	tons
against	18,707	" last year
Total receipts to date	3,447,147	"
against	3,661,841	" " "
Total exports to date	2,458,738	"
against	3,335,204	" " "
Stocks at the ports	947,374	" new crop
	21,877	" old crop
against	237,914	" on hand last year.

Sales during the week, 38,589 bags new crop to United States, at 2-1/2 c.
11,287 " " " " " " " " 2-3/8 c.
5,086 " old " " " " " " 2-1/2 c.
and 5,000 tons to China at an equivalent of 2-3/8 c.

Sugar statisticians estimate that the sugar crop for the next year (1921-22) will be 3,000,000 tons; the production last year (1920-21) was 3,900,000 " " " for 1919-20 was 3,730,077 "

The action of the Senate which on the 6th inst. passed a bill for the abolition of the Sugar Finance Commission, effective December 31, appears to have inspired hope among the sugar interests in Cuba. The Special Commission to whom this bill was referred for discussion, recommended its enactment. In brief, the terms of the law provide that the Finance Commission shall cease to function on the 31st day of December, and that the President of the Republic will stipulate in what manner all funds now in the hands of said Commission shall be distributed equitably among those interested. These funds are represented by the 1/2 cent per pound retained from each sale made, for the purpose of adjusting later an average price among the owners of the sugars sold. The law has been sent to the House of Representatives for their action on it, but it is generally thought that they will confirm the opinion of the Senators. It is the general opinion that this important decision, which will allow sales and purchases to operate on a natural and voluntary basis, is the first step needed toward a restoration of a normal financial condition in the Island. The prediction of the adherents of control that the abolishing of it would bring a slump in prices along with it, has for several months been discounted by a steady decline in price, which the Commission was unable to stem, and although it is today holding

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By AMF NARS, Date 05/04/89

(65) Sugar (Continued

its official figure at 2-3/8 cts. c.& f.New York, it can hardly be argued that the action of the Senate is responsible for the sales of new crop sugars made the past week at a lower price, 15,000 sacks for December shipment being made at 2-1/8 cts. c.& f.New York, and 123,000 sacks for January,February or March shipment at 2 cts., all to the United States. The important point to note is that the crop will now proceed under natural instead of fictitious conditions.

~~President Zayas has announced that he has received notice to accept the selling proposition of 200,000 tons~~

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By AMF NARS, Date 05/04/89

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*SUBJECT*____THE ECONOMIC SITUATION._____G-2 Report_____

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CUBA - ECONOMIC.

*From*_____

*No.*____1615._____ *Date*____December 23, 1921._____, *19*

*Replying to No.*_____*Date*_____, *19*

GEORGE L. O'CONNOR
Capt. Inf. U.S.A.

RECEIVED G/S W.D. JAN 4 1922

(54) Labor.

After one week of strike by the street cleaners' union, the Government has paid them their long overdue wages and they have returned to work. For a while the soldiers of the Cuban army were used as substitutes for the street cleaners.

The strike of the dock laborers against the Association of Commerce & Industry of the Bay, has been a failure, and the employers now find it very easy to obtain all the dock labor they need.

Officials of the Cuban Federation of Labor have called on the labor unions throughout the Island for a general strike, out of sympathy with the dock laborers. This strike was set for December 22d but has not yet materialized. Indications are that it will not be a success.

(65) Sugar.

The dissolution of the Sugar Finance Commission which has been set by presidential decree to take effect on December 31st., has caused a general feeling of relief and more optimism, in the sugar industry. Rapid sales and rapid movements of sugar may be expected in the near future.

The following centrals have started togrind during the past week:

FRANCISCO	of	Santa Cruz.
BORJITA	"	Santiago
CAYO MAMBÍ	"	Antilla
ISABEL	"	Manzanillo
DOS AMIGOS	"	Manzanillo

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NND 740058
By AMF NARS, Date 05/04/89

(65) Sugar - Continued

For the week ending December 17,1921:

Weekly receipts were	13,919	tons
against	6,296	" last year
Total receipts to date	3,461,066	"
against	3,668,137	" " "
Total exports to date	2,490,609	"
against	3,353,005	" " "
Stocks at the ports	951,299	"
against	226,195	" " "

The first receipts of the 1921-22 crop are reported, amounting to 3,715 tons.

Sales during the week, as follows:

24,694	bags	1920-21	crop, to	U. S.	at 2-3/8 c.
104,907	"	" "	" "	"	" 2-1/4 c.
145,000	"	1919-20	" "	Europe	" 2-1/4 c.
14,512	"	" "	" "	U. S.	" 2-3/8 c.

The following are the official statistics of the sugar crop of 1920-21:

	Province Pinar del Rio	Province Habana	Province Matanzas	Province Santa Clara	Province Camaguey	Province Oriente	Totals
Arrobas of cane ground	93919249	336213185	606014693	782013660	667869485	782630274	3268660546
Percentage of yield	10.70%	10.97%	10.68%	11.02%	11.47%	10.66%	10.91%
Raw Sugar Bags	797781	2820380	54008027	6648600	5605902	6224642	27105332
Tons	115449	408686	724930	962349	810498	900725	3922632
Second Sugar Turbine Bags	none	78610	180	3855	none	1900	84545
Tons	none	11405	26	559	none	275	12265
Arrobas of cane burned. Estimat'd	100000	9661535	24063125	24006887	58891446	18363396	130086389
Arrobas of cane not harvested	500000	4150000	15540000	73344000	63755000	155657900	313946900
Molasses production in gallons	5881138	20093177	37935934	48851841	43794664	54388359	210945113

(Note: An "arroba" is equivalent to 25 pounds.)

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NND 740058
By AMF NARS, Date 05/04/89

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(5c)

SUBJECT THE ECONOMIC SITUATION - G-2 Report.

From CUBA - Economic

No. 1622 Date December 30, 1921., 19

Replying to No. Date , 19

RECEIVED G/2 W.D. JAN 12 1922

(54) Labor

The strike situation in Havana Bay is still a source of great worry to the Cuban Government and to business interests in general. The Association of Commerce & Industry of the Bay of Havana have won their fight against the labor unions. Since adopting the "open shop" system and eliminating the walking delegates they have been able to increase the efficiency of workmen, to do away with a great deal of stealing formerly prevalent on the docks, and to greatly facilitate the loading and unloading of ships. No difficulty whatever has been encountered in getting the necessary laborers for this purpose. However, the cart and truck drivers are still on strike and refuse to haul the merchandise away from the docks. It is hard to replace them because competent truck drivers are not numerous. As a consequence the merchants are having much trouble in clearing their merchandise from the docks, which are now beginning to become congested.

The labor unions are still trying to bring on a general strike but so far fave been unsuccessful, and the only place where they have made any progress in getting a sympathetic strike is at the port of Sagua la Grande, where the stevedores and dock laborers went on strike in sympathy with those in Havana Harbor.

The labor unions have called on the Government to aid them in bringing about a solution of the labor troubles; and the Department of Agriculture, Commerce & Labor has proposed to the contending parties that Government delegates be substituted for the labor unions' walking delegates. The labor unions have accepted this proposition, but the employers object to having any delegates whatever interfere in the operations of their business.

The recent reduction of freight rates will undoubtedly cause the railroads to make a reduction in the salaries and wages of their employees. This will probably bring on fresh labor troubles, and the Administration is worried over the prospect of a general strike, which might assume alarming proportions in case the labor element should gain the sympathy of the large dissatisfied, hungry element now scattered all over the Island.

This situation will not be dangerous so long as the army and the police remain loyal; but the Government is still slow in paying the army and most of the soldiers have not yet received their pay for the month of November, 1921.

Binding Margin

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

(65) Sugar.

During the past week the weather has generally been favorable for the sugar crop. The crop in the Provinces of Oriente and Camagüey appears to be fully as good or better than last year's crop. On the other hand, the crop in the western provinces is not so good and there appears to be a shortage in the Provinces of Habana, Matanzas and Santa Clara.

The following centrals have started to grind during the week:

JIBACOA	of	Manzanillo
PILAR	"	Nuevitas
ESTRELLA	"	"
POR FUERZA	"	Cárdenas
GOMEZ MENA	"	Matanzas
HORMIGUERO	"	Cienfuegos.

The centrals are starting very cautiously. It is true that last year no larger number was grinding at this time, but last year the late rains, added to other troubles, were responsible for delay, but in the optimistic year of 1919 no less than 106 were working. In some respects the present opening season is analagous to last; in fact the fundamental embarrassments of today are last year's inheritance, and have made it impossible for a large number of the mills to obtain the necessary financial assistance from the banks on which they rely during the grinding, and until they can realize on the sugar produced.

A number of the smaller grade of mills will not grind in this crop, and quite a number of others do not know yet whether they will be able to arrange their financial matters so as to allow of their doing so. This makes it impossible as yet to form any estimate of the crop. There are besides unprecedented difficulties in the way of estimating the crop this year: a good many mills will make an unusually late start. Should the price of sugar, which is now down to the cost of production for the average mill, suffer any decline, even a moderate one, that fact would prevent some mills from starting up, and cause others to stop grinding. While labor is now plentiful and cheap, there being so few factories at work, there is likely to be felt a serious shortage when the majority get to work, especially as there has not been the usual immigration this year of laborers from Spain and our neighboring Islands. With cheap labor and many fields overgrown with weeds, it is expected that cane fires, which render the work very much easier for the cane-cutter, will be a much more important factor this year than before. Then again, the fact that a good many milla have their warehouses still full of the sugar of the previous crop, and that the warehouses at the ports are in much the same condition, will prove a serious impediment to a normal harvesting of the crop. The rendement is good for this season of the year, some of the factories having a yield of a little over 10%, with a tendency to improve.

The sugar sales during the week are reported to be 259,296 sacks, to the United States, at 2-1/4 cts. c.& f. New York.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

(65) Sugar - Continued.

For the week ending December 24, 1921:

Weekly receipts were	42,327	tons
against	4,328	" last year
Total receipts to date	3,503,393	"
against	3,672,465	" " "
Total exports to date	2,548,575	"
against	3,360,282	" " "
Stocks at the ports	932,374	"
against	220,059	" " "

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DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
G-2
JAN 18 1922

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26WJ-g-48 (2)

SUBJECT THE ECONOMIC SITUATION - G-2 Report

From CUBA - ECONOMIC

GEORGE L. O'CONNOR
Capt. Inf. U.S.A.

No. 1625 Date January 6, 1922., 19

Replying to No. Date, 19

RECEIVED G/2 W.D. JAN 16 1922

(54) Labor.

The strike of stevedores and dock laborers in Havana harbor continues, although the strikers have practically lost their fight as the employers have secured an abundance of open shop labor and their work is far more efficient than the former system when the walking delegate was permitted.

Truck and cart drivers continue their strike, but the merchants have been able to obtain police and soldiers as armed guards for their trucks, and during the last two days have made great progress in hauling their merchandise from the docks.

On the 3rd instant the employees of the United Railways of Havana decided to go on strike, but did not fix the hour for starting the strike. This decision was made as a result of an announcement by the railroad management that a reduction would have to be made in wages because of the recent legislation which reduces freight rates,

After prolonged conferences between labor delegates and the railroad officials, the decision for a strike was revoked and the employees have agreed to accept a reduction in wages which amounts to about 10%.

Threats of a general strike continue, but such a condition is not thought probable, on account of the large number of unemployed now ready and anxious to obtain work of any kind at low wages.

(65) Sugar.

The favorable weather continues, only a comparatively small number of places having had rain during the week. The temperature also has been cooler during the last few days, especially so at the end of the week as a result of the cold wave in the North.

While conditions in respect of weather are attractive, and would induce a general starting up of the mills, they are counteracted by the low price of sugar, causing planters to be in no hurry to do so, and rendering it more difficult for those who have not been able to make financial arrangements for their grinding. So the Centrals are starting up slowly, as the following list of those which have commenced during the week shows:

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NND 740058
By AMF NARS, Date 05/04/89

(65) Sugar - Continued.

"TRINIDAD"	of	Trinidad
"CARACAS"	"	Cienfuegos
"PUNTA ALEGRE"	"	Caibarien
"CUNAGUA"	"	Jucaro.
"BARAGUA"	"	"
"JARONU"	"	"
"SOLEDAD"	"	Cienfuegcs
"CHAPARRA"	"	Puerto Padre.

Among the above will be noted the new central factory JARONÚ, which is expected to become as important as any of the largest on the Island.

There are now 27 centrals grinding, against 31 at a corresponding date last year, and 139 in 1920.

Further shipments of new crop sugars were made this week, among them being 5,000 bags of centrifugal sugar of the new Central TANAMO. This is the new name for the former CAYO MAMBI reported in our issue of December 17th as having commenced to grind. It is situated on the north coast of Oriente Province, belongs to the Atlantic Fruit Company, and started grinding on the 9th December, and, it is reported, has cane enough to make 300,000 bags in this, its first crop.

The price of sugar, being considerably below the cost of production, holders are generally not pressing their stocks on the market, believing that, should present prices continue, it will have an important effect upon the production. The bulk of the sugars remaining in Cuba are controlled by the banks, and these are not trying to dispose of their holdings at the price of today. The sales made have been for account of planters and colonos in urgent need of funds.

It is reported ~~this~~ that a company has been formed in New York, composed of some of the American refiners, for the purpose of refining on a tolling basis 500,000 tons of the Old Crop Sugars, and exporting to European and other countries as the demand may arise.

For the week ending December 31st, 1921:

Weekly receipts were	13,395 tons	
against	7,077 "	last year
Total receipts to date	23,111 "	
against	13,601 "	" "
Total exports to date	10,246 "	
Stocks at the ports	12,865 "	
against	13,584 "	" "

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Sales reported:

95,848 sacks to United States, at 2-1/4 c.,
54,006 " " 2-1/8 c.
both c.f. New York.

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NND 740058
By AMF NARS, Date 05/04/89

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OFFICE CHIEF OF STAFF
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SUBJECT THE ECONOMIC SITUATION. G-2 REPORT.

From CUBA - ECONOMIC.

No. 1,633. Date January 13, 1922., 19

Replying to No. Date , 19

GEORGE L. O'CONNOR
Capt. Inf. U.S.A.

RECEIVED G/2 W.D. JAN 20 1922

(54) Labor.

Labor in Havana Harbor is again normal. Dock laborers and truck drivers have returned to their work. The strike is broken and the employers won their fight for the elimination of the Walking Delegate.

Railway employees of the United Railways of Havana did not carry out their decision to strike, but have accepted a small reduction in wages,- about 10%.

The Cuba Railroad is expected to reduce wages in the near future, which cut is causing threats of a strike against that corporation.

A small group of tobacco workers are now on strike, due to a proposed reduction of wages. Committees of the factories and of the tobacco workers union are holding frequent conferences to arrive at an agreement.

Binding Margin

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NND 740058
By AMF NARS, Date 05/04/89

(65) Sugar.

The weather, which has been so generally fine for several weeks now, continues so. This dryness, added to a marked coolness, makes it very favorable for grinding, and is showing it's effect in the yield, which is generally good for the season, and is improving. The number of Centrals grinding is increasing steadily, this week showing the largest number so far that have commenced during this crop. The majority of these are in Oriente Province, where conditions during the past year have aided the growing of cane to a greater extent than in any of the other provinces. This week's list is as follows:

CONFLUENTE	of	Guantanamo	OCCIDENTE	of	Havana.
SOLEDAD	"	"	AMISTAD	"	Matanzas
ISABEL	"	"	SAN AGUSTIN	"	Cienfuegos
MARIMON	"	"	ANDREITA	"	"
LOS CAÑOS	"	"	MANUELITA	"	"
SAN ANTONIO	"	"	CIENEGUITA	"	"
COVADONGA	"	Cardenas	CONSTANCIA	"	"
ESPAÑA	"	"	TACAJÓ	"	Antilla
ULACIA	"	Sagua	UNION	"	Santiago
ADELAIDA	"	Jucaro	ORIENTE	"	"

This makes 47, against 78 last year and 156 the year previous. In view of the uncertain conditions existing a good many planters are putting off their grinding until they see their way a little more clearly about the advisability of starting to make sugar with prices as low as they now are. The alternative, however, of dropping out entirely without making a fight for it, and having their own cane-fields rendered useless and their Colonos go elsewhere with their cane, is so disheartening that many will make the effort to grind, even if they can only get back a new dollar for an old one at the end of the season. Some will, of course, for financial reasons, find it impossible to start up. It is a healthier sign, therefore, that there should be some reluctance about commencing than that undue haste in doing so should later compel a closing down.

While there still exists sufficient pessimism in regard to business conditions, the commencement of the crop and movement of sugars is creating a better feeling. This improvement would be more noticeable if the Island had to contend only with an economic set-back. The trouble here at the present time is political as well, and the two things together destroy a general feeling of any confidence, and result in a hoarding of much good money that should be in circulation.

The Sugar Finance Commission, still having sugar under its control, ~~xx the x conditions x~~ reports sales during the week of 22,742 sacks at 2-1/8 cts. and 155,064 sacks at 2 cts., both lots c.& f. New York, and sold to the United States.

This Sugar Finance Commission has recently paid out to Cuban sugar producers $5,373,000.00 for sugar sold by the Commission for these producers. This money, which has been tied up pending settlement by the Commission of its accounts, will now get into circulation and help to improve business conditions.

The losses of the Cuba Cane Sugar Corporation for the past year are estimated at about $12,000,000.

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By AMF NARS, Date 05/04/89

(65) Sugar - Continued.

For the week ending January 7,1921:

Weekly receipts were	17,587	tons	
against	22,808	"	last year;
Total receipts to date	40,698	"	
against	36,409	"	" "
Total exports to date	21,141	"	
against	4,214	"	" "
Stocks on hand at the ports	19,486	"	
against	32,171	"	" "

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NND 740058
By AMF NARS, Date 05/04/89

(8) Transportation
(71) Ocean.

The Havana Steamship Co. announces that beginning January 11th it is starting the steamship MIAMI on regular runs between Havana and Miami.

The shipping interests of Havana Bay are planning a readjustment of port charges which are now estimated to be more than 100% higher than in 1919. The Merchants Association has called on these shipping firms for a reduction, in view of the fact that labor wages are being lowered and the labor situation has become normalized. The shippers have announced their willingness to reduce their port charges and have appointed a commission to confer with the President of the Republic, toward making a proper adjustment.

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By AMF NARS, Date 05/04/89

(89, 90, & 91) Credits, Revenue and Debits.

Revenues received by the Government for month of December amounted to $4,064,079.95. Of this amount $2,022,729.33 were Customs Receipts.

The Banco de Comercio has offered to loan the Government $2,000,000 and to accept as security therefor the bonds, securities, etc. which were authorized by recent legislation. This offer has been declined, pending the negotiations now almost completed, for the $5,000,000. loan by American bankers.

General Crowder departed for Washington yesterday the 12th inst. for conference reference financial and economic conditions in Cuba.

By Presidential Decree No. 19 published in the OFFICIAL GAZETTE on the 10th inst., the President has reduced the Budget from about $64,000,000. to about $59,000,000.
The following were the reductions made in each Department:

Department	of	State,	reduced by $96,400.00
"	"	Justice	" " 26,520.00
"	"	Interior	" "1,312,746.00
"	"	Treasury	" " 441,040.00
"	"	Public Works	" " 839,995.00
"	"	Sanitation	" " 465,308.25
"	"	War	"1,945,155.20
"	"	Judiciary	" " 14,000.00
			$5,141,164.45

For the year 1921 Cuban imports from the United States amounted to $230,000,000., as against $721,693,880. for 1920.

Cuban exports to the United States amounted to $190,000,000., as against $515,208,731. in 1920.

The financial condition of the Government continues in a deplorable state, in spite of the expressions of optimism made by high government officials. It is probable that the contemplated loans to be obtained from New York bankers will be arranged in the near future.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

(35) Health
(106) Disease.

Six new cases of scarlet faver recently appeared in Havana.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

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WAR DEPT. GENERAL STAFF
1922 JAN 26 PM 4 G-2 FILES
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SUBJECT THE ECONOMIC SITUATION G-2 Report

From CUBA - Economic.

No. 1,641 *Date* January 20, 1922. *19*

Replying to No. *Date* *19*

GEORGE L. O'CONNOR
Capt. Inf. U.S.A.

RECEIVED G/2 W.D. FEB 3 1922

Binding Margin

(65) Sugar.

The weather, during the week ending January 14th, was generally good for the progress of the crop and the yield from the cane.

The Centrals which have started to grind during the week are:

JESUS MARIA	of Matanzas	ZAZA	of Caibarién
JOSEFITA	" "	NIQUERO	" Manzanillo
PILAR	" Havana	CAPE CRUZ	" "
SANTA MARIA	" Cienfuegos	MANATI	" Manati
GUIPÚZCOA	" Cárdenas	DELICIAS	" Puerto Padre
TINGUARO	" "	NATIVIDAD	" Zaza
WASHINGTON	" "	BOSTON	" Banes
DOLORES	" "	PRESTON	" Antilla
PATRICIO	" Sagua	SANTA CECILIA	" Guantánamo
	AGRAMONTE of Nuevitas.		

This makes a total of 66 mills grinding at the present time, as against 106 last year.

The Sugar Finance Commission reports sales of 334,140 sacks to the United States during the week, at 2 cts. c.& f.New York.

For the week ending January 14, 1922:

Weekly receipts were	38,979 tons	
against	50,036 "	last year.
TTotal receipts to date	79,677 "	
against	86,445 "	" "
Total Exports to date	34,378 "	
against	31,653 "	" "
Stocks at the ports	45,196 "	
against	64,449 "	" "

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NND 740058
By AMF NARS, Date 05/04/89

(106) Disease.

Mortality rates furnished by Dr. Emilio Martinez, Director of Sanitation, show the following data for the years 1902 and 1921:

Mortality rates per 10,000 population.

	1902	%	1921	%
Yellow fever	0		0	
Small pox	0		0	
Typhoid fever	87	3.22%	113	3.02%
Malaria	77	2.85	22	.61
Diptheria	25	.92	17	.45
Measles	4	.15	4	.11
Scarletina	11	.40	3	.08
Coqueluche	3	.11	18	.48
Grippe	53	1.96	49	1.31
Tuberculosis	885	32.39	1025	27.37
	1,145	42.39%	1,252	33.43%

It is noted that the data furnished is for the City of Havana and does not cover the Interior districts where the ravages of small-pox and other epidemics have been so serious.

A case of small-pox has recently broken out among the Cuban soldiers stationed in the Castillo de la Fuerza, Havana.

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NND 740058
By AMF NARS, Date 05/04/89

It is reported that a foreign corporation is secretly endeavoring to obtain concessions for taking over the Muelle de Luz docks. The plan is said to be, to pay nothing for the concession, the only consideration therefor to be the promise on the part of the corporation to build several large warehouses and to construct other improvements. A promoter named N. Fernandez is alleged to represent the corporation which is charged with trying to obtain a monopoly on traffic. These reports have not been verified.

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NND 740058
By AMF NARS, Date 05/04/89

(93) Banking
(94) Connections.

A Commission of United States bankers headed by Mr. Charles A. Mitchell, President of the National City Bank of New York, arrived in Havana on the 16th inst., and are investigating economic conditions in the Island. They are now in the Interior.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

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2 Encs.

OFFICE CHIEF OF STAFF

1922 765-g-10
2 FEB 3

SUBJECT---DATA ON COFFEE CULTIVATION IN CUBA.

From---CUBA.

No.---1,633--- *Date*---January 17, 1922.---, *19*

Replying to No.---2655-32--- *Date*---December 10, 1921.---, *19*

RECEIVED C/S W.D. FEB 3 1922

1. We attachhhereto a description of Coffee cultivation in Cuba, and have endeavored to answer the questions contained in the questionnaire submitted by the Subsistence School.

2. We are forwarding one copy directly, through ordinary mail as we do not wish to delay it until the next pouch, which leaves here on the 20th inst. We will forward the original, however, by pouch.

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DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

DATA ON COFFEE CULTIVATION IN CUBA.

1. Kinds of coffee grown, districts in which grown, elevation at which grown.

1.(a) Arabia; a red and handsome berry, cultivated on heights of 1,000 to 1,500 ft. above sea level; superior quality.
Liberia,- a yellowish and inferior berry, grown on the flat lands of Palma Soriano.
1 (b) Oriente province: Alto Songo, Palma Soriano, Cobre, Caney, Jiguani, Baracoa, and Sagua de Tanamo.
Pinar del Rio province: Candelaria and San Cristobal.
Santa Clara province: Cienfuegos and Trinidad.

2. Brief description of methods of propagating, harvesting and preparing for market.

2. The cultivation of coffee in the eastern part of the Island is generally rudimentary. There are,nevertheless, some progressive planters who try improved methods with a view to obtaining improved quantity and quality. The majority of the planters do their sowing broadcast on the top of the ground, without previous preparation, while others ~~xxxxxxx~~ sow in rows,and after sprouting,select the best plants,rejecting the others; while still others transplant the coffee plants in beds,for their better care; and these produce the best crops.
Coffee seed germinates in about forty days after planting; requires a fresh but not moist soil, and one rich in organic matter.
Development up to the first flowering and fruiting requires two to three years, and continues increasing progressively for many years, like all hardy plants.
The best lands for coffee culture are those which have just been cleared, but all well-fertilized,rich land is desirable. The best is sandy-clay soil, rich in organic material, deep but not moist. It should be deep,because the plant has a pivotal central root extending down one meter or more. Land at the foot of mountains produce coffee of large grain and of less aroma than that cultivated on hilly ground. Land near the sea is disadvantageous,as strong winds blow off the flowers.
Coffee plants are placed about 1,200 to 1,500 to the acre. After marking the land to receive the plants,square excavations are made measuring about 30 centimeters square and deep, and these are left for two or three weeks before the planting is done,to permit the penetration of air in the subsoil. This is generally done in the rainy season,to avoid the irrigation indispensable during the dry season. Young coffee plants are very delicate and if not carefully protected,many die upon transplanting.
Best results in cultivation is that carried on under shade,- but not too dense; the best is that of carob trees, mango, or aguacate. During the first years legumes, (beans,etc.) can be planted between the rows of coffee-bushes,as their nitrates enrich the soil. Stable fertilizer is the best suited to the cultivation of the coffee plant; there can also be used ashes, and the green plants pulled up when cleaning the land; natural

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

and artificial phosphates, and other fertilizers.
The yield varies according to climate, land, and the care given. Each tree should give an average of one pound of coffee per year; under certain exceptional conditions the yield may be much greater; and with good care, a coffee plantation should continue producing for many years. Pruning is done at least once every two years, and always after harvesting. It is a plant needing intensive cultivation. One man can care for 10,000 plants.
The harvesting is done as soon as the berry begins to ripen, which takes place im September, October and November. Some planters harvest the crop before this, and deposit it in boxes and sacks, to hasten the ripening, but this is not the best method, as interior fermentation is likely to set up which will injure the quality and aroma of the berry.
When harvest time arrives, entire families of the neighborhood are set to work, and they pick the ripe berries by hand. After the picking comes the shelling and drying. Many growers use cement dryers, and others do the drying on the ground. After being dried, the coffee is sacked in jute bags and sent to be shelled; the charge for this work is generally 60 cents per cwt. in the shell.

3. Brief description of the green beans of each kind of coffee. Brief description of the cup qualities of each coffee.

3.(a) On the tree the coffee berry has the appearance of a light green cherry, which when ripe turns to red and sometimes reddish yellow, and which contains two seeds, united by their flat surfaces and covered by a leathery skin of whitish yellow color. The grains are held together by a thick honey, and are contained in a sack of pulpy substance, forming the outside of the fruit. The texture of the grain is cornea, and the taste slightly bitter.

3,(b) When the grain of the coffee is pure and its covering contains no foreign matter, the flavor, when toasted, is very aromatic and contains a maximum of caffein. The color of the liquid is brilliant black, and of good taste. The inferior kinds generally contain organic and foreign matter, which impairs the taste and aroma.

4. The average crop per year of each kind.

4.- That grown in Oriente province, an average of 300,000 cwt. annually:
" " " Pinar del Rio " " " " 12,000 " "
" " " Sta.Clara " " " " 15,000 " "

5. Methods of marketing crop; average price to planter, and average price of coffee at the port.

5.- The planters in Oriente province generally sell their crops to the merchants through the firms where the shelling is done. Others sell directly to commission men, or purchasers who travel around to the various plantations. And, again, on consignment to the parties who finance the plantation, or in firm sales based on samples.
The price of a caballeria (33-1/3 acres) of land varies according to conditions, from $1,000. to $3,000; and the cost of cultivating coffee, per caballeria, is approximately as follows:

First year.

Clearing the land - - - - - - - - - - - -	$300.00
Plowing, fertilizing and planting - - -	384.00
Cost of plants - - - - - - - - - - - -	66.25
Services of head planters - - - - - - -	25.00
" " weeders - - - - - - - - - -	150.00
	$925.25

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NND 740058
By AMF NARS, Date 05/04/89

Liberia coffee, cultivated on flat lands, and in the open sun, has had an average value in the past twelve years of $16. per cwt. in Santiago de Cuba.
Arabia coffee cultivated on high lands and in the shade, sells in the market at an average of $22. to $25. per cwt.
Coffee plants produce at the fifth year at a cost of 22 cts. each, in Cienfuegos and Trinidad. The same plant, from the fifth year, on, produces an average of 1 net pound of berries, per year, which can be sold in the market of Cienfuegos and Trinidad at 22 cts., of which 12 cents represents the total cost of production and preparation for market, until placed in Cienfuegos and Trinidad warehouses, sacked in sugar bags.

The average approximate production of coffee in Cuba:

Zones	Number of coffee farms.	Production
Alto Songo	1,000	100,000 cwt.
Guantanamo	700	50,000 "
Palma Soriano	800	80,000 "
Cobre	250	30,000 "
Caney	200	7,000 "
Jiguani	350	12,000 "
Baracoa	—	8,000 "
Sagua de Tanamo	—	4,000 "
Cienfuegos	—	8,000 "
Trinidad	—	2,000 "
Pinar del Rio	—	15,000
Approximate production, in the third year, is 100 cwt. per caballeria of land (33-1/3 acres).		Total, 316,000 cwt.

6. Kind of packages in which marketed, and distinctive markings, if any, on same.

6.- Always packed in jute sugar-bags, of 250 lbs. coffee each, with the following different markings:
Natural coffee, extra 1st, 2d, 3rd (choice, small)
Supreme extra select, 1st. 2d, 3rd (artificially colored)

7. Ports from which shipped and names of principal brokers.

7.- The principal shipping ports for coffee are Havana, Santiago de Cuba, and Guantanamo; and the names of the principal coffee brokers are as follows:

Havana.
Pedro Gomez Mena & Son, Lonja del Comercio.
Suero & Co., Oficios, 18.
R. Suarez & Co.
H. Astorqui & Co., Obrapia, 7.
Gonzalez & Suarez, La Lonja del Comercio.
Galban, Solis & Co.
Piñán & Co., San Ignacio, 116.
Francisco Llopart, San Nicolas, 39.
Isla Gutierrez & Co., Oficios, 8.
F. Garcia & Co., Oficios, 29.
Fernandez Trapaja & Co.,
Quer & Co., Obrapia, 26.
Suarez & Lopez.

Santiago de Cuba.
Gonzalez & Co.
Bevira, Mestre & Co.
Marcado, Bergues & Co.
Agustin Massana.
J. Noto & Co.

Guantánamo
J. Soler & Co.
Marcado Bergues & Co.

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NND 740058
By AMF NARS, Date 05/04/89

8. Restrictions imposed by the Government, acreage, etc., taxes, etc.

8.- It is not known that there exist any restrictions imposed by the Government; and no tax beyond the usual indistrial tax applying to industries in general.
For acreage, see answer to question No. 5, production per caballeria (33-1/3 acres) etc.
An importtax of $18.00 per 100 kilograms applies on coffee coming into Cuba.

9. If practicable, two or three pictures showing phases of cultivation and preparation.

9.- Two photographs attached.

10. Local gradings applied to the several varieties.

10.-According to color and weight of the grain, into two classes: the very small bean, which is considered as extra choice, both for its aroma, weight, rendement, etc., brings the highest market price. And the 'café pintado' (artificially colored) coffee.

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By AMF NARS, Date 05/04/89

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
G-2
CKF/IAV
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WAR DEPARTMENT

February 7, 1922.

From: A. C.of S., G-2

To: Commandant, Subsistence School, Chicago General Intermediate Depot, 1819 West Pershing Road, Chicago, Ill.

Subject: Data on coffee

1. Enclosed herewith is the original of the report on the above subject by the Military Attache at Havana, the duplicate of which was mailed to you a few days since, it having been sent through the open mail from Cuba and thus arriving earlier. Attached to the report are two photographs which may be of interest.

For the A. C. of S., G-2:

M. Churchill
Major, General Staff

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iav

MAILED M.I.D.G.S. FEB 8 1922

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By AMF NARS, Date 05/04/89

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SUBJECT THE ECONOMIC SITUATION. G-2 Report.

From CUBA

No. 1647 Date January 27, 1922., 19

Replying to No. Date , 19

GEORGE L. O'CONNOR
Capt. Inf. U.S.A.

RECEIVED G/2 W.D. FEB 4 1922

(65) Sugar.

Binding Margin

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NND 740058
By AMF NARS, Date 05/04/89

January 27, 1922

(65) Sugar

CUBA

ECONOMIC

(65) Sugar.

The ~~improvement~~ upward trend in the price of sugar has caused a feeling of optimism in the sugar industry. From its low point toward the end of December, of 1-3/4 cts. c.& f.New York, for old crop sugars (1920-21) for January shipment, it has steadily advanced until the present week closes with the sales of the same crop,as well as of the new (1921-22) for February shipment,at 2-3/16 cts. c.& f. The total sales of the week have been in excess of 700,000 bags, of which some 100,000 or more bags went to the United Kingdom, the last sale being made on January 20th at 12 shillings c.f.i. These transactions are justifying the opinion of those who have advocated freedom of sugars as opposed to the restriction of the year past. The movement of old crop sugars, the existence of which has brought upom them so much abuse since a long time, even to the suggestion of their dire and utter destruction on the part of extremists, is especially noted with satisfaction,

The Centrals which have started grinding since last report are:

PROVIDENCIA	of Havana
MERCEDITA	"
NTRA.SRA.DEL CARMEN	"
TOLEDO	"
SAN RAMON	"
ANDORRA	"
ROSARIO	Matanzas
CAROLINA	"
SAN ANTONIO	"
SANTA AMALIA	"
TRIUNFO	"
PROGRESO	Cardenas
SAN FRANCISCO	Cienfuegos
PORTUGALETE	"
RESOLUCION	Sagua
JULIA	Caibarien
SAN AGUSTIN	"
TUINUCÚ	Nuevitas
JATIBONICO	"
CESPEDES	"
NAJASA	"
CAMAGUEY	"
JOBABO	"
STEWART	Júcaro
MORON	"
CUPEY	Antilla
ALTO CEDRO	"
SOFIA	Manzanillo
PALMA	Santiago
HATILLO	"

making a total of 96 grinding as against 130 at the same date last year.

The cutting and delivery of the cane to the Mills has not, on many estates, been thoroughly organized as yet and a good many are suffering repeated interruptions in their work from the ~~lack~~ lack of a sufficient supply of cane, the low wages being paid, and the apathy

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By AMF NARS, Date 05/04/89

(65) Sugar - Continued

of cane farmers to cut and deliver their cane at its present low valuw, being the explanation of this trouble. Numerous and important cane fires are occurring, being frequently of incendiary origin. In one instance as much as 3,000,000 arrobas (25 lbs. to the arroba), representing 25,000 bags of sugar, were burned and were rendered useless by heavy rains which immediately followed, souring the juices. A number of factory owners are still in doubt as to whether they will be able to make financial arrangements enabling them to operate this year.

In addition to the sales of free sugars mentioned above, the Financial Sugar Commission reports sales of 413,094 bags to the United States, at 2 cts. c.& f.

For the week ending January 21, 1922:

Weekly receipts were	56,376 tons	
against	74,355 "	last year
Total receipts to date	136,053 "	
against	160,800 " "	"
Total exports to date	59,008 "	
against	35,385 " "	"
Stocks at the ports	76,847 "	
against	124,643 " "	"

The Commission of high officials of the National City Bank of New York, who came to Cuba to study present economic conditions on the Island, returned to the United States today (Jan.27). This commission made several tours into the interior, inspecting centrals, cane fields and other sugar properties. The result of the impressions gained by the commission was made known by Mr. Charles E. Mitchell, President of the National City Bank, in a speech made at a luncheon tendered to the commission on the 26th instant. Mr. Mitchell then expressed the opinion that the worst part of the economic depression was over and that the sugar industry and business in general, in Cuba, should now show a gradual improvement. His speech was well received by a considerable gathering of prominent Havana business men, lawyers and bankers, of all nationalities. The general impression created by the speech was excellent, and business men believe the result will be very favorable, especially to the sugar industry.

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OFFICE CHIEF OF STAFF
G-2 INTELLIGENCE

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SUBJECT THE ECONOMIC SITUATION. G-2 Report

From CUBA - ECONOMIC

No. 1,659 Date February 3, 1922., 19

Replying to No. Date, 19

RECEIVED 1/2 W.D. FEB 17 1922

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NND 740058
By AMF NARS, Date 05/04/89

3 Feb., 1922

(54) Labor

CUBA

ECONOMIC.

(54) Labor.

Labor conditions have not undergone the complete adjustment necessary for changed economic conditions.

That portion of labor which now has employment in Havana Harbor and other ports, also the labor employed by railroads and like corporations appears to be in much better condition than other laboring classes. The recent elimination of the walking delegate has improved the laborers' condition because it has not only relieved him from paying tribute for the sustenance of the walking delegate but has enabled him to work without the unreasonable restrictions imposed by the delegate . His efficiency has so improved under the open shop system that shipping firms are arranging the lower tariffs which should lower the cost of living and thereby benefit the public at large.

Stevedores in Havana Harbor receive $4.50 per day working on the ships, $4.25 per day working on thelighters, barges,etc., and $4.00 per day working on the docks. These are considered excellent wages under the present depressing conditions.

On the other hand,laborers in general, those on the sugar colonias and centrals,and those ordinarily employed in other industries, find themselves in a very deplorable condition. Many of them cannot obtain work even at the lowest wage,and some of them work for food alone. The high cost of living has been lowered very little in proportion to the lowering of wages in general industry, and great hardship is caused thereby.

The numerous laborers employed by the Cuban Government are suffering great hardships because the Government does not pay them their salaries promptly,and it frequently happens that they cannot get the Government checks cashed for two or three months. They are therefore placed in such a position that in order to obtain cash they become the prey of unscrupulous profiteers who buy up their Government checks at a very large discount. The excuse afforded by "an empty Treasury",like the old excuse of "congested docks" has been the source of outrageous graft on the part of unscrupulous officials and their money-changing connections. Those of influence have been known to cash their checks promptly, while humble employees without influence have been turned away with the excuse of an "empty Treasury". By this system,profiteering money-changers have reaped a large harvest at the expense of the lower employees. These government employees, as well as employees in the industrial world of the Cuban cities, have been compelled to face rental charges almost as high as the rates charged in the period of inflation, and they are forced to meet a cost of living which has been lowered so little as to afford them little hope for future sustenance.

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NND 740058
By AMF NARS, Date 05/04/89

3 Feb., 1922

(7) Food (59 & 60) Animal and Vegetable.

(7) Food
(59 & 60) Animal and Vegetable.

The cattle industry should flourish in Cuba due to the natural advantages obtained therefor in Camagüey, Oriente, and other districts suitable for this industry.

In spite of these natural advantages, the Island is reaping little benefit from this industry, due to the obstacle formed by high railroad rates. The cattle raisers of Camagüey and Oriente claim that railroad tariffs are so high that by the time their cattle reach Havana, the cost of shipment has been so high that they can sell at no profit and are unable to compete against imported meats. The price therefore is largely fixed by foreign exporters and shippers, and on account of unreasonable transportation charges not only is the cattle industry injured but the people in the cities are required to submit to a continuation in the high cost of living.

Various vegetables flourish in Cuba, yet a large portion of the population depend on vegetables imported and which are sold at a very high price. Transportation charges are largely to blame for these conditions. The truck farmer a long distance from the city claims that freight charges are so high that they even amount to more than tha value of their products when the same arrive in the city markets.. They therefore curtail their output to such small quantity as is necessary for the needs of their household. The people at large are thus deprived of an opportunity to purchase Cuban-grown vegetables at reasonable prices and have to submit to the rates fixed on imported articles.

The various channels of graft and profiteering which increase the price of imported articles before they finally reach the consumer, have been so well fortified that it will be hard to eliminate them. Unreasonable port, dock and lighterage charges, profiteering customs house brokers, dishonest sanitary inspectors and customs employees, and profiteering retailers (many of whom exact as high as 100% profit), are some of the methods by which the people have been required to submit to the high cost of living.

The high cost of living is the vital problem of the Cuban people, and the high cost of food stuffs is the vital factor in this problem.

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By AMF NARS, Date 05/04/89

(65) Sugar.

The following Centrals have started up during the week:

LA JULIA	of Havana	RESULTA	of Sagua
NOMBRE DE DIOS	"	CORAZON DE JESUS	"
HERSHEY	"	PURIO	of Sagua
LIMONES	Matanzas	SANTA TERESA	Sagua
SANTA GERTRUDIS	Cárdenas	ROSALIA	Caibarien
SOLEDAD	"	VITORIA	"
SANTA CATALINA	Cienfuegos	SAN PABLO	"
PASTORA	"	SANTO TOMAS	Nuevitas
SANTA LUTGARDA	Sagua	TERESA	Manzanillo

SANTA ANA of Santiago

making a total of 115 against 149 last year at this time. Harvesting conditions are favorable, and, generally speaking, the mills are getting a respectable yield from their cane.

While not so pronounced as last week, there has been considerable activity in the market during the week. Opening with sales of some 250,000 bags at 2-1/4 cts. c.& f. New York, the market advanced to 2-1/16 cts. The movement was satisfactory as to volume, the total sales aggregating some 400,000 bags, mostly for January-February shipment, and with the exception of about 26,000 bags, all old crop sugars.

The Financial Sugar Commission reported that it has sold all sugars which were under its control, and this Commission expects to disband on February 15th.

For the week ending January 28,1922:

Weekly receipts were	79,973	tons
as against	93,967	" last year
Total receipts to date	216,026	"
as against	254,767	" " "
Total exports to date	88,827	"
as against	73,827	" " "
Stocks at the ports	126,927	"
as against	176,593	" " "

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By AMF NARS, Date 05/04/89

CUBA

ECONOMIC

3 Feb., 1922

(92) (93) & (94) Money, Banking and Connections.

The large movement in sugar shipments, the slight improvement in the price of sugar, ~~the~~ and the optimistic utterances of Mr. Charles E. Mitchell, President of National City Bank, after his tour of the Island, have all had a good effect, and some improvement has been noted in economic conditions. One of the main obstacles to economic improvement is the bankrupt and demoralized condition of the Cuban Government. The failure of the Government to pay large sums owed to contractors, and its failure to pay its employees, has had a most paralyzing effect on business. Many merchants and business men ordinarily prosperous and solvent, cannot meet ~~their~~ their obligations because they cannot collect from their clients. Many of these clients are owed large sums of money by the Cuban Government and cannot pay their debts until they collect from the Government. Thus a very large volume of money is kept out, of circulation because the Government cannot meet its obligations.

The Government now has stowed in bonded warehouses at the ports of the Island, from $60,000,000 to $80,000,000 worth of merchandise, collected and stored during the period of congestion of the harbors. Customs charges have not been paid on these articles. Some of the shipments have been repudiated by consignees who refuse to receive them. The shipments have been so mixed and confused that it seems almost impossible to straighten out the problem. The Government has given notice that two months will be allowed for removal of these articles, after which time they will be sold if not removed. A large portion of this merchandise is known to be owned by American shippers.

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By AMF NARS, Date 05/04/89

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OFFICE CHIEF OF STAFF
FEB 23

SUBJECT THE ECONOMIC SITUATION G-2 REPORT

From CUBA - ECONOMIC

No. 1,664 *Date* February 10, 1922., *19*

Replying to No. *Date*, 19

FEB 20 1922

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NND 740058
By AMF NARS, Date 05/04/89

(65) Sugar.

The following mills have started grinding during the week:

LA FRANCIA	of Havana Province;	ALAVA	of Cárdenas
PORTUGALETE	" "	MERCEDES	"
HAVANA	" "	UNION	""
CONCHITA	Matanzas	SAN VICENTE	"
CUBA	"	MARIA ANTONIA	Sagua
FLORA	"	RAMONA	"
AUSTRALIA	""	SAN JOSÉ	Caibarien
SARATOGA	"	NARCISA	"
MASCOTA	Cienfuegos	FE	"
PARQUE ALTO	"	JAGUEYAL	Jucaro
PERSEVERANCIA	"	LUGAREÑO	Nuevitas
MARIA VICTORIA	"	SANTA LUCIA	Gibara.

making a total of 139 mills now grinding against 165 grinding last year at this time.

The week opened somewhat stronger than the close of last, sales during the first two days being some 100,000 bags of both old and new sugars for February-March shipment at 2-1/8 cts. c.and f.New York. With a slight pause at 2-3/32 cts., it went to 2-1/16,and the week finished at that figure.

The total sales to the United States were about 221,000 bags. A further sale of 175,000 bags was reported to have been made to the United Kingdom at 11/9 shillings per cwt.,c.f.i.

For the week ending February 4, 1922:

Weekly receipts were	93,572	tons
as against	123,886	" last year
Total receipts to date	309,598	"
as against	378,653	" " "
Total exports to date	136,433	"
as against	124,602	" " "
Stocks at the ports	172,484	"
as against	245,203	" " "

The sugar crop is making good progress in the eastern provinces of Oriente, Camagüey and Santa Clara. From present indications the output for those provinces will probably be as great or greater than last year's production. On the other hand,the cane growth in the three western provinces has been unfavorable and a shortage is expected in those districts.

The more favorable price, the lessened cost of production, the activity in sales and movement of sugar, have caused a general improvement in the economic situation.

As a result of a conference held in Washington by General Crowder, the Cuban Commissioners,and tariff experts of the United States Government, Cuba has a good chance of obtaining favorable tariff rates on her sugar provided the production is limited to 2,500,000 tons; and indications are that in the near future there will be increased activity for the purpose of limiting this year's output to that quantity.

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NND 740058
By AMF NARS, Date 05/04/89

Feb. 10, 1922

(9) Communications
(74) Aeroplane.

CUBA

ECONOMIC

(9) Communications
(74) Aeroplane.

By Presidential decree dated February 3rd, the concession granted to the Compañia Aerera Cubana has been suspended. This aviation company, which has its hangaar and field in the reservation of Camp Columbia, is given one month in which to remove its buildings and material.

This enterprise has been a failure and there are no indications of its resuming its activities.

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By AMF NARS, Date 05/04/89

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MAR 4 1922

SUBJECT THE ECONOMIC SITUATION. G-2 Report

From CUBA - ECONOMIC

No. 1,671 *Date* February 17, 1922. *19*

Replying to No. *Date* 19

RECEIVED G/2 W.D. MAR 2 1922

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NND 740058
By AMF NARS, Date 05/04/89

(54) Labor.

Street cleaners of Matanzas are on a strike and as a result, the sanitary conditions in that town are reported to be very bad. Inability to collect their salaries caused the street-cleaners to strike.

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By AMF NARS, Date 05/04/89

(65) Sugar.

The weather has been more than ordinarily favorable for the progress of the crop this week. The yield continues good, as is to be expected with the generally favorable weather as compared with that of last year.

The Centrals that have started to grind during the week are:

MERCEDITA (Pascual)	in	Habana;	CONSTANCIA	in	Sagua
PUERTO	"	"	FIDENCIA	"	Caibarién
SAN CRISTOBAL	"	"	ROSA-MARIA	"	"
SOCORRO	"	Matanzas	CIEGO DE AVILA	"	Nuevitas
SAN IGNACIO	"	"	LA VEGA	"	"
SAN CRISTOBAL	"	Cienfoegos	ELIA	"	"
DOS HERMANOS	"	"	SAN GERMAN	"	Antilla
LEQUEITIO	"	"	BAGUANOS	"	"
DOS HERMANAS	"	"	MABAY	"	Manzanillo
SAN ISIDRO	"	Sagua	SAN RAMON	"	"

ALGONODES in Júcaro.

The first sales of the week were at 2-3/32 cts., c.& f. New York, a slight advance on the closing of last week. Some 40,000 bags exchanged hands at this figure, when the buying price declined to 2-1/16 cts. and the week finished at that, the sales being of both old and new sugars for February shipment. A sale of some 20,000 to 50,000 bags of old sugars was reported at 2 cts. c.& f., the total quantity sold being from 143,000 to 173,000 bags.

Cane fires of unusual importance are occurring. Central BARAGUÁ is reported to have had 12,000,000 arrobas of cane burned a day or two ago, as well as a good many laborers' dwellings. This amount of cane represents about 100,000 bags of sugar, but no doubt a portion of the xxx burned cane will be utilized, being favored by the fine, dry weather which prevails. In one central, in the Cárdenas district, fire is said to have started simultaneously in fourteen different parts of the estate.

For the week ending February 11, 1922:

Week's receipts were	112,043	tons
as against	149,575	" last year
Total receipts,	421,641	"
as against	528,228	" " "
Total exports to date	171,300	"
as against	194,736	" " "
Stocks at the ports	249,621	"
as against	320,353	" " "

The President has recently held several conferences for considering the limitation of this year's sugar crop. A commission composed of influential senators and congressmen, has been appointed to draw up a Bill for this purpose, and as soon as this bill is prepared the President contemplates sending a Message to Congress urging its passage. The members of this commission are reliably reported to favor the limitation. However, several members of the Cuban Congress are known to be opposed

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By AMF NARS, Date 05/04/89

(65) Sugar - Continued

to it; many colonos and Central operators are also opposed to it, and indications are that the project will encounter serious opposition. General Crowder is known to favor this limitation, which, when enacted, will enable Cuban sugar to enjoy a 30% differential on the 2-cent duty contained in the Fordney Tariff Bill.

It is understood that provided Cuba limits her sugar output to 2,500,000 tons plus that needed for home consumption and required for Canada, American tariff legislation will be so arranged that the differential accorded Cuba will permit Cuban sugar to enter the United States at 1.40 cents per pound. Without this crop limitation, however, it will not be possible to obtain the desired differential for Cuba.

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By AMF NARS, Date 05/04/89

February 17, 1922
(24) Shipping (71) Ocean.

Cuba

Economic

(24) Shipping
(71) Ocean.

The Grace Line has inaugurated a new freight and passenger service between New York, Havana and Verz Cruz. The first ship on this new line, the SANTA ELISA, arrived in Havana February 9th, 1922, with general cargo and six passengers.

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By AMF NARS, Date 05/04/89

(93) Banking.

The President, by decree dated February 6, 1922, accepted the resignation of Mr. Oscar Wells as member of the Superior Banking Liquidation Commission.

The same decree appoints Mr. Clarence Marine as member of the Commission succeeding Mr. Wells. Mr. Wells has been absent in the United States for several months, and during his absence Mr. Marine has been acting as a member in his stead.

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By AMF NARS, Date 05/04/89

JUSTICE DEPT. INTELLIGENCE
MAR 15 1922

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SUBJECT THE ECONOMIC SITUATION. G-2 REPORT.

From CUBA - ECONOMIC RECEIVED G/2 W.D. MAR 10 1922

No. 1,676 *Date* February 23, 1922. *19*

Replying to No. *Date* 19

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NND 740058
By AMF NARS, Date 05/04/89

February 23, v1922

CUBA

(65) Sugar.

ECONOMIC

Seven additional centrals have started to grind, these being:

GALOPE	of Habana
COLONOS DE NUEVA PAZ	Matanzas
DOS ROSAS	Cárdenas
ARAUJO	"
SANTA ROSA	Sagua
MACAGUA	"
REFORMA	Caibarién.

The sales of the week were encouraging, totalling some 480,000 bags, of both old and new, for February and March shipment, at prices starting at 2-1/16 cts. c.& f. New York and progressing steadily to 2-1/4 cts. c.& f.

Cane fires of unprecedented magnitude, mostly of incendiary origin, are of daily occurrence and are likely to play an important part in the crop. As a general rule the heaviest sufferers have been American mills, such as MANATI, BARAGUA, AGRAMONTE, ESTRELLA, PILAR, CUPEY, etc.

For the week ending February 18, 1922:

Week's receipts were	142,594 tons	
as against	142,663 "	last year
Last week's receipts	112,043 "	
as against	149,575 "	" "
Total receipts to date	564,235 "	
as against	670,891 "	" "
Total exports to date	214,907 "	
as against	258,554 "	" "
Stocks at the ports	348,532 "	
as against	397,056 "	" "
Centrals grinding	167	
as against	179	" "

The question of limitation of production of sugar in the Island, in exchange for a small reduction of duty on Cuban sugar entering the United States, is being actively discussed, and public opinion in the Island is almost unanimously opposed to it. It is urged that the proposed plan would mean the ruin of the majority of mill owners and cane farmers who with great effort and expense have planted and cared for their crops to the best of their ability and who would, in case this law is enacted, be forced to abandon an important part of them in the fields. It is urged also that it would cause great distress among the laboring classes who would fail to find employment; and that should the crop be curtailed, it would encourage other sugar countries to increase their production, and the small temporary improvement in price would not be lasting. Indignation meetings have been held all over the Island protesting against this curtailed production, and from statements made by the leaders in the Cuban Congress, it now appears that there is no hope for such legislation to pass.

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NND 740058
By AMF NARS, Date 05/04/89

(65) Sugar (Cont.)

The Commission of Senators and Congressmen studying this subject have submitted a counter-proposition, namely: To agree to limit the amount of sugar shipped into the United States to two and one-half million tons, but to leave free the shipment of sugar to Europe and other countries. However, in face of the very strong opposition all over the Island, indications are that even this attempt at a compromise will meet defeat.

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NND 740058
By AMF NARS, Date 05/04/89

RECEIVED G-2 W.D. MAR 22 1922

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1922 MAR 23

SUBJECT THE ECONOMIC SITUATION. G-2 REPORT.

From CUBA - Economic

No. 1,682 *Date* March 10, 1922., *19*

Replying to No. *Date*, 19

Binding Margin.

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NND 740058
By AMF NARS, Date 05/04/89

The Cuban Budget for the present fiscal year, readjusted and published per Presidential Decree of January 9, 1922, appropriates $59,851,559. to cover all expenses of the Government,- or the sum of $29,925,779. for one-half year. The total revenues of the Government for the first six months of this fiscal year amounted to $28,124,304. This ~~six~~ is a reduction of almost 50% compared with the revenues of the corresponding period in the previous fiscal year. It is thus seen that for the first half of this fiscal year the Government's expenses exceeded its revenue by $1,801,475.00.

An inspection of the revenues collected in each of the months of the first half of this fiscal year show a steady decline and the revenue for December, 1921 shows over $100,000. less than that of any of the preceding months.

In the face of these alarming figures, the Government owes millions of dollars to public employees and constractors. For contracts completed and those for which money has been obligated, the amount owed by the Government is estimated at between $60,000,000. and $90,000,000.

It is thus seen that the present outlook for the Government's finance is most deplorable. It is certain that with the present rate of revenues and expenses, the Government cannot meet its current expenses, much less liquidate the already large debts which it owes. The only hope appears to be an increased revenue by the proposed tax of 1% on gross sales, together with the proposed increased tax on sugar and molasses. It is estimated that this would increase the annual revenue by about $15,000,000. Even with this increased revenue the Government would find itself far from able to pay its debts and meet current expenses.

Well informed observers say the consummation of a large loan and the proper disposition of said loan, is the only thing that will enable the Cuban Government to pay its obligations and restore its long-lost credit.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

The only hope for a loan is an accurate and thorough audit of the Government's present finance. The United States bankers will not consent to the loan until this audit is made. Mr. Dwight Morrow of the banking house of J. P. Morgan & Co. is expected in Havana on the 16th instant to make preliminary arrangements for a thorough audit of the Government's finance. It is understood that the proposed auditing, if agreed to, will be done by experts furnished by the banking houses of J. P. Morgan & Co. and Speyer & Co. Public opinion at present appears to be against the proposed loan, but high officials of the Government realize that it is the only hope the Government has for tiding over the financial disaster with which it is confronted today.

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NND 740058
By AMF NARS, Date 05/04/89

Report of the Havana Clearing House dated February 14,1922 shows the following data reference exportation and importation of money between Cuba and the United States for the last calendar year:

There was exported to the United States the sum of $94,816,000. against an importation of $18,000,000., showing an excess export of $76,816,000. During the same period $2,000,000. was sent to other foreign countries.

This report attributes the unfavorable trade balance to the low price of sugar and the high tariff imposed by the United States Government. During the 10 months and 18 days that the Havana Clearing House had functioned up to the date of the report, the total clearings passed amounted to $423,772,321.36. There are about nine banks in the Clearing House, as follows:

N. Gelats & Co.
Pedro Gomez Mena & Son
The Royal Bank of Canada
The Trust Company of Cuba
The Bank of Nova Scotia
The National City Bank of New York
The American Foreign Banking Corp'n.of New York
Bank of Commerce
Canadian Bank of Commerce.

Officers of the Clearing House are:

President,	Narciso Gelats
Vice President	Joseph H. Durrell
Treasurer	Joseph R. Wilson
Secretary	Enrique Lavedan
Manager	William H. Morales
Assistant Manager	Pedro A. Figueredo.

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By AMF NARS, Date 05/04/89

March, 1922

Products

(41, 42, & 43) Mineral, Vegetable & Animal.

CUBA

ECONOMIC.

For the Fiscal Year 1920-1921 the following articles were exported by Cuba to the United States:

Article	Value	Quantity
Bananas	$ 941,012.	1,871,291 bunches
Cattle hides	848,718.	6,240,512 lbs.
Copper ore	2,588,681.	59,685 gross tons
Iron ore	2,095,746.	525,448 tons
Manganese, oxide, and ore of	144,910.	4,238 tons
Cane sugar	378,209,386.	4,925,630,505 lbs.
Leaf tobacco suitable for cigar wrappers	96,646.	227,520 lbs.
All other leaf tobacco	22,051,320.	18,195,875 lbs.

During the same period the following articles were ~~imported~~ Exported To ~~into~~ Cuba by the United States: J.M. H.

Article	Value	Quantity
Plows and cultivators	$ 615,474.	
Horses	279,341.	1,512
Corn	2,926,169.	2,120,865 bushels
Wheat flour	10,528,618.	986,341 barrels
Commercial automobiles	2,951,703.	1,136
Passenger automobiles	5,182,786.	4,559
Freight and other cars for steam railways----------	9,395,222.	5,603
Cement, hydraulic	2,453,509.	628,699 barrels
Tires for automobiles	2,970,962.	
Pig iron	47,795.	1,023 tons
Locomotives	9,258,225.	300
Metal-working machinery	1,123,274.	
Sewing machines	714,994.	
Typewriting machines	345,335.	
Extracts for tanning	71,398.	
Bituminous coal	9,751,271.	932,680 tons
Cotton cloths (except duck) unbleached	1,004,397.	3,589,307 yards
Cotton cloths (except duck (bleached)	8,453,375.	29,854,614 yards
Cotton cloths (except duck (printed)	4,525,259.	19,209,882 yards
Cotton cloths (except duck, dyed in the piece	7,919,821.	24,376,774 yards
Cotton cloths (except duck, dyed in the yarn	5,368,517.	16,410,183 yards
Cotton hosiery	2,811,784.	824,670 doz.pairs
Eggs	6,282,349.	14,596,671 dozen
Apples, green or ripe	297,954.	40,233 barrels
Preserved fruits	2,497,175.	
Common window glass	252,405.	31,887 boxes (50 sq.ft.)
Glucose (corn syrup)	65,858.	1,065,412 lbs.
Salmon, canned	55,246.	443,954 lbs.
Wire Nails,	869,695.	13,891,214 lbs.

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By AMF NARS, Date 05/04/89

March, 1922

CUBA

ECONOMIC

(5) Products
(41, 42 & 43) Mineral, Vegetable & Animal
(Continued)

Article	Value	Quantity
Pipes & fittings, cast	$ 2,532,212.	44,808,756 lbs.
~~All other wire~~		
Pipes & fittings, wrought	3,389,350.	43,075,148. lbs.
Rails of steel	4,653,122.	79,430 tons
Galvanized sheets and plates, iron and steel	1,605,347.	19,786,783 ~~xxx~~ lbs.
Steel plates	1,162,360.	26,775,507 lbs.
Steel sheets	725,580.	10,967,447 lbs.
Structural iron & steel	5,880,622.	50,661 tons
Tin plate, terneplates and tagners' tin	899,396.	9,616,196 lbs.
Barbed wire	878,594.	15,317,753 lbs.
All other wire	778,957.	7,370,629 lbs.
Upper leather, goat & kid	455,596.	236,722 sq. ft.
Boots & shows, childrens'	3,575,797.	1,929,293 pairs
Boots & shoes, mens'	10,137,091.	1,770,657 pairs
Boots & shoes, womens'	2,590,187.	945,529 pairs
Leather belting	560,174	239,992 lbs.
Bacon	4,310,761.	25,302,394 lbs.
Hams & shoulders, cured	3,703,546.	12,488,850 lbs.
Lard	10,489,247.	59,938,840 lbs.
Pork, pickled	511,575.	2,458,216 lbs.
Lard compounds and other substitutes for lard	1,020,735.	7,040,959 lbs.
Butter	372,341.	738,522 lbs.
Cheese	602,629.	1,805,272 lbs.
Milk, condensed, evaporated and dried	6,423,321	35,384,649. lbs
Rosin	264,488.	21,755 lbs.
Mineral oils, crude	4,274,652.	29,583,430. ~~xxx~~ gals.
Fuel and gas oil	937,468.	14,284,971 gals.
Illuminating oil	440,964.	1,662,449 gals.
Lubricating oil	3,455,476.	5,814,880 gals.
Gasoline	1,617,930.	6,013,707 gals
Napthas and light products of distilation (except gasoline)	93.	250 gals.
Cottonseed oil	706,869.	4,457,145 lbs.
Printing paper, news print,	1,328,687.	18,951,573 lbs.
Printing paper, except news print	2,016,594.	11,689,869 lbs.
Paraffin	225,695.	1,853,510 lbs.
Motion picture films	250,753.	5,089,714 lineal feet
Pitch pine, sawed (long leaf)	63,853.	1,822 M. ft.
Railroad ties	1,333,705.	660,193
Lumber, yellow pitch pine (long leaf)	8,635,974.	158,563 M. ft.
Lumber, fir	213,325.	4,615 M. ft.
Staves	151,970.	4,270,815
Manufactures of wool	253,187.	

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SUBJECT THE ECONOMIC SITUATION. G-2 Report

From CUBA - Economic.

No. 1688 Date March 23, 1922., 19

Replying to No. Date 19

RECEIVED G/2 W.D. MAR 31 1922

Binding Margin.

(65) Sugar.

The number of Centrals grinding remains at 177, no others having started since report of one week ago.

The past week has been another big week of sales, these approximating 800,000 bags at prices commencing at 2-3/8 cts. and continuing by practically steady progression until they finished at 2-9/16 cts. for April shipment. Most of this quantity covers new crop sugars; but that those of the old crop are moving gradually in a most satisfactory manner is seen by the fact that since the first of the year exports of those alone exceed 900,000 tons. The movement in the interior is likewise very heavy, the receipts at the ports last week being the heaviest on record.

A comparison of the imports from the United States, and exports there from Cuba has just been published for the month of January, comparing this year with last. The former are $46,840,000 for last year against $8,450,000 for this; and the latter $12,970,000 last year against $16,283,000. As a comparison for January against January little can be told from the imports, except that it indicates a previous period of prosperity, since those of last year were probably due to a large extent to orders placed much earlier, before the Island had begun to feel the real pinch of adversity; but the exports offer a fair ground for comparison, and these show an increase of about 25% over last year.

The sugar data for the week ending March 18,1922, is as follows:

Centrals grinding	177	
as against	189	last year
Week's receipts were	191,393	tons
as against	167,893	" " "
Total receipts to date	1,302,899	"
as against	1,317,594	" " "
Total exports to date	613,121	"
as against	633,629	" " "
Stocks at the ports	681,564	"
as against	658,738	" " "

The local sales total some 79,000 bags, ranging from 2 cts. to 2.34-1/2 cts. f.o.b. steamer.

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(8) Transportation
(24) Shipping

Both Houses of Cuban Congress have passed a bill annulling Presidential Decree No. 665 of 1920 which authorizes war time tariffs for discharging, handling and storage of merchandise in the Bay of Havana, and this bill is now in the hands of the President awaiting either his signature or veto. A translation of the bill is forwarded herewith.

This proposed measure reinstates the walking delegate, which has given so much trouble in waterfront strikes in the past; and eliminates, or limits the competition of alien labor. On the other hand it will bring about decreased tariff rates covering wharfage, handling and lighterage in the port of Havana, and will also bring about a reduction of 20 to 25% in the wages now paid laborers on the waterfront. However, the dock companies maintain that the reinstatement of the delegate will increase the actual cost of handling freight on the docks. They further state that although the maximum authorized tariff rates will be decreased, that under the existing conditions a great many of the charges for handling commodities are very much below the authorized scale. It has been impossible to secure a comprehensive statement showing the actual charges for handling, as compared with the authorized maximum charges set out in Decree 665 now in force, therefore it cannot be stated how general the proposed reduction will benefit the consignees and the shipping interests.

The President on March 22d issued a Decree prohibiting the re-exportation of foreign-owned goods held here in bond.

This decree also limits to June 30,1922 the period within which goods now in bonded warehouses may be withdrawn for local consumption.

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BILL ANNULLING DECREE No. 665.

Art. I.- Presidential Decree 665 of April 26,1920, creating the tariff and putting into effect regulations controlling docks and warehouses, as to reception, handling and delivery of merchandise, as also in all that concerns salaries and wages of labor engaged in such work,- is hereby annulled.

Art. II-- Decrees 1253 of Aug. 31, 1917, and No. 33 of Jan. 13,1919, establishing regulations and conditions for unloading, conduction, handling and delivery of merchandise in the port, with the exception of Art. XII of the Regulations dealing with removals, are hereby restored to effect, and the Art. XII referred to is hereby annulled.

Art. III-- Decree No. 1887 of Dec. 2, 1918, fixing wages of laborers, and regulating the manner in which their work shall be carried out,- is hereby restored to force and effect.

Art. IV-- In work done in the ports of the Republic there shall be employed no foreign labor whenever there shall be available sufficient native labor willing to do the work under the conditions ordered in the regulations pertaining to this matter.

Art. V-- All Military Orders, Decrees, or Laws contrary to this Law, are hereby repealed.

Art. VI-- This Law shall become effective upon its publication in the OFFICIAL GAZETTE.

HOUSE OF REPRESENTATIVES, Jan.31,1922.

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By AMF NARS, Date 05/04/89

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JUSTICE CHIEF
APR 25

SUBJECT THE ECONOMIC SITUATION G-2 REPORT.

From CUBA - Economic

No. 1,691 *Date* March 31, 1922. *19*

Replying to No. *Date* 19

RECEIVED G/2 W.D. APR 20 1922

(65) Sugar.

The number of Centrals now grinding is 180, three additional mills having started grinding during the past week, namely:

DULCE NOMBRE, of Cárdenas
MARIA LUISA " Caibarién
ADELA " "

The sugar data for the past week is as follows:

Centrals grinding	180	
as against	190	last year
Week's receipts were	172,314	tons
as against	140,648 "	last year
Total receipts to date	1,475,213 "	
as against	1,458,242 "	" "
Total exports to date	737,638 "	
as against	718,607 "	" "
Stocks at the ports	729,248 "	
as against	714,408 "	" "

The local sales have been 10,000 bags at 2.36 c/; 10,000 at 2.33 c/; and about 8,000 at 2.26 c/, all f.o.b. steamer.

(24) Shipping; (73) Internal.

The bill passed by both Houses of the Cuban Congress, annulling Presidential Decree 665 of 1920 re tariffs for discharging, handling and storage of merchandise in the Bay of Havana, and translation of which bill was forwarded with Report No. 1688 of March 23,1922, is still awaiting action by the President. Considerable controversy has arisen over this proposed measure, which is favored by the labor element, and strongly opposed by the dock operating companies.

Binding Margin.

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NND 740058
By AMF NARS, Date 05/04/89

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APR 20

SUBJECT THE ECONOMIC SITUATION - G-2 Report.

From CUBA - Economic

No. 1,693 *Date* April 7, 1922. *19*

Replying to No. *Date* 19

RECEIVED G/2 W.D. APR 20 1922

(65) Sugar.

The number of Centrals now grinding is 182, two additional mills having started grinding during the past week, namely:

FAJARDO, of Havana
PRESIDENTE, of Antilla.

The weekly comparisons are:

Centrals grinding	182	
as against	192	last year
Week's receipts were	207,835	tons
as against	138,634	" last year
Total receipts were, to date,	1,683,048	"
as against	1,596,876	" " "
Total Exports to date,	866,927	"
as against	798,096	" " "
Stocks at the Ports	804,564	"
as against	773,338	" " "

The local sales have been as follows:

3,800	bags at	2.17 cts.
30,000	" "	2.18 "
1,000	" "	2.25 "
3,200	" "	2.13 "
3,000	" "	2.10 "
3,000	" "	2.13 "

Total sales for the week, both local and foreign, 56,000 bags.

Binding Margin.

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By AMF NARS, Date 05/04/89

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SUBJECT THE ECONOMIC SITUATION. G-2 Report

From CUBA - Economic

No. 1707 *Date* April, 28, 1922. *19*

Replying to No. *Date* 19

RECEIVED G/2 W.D. MAY 6 1922

(65) Sugar.

The cane-field fires during the present crop already represent a greater tonnage of destruction than in any previous year on record, and daily reports of large fires are still coming in. The total cane burnings of this season are reported to amount to well over 300,000,000 arrobas (an 'arroba' being 25 pounds) of cane, as follows:

December, 1921	4,812,800	arrobas
January, 1922	24,914,700	"
February "	87,567,934	"
March "	139,138,455	"
	256,433,889	"
Province of Oriente, not included in above-------	15,000,000	" (estimated)
April, 1922	40,000,000	" "
	311,433,889	

These fires are chiefly attributable to the extremely dry weather, with high winds prevailing, and to incendiarism for the benefit of unemployed who are able to obtain work after a big cane fire. When cane is burned, more labor is called, the wage is a little higher, and the laborers are able to cut about fifty per cent more cane per day, which is to their advantage as their wages are based upon the quantity of cane cut. However, some of the locan anti-American press insist that much of this burning is due to activities of secret agents sent to Cuba by beet sugar interests in the United States.

Binding Margin.

(30) Wealth (89,90,91) Credits, Revenue, Debits.

The attached translation of an article appearing in LA PRENSA of April 26,1922, gives an indication of the difficulty being encountered in cashing checks issued by the Cuban Government. It is a constant theme of complaint, amongst all classes, that the only way to obtain cash funds upon Government checks is to accept a very considerable discount from the face value of the check. It is believed, however, that a number of persons who make a business of buying these checks, find methods of getting them cashed in full at the national Treasury.

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By AMF NARS, Date 05/04/89

Translation from LA PRENSA of April 26, 1922.

"THREE REVOLVERS FOR THE TREASURY DEPARTMENT."

Were asked for officially from the War & Navy Department.

There arrived at the Treasury Department this morning three parcels, well wrapped but of a suspicious shape. They were carried under the arm of an army private, who also bore a large official envelope with official seal.

The soldier was ordered to pass immediately to the office of the Secretary. Brigadier Semidey (Commanding Officer of the most important military post of the Cuban Army, Camp Columbia), who was waiting outside to be received by the Secretary, could not suppress a grimace of displeasure.

Soon the soldier left, without the packages. Outside he was interrogated. He had surely a strict countersign. Not a word did this xxx poor soldier say of the 'patria' which had not paid him his pay for three months.

Nevertheless, there is nothing hidden from the reporters, and they learned a little later that the three mysterious parcels each contained revolvers. And the reporters knew much more; they knew that they had been officially requested from the War Department, which Department had sent them officially after proper record in the books of the numbers, xxx calibers, make, etc. of the firearms.

It is known that one of these revolvers is for Sr. Biosca, Chief of the Personnel of the Department, and as to the other two it is not definitely known for whom they are intended, but it is rumored they are for the Secretary himself.

Brigadier General Semidey went to the Treasury Department this morning but Sr. Gelabert (Secretary of the Treasury) could not receive him as he was occupied with Dr. Portela. Brigadier Semidey's errand was to attempt to xxx have a check of ~~$4,000.00~~ $4,000. cashed which the Government had issued in favor of Sr. Juan Santos, a contractor supplying fodder for the animals of the Army in the Province of Havana.

The amounts owing to this contractor by the Government are $7,500. for last year, and $23,000. for the currentnyear.

The Government, by special request, succeeded in obtaining this contractor's consent to continue supplying feed, upon condition that he should be paid $4,000. on account. This was done by means of a check which Mr. Santos was unable to get cashed and he prevailed upon Brigadier Semidey to attempt its collection, as otherwise the contractor would be compelled, against his will, to refuse further supplies from lack of funds with which to pay his labor.

This morning a representative of the firm of O. Mestre & Co. also called at the Treasury to attempt collection for foodstuffs supplied the hospitals of the Republic, as without further funds they could no longer furnish said supplies.

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By AMF NARS, Date 05/04/89

[redacted] 2655-Q-61

COPY

Philadelphia Pa.
112 South 16th St.

William McClellan
Peter Junkersfeld
Horace T. Campion

MCCLELLAN & JUNKERSFELD
Incorporated
ENGINEERING AND CONSTRUCTION
45 William St., New York

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
1922 2655-Q-61 SEP 30
WAR DEPARTMENT

September 21, 1922.

Chief of Engineers,
U. S. Army,
Washington, D. C.

Dear Sir: PUBLICATIONS - RESOURCES OF CUBA

Will you be kind enough to advise us if the Army has published any data on the resources of Cuba, particularly the mineral resources.

We recognize that such information is primarily within the province of the United States Geological Survey and have written to them for such data as they may have. We are, however, writing to you on the possibility that in the course of military occupation of Cuba various annual or other reports may throw some light on information we are seeking.

Very truly yours,

MCCLELLAN & JUNKERSFELD, INC.
(Signed) G. W. Thompson

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NND 740058
By AMF NARS, Date 05/04/89

1st Ind. 2-2

Office, C. of E., Sept. 23, 1922.- To The Assistant Chief of Staff, G-2, Attention Geographic Branch.

2655-Q-61

Referred. This office has no information of the nature requested.

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For the Chief of Engineers:

Henry C. Jewett
Chief, Intelligence Section

2nd. Ind. G-2

G-2 2655-Q-61 KTR

G-2, W. D., September 27, 1922. - To Chief of Engineers, War Department, Washington, D. C.

1. This Division has published no data on the resources of Cuba of the kind desired. It is believed that the following list of references would be useful in making a study of Cuban resources:

(a) For general discussion of Cuban resources, Volume 5, "Resources - The History of Cuba" by Willis Fletcher Johnson, published by B. F. Buck & Company, New York, 1920.

(b) August and September, 1922, numbers of "The Economic Bulletin of Cuba", published at 61 Obrapia Street, Havana.

(c) The Weekly Commerce Reports published by the United States Department of Commerce during the past year. Many of these reports contain articles relating to Cuban resources.

MAILED M.I.D.G.S. SEP 28 1922

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(d) For mineral resources of Cuba, see enclosed list of references, which was recently obtained from the United States Geological Survey. No doubt this list will be furnished direct from the Geological Survey in response to the request referred to in the body of this communication, but a copy is enclosed with the idea that it may possibly save time.

For the A. C. of S., G-2:

M. E. LOCKE,
Lieut. Colonel, General Staff,
Executive Officer.

MAILED M.I.D., U.S. SEP 28 1922

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By AMF NARS, Date 05/04/89

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UNITED STATES GEOLOGICAL SURVEY

Section of Foreign Mineral Reserves

List of references to Mining and Mineral Resources of Cuba.

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MINERAL RESOURCES OF CUBA

By Eduardo Suarez Murias

Comparatively little is known about Cuba's mineral resources, despite its excellent geographical position. This is due mainly to defectiveness of its mining laws, political unrest, and lack of interest on the part of the government.

Cuba forms part of a geosyncline over 2,000 kilometers long, which extends southeastwardly to and including the island of Porto Rico. Its general direction is noticeably parallel to the chains of mountains of southern Mexico and Central America.

Beyond a few reconnaissances of a superficial character, little attention has been given to the study of the country's geology. A geologic sketch made over forty years ago mentioned small areas of Paleozoic ground in Pinar del Rio and Santa Clara provinces. Triassic slates and Jurassic limestrones are moderately extensive, particularly in Pinar del Rio. Tertiary strata, chiefly limestones, predominate. Great upheavals occurred in the early Tertiary, accompanied by extensive invasions of magma, which issued along wide crevasses many kilometers in length, in some places piling itself up several hundred feet into small chains of mountains and in others rising but little above the general level of the country, in most localities overflowing the adjacent territory in streams of variable fluidity, as the resulting topography attests. Thus it was that the country, parallel to its main axis, was divided into alternating belts of igneous and sedimentary rocks, subsequent depositions having further contributed to this sub-division

Intense folding and faulting are characteristic of the early Tertiary, Jurassic and Triassic strata, observed wherever railroad and highway cuts, underground workings and natural exposures have made visible the stratigraphical conditions of the subsoil. A major system of faults runs parallel to the main axis of the country, with numerous minor faults at angles to it. The presence of most delicate folding in Jurassic limestones, as, for instance, near Cabezas, Pinar del Rio, denotes the existence of long periods of dynamic stresses ages before the Tertiary upheaval.

Most of the various types of igneous rocks are basic -- namely, serpentinized peridotites, diorites, gabbros and the like, intruded by dikes of andesite, basalt, and other rocks. The less abundant acid rocks are found mainly in Santa Clara and Oriente Provinces as granites, trachyte, rhyolite, obsidian, and others.

Extensive deposits of limonite are found in the Province of Pinar del Rio, specularite in Havana (Isle of Pines), magnetic iron in Matanzas, limonite in Camaguey, and limonite and hematite on the northern and southern coasts, respectively, of Oriente. The deposits in this last province have been worked for years. At present they are being exploited by a subsidiary of the Bethlehem Steel Co. The annual output fluctuates considerably. For several years prior to 1914 about 1,500,000 tons was shipped from them to the United States. Ores from the southern coast run approximately 55 per cent iron, 7 per cent silica, ¼ per cent phosphorus, and ½ per cent sulphur;

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Those from the northern coast are characterized by the presence of about 1.98 per cent of nickel and chromium combined and a low phosphorous content, about 0.06 per cent, as well as by their loose earthy texture. This ore is put through a process of dehydration and nodulization before it is shipped The nodules thus formed run 55 per cent iron, 15 per cent alumina, and 4 per cent silica. The ore reserves in Oriente alone exceed 3,000,000 tons, which, with the estimated contents of the remaining occurrences in Cuba, makes a total of approximately 4,000,000 tons. The deposits of Pinar del Rio, Havana (Isle of Pines), Matanzas and Camaguey have never been exploited.

Oriente Thus Far Only Manganese Producer

Manganese occurs in Pinar del Rio, Santa Clara, and Oriente, and although exploration work has been done in these three provinces, Oriente has been the only producer so far, particularly during the war. Practically all Cuban manganese is furnace ore, and production has always required an active market to make it pay, because the ore is of a disseminated character and transportation facilities are inadequate. The ore is mostly pyrolusite, and usually occurs with limestone. The reserves in Oriente are estimated at 1,000,000 tons. With the exception of a small mine where chemical ore is produced, all operations ceased soon after the war. The ordinary run of the Cuban ore analyses about 39 per cent manganese, 12 per cent silica, and somewhat less than 1 per cent of phosphorus.

Chromite is widely distributed in the provinces of Matanzas, Camaguey, and Oriente, deposits of less importance also being found in Havana. It occurs in serpentinized peridotites as magmatic segregations. Little has been done so far toward developing this mineral. Interest in it was first aroused in 1917, and chiefly in the beginning of 1918 when the United States Government sent a commission to investigate reported manganese and chromite deposits in the West Indies. With the termination of the war the price of chromite fell rapidly, and the work started in various localities gradually ceased. The ore is fine grained to granular, with spotted and solid bodies intermingling. From results thus far obtained it appears reasonable to expect that an average grade of 45 per cent chromic oxide should be obtainable at the various deposits by means of concentration. Based on the abundance of outcrops and the workings at Matanzas, Camaguey, and Oriente, the reserves of marketable ore may be placed at half a million tons.

Copper Occurs in All Provinces.

Indications of copper are found in numerous localities. Exploration work has been done in all six provinces, and so far good results have been obtained in Pinar del Rio and Oriente, where outcrops are more numerous and promising. The El Cobre copper mine, in the Sierra del Cobre, Oriente, which at present is shut down, has been in operation since 1830. The mineral occurs in tuff intruded by andesite dikes, the mineralizing agents. This sierra and the Sierra Maestra, largely made up of diorites, syenites, granites, and limestones, occupy the southern portion of Oriente, extending to the sea. Many outcrops and several interesting prospects are found in these mountains. Among other more important factors which retard the

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proper exploration of them may be mentioned the relative inaccessibility of the whole region, a serious obstacle for small mining enterprises.

The known copper showings in the northern part of Oriente, Camaguey, Matanzas and Havana Provinces, all in basic rocks and in many occurrences of magmatic origin, are less attractive, but they are nevertheless worthy of investigation. As a type of this kind of mineralization, consideration may well be given to the zones of Canasi (Havana) and Cardenas (Matanzas). Here are found tabular bodies of red oxide of copper, originally magmatic segregations of sulphides, ranging from over a few feet to over 100 ft. long (Canasi), and from a few inches to a few feet in thickness. The surface being an accidental section through these masses of serpentinized rocks, it is logical to assume, in view of the genetic relations of these orebodies, that many more lie in depth scattered through the serpentine; furthermore, that small amounts of copper may be thoroughly disseminated through/out the serpentine. The latter seems to have been proven at Canasi, where analyses of country rock chosen at random in crosscuts in a prospect have shown about 1 per cent copper, and where a small tabular orebody was found in a small shaft sunk near a rather large outcrop. The existence, therefore, of important low-grade deposits readily suggests itself.

The Province of Pinar del Rio has become noted in Cuba as a cupriferous territory through the discovery the exceptionally rich Matahambre mine nine years ago and through the prospecting that followed. The ore at this mine has the appearance of a breccia, in which chalcopyrite is the material cementing fragments of shale from the shattered country rock along a fault. This cementation occurred simultaneously with considerable replacement. Similar conditions obtain in many other localities among the hills of this province; but instead of chalcopyrite predominating in these other deposits, the mineralization consists almost exclusively of an intimate mixture of cubanite and pyrite, not susceptible of mechanical concentration beyond perhaps 8 per cent, and requiring the application of metallurgy to make them pay under present conditions. Matahambre ore concentrates to about 22 per cent copper besides yielding whole cargoes of shipping ore assaying 20 per cent and over of copper.

Besides this type of ore formation, there are occurrances of magmatic segregation both in lenses and porphyritically in diorites at La Palma, and again in lenses ten miles inland from La Esperanza, especially in the neighborhood of La Constancia mine.

Pyrites, Lead, Silver, Gold and Other Minerals Found

Iron pyrites is abundant in the provinces of Pinardel Rio, Havana, Matanzas, and Santa Clara, where the Davison Sulphur & Phosphate Co. is developing an important deposit in the mountains north of Cienfuegos, which occurs in metamorphosed limestones in the vicinity of basic intrusions, the mine being equipped for an output of 500 tons per day.

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Occurrences of argentiferous lead are found in Pinar del Rio and Oriente, as well as of barytes; also of blende in Oriente. Graphite and silver-bearing antimony are found in Havana (Isle of Pines). Argentite and other silver minerals are reported from a certain locality near Bayamo, Oriente, and gold has been mined intermittently for many years in this province, near Holguin, from parallel veins about 2 feet thick which are said to run $10 per ton. Auriferous quartz veins occur near Trinidad, Santa Clara, Light gray marble is being quarried at the Isle of Pines, and colored marble occurs at various places in Pinar Del Rio.

Indications of Petroleum Widespread

Gas emanations, oil seepages, pitchpools, asphalt veins and deposits are relatively common occurrences. Nearly all of these showings are found north of the main axis of the country from one end to the other, assuming greater frequency and abundance in certain localities, as, for instance, in the Province of Matanzas. Both foreign and Cuban capital, but mainly the latter, has been engaged in drilling the last eight years, and most of the work has been done in Havana, where about forty wells have been drilled; three wells have been put down in Matanzas, four in Pinar del Rio, and six in Santa Clara.

Efforts to find oil in Cuba were made twenty and even forty years ago, but on a much smaller scale. Geologic conditions have been generally ignored. A good deal of the drilling has taken place in serpentine, following surface indications and keeping close to centers of population. Secondary deposits have thus been found in igneous rocks, as at Bacuranao, Havana, and Motembo, Santa Clara. At the former place 100,000 bbl. of 25-deg. Be. asphalt-base oil has been obtained in the last few years from wells drilled in ten acres of ground, from a depth of 1,000 feet. In the gas region of Motembo, where six wells have been drilled, a secondary deposit consisting of 64-deg. Be. naptha has been discovered at depths between 675 and 1,200 ft. This product is colorless, transparent, and scented. About 100,000 gal. has been marketed so far for use in place of gasoline. Only showings of oil have been found in Pinar del Rio, and small amounts so far of 28-deg. Be. oil, rich in lubricants have been found at Cantel and of heavy oil at Sabanilla, both in Matanzas and about 50 km. apart.

Cuban asphalt is usually of high grade. It has been worked at various times in a desultory fashion in Pinar del Rio, Havana, Matanzas, and Santa Clara, the most important work having been done in the first and last mentioned provinces by an English and a Cuban concern respectively. The only work done at present is at Mariel, Pinar del Rio. Great quantities of high-grade asphalt are found at the bay of Cardenas.

Opinions vary greatly as to the possibility of discovering important oil deposits in Cuba. It may be said that whatever results have been obtained have been due entirely to wildcatting. The larger oil companies have occasionally sent men in the last eight years to study geologic conditions,

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and it may be said that only recently has any real interest been shown, a supposed subsidiary of the Standard Oil Co. having started drilling operations at Taco-Taco, Pinar del Rio. The first well is down 3,000 fet. and it is said it will be carried to a depth of 4,000 ft.

The belief that eventually commercial deposits will be discovered is gradually gaining acceptance, and as indications have been found over an area of 8,000 square miles, it is logical to assume that the right conditions for the accumulation of oil are bound to prevail somewhere within that territory.

Source: Engineering & Mining Journal-Press, July 29, 1922, page 197.

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DEPARTMENT OF AGRICULTURE, COMMERCE AND LABOR
REPUBLIC OF CUBA

MINERAL WEALTH OF CUBA

(A Brief Outline of the Various Iron-Copper-Manganese and other Ore Belts which Constitute the Mineral Wealth of Cuba.)

Compiled by the Bureau of Information, Department of Agriculture, Commerce and Labor, Havana, Cuba.

The Spanish conquerors of the 16th century who forced their way into the wilderness of the Western Hemisphere, cared little for the agricultural opportunities offered in the New World. Mineral wealth, that which lay beneath the rich surface soil, alone appealed to them; to find gold, "great heaps of gold", and incidentally to convert, or failing, to kill off the natives, seemed to form the substance of their dreams, the basis of their ambitions.

The unfortunate aboriginies of Cuba, the Siboneys, wore gold ornaments, and occasionally exhibited small nuggets, but the source of the latter was never revealed to the Spaniards of that day.

Owing to the fact that nearly all of the mountains are covered with forests of hardwoods, below which lies a comparatively deep carpet of humus and rich soil, these early prospectors for gold and other mineral wealth, found it difficult to discover anything worth the while; all was covered up with the rich tropical vegetation of the West Indies, and Cuba, from the view point of the gold seeker, was regarded as a failure. Opportunities for raising live-stock seemed to be the only thing offered to the prospective settler in the Pearl of the Antilles.

Copper was found in a few isolated spots, notably "El Cobre", a little west of the harbor of Santiago de Cuba, and many years afterwards stray boulders and small outcropings of the same metal were encountered in the mountains of Pinar del Rio, but the veins were illusive, and the poor Siboneys preferred death to labor in the mines, or listening to the precepts of Christianity, as presented by these early missionaries, hence it was that by the middle of the 16th century most of the natives had succumbed and their conquerors, having little fondness for work, gave the Island up in despair as a field for gold discoveries. Not until the early part of the 19th century did the presence of those enormous deposits of iron ore found throughout the mountain districts of Oriente, present themselves to the outside world as a profitable commercial proposition.

Nearly all of the great iron deposits of Oriente lie within a few feet of the surface, and on the southern slopes of the Sierra Maestra, it is necessary only to scrape the dirt from the side of the hills, take out the ore and send it down to the sea coast by gravity. Similar con-

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ditions exist at the Mayari mines on the north coast, just back of Nipe Bay, where the deposits need nothing but washing with cold water. The soil being thus removed at little cost, the iron is ready for shipment to the smelters of the United States.

In spite of the fact that this ore was found to be equal to the best Swedish, and that nature in her own laboratories has supplied the requisite amount of nickel and manganese, making these mines of Oriente perhaps the most valuable in the world, but little attention has been paid to this marvellously rich source of minerals beyond those few who are drawing dividends from the industry. The recent purchase of the Spanish American Iron Company's holdings at Daiquiri, for $32,000,000 however, has called the attention of mining interests in New York to the fact that millions of tons of untouched ore, still lie in the eastern provinces. Twenty-five percent of the area of Oriente contains wonderful deposits of ore, mostly iron and manganese, and awaits only the necessary capital to place it on the markets of the world.

COPPER

Valuable deposits of iron ore have been located from time to time in the western end of the Island, but usually the problem of transportation to the coast has discouraged mining in that locality. As a result of the present demand for copper, brought about by the war in Europe, together with the high prices offered for that metal, rumors of old abandoned mines in the Province of Pinar del Rio have recalled the fact that many years ago, a century or more, early Spanish prospectors, poking over the hills, frequently found small outcropings of copper, and in some cases sunk shafts for short distances, removed the ore and conveyed it to the coast on muleback. The low price of copper at the time however, and the scarcity of labor which followed the abolition of slavery, discouraged serious work on the part of the old timers, but traces of their efforts still remain at various points on the north coast, and some of these abandoned claims are now attracting attention.

By far the most profitable mine of copper discovered in Cuba during recent times is known as Matahambre and located in the western section of the Province of Pinar del Rio. This property belongs to the heirs of Sr. Luciano Diaz and is valued today at $50,000,000.00. The mine was located in 1912 and has the largest and most valuable copper deposit that is being worked in Cuba today.

The very first assays reported were most promising. The ore ran from 12% to 24%, and yielded it is said, a sufficient amount of silver in combination to pay for the entire cost of smelting. The ore, at present, is being taken out at the rate of over two thousand tons per month.

Since the discovery of "Mata Hambre" (death to hunger) many claims have been staked in that part of Pinar del Rio. Some of them will undoubtedly prove valuable, while others may be nothing more than copper bearing boulders that have broken away from the edges of the mother lode and rolled down the hillsides some distance from their former base.

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While the excitement attendant on the success of mining at "Mata Hambre", together with the high price of copper, has resulted in the staking of numerous claims, and more or less promiscuous poking about through the mountains of the western province, no systematic survey or intelligent search for this valuable mineral has yet been made. The accumulation of samples of ore, however, together with reliable reports that have reached the Bureau of Mines from many different sections, make it quite evident that a belt of copper ore probably extends throughout the entire length of the mountains of Pinar del Rio from their western terminus near the inlet of Arroyo de Mantua, to the point where this picturesque upheaval of geological times sinks into the more level lands near the border of Havana Province.

Faults, of course, are frequent and the lead is often lost, or occasionally seems to end in a rich pocket, appearing again however and continuing on through its stretch of 40 leagues, in varying degrees of depth and width.

It reappears in that park of peaks near Trinidad, in the Province of Santa Clara. Here some finds have recently been made, and are being worked on a small scale. This section seems to be rich in mineral, copper, nickel, manganese and lead, with some silver and occasionally traces of gold.

In the Sierra de Cubitas mountains, paralleling for fifty miles the north coast of Camaguey, iron, copper, manganese, chrome and other minerals are found, but with the exception of iron, no serious effort is being made at present to investigate mining opportunities in this field. The building of the North Shore Railroad, a spur of which will be sent into this iron deposit, will have a tendency to develop that district.

In Oriente, whose mountains are known to hold, in addition to iron, many of the above mentioned ores, there is a great unexplored region for the prospector of the future that will some day make Cuba famous for her mineral wealth.

The Republic of Cuba undoubtedly needs a geological survey that would render searching for minerals less sporadic than it is at present, but until Congress, or the people, fully awaken to the great source of revenue which lies beneath her palm covered foot hills and mountains, we will have to content ourselves with the promiscuous survace scratching which, although intermittent and undirected, is even now giving promise of great things to come.

That mysterious charm which attaches itself to everything connected with the unknown, or to that which lies beneath the surface, imbued not alone the old time Spanish conquerors, but their descendents of today. Hence it is that the mining laws governing the Republic of Cuba, were made with due regard to the interests of the miner, and their spirit is carefully preserved in all matters pertaining to the subject.

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MINING LAWS

Instead of "staking claims" to a mining property in Cuba, we "denounce" it. In other words a prospector makes a drawing in duplicate in which he starts from a given center and goes so many meters east, so many south, west and north, until he completes either a square, parallelogram or rectangular figure, after which an estimate is made of the number of hectares included in said drawing (a hectare being equivalent to about two acres of land.)

With his drawing, and a sufficient amount of cash to pay $2.00 for each hectare, he presents himself at the Department of Agriculture of which Mines forms a dependent bureau, and there registers his claim, pays his money and gets a receipt, signed and sealed by the Government, with the date and even the hour attached. This claim or "denouncemntt" once registered, he is entitled to everything that lies below what is termed the agricultural surface of the ground for all time to come.

If the owner of said property protests against the miner digging or boring for copper, asphalt, oil or any other product lying beneath the surface, the claimant to the mineral rights must adjust his affairs amicably with the owner of the surface if possible. If not he has the right to either buy the property, lease it or work it, paying to said owner damages or a price that, if not mutually agreed on, is determined by a board of appraisers.

The usual custom, however, is to arrange with the owner, whenever possible, to accept a small royality on whatever ore or oil may be removed from below the surface, this agreement being acknowledged before a notary public and registered in the nearest municipality. These rules and regulations in Cuba have proved as a rule eminently satisfactory in mining operations and are intended to be fair to all parties concerned.

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SUGAR WAREHOUSES J-1
Oct.1922.

Lieut. Col. G.S. Norvell, General Staff
Chief, Latin-American Section
WAR DEPARTMENT

Central	Number of W.H.	Width	Length	Capacity, sacks Storage	Total
LA JUDIA	Mill	---	---	30,000	30,000
CONCHITA	Mill	---	---	25,000	25,000
FELIZ	Mill	---	---	13,000	13,000
SOCORRO	Mill	120'	196'	60,000	60,000
SOLEDAD	1	90'	172'	15,000	15,000
MERCEDES	Mill	---	---	4,000	
"	1	120'	252'	65,000	69,000
STA.GERTRUDES	Mill			8,000	
" "	1	106'	249'	35,000	43,000
ALAVA	Mill	---	---	20,000	20,000
MA. VICTORIA	Mill	---	---	4,500	
" "	1	---	---	14,000	18,500
PERSEVERANCIA	Mill	---	---	23,500	
"	Carp.Shop	---	---	5,000	
"	Loco. "	---	---	9,500	
"	W.H.	---	---	38,000	76,000
LEQUEITIO	1	128'	198'	70,000	70,000
CIENFUEGOS	1	237'	275'	200,000	200,000
CARDENAS	1	110'	330'	95,000	
"	2	110'	330'	105,000	200,000
JAGUA	1	102'	184'	60,000	60,000
STEWART	1	62'	226'	51,000	
"	2	53'	220'	33,000	
"	3	63'	228'	42,000	
"	4	62'	305'	71,000	197,000
PALO ALTO	1	59'	213'	35,000	35,000
JAGUEYAL	Mill	59'	128'	20,000	
"	1	120'	344'	90,000	
"	2	121'	254'	100,000	
"	3	62'	156'	20,000	230,000
M O R O N	Mill	---	---	25,000	
"	1	155'	333'	180,000	205,000
VIOLETA	Mill	172'6"	152'	53,000	
"	1	139'	233'	80,000	133,000
LUGAREÑO	Mill	---	---	10,000	
"	1	63'	346'	60,000	70,000

Total --- 1,769,500 Sacks

17/1/33 Copies 2 & 3 in U/a files A148 Encl. to M.A. Cuban report (1922)

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Oct. 1922

Central	Tank No.	Diameter	Depth	Capacity Gals.	Total
LA JULIA	None	---	---	---	None
CONCHITA	1	43'	19'7"	212,723	212,723
FELIZ	1	28'	20'11"	128,795	128,795
SOCORRO	1	35'6"	34'	251,726	251,726
SOLEDAD	1	36'	18'7"	141,489	141,489
MERCEDES	1	35'6"	33'10"	250,497	250,497
STA.GERTRUDIS	1	36'	20'	152,275	152,275
ALAVA	1	34'	35'	249,275	249,275
"	2	54'	30'	500,000	Not erected
MA. VICTORIA	1	42'	29'3"	303,132	303,132
PERSEVERANCIA	1	33'6"	33'9"	249,875	249,875
"	2	54'3"	29'3/4"	502,444	Not finished
LEQUEITIO	1	26'	21'	96,716	96,716
STEWART	1	75'	30'	991,371	
"	2	44'3"	28'	322,224	
"	3	10'	12'	7,056	1,320,651
PALO ALTO	1	66'3"	39'9"	1,024,983	1,024,983
JAGUEYAL	1	55'	28'2"	501,291	
"	2	85'	24'	1,018,725	1,520,016
M O R O N	1	55'	28'2"	501,291	
"	2	75'	30'	991,371	1,492,662
	Three small service tanks 7 x 21'6"				
VIOLETA	1	14'10"	23'9"	46,700	
"	2	55'	30'	534,000	580,700
LUGAREÑO	1	45'	26'	309,308	309,308
				Total--	8,284,823 Gals.

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MOLASSES TANKS
Oct. 1922.

Central	Tank No.	Diameter	Depth	Capacity. Gals.	Total.
LA JULIA	1	30'	19'	100,459	
"	2	30'	19'	100,459	
"	3	54'	30'	500,000	700,918
CONCHITA	1	66'	30'3"	774,115	
"	2	66'	30'3"	774,115	1,548,230
FELIZ	1	38'	29'	246,012	246,012
SOCORRO	1	45'	35'	416,376	
"	2	75'	30'	991,371	1,407,747
SOLEDAD	1	36'	33'2"	243,639	
"	2	54'	30'	513,827	
"	3	9 x 40 x 17'		45,777	
"	4	9 x 38 x 17'		43,488	846,731
MERCEDES	1	43'2"	20'3"	223,396	
"	2	12 x 23'10" x 9'11"		21,220	
"	3	43'2"	30'	344,415	
"	4	60'	25'4"	535,782	
"	5	75'	30'	991,371	2,116,184
STA. GERTRUDIS	1	64'	25'	601,578	
" "	2	64'	25'	601,578	1,203,156
ALAVA	1	39'	30'	269,067	
"	2	39'	16'	143,000	411,067
"	3	54'	30'	500,000	Not erected.
MA. VICTORIA	1	33'	29'	185,532	
" "	2	29'	11'	40,389	
" "	3	42'	30'	300,000	523,921
PERSEVERANCIA	1	23'	20'	62,155	
"	2	44'6"	30'	349,006	411,161
"	3	54'	30'	500,000	Not finished
LEQUEITIO	1	44'9	20'	235,293	235,293
"	2	42'	30'	300,000	Not erected.
STEWART	1	34'	15'7"	105,778	
"	2	52'6"	29'3"	473,235	
"	3	70'	26'2"	811,200	
"	4	Ground 305' x 54 x	9'6"	1,170,483	2,560,696
PALO ALTO	1	78'3"	28'	1,006,320	1,006,320
JAGUEYAL	1	50'	24'5"	350,954	
"	2	78'	28'	1,000,783	
"	3	75'	30'	991,371	2,343,108
M O R O N	1	50'	35'	514,044	
"	2	50'	35'	514,044	
"	3	78'	26'	1,000,000	
"	4	75'	30'	991,371	
"	5	75'	30'	991,371	4,010,830
VIOLETA	1	75'	30'4"	1,000,000	
"	2	60'	30'	636,000	1,636,000
"	3	75'	30'	1,000,000	Not erected
LUGAREÑO	1	54'	34'	513,926	513,926
"	2	75'	30'	991,371	Not erecting.

Total, 21,723,300 Gals.

Total---21,723,300 gals.

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WATER STORAGE TANKS
Oct. 1922

Central	Tank No.	Diameter	Depth	Capacity Gals.
LA JULIA	1	22'1	15'8-1/2"	45,000
CONCHITA	1	21'2"	10'	23,500
"	2	20'	19'9"	46,766
"	3	30'9"	9'	51,872
"	4	20' x 20'	5'	29,922
"	5	50' x 15'	24'8"	138,352
F E LIZ	1	8'6" x	42'2"	17,877
"	2	8'2" x 25'6" x 8'4"		12,978
SOCORRO	1	16'6"	19'9"	40,484
"	2	35'	25'	179,915
"	3	27'	20'	85,500
"	4	6'2"	8'	500
SOLEDAD	1	5'6"	31'	5,509
"	2	5'6"	36'6"	6,486
"	3	5'6"	35'6"	6,308
"	4	20 x 12 x 5'6"		9,873
MERCEDES	1	28'	19'7"	90,197
STA. GERTRUDIS	1	30'	20'	105,740
" "	2	15'9" x 10'1" x 5'		5,939
" "	3	13'	12'8"	12,575
A L A V A	1	33'	6'6"	41,585
"	2	35'	12'	86,362
"	3	60'	10'	200,000
"	4	60'	10' V	200,000
MARIA VICTORIA	1	17'	15'	25,467
PERSEVERANCIA	1	44'6"	30'	349,006
"	2	15'	13'	22,442
LEQUEITIO	1	30'	12'10"	67,798
"	2	30'	20'	105,746
STEWART	1	34'	15'7"	105,778
"	2	55'	28'6"	498,341
"	3	55'	28'6"	498,341
"	4	19'6"	21'	46,484
JAGUEYAL	1	Ground 25'6" x 12'5"		143,285
"	2	11'6" x 15		11,654
"	3	17'	18'4"	40,815
"	4	5'6"	39'10"	7,080
"	5	6'	22'	4,610
M O R O N	1	15'	20'	26,436
VIOLETA	1	23'	23'4"	127,700
"	2	23'5" x 6' x 12'		12,700
"	3	23'5# x 6' x 12'		12,700
"	4	175' x 153' 4"		794,000
"	5	19'	17'6"	50,000
LUGAREÑO	1	18'	15'4"	29,187
"	2	20'	23'	54,048
"	3	Ground 50 x 50 x 8'		149,600
"	4	50 x 50 x 8'		149,600
"	5	19'	17'6"	53,902

5 small service tanks.

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By AMF NARS, Date 05/04/89

G-2
JJB

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
1923 2655-Q-64 APR 20
1
WAR DEPARTMENT

G-2 2655-Q-64

April 10, 1923.

52

Subject: Estimate of the Economic Situation in Cuba.

To: The Military Attache, Havana, Cuba.

1. It is believed that the present situation in Cuba offers good opportunity for a general survey of economic conditions and revision of our Economic Estimate which is now about one year old. It is, therefore, requested that you prepare an Economic Estimate on Cuba and forward at the earliest date practicable.

2. In the preparation of the Estimate you will be guided by the "Suggestive Outline for Preliminary Economic Estimate" as set forth in Memorandum No. 65 - G-2, dated June 26, 1922, copy of which was furnished your office.

For the A. C. of S., G-2.

MAILED M.I.D. APR 11 1923

E. R. W. McCABE,
Lieutenant Colonel, Field Artillery.

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By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
G-2 INTEL. DIV.
MAY 2 1923

April 25, 1923.

3-2 2655-Q-64
2

Lt. Col. G.S. Norvell, General Staff,
Chief, Latin-American Subsection
WAR DEPARTMENT

No.- 1880

From: The Military Attaché, Havana, Cuba.

To: The A. C. of S., G-2

Subject: Estimate of the Economic Situation in Cuba.

MAY 2 1923

1. Receipt is acknowledged of your G-2 2655-Q-64 dated April 10,1923, on the above subject, and the Estimate requested is in course of preparation.

W. H. SHUTAN,
Major, General Staff,
Military Attaché.

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By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
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2-1 1923 2655-2-64
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WAR DEPARTMENT
Lieut. Col. G.S. Norvell, General Staff,
Chief, Latin-American Subsection

AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE
HAVANA, CUBA.

No.- 1904.

May 31, 1923.

From: The Military Attaché, Havana.

To: The A. C. of S., G-2.

Subject: Estimate of the Economic Situation, in Cuba.

RECEIVED G/2 W.D. JUN 13 1923

1. Complying with the request contained in your communication No. G-2 2655-Q-64 dated April 10, 1923, there is forwarded herewith an Economic Estimate on Cuba, prepared as suggested in your said communication and containing the latest available data on the subjects treated.

2. In this report no mention is made of the natural or manufacturing resources of Cuba because no changes as to these have taken place since the last report. It is of course well known to your office that sugar and tobacco are practically the only items of importance produced in Cuba, and upon which practically all economic conditions depend. Since the quantities of these staples being produced are quite satisfactory, and prices high, I deem the matter of Government finances and banking reforms the most important matters now affecting economic conditions in Cuba, and it is for that reason that this report treats with such minute detail, of these two subjects.

W. H. SHUTAN,
Major, General Staff,
Military Attaché.

Carbon Copy of report - Filed in Dup. Digest Files - June 18/23

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By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
1923 2655-2-64 JUN 14
3
WAR DEPARTMENT

AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE
HAVANA, CUBA.

ECONOMIC ESTIMATE OF CUBA.

May 31, 1923.

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NND 740058
By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
G-2, INTEL. DIV.

2655-2-64

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F I N A N C E, G E N E R A L

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FINANCE (5010)

The completion during the month of January, 1923, of negotiations for the flotation of the Cuban fifty million dollar external gold loan is a milestone of the greatest importance in the economic history of Cuba. Bids were submitted to the Cuban Secretary of the Treasury on January 12 by three strong banking syndicates, the award going to the group headed by Messrs. J. P. Morgan & Co., at 96.77 - a price very much higher than had been generally anticipated. The proceeds of the loan commenced to be available immediately upon the signing of the loan contract in the last days of January, and up to the present about half of these proceeds have been withdrawn and expended by the Cuban Government. The beneficial results of the actual and anticipated expenditure, upon business and general morale, are being felt in a marked degree. While about $8,000,000. of the loan is required to take up internal and external funded obligations of the State, and about $9,000,000. will be employed to reconstitute a special fund in the Treasury, which had to be drawn upon in emergencies of the past three years,- the remainder, or about $31,000,000., for the most part is being placed in circulation. It has been estimated by various persons that between $60,000,000. and $100,000,000. in cash is being hoarded in private vaults owing to the general loss of confidence in safety of bank deposits and security investments. With the return of prosperity following upon the loan, it seems likely that much of this hoarded money will also be put into circulation, which will naturally have a cumulative effect in making possible the settlement of outstanding accounts of the past two years. This situation, when considered in connection with the fact that [redacted] the sugar crop of this year is excellent, and that prices are being sustained at a very unexpectedly high level, makes the prospect of a return of thoroughgoing prosperity most hopeful

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indeed.

The actual expenditure of the proceeds of the loan is being carefully supervised. Up to $9,000,000. is being paid out for salaries, wages, pensions, etc., due before July 1, 1922. The sum of $6,000,000. has become immediately available for the reconstruction, repair and continuation of existing public works, but the manner in which this will be acutally expended can only be determined ~~xxxxx~~ after the status of certain ond unfulfilled contracts for such work, amounting to about $20,000,000.,has been determined. As far as possible, expenditure under this heading will be made in the various provinces proportionately to their respective populations, on water-works, roads, hospitals and highways. The balance, or approximately $17,000,000.,will be employed to settle departmental obligations due before July 1,1922. Great care is being exercised in the examining and auditing of these obligations. 13,000 claims were filed under this heading,up to February 27, 1923.

Since July 1, 1922, the current budgeted expenditures of the Cuban Treasury have been met by current revenues, and in fact the budgetary revenues collected during the first seven months of the fiscal year, i.e. up to January 31,1923, totalled $35,282,460.28, as compared with an original budgetary estimate of $33,057,188.83. This budgetary surplus must be increased by the extra-budgetary receipts from the One Per Cent Tax.

While there is every indication that obligations left over from the financial crisis of 1920-21 will to a considerable extent be liquidated during the coming year, and that the total purchasing power of the Island will be greatly increased as a result of the unexpectedly high sugar prices, it must be remembered that the crisis left many cripples in its wake. Bank failures and commercial bankruptcies have resulted in financial

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injuries to houses which, nevertheless, are still in business - injuries which will not be entirely healed immediately by the return to prosperity. Many local houses do not anticipate being able to settle all of their obligations this year. Many firms are still "in suspension of payments", from which they will not emerge for several months.

A good indication of the revival of business activity in Cuba may be found in the monthly ~~xxxxxx~~ statements of settlements (clearings and balances) since April 25,1921, to April 30,1923, through the Havana Clearing House, as follows:

1921	Amounts	Balances
April (6 days) ...	$17,905,868.62	$4,534,171.76
May	70,511,569.12	19,084,473.80
June	49,614,873.22	12,156,594.96
July	37,295,103.15	8,444,901.36
August.....	40,612,575.32	8,782,740.46
September.....	36,394,011.05	8,337,321.65
October.....	33,048,513.25	6,099,899.75
November.....	33,510,344.51	6,765,281.24
December.....	33,733,691.45	6,772,848.81
1922		
January	46,481,220.61	12,164,863.32
February.....	46,300,733.51	8,831,198.42
March.....	63,158,421.82	10,475,683.53
April.....57,	495,014.23	10,603,986.23
May.....	59,429,410.78	12,416,711.11
June.....	54,863,036.12	11,458,487.72
July.....	51,344,720.98	10,055,279.27
August.....	47,672,360.27	8,625,678.56
September.....	36,394,031.05	8,337,321.65
October.....	46,230,873.27	8,424,045.79
November.....	45,192,675.47	7,847,292.21
December.	51,079,333.46	10,692,134.09
1923		
January.....	56,469,343.46	9,286,533.73
February.....	68,276,948.18	13,288,632.68
March.....	94,718,926.78	15,214,263.82
April.....	96,311,163.28	18,511,088.36

During the past few months, interest rates have eased considerably, some of the banks now making loans to their best and strongest customers at 8%. In general, the rates on prime commercial paper range from 9% to 10%. It is expected that the rates will be still further reduced.

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Imports and Exports (4830)

Receipts from custom houses throughout the Island indicate a steady and substantial increase in imports during the past months. The ~~up to date~~ statistics available for imports into Cuba via the Florida East Coast Car Ferry system furnish an excellent indication of the trend of imports. These figures include merchandise sent by railway freight cars from points in the United States to Havana and all parts of Cuba by the all-rail route. There has been a gradual increase during the past months, as may be seen from the following figures:

November,	1921 ---	14,859	short tons;
October,	1922 ---	16,213	" "
November,	1922 ---	17,272	" "
December,	1922 ---	19,691	" "
January,	1923 ---	21,589	" "

The total arrivals of freight at Havana, via all shipping companies, during December, 1922, were 65,500 metric tons.

The car ferry system lends itself especially to the shipment of all heavy articles which have to be handled with exceptional care, and to all other articles which would have to be specially packed if they were to be loaded into the holds of vessels. The principal shipments by this route consist of fruits, packing-house products, eggs, foodstuffs in general, automobiles, furniture, glassware, including electric light bulbs, heavy machinery, etc., and package freight in less than carload lots. Latterly, refrigerator cars with vegetables from the southern States, and with fruits (apples,, peaches, pears and a few shipments of oranges) from districts even as far away as the Pacific Coast have been arriving by car ferry. It is estimated that between 50 and 100 cars of Florida oranges will have been shipped into Cuba this spring.

Coal imports at Havana were only 394,510 long tons during 1922 as compared with 447,936 during the year 1921. This falling-off may be

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attributed in part to the increased use of oil as fuel for locomotives and ingenios. Imports were exceptionally small during July, August and September last, owing to the temporary restrictions on coal exports from the United States. During that period a few shipments were ordered in the United Kingdom. Since then, stocks have not been replenished to any great extent, and importers are buying only their immediate requirements.

The Cuban Customhouse reports tonnage of vessels arriving at Havana, as follows:

		Gross	Net
November,	1921 ---	738,538	421,427
October,	1922 ---	733,157	418,903
November,	1922 ---	566,587	445,519
December,	1922 ---	715,995	408,010
January	1923 ---	943,460	541,766

The Cuban imports and exports, from and to the United States, were, for the years 1921 and 1922, as follows:

	1921	1922
Cuban exports to the United States ----------	$230,351,908.	267,840,867.
" imports from " " " ---------	187,727,179.	127,873,202.

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New Construction. (4090)

Work on the following important new construction projects is being pushed forward at a normal pace: the warehouse, terminal and three piers at Nuevitas; a pier at Santiago; the Santa Clara pier of the Port of Havana Docks, at Havana; the Ward Line Terminal at Havana; the new Yacht Club building at Marianáo, near Havana; and a large number of apartment houses, residences, and office buildings in Havana. The contract for the construction of the new Sevilla-Biltmore Hotel,, which will front on the Prado and adjoin the present Sevilla Hotel building, was awarded in January to a firm of Cuban contractors, Messrs. Arellano & Mendoza. Work was commenced the day following the signing of the contract, and is being pushed forward with considerable rapidity in hopes that it will be completed before the next tourist season commences. This contract involves an outlay for the building alone, of over $1,000,000.

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~~Individual Ports~~ (4740)

Bonded Warehouse Situation - Havana. (4890)

The congestion caused at the port of Havana as a result of the accumulation in 1920 of some $100,000,000. worth of merchandise not taken away from the customs by the consignees, seems to be clearing itself steadily. With the return of signs of prosperity, many importers who were unable to take consignments out of the customs and bonded warehouses, are now accepting their merchandise. A few shipments are still trickling out of the country - back to their ports of origin. In many cases merchandise is being disposed of in Cuba to persons for whom it was not originally intended. Merchandise in the private bonded warehouses will only be considered "abandoned" under the Cuban customs regulations, after three years have elapsed from the time of its arrival at Havana. Prior to the end of the three-year period it may be re-shipped to the country of origin without payment of duties. It is expected that before next summer all of the merchandise will be withdrawn from several of the bonded warehouses, which can then be closed.

Merchandise placed in bond ("depósito mercantil") but left in warehouses under Customs jurisdiction, other than private bonded warehouses, enjoys the same privilege as merchandise placed in the private bonded warehouses. All other merchandise in these warehouses, which are commonly referred to as "general order warehouses", which arrived at the time of the port congestion, is now technically"abandoned" , through lapse of time, and the Cuban authorities intend to dispose of such merchandise when convenient to do so. These general order warehouses are (1) Luco y Municipio; (2) Desaqüe y Franco; (3) Belascoain y Clavel; (4) Infanta y San Martin; (5) San José; (6) San Francisco (Port of Havana Docks); (7) Havana Central; (8) Atarés Warehouse Company; and (9) Ferrocarriles Unidos.

The Cuban authorities have been displaying great consideration for American owners of congestion merchandise, sometimes permitting reexports without the payment of duties, although the period of such privilege expired last September. A decree is now contemplated providing that duties are payable only on merchandise actually cleared from the customs; so that it would no longer be necessary to pay duties on the entire original entry, in case part of the shipment has been lost or stolen, or damaged so that the owner actually abandons it. This decree would apply only to merchandise caught at Havana during the port congestion period.

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Import Tariff (4820)

For several weeks prior to February 10th last, a Special Tariff Commission of the House of Representatives held public hearings regarding the so-called Congressional Tariff Measure, which was passed by the Cuban House of Representatives in first reading in October, 1922. The Commission examined the representations which have been made regarding the proposed tariff, and submitted its report to Congress on March 15. While all classes of interested persons were invited to express their views, the domestic manufacturing interests seem to have been the most active.

This tariff measure provides for an entire reclassification of commodities, and, in general, for increased duties, both for the purpose of affording additional protection to Cuban industries, and also for the purpose of larger customs revenues. The additional protection would be of notable benefit to the paper, soap, shoe, lumber-dressing, cement and compound lard industries. In fact, it is proposed to lower the duty on raw material for the manufacture of compound, while the duty on the finished product would be considerably increased. One of the purposes of the new tariff is to get away from the ad valorem duties which have developed under the existing tariff, and to substitute specific duties. No uniform ad valorem basis has been employed in drawing up the specific duties, and in fact they range from less than 5% to as high as 125%.

It is impossible to anticipate the progress through various steps toward enactment of this new tariff. It seems likely, however, that active opposition will develop on the three following grounds: (1) lack of relative uniformity of the ad valorem equivalents of the proposed duties; (2) the undesirability of bringing into the custom house and into business circles the confusion which would inevitably be entailed by the reclassification of commodities; and (3) the undesirability of inaugurating a new

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(Import Tariff - 4820 - Cont.)

revenue measure such as the proposed tariff, before the course of the One Percent Tax has been fully experienced.

Bill proposed for 30% increase in Cuban Customs Duties.

Another measure has been introduced into the lower house of the Cuban Congress, designated to place the Cuban Government in a favorable position to retaliate against countries which maintain tariff schedules which discriminate against Cuban products.

By this measure, the tariff now in effect would be designated as the General Tariff, and would comprise the minimum rates to be applied to goods imported from countries other than the United States. This General or Minimum Tariff would only be applied to merchandise from those countries whose tariffs ~~/~~ do not have tariff differentials discriminating against Cuban products.

Insofar as the products of the United States are concerned, the provisions of the Treaty of Reciprocity would not be affected; preferentials granted to American goods would continue to be based on the present tariff schedule- i.e., on the General or Minimum Tariff.

At the same time, a maximum tariff is provided for, involving a 30% increase over the General Tariff. This would be applied to importations from countries which maintain double tariffs under which Cuba does not receive the most favored nation treatment. These countries are given a period of six months after the promulgation of the law, within which to remove discriminations against Cuban products. If at the end of such period, this has not been done, it is provided that the maximum tariff shall automatically take effect insofar as importations from the discriminating countries are concerned.

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(Import Tariff - 4820 - Cont.)

Owing to restrictions in Great Britain, France, and Spain which operate to discourage the importation of Cuban tobacco, it is provided that the maximum tariff shall within the six months indicated, be applied to importations from these three countries. The Executive is authorized to make commercial arrangements between Cuba and other nations with a view to obtaining raw materials, but he is not empowered to authorize any concession which would grant rates lower than those comprised in the minimum tariff.

This measure is in its primary legislative stage, and before it can be further considered, the regular procedure is for it to be referred to the Committee on Tariffs.

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Proposed Banking Legislation (5000)

The financial collapse of 1920-21 which resulted in the closing of eighteen banks in Cuba, with all of their branches, revealed the glaring necessity of legislation looking toward the provision of adequate safeguard against mismanagement in order to protect the interests of depositors and shareholders as well as the public generally. The report of the National Commission on Banking Legislation which was appointed early in 1921 to study this need was published in December, 1922 so that it could be examined by the public and the banking institutions themselves before being submitted in any form to Congress for enactment. This report is called the Torriente-de Celis project for banking legislation. One of its most important objects is to establish a National Banking Commission which would have broad supervisory powers over all banking institutions, and quasi-judicial powers in the administration of banks which become insolvent. In order better to systematize the activities of banking institutions on the Island, the project proposes to divide them into the several following classes, according to the nature of their assets and activities; the functions and activities of banks of each class would be strictly defined: (1) Commercial banks, (2) banks of agricultural credit (3) mortgage or land credit banks, and (4) savings banks. There is also provision for the establishment of a clearing-house under rules to be approved by the National Banking Commission. (As a matter of fact the leading banks of Havana established a clearing house early in 1921 which is now a recognized institution.)

Other important features of the Torriente-de Celis project are that it provides for certain important modifications of the law relating to suspension of payments, and the law relating to checks, and also defines the responsibilities of a civil and of a penal nature, of those who carry

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on a banking business.

The entire banking project, including the provisions referred to below, is now being examined by President Zayas and his advisers, but has not yet been submitted to the Cuban Legislature for proposed enactment.

The Proposed Reserve Bank.

The Torriente-de Celis project also contains general provisions for the establishment of a Reserve Bank of Cuba, whose activities would be restricted to accepting savings deposits at a maximum of 3% interest, and making certain restricted uses of the funds so deposited; acting as Governmental depositary; dealing in foreign exchange; making advances to member banks (which would necessarily include all of the banks which are not under the jurisdiction of the Bank Liquidation Commission); making certain limited advances to member banks against Cuban or American government securities; rediscounting commercial paper with a maturity of less than 90 days at the time of rediscount; and the issue of its own Reserve Notes for these purposes. The rediscount privileges obtainable from the Cuban Reserve Bank would be somewhat similar to those obtainable from Reserve Banks in the United States, although more restricted at first. The notes of the Cuban Reserve Bank would not be legal tender although they could be used for the purpose of paying taxes, and they would be exchangeable for gold and for American legal tender at par in Havana, or in New York, where part of the reserves would no doubt be kept. The minimum gold (or other legal tender) reserve back of the notes of the bank, would be 40%; and this reserve would have to be equal to at least 35% of the deposits of the other banks. The member banks, in turn, would be required to keep on deposit with the Reserve Bank 7% of their deposits payable on demand or within thirty days, and 3% of all other deposits.

The success of the proposal to establish a reserve bank probably depends

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greatly upon the assurances of proper management which the investors in the preferred voting shares of the bank feel are guaranteed by the project of law which may be finally submitted to the Cuban Legislature. It is proposed that the initial capital stock consisting of voting shares should consist of $4,000,000., all paid-up, half of which would be subscribed in Cuba.

The First National Bank of Boston proposes to open a branch office in Havana. Practically all arrangements have been completed to that end. This Bank it seems was practically assured of having the Havana agency of the Federal Reserve Bank of Boston. As soon as this became public, the Federal Reserve Banks of Atlanta and Jacksonville both protested, claiming Havana as their territory. At the session of the United Federal Reserve Board held in Washington on May 15th practically the entire day's deliberations were on the question of giving permission to the Boston Federal Reserve Bank to establish an agency in Havana. This action is opposed by the Atlanta Federal Reserve Bank on the ground, as stated above, that Cuba is rightly in the Atlanta Federal Reserve district,and besides that there is forty million dollars of the Atlanta Federal Reserve Bank in circulation in the Island of Cuba. The question was not definitely decided, but it is believed that permission will be given the Boston bank to establish its agency in Havana, but restricting its operations, so that the business of the Atlanta bank will not be infringed upon because of the circulation in Cuba of Atlanta's $40,000,000.

Progress of Bank Liquidation.

Of the eighteen banks which came under the jurisdiction of the Provisional Bank Liquidation Commission during 1920, 1921 and 1922, three have been definitely reopened for business, viz: (1) Messrs. Digón y

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Hnos., of Havana; (2) Messrs. Demetrio Córdova y Compañia, of Havana; and (3) Messrs. Fernández y Hermanos, of Cárdenas. The Liquidation Commission retains the right of general supervision over the affairs of these banks, pending the final liquidation of all of their outstanding obligations dating from the time when they went into suspension of payments, but this does not seem to interfere in any way with their banking functions - and the first two named are especially free from actual supervision. It is expected also that (4) Messrs. Alonzo Expósito, of Morón, will be reorganized assoon as the necessary arrangements can be made; it is probable that the depositors will receive payment in full and that a substantial sum will be left over. The following six banks have already been closed or will be, in the near future, the depositors receiving practically nothing: (5) J. A. Bances y Compañia, Havana; (6) Victor E. Escartin, Morón; (7) J. Silverio y Hermanos, Placetas; (8) Banco Federal de Cuba, Cienfuegos; (9) Francisco Diaz Vega, Ciego de Avila; and (10) Propietarios, Industriales y Arrendatarios, Havana. The final liquidation of all of these banks leaves very little, if anything, for the creditors to expect.

In the interests of the depositors and creditors of the remaining ten banks, the Bank Liquidation Commission has been obliged to proceed less rapidly with liquidation;

(11) Upmann Hnos., Havana: the creditors of this bank may not receive more than 15%, as new troubles are constantly arising as the Liquidating Board proceeds with its work;

(12) Banco Hispano Cubano de Oriente, of Santiago: the outlook of this bank is still very uncertain, it being possible on the one hand that the bank can be reorganized, while on the other it is not impossible that it will have to be liquidated on a basis of 30% to 35% reimbursement

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of depositors.

(13) Agapito Garcia Llano, Güira de Melena: the outlook of this bank is most disastrous.

(14) Penebad, Areces y Cia.: the outlook of this bank is also very uncertain; the Bank Liquidation Commission however, has not yet given up hopes of effecting some kind of ~~xxxxx~~ a reorganization.

(15) Trillo y Hermanos, Morón: The same is true of this Bank.

(16) Banco Internacional, Havana: The liquidation of this bank will probably leave the creditors practically nothing.

Owing to the very important part which the (17) Banco Nacional and the (18) Banco Español played in the economic life of Cuba, on account of their great size, the Commission has felt obliged to proceed with exceptional precaution in the case of both of these banks. The present prospects are that the depositors of the Banco Español will receive between 5% and 7%. A number of plans for the reorganization of the Banco Nacional have been proposed from time to time, on the basis of a sale of its assets to a new organization which would contribute sufficient funds to make possible the eventual liquidation of all except the capital liabilities. None of these plans have yet reached maturity.

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By AMF NARS, Date 05/04/89

Absorption of Gomez Mena Banking Properties by the Royal Bank of Canada.

The Royal Bank of Canada, which took over the banking business of The Trust Company of Cuba several months ago, has just taken over further important banking properties, viz., those of the Pedro Gomez Mena Hijo bank of Havana. This transfer became effective on April 30th,1923, and the depositors and customers of the absorbed banks have been notified that their banking business will continue without any break whatever.

The Pedro Gomez Mena Hijo banking properties consist of the head office, and six branches, all in Havana, of the bank bearing that name, with aggregate deposits of about $13,000,000., and a capitalization of $3,000,000. Included in this transfer are the seven branch banks of the Mercantile Bank of Cuba, heretofore the property of the Pedro Gomez Mena Hijo Bank. These seven branches are all located in the Province of Santa Clara, viz., in the following towns and cities: Cabaiguan, Caibarien, Camajuaní, Vueltas, Yaguajay, Zaza del Medio, and Zulueta. The aggregate deposits of these seven branches are about $700,000., and their aggregate capitalization is $250,000.

Prior to the above described transaction, The Royal Bank of Canada already had 58 branches scattered throughout the Island, of which 9 are located in Havana. The total deposits of the branches in Havana alone are reported to aggregate $15,000,000., while for the whole Island they are reported to be about $40,000,000.

The absorption of the Gomez Mena Bank by The Royal Bank of Canada marks an important step in the extension of foreign banking interests in Cuba, and is being accounted for in part by the desire of the partners of the Gomez Mena Bank to retire from active banking

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business so as to be able to devote more time to other property interests. The Gomez Mena Bank is one of the few which weathered successfully the trying years of the financial crisis which led to the closing of the doors of eighteen separate banks representing about 65% of the total banking business of the Island, during the crisis of 1920-22.

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WAR DEPARTMENT

GOVERNMENT FINANCE.

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FINANCE. (5010)

Public Revenues for the 10 Fiscal Years ending June 30,1922.

1912-13	$39,660,529.66
1913-14	39,610,791.22
1914-15	37,982,010.02
1915-16	40,984,379.53
1916-17	52,054,807.83
1917-18	64,671,799.74
1918-19	70,333,770.78
1919-20	93,011,220.72
1920-21	107,940,691.89
1921-22	57,205,284.78

From the above it will be seen that for the last ten years the Government revenues averaged $60,345,528. The high revenues for the two fiscal years 1919-1920 and 1920-1921 are a reflection of the period of excessive sugar prices which followed the ending of the World War. The low revenues for the year 1921-1922 reflect the severe commercial crisis which the Island of Cuba suffered while the world-wide economic readjustment was in process.

Public Revenues for the current fiscal year, beginning July 1,1922.

a. Revenues, exclusive of sales tax.

July, 1922	$4,368,570.65
August, 1922	4,807,873.30
September, 1922	4,711,243.70
October, 1922	4,791,164.35
November, 1922	5,239,828.06
December, 1922	5,252,725.77
Total for first 6 months.	$29,171,405.83
January, 1923. (31.days)	6,111,054.45
February " (28 days)	5,099,739.87

b. Revenues from sales tax.

The law of October 9, 1922 commonly known as the Sales Tax Law, referred to in another part of this report, went into effect as of December 1, 1922. The second quarter of the fiscal year therefore had only one month in which the sales tax was in operation, as the law provides that the tax levied during that quarter is paid during the following

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quarter. The amount of the sales tax levied for the month of December, 1922 was approximately $800,000. Of the tax so levied there was collected in the month of January, 1923, $498,197.18, and in the month of February, 1923, $244,552.21. The tax levied for the quarter ending March 31, 1923 was payable in April. The sales tax imposed for the last quarter of the fiscal year ending June 30, 1923 will not be payable until July, 1923, which is in the next fiscal year. There will therefore be carried into the revenues of the current fiscal year only four months' operation of the sales tax.

Taking into account the foregoing figures and explanation, Col. Despaigne, the last incumbent of the Treasury Department, made on March 15, 1923 the following estimate as to the public revenues for the fiscal year 1922-23:

Actual revenues (exclusive of sales tax) during the first 6 months of the fiscal year-------	$29,171,405.83
Estimated revenues (exclusive of sales tax) for the last 6 months of the fiscal year--------	36,000,000.00
(This is estimating an average for the 6 months of $6,000,000. per month. It will be noted that the actual revenues for the months of January and February were in excess of this estimate.)	
Estimated revenues from sales tax for the 4 months, December, January, February and March, being the only months payable into the Treasury during the present fiscal year.	3,200,000.00
	$68,371,405.83

Public Expenditures for the current fiscal year.

The amended budget of expenditures for the fiscal year 1922-23 amounts to ----------	$56,731,972.21
Estimated expense of collecting new taxes ---	250,000.00
Interest, sinking fund and other services of the new $50,000,000 External Loan, approx'y	1,354,000.00
	$ 58,335,972.21

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Excess of estimated receipts over estimated expenditures for the fiscal year 1922-23.

Total estimated receipts ----------	$ 68,371,405.83
Total estimated expenses ----------	58,335,972.21
Estimated surplus ----------	$ 10,035,453.62

Under section 2 of Article IV of the Loan Statute passed October 9, 1922, the surplus revenues, after the respective budgets have been liquidated and all the expenses of the year met and a reasonable balance left in the Treasury, are to be applied to the retirement of the Government debts with priority to the retirement of the Internal Debt, and thereafter to the more rapid amortization of the External Debt.

Estimated receipts and expenditures for the fiscal year 1923-24.

It is difficult to forecast accurately the receipts and expenditures of the fiscal year 1923.24. Last November Col. Despaigne estimated that the revenues of the fiscal year 1923-24, exclusive of sales tax, would be $58,660,720. Since that estimate, there has been a substantial improvement in business conditions and a consequent improvement in public revenues. It is now reasonable to expect that the revenue, exclusive of the sales tax, during the next fiscal year, should average at least $5,500,000. monthly. It is also to be expected that the Sales Tax, under perfected administration, to which President Zayas has pledged his best efforts, should produce during the next fiscal year at least $1,000,000. monthly. On the foregoing assumptions the total revenue for the fiscal year beginning July 1, 1923, should be at least:

a. Revenues exclusive of sales tax	$66,000,000.
b. Sales Tax	12,000,000
Total ----------	$78,000,000.

Expenditures.

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Expenditures. (5030)

As to the expenditures for the fiscal year 1923-24, the Constitution requires the President to submit a budget for each fiscal year in the November preceding the opening of the fiscal year. President Zayas on November 14, 1922, submitted to the Congress an estimate of expenditures for the fiscal year 1923-24, amounting to $58,582,502.44, stating in his submission that he reserved the right to make alterations or necessary additions. Since the submission of that budget the new $50,000,000. External Loan has been made and the interest,, sinking fund and other service charges for this loan during the next fiscal year will require approximately $3,275,000. There will also be the expense of collecting the new taxes, and some other additions to the budget. The Secretary of the Treasury had the authority of President Zayas to state to Morgan & Co. ∉ that he estimates the total expenditures for the year 1923-24, including service of the new loan, will not be in excess of $64,000,000.

If the foregoing estimates are maintained there will be a surplus revenue of approximately $14,000,000 for the fiscal year 1923-24. Referring to the special sinking fund provision for the new $50,000,000 loan, there will be required, in the event of the public revenues amounting to as much as $78,000,000., the sum of $1,800,000 (being equal to 10% of the excess over $60,000,000.) as a special sinking fund for the reduction of the $50,000,000. External Loan. The balance of the surplus will be available for amortization of the public debt as provided in Section 2 of Article IV of the Loan Act of October 9, 1922.

The Funded Debt of the Republic of Cuba as of March 15,1923.

The funded debt of the Republic of Cuba may be divided into

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external and internal debt, as follows:

a. External debt.

	Outstanding March 15, 1923
Loan issued in 1904	$21,960,000.
" " " 1909	15,319,000.
" " " 1914	8,635,000.
" " " 1923	50,000,000.
Total External Debt,	95,914,000.

b. Internal Debt.

Loa Loan issued in 1905	10,321,300.
" " " 1917	4,500,000.
" " " 1917	19,353,900.
Total Internal Debt...	$34,175,200.

The total funded Cuban debt, external and internal, amounts to $43. per capita as compared with approximately $208. per capita for the United States and $275. per capita for Canada. In making such comparison it should be noted moreover that the political subdivisions of Cuba, with the exception of the City of Havana, have practically no funded debt.

Floating Debt of the Republic.

Of the $50,000,000. External Loan contracted by Cuba this year, the sum of $18,000,000. was set aside to pay off the floating debt, that is, pending domestic accounts against the Government. A Public Debt Commission was created, charged with the duty of examining and passing upon these claims, and its work is now practically completed.

The amount assigned in the loan law for the payment of back debts in the Department of Public Works was $12,000,000. The Commission has approved approximately $20,000,000. This leaves a deficit of $8,000,000. The amount assigned to pay off the accounts in the other Departments was $6,000,000. The Commission has approved $25,000,000. worth of accounts, leaving here a deficit of ~~x19,999,999x~~ $19,000,000.

This results in a total deficit of $27,000,000.; and it is the present intention to begin the liquidation of these claims by pro rata payments of 50 per centto be followed by later payments as a surplus accrues in the national treasury.

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The Currency System of Cuba. (5000)

One of the elements that has contributed most decisively to the very rapid recovery of Cuba from the commercial and financial crisis of 1921-22, has been the fact that Cuba has been at all times on a gold basis. Cuba has never had to suffer, therefore, from any of the evils of a depreciated currency. Apart from the comparatively small amount of gold coin and subsidiary coinage minted by the Republic of Cuba, the currency in circulation in the Island consists entirely of United States Gold Certificates, United States Legal Tender Notes, Federal Reserve Bank Notes, and United States National Bank Notes. The amount of United States currency so in circulation in Cuba is estimated by responsible banks and bankers of Cuba to range from $110,000,000. to $150,000,000. If even the lowest of these figures be accepted, it would still be true that the amount of United States notes in circulation in the Island of Cuba is in excess of the entire amount of the external debt of the Government, including the new $50,000,000. External Loan. In other words the people of Cuba collectively hold gold demand obligations against the United States to an amount in excess of the entire external debt of the Cuban Government. It is unnecessary to point out the element of strength that this gave to the thole structure of Cuba during the period of financial crisis through which the Island recently passed.

In the foregoing estimates of receipts, attention is called to the fact that/President ~~xxxx~~ is authorized by the Loan Act of October 9, 1922, to reduce the Sales Tax from 1% to 1/2% if after the lapse of the necessary time it should appear that the amount realized from such tax

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is in excess of the amount necessary, and also to the fact that the estimates of expenditures are based upon the existing budget for 1922-23, and an estimated budget for the fiscal year 1923-24, which has not yet been adopted by Congress. Expenditures are, of course, under the control of Congress and the President.

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ONE PER CENT TAX (4820)

For the purpose of adequately providing for current expenditures,- especially in view of the increased charges resulting from the service of the fifty million dollar loan,- a so-called One Per-cent Gross Sales Tax was put into force on December 1, 1922. This tax is dual in nature, being a levy on all sales effected in Cuba, except those which are specified as being exempt; and being also a levy on receipts for certain specified services, such for instance as those rendered by contractors, warehousemen, owners of docks, shipyards and dry-docks; light and power companies; hotels and restaurants; telephone and telegraph companies; and a few others, including commission agents inasfar as these agents are not required under the terms of the law to pay the tax on the sales themselves. It is one of the principles of the tax law that in general, agricultural produce destined for exportation, when sold direct by the producers, shall not pay the levy. A certain amount of dispute has arisen as to the applicability of the tax to sales of such produce for export, consummated through the intermedium of commission agents. American purchasers of Cuban tobacco will be interested in the decisions of the legal advisers of the Cuban Treasury Department regarding this point. Sales of raw sugar for export are expressly exempted.

The tax is collectible on sales of merchandise of foreign as well as of domestic origin, without discrimination, and is payable by representatives of foreign concerns operating in Cuba, on a profit-sharing, commission, or salary basis. As it is not intended that the tax shall be collected on sales which actually and technically take place abroad, a series of decisions are expected determining the applicability of the tax to sales of foreign merchandise, under various methods of

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effecting shipment and under the various current types of relations between foreign principal or employer, and local agent or salaried representative. It will probably be held that agents and representatives and agents who do not conclude binding sales contracts, who never have custody over the imported merchandise, and who do not have in their posession at any time negotiable documents of title, will not be required to pay the levy on sales effected through them in Cuba.

While the sales tax would appear to be such a small item - one per cent - that there should be no difficulty about collecting it, it amounts to a very important item in many individual cases (such, for instance, as in the case of incomes received now in lump sums for services rendered in the past, and especially receipts under contracts made before the enactment of the law). The foregoing indicates the complicated nature of the problem of a correct and just application of the one per cent tax. Many points of dispute and interpretation are now being studied by the legal advisors of the Cuban Treasury.

A Cuban Treasury statement for the month of March, 1923, showed a charge directly against the proceeds of the collection of the One Per cent Sales Tax, of certain interest and amortization funds set aside for the service of the $50,000,000. ~~Interior Loan~~ Exterior Loan. The charge of this item against the One Per cent Sales Tax seems a direct violation of the Cuban Loan Law of October 9, 1922.

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FOUR PER CENT TAX. (4820)

General agitation for the immediate repeal of the Cuban Four Per Cent Tax on Profits, was inaugurated by the Permanent Committee for Economic Defense. Arguments against the continuation of the Profits Tax are based on the ground that the collections have been inefficient,- the receipts thus far having been only the following:

First half of 1921 -	$486,738.
Fiscal Year 1921-22	1,655,901.
Second half of 1922	448,242.

or, an average of less than $1,300,000. per annum. Arguments are also based upon a recollection of the fact that general approval of the One Per Cent Sales Tax (which is a part of the $50,000,000. loan law of October 9,1922), was only given upon the express understanding that the Profits Tax should be repealed when the Sales Tax should come into force. (At the last minute before the enactment of the Sales Tax Law, a provision authorizing the President to repeal the Profits Tax, was struck out.)

The Profits Tax is of interest to American concerns which have organizations in Cuba, for it is levied against profits in excess of $2,000. per annum realized in Cuba by such concerns. On February 22d a general public demonstration against the Four Per Cent Tax was held.

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Exportation of Money from Cuba. (5000)

President Zayas on May 18th signed a decree as to the amount of money that can be taken from Cuba by travelers. In no case can gold, silver or nickel coins be taken from the Island. This also applies to coins of the United States, of which there is a large amount in circulation in Cuba. United States paper money can be taken out only to the amount of $500. Amounts over this sum can be exported only by procuring a ~~xxxxxxxx~~ special permit from the Secretary of the Treasury.

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FINANCE - The Lottery (5010) (5090)

Further in connection with report of this office No. 1894 dated May 15,1923 on the subject of the Cuban National Lottery:--

The Lottery in Cuba is rather on the decline, owing to the system under which it is managed.. A great quantity of tickets are left over at the drawings, particularly after the/special drawing for recent big prizes, when the trust of collectors, or "acaparadores" turned in about $500,000. of unsold tickets, due to the illegal method of disposing of them. There is a question as to who will stand this loss. Under the present system the "acapadores" buy outright the entire issue of tickets at each drawing, and should logically be the ones to stand these losses; but owing to the fact that the retail sellers,or "vendedores" sell the tickets at exorbitant and illegal prices, a large number are left on their hands; and it is understood that the "acapadores" will endeavor to get the Government to release them from these heavy losses.

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WAR DEPARTMENT

COMMUNICATIONS. (4990)

In addition to the domestic land-line telegraph system of Cuba, which is owned and operated by the State, and the domestic telephone system of the Cuban Telephone Company, there are seven telephone or telegraph companies operating in Cuba, as follows:

(1) The West India and Panama Telegraph Company lands from Jamaica, at Santiago. In Jamaica it connects with its own lines to Porto Rico and other points east and south in the Caribbean region; and with the Direct West India Cable Company which has a line from Jamaica to Bermuda to connect there with the cable to Halifax belonging to the Halifax and Bermudas Cable Company, and thence via North Atlantic cables to England. The ownership of the West India and Panama is said to be separate and distinct from that of the Direct West India, although there is a close operating agreement between the two companies as they both form links in the all-British cable system to and through the West Indies.

(2) The Cuba Submarine Telegraph Company owns two parallel lines from Batabanó to Santiago, both of which touch shore near Cienfuegos, and a third line from Cienfuegos to Santiago which loops in at a number of points. Land wires owned by the Company, between Batabañoand Havana, complete the circuits between Santiago and Havana. The system is operated throughout by the Cuba Submarine, with the exception of the Havana terminus, which is operated by the Western Union. The ownership of the Cuba Submarine is reliably reported to be entirely separate and distinct from that of any other of the cable systems which touch Cuba, although there is a close operating agreement between the Cuba Submarine and the Western Union Telegraph Company on one hand, and the West India and Panama on the other.

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(3) The All America, Inc. , owns and operates two cables between Guantanamo and New York; two between Guantanamo and Panama, where they connect with lines running down the West Coast of South America, across the Andes and up to Rio de Janeiro and Santos; one cable from Guantánamo to Santiago; and one cable from Santiago to Ponce (Porto Rico), and thence by leased land-line to San Juan. It is understood that this Company has a certain operating agreement with the American Naval authorities at Guantanamo for the handling of traffic to and from radio stations which are in communication with the Naval Radio station; but apparently has no operating agreements with any of the cables or telegraphs with which it comes in contact in the West Indies. (See Despatch No. 1898 of this office, dated May 16, 1923, subject "All America Cables Inc.")

(4) The Compagnie francaise des cables telegraphiques owns and operates a single line from Santiago to Mole St. Nicholas and thence to Cape Haitien. At this latter point it connects with its own system running via Curacao to Venezuela, and with its system running east and south in the Caribbean region. It also connects at Cape Haitien with a line running direct to New York called the United States and Haiti Telegraph and Cable Company which is in fact identical in ownership, operation and control, with the Compagnie Francaise. In the inter-company competition for traffic at Santiago, the Compagnie francaise is said to enjoy a preferential position with the Cuban telegraph administration.

(5) The Commercial Cable Company of Cuba owns and operates two cables into Havana,- one from Miami and the other direct from New York. As is well known, the Mackey Companies, of which the Commercial Cable Company of Cuba is one, recently entered into a thoroughgoing traffic

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alliance with the All America, which virtually makes the two systems one, as far as traffic facilities are concerned.

(6) The Western Union Telegraph Company has four circuits into Havana from Miami and Key West. It is reported that in competition with the other lines in Havana to the United States, the Western Union enjoys preferential treatment as respects traffic collected by the Cuban telegraph administration. The traffic alliance between the Western Union and the Cuba Submarine, is mentioned above.

(7) The International Telephone and Telegraph Corporation is understood to have three conductors from Havana for telephone use only, to Key West whence there is connection by land-lines to various points in the United States.

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EDUCATION - (2590)

Public instruction in Cuba has since 1907 been going backward, as will be seen from the following figures:

In 1900, 123,000 children attended the schools, namely, about 75 out of every 1000 inhabitants;

In 1902, 126,000,- or 75 for every 1,000 inhabitants.

In 1907, 63,000, " 63 " " " "

In 1911, 49,000;

In 1914 and 1920, 53 to 50 per thousand, respectively.

In other words, one-third less students are attending schools now than in 1902. The present school attendance is about 6% of the population, as against 16% in the United States. While the number of pupils has decreased greatly, the number of teachers has increased in an even greater proportion, since there were only 3,600 teachers in 1900, and now there are over 6,000.

Dr. Ramiroo Guerra, a well-recognized authority in pedagogical matters, states that from 1907 to 1921 the increase of illiterates among white youths in Cuba has been 15%, and among colored, 22%. It is stated that 429,000 Cuban children (more than two-thirds) have never passed the threshold of a school.

In the matter of public libraries, the Cuban Republic finds itself quite backward; there are not a half dozen worthy of the name, in the Island. The National Library of Cuba, at Havana, contains hardly 5,000 volumes. In the entire Island of Cuba there is not one public historical museum or building housing fine arts. More than one hundred histories of Cuba and its people are unedited, and during all of this time not more than three of these have been published. In the archives of Spain, Mexico and the United States there are thousands of very interesting documents relative

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to the history of Cuba, but no effort has ever been made through official sources, to copy them or take data from them. The "Sociedad Economica de Amigos del Pais" made several efforts to enlarge the few public libraries of the country, but this society has practically abandoned its work, owing to lack of cooperation or assistance on the part of the Cuban Government. The Academy of Sciences, the School of Painting and Sculpture, and the Geographic Society have practically ceased to function, for the same reason.

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L A B O R (2590)

In spite of the importation of labor as already shown, every sugar-harvesting season finds a great shortage of labor for work in the fields. Before the harvesting of the present sugar crop began, several of the large sugar companies filed petitions with the Cuban Secretary of Agriculture, Commerce & Labor requesting permission to introduce laborers under contract, to fill this need. On September 27, 1922 two decrees were signed by President Zayas authorizing two sugar companies to bring laborers to Cuba. Since that time, additional decrees have been published, giving other companies similar privileges. For the present crop, ddcrees were issued authorizing a total importation of 25,500 laborers, under the following conditions:

All expenses connected with the transportation of laborers from the place of origin to the place of employment, and return of the laborers at the close of the crop, must be borne by the sugar company. In each decree the port of entry is specified, as well as the central at which the laborers are to be used. A deposit of $20. for each laborer imported, is required as a guarantee of repatriation. In the majority of cases the decrees provided that the laborers be brought from the Antilles. In a few instances the source is more specifically indicated, such as Porto Rico, and Haiti. Practically all the laborers were imported by the "Compañia Colonizadora Cubana", which waso organized in January, 1923 in order to reduce the cost of importing laborers. It is a cooperative organization comprising seven sugar companies, and operated without profit. The total number of laborers actually imported for the present crop, under the above-mentioned decrees, is estimated at between 11,000 and 12,000, of which

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probably two-thirds are Haitians. Practically all the laborers who are brought to Cuba are used for cutting and stripping sugar cane and clearing the fields. The ox-cart drivers are almost all native Cubans who own the oxen. The wages which these laborers receive vary somewhatf from week to week at the different centrals. It is estimated that at the beginning of the crop cane cutters are paid on an average of 70 cents per 100 arrobas (25 lbs.per arroba) of cane, as against $1.20 at the end of the season. Cane cutters usually cut from 150 to 200 arrobas daily.

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TRANSPORTATION (4590)

Under this heading attention is invited to the following reports made by my predecessor, Major Lyman, on the subject of roads and railroads, viz:

Despatch	No.	1753	dated	July	31, 1922
"	"	1792	"	Oct.	13 "
"	"	1794	"	Oct.	17 "
"	"	1795	"	Oct.	18 "
"	"	1796	"	Oct.	19 "
"	"	1802	"	Oct.	24 "
"	"	1806	"	Nov.	4 "
"	"	1815	"	Dec.	1 "
"	"	1813	"	Nov.	14 "

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Cigars and Cigarettes (4290)

Tobacco manufacturers have recently raised the prices of cigars and cigarettes to the dealers, from 20 to 40 per cent. This has apparently been done on the theory that owing to the high price of sugar, money will be freer and people will be able to pay the increase in price; although the advance is solely to the benefit of the manufacturer as it does not cost any more to produce the cigars and cigarettes than formerly. The tobacco workers claim that they do not receive their share of the prosperity as their wages have not been raised; and as it is the working people who are the greatest users of cigarettes, they have to pay the price of the manufacturers' prosperity.

Tobacco generally follows sugar in the matter of increasing prices, but in the contrary case this is not true, when the market falls very low.

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Sugar. Production and Export. (4220)

The sugar produced in Cuba up to April 30, 1923, is announced as amounting to 3,410,280 tons, with 33 centrals still in operation at that date. It now seems quite certain that the entire crop will be about 3,650,000 tons, and that the price will go higher instead of lower. The boycott in the United States, it is claimed, has reduced the consumption 20 per cent, but the stocks are very low and the canners must soon lay in supplies.

Up to May 6, 1923 Cuba had exported a total of 1,619,690 tons to the United States, and 357,121 tons to other countries, or a total of 1,976,811 tons, leaving the balance of 1,673,189 tons of the present crop in Cuba for export. Of this it is estimated that 150,000 tons have been sold to Europe and Canada, leaving 1,523,189 tons available for the United States for the balance of this year.

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IMMIGRATION (~~2200~~) (2050)

In order to comply with the immigration laws of the United States many foreigners who are barred from direct entry into the United States come to Cuba for the purpose of acquiring one year's residence here in order to make them eligible for entry into the United States. At the present time there are no less than 300 Russians and other Slavic races, and a considerable number of Italians, Spaniards, etc. Many of these immigrants make constant efforts to smuggle their way into the United States via the Florida coast, and several parties of them have been caught on the Florida coast and returned to Cuba. This office has secured information of proposed sailings of immigrants on numerous occasions and immediately reported same to the Embassy, who in turn made corresponding reports to the immigration authorities at Key West. This advance information on several occasions resulted in the capture of a number of these people who attempted illegal entry into the United States.

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IMMIGRATION (2050)

From the time of the First American Occupation in 1898-1901, the admittance of Chinese and immigrants of inferior races into the Island of Cuba was prohibited. Shortly before the expiration of President ~~Gomez~~ Gomez's term, he signed a Decree permitting the entrance of the first Jamaicans and Haitians to arrive in Cuba, at the end of 1912, and 1400 were entered. During the eight years of President Menocal's administration there entered into the Republic of Cuba 81,000 Haitians and 75,000 Jamaicans,- a total of 156,000 uncultured and semi-civilized blacks. In 1907 the immigration law of Cuba was modified so that Chinese could freely enter the country. The Asiatic Colonization Company was organized and took advantage of this law and secured the admission of about 100,000 Chinese into the Island.

Since 1907 there have been enacted a number of Presidential Decrees regulating immigration, and Decree No. 1522 of 1915 especially rescinds that portion of the 1907 legislation which pertains to Chinese, practically prohibiting their entrance into this country.

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By AMF NARS, Date 05/04/89

~~17.~~

PUBLIC ORDER AND SAFETY. (2710 & 2790)

The National Police of Havana (2710). This is a very smart and efficient force, but has on its rolls many policemen with penal antecedents. The Secretary of the Interior recently issued a decree ordering that policemen with penal antecendents should not be allowed to bear arms, and it is now not an uncommon sight to see on the streets of Havana uniformed policemen, on duty, completely unarmed.

Crime, and criminal tendencies (2720).

Between 1899 amd 1922 not less than 25 laws and decrees granting amnesties were enacted by the Cuban Congress and decreed by the various Presidents. Pardons have been granted to a great many criminals of the worst class, particularly during electoral periods. A good many of them, "gunmen", are known in the political parlance of Cuba as "bears". Dr. Andrieu, in his "Judicial Statistics", gives the following data: In 1909, 1685 vrimes of blood were committed, and in 1913, 2685; and in crimes against property, 3,603 and 4,520 respectively.

It is a notorious fact that crimes of malversation committed by public officials are constantly on the increase. Copies of special reports and Memoranda submitted by General Crowder to the Cuban Government and the State Department at Washington, on this subject, have been furnished your office.

The above authority, Dr. Andrieu, gives the following statistics as to the suicides on the Island of Cuba:

In 1900, - 47
" 1902 - 183
" 1910 - 360
" 1915 - 452
" 1917 - 800

He further states that in 1900 there were 422 inmates at the Government

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Insane Asylum at Mazorra; in 1902, 861; in 1906, 1683; in 1916, 2462; and at the beginning of 1923, 2217. I am of the opinion that the increase of inmates at the Mazorra Asylum between 1902 and 1916 is in a measure probably due to a better system of segregation.

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AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE
HAVANA, CUBA.

April 25,
1923.

3-1 2655-Q-64

No.- 1880

From: The Military Attaché, Havana, Cuba.

To: The A. C. of S., G-2

Subject: Estimate of the Economic Situation in Cuba.

WAR DEPARTMENT
1923
Lieut. Col. G.S. Norvell, General Staff,
Chief, Latin-American Subsection

RECEIVED G-2 W.D. MAY 2 1923

1. Receipt is acknowledged of your G-2 2655-Q-64 dated April 10,1923, on the above subject, and the Estimate requested is in course of preparation.

W. H. SHUTAN,
Major, General Staff,
Military Attaché.

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By AMF NARS, Date 05/04/89

G-2
JJB

OFFICE OF THE SECRETARY
MIL. INTEL. DIV.

1923 2655-2-64
4

WAR DEPARTMENT

G-2 2655-Q-64

June 19, 1923.

SUBJECT: Estimate of the Economic Situation in Cuba.

TO: Military Attaché, Havana, Cuba.

1. The document entitled "Economic Estimate of Cuba" submitted by you in compliance with our letter (2655-Q-64) of April 10, 1923, does not fulfill the essential requirements of an economic estimate and cannot be used for that purpose in the form submitted. Our letter of instructions to you above referred to, contemplated the preparation of an estimate complete in form and context as set forth in G-2 Memorandum No. 65 of June 26, 1922, which was referred to you as a guide in the preparation of the estimate.

2. It is desired that you give this matter your immediate and careful attention and submit to this office with the least practicable delay an estimate of the economic situation in Cuba in strict conformity with the enclosed outline of arrangement and scope of subject matter which has been prepared for your convenience, as an interpretation of the "Suggestive Outline" contained in our Memorandum No. 65 above referred to.

3. The detailed reports submitted by you under the misnomer "Economic Estimate", bearing on finance, education, labor, etc., are considered excellent for the purpose of additions to our Information Digest files on the economic situation in Cuba, and have been so used.

For the A. C. of S., G-2:

MAILED M.I.D. JUN 20 1923

H. W. T. EGLIN,
Major, Coast Artillery Corps,
Chief, M. I. 5.

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OUTLINE OF ARRANGEMENT AND SCOPE TO BE FOLLOWED IN THE PREPARATION OF AN ECONOMIC ESTIMATE ON CUBA

I. Important Characteristics.

II. Food and Raw Materials.

1. Food Products - Production and Supply.
   (a) Vegetables
   (b) Meats

2. Raw Materials - Production and Distribution.
   (a) Vegetable
   (b) Mineral
      (1) Munition Metals
      (2) Mineral Fuel

III. Manufacturing Capacity

1. General Manufactures

2. Capacity for manufacture of munitions.

IV. Foreign Trade - (Cover principal items of export and import - Totals and chief markets concerned - Special reference United States.)

V. Transportation

1. Railroads
   (a) Rail Net
   (b) Railway Equipment
   (c) Operations and Control

2. Highways and Roads
   (a) Road Net - Character and Sufficiency.
   (b) Highway Transport Equipment.
   (c) Transportation Animals.

3. Domestic Shipping
   (a) Merchant Marine
   (b) Troop Carrying Capacity
   (c) Port Facilities

VI. Communications

1. Installation and Means
   (a) Cables
   (b) Radio
   (c) Telegraph and Telephone

2. Operations and Control.

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VII. Financial

1. National Income

2. Government Budget
   (a) General Budget
   (b) Military Budget

3. Public Debt
   (a) External
   (b) Internal

4. Financial Stability
   (a) System of Currency
   (b) Banking Facilities

VIII. Population and Social Conditions
(Introduce with statements of total population and references to increase or decrease during stated periods; comparison of rural and urban; important occupational groupings; more important groups of foreign population, etc.)

1. Education

2. Labor Conditions

3. Immigration

4. Emigration

IX. Economic Penetration of Foreign Interests
(Statement of principal foreign investors and principal industries concerned. Comparison of holdings and economic influence of foreign powers. Effect on general economic stability, etc.)

X. Influence of Economic Situation on International Political Situation

XI. General Conclusion
(Summarize salient points of foregoing estimate)

XII. Current Situation - General
(Concisely stated, with special reference to the economic aspects of the immediate future.)

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Encl

C U B A.

3-1 2655 Q-64 5

Estimate of the Economic-Military Situation.

1. Important Characteristics.

Cuba is essentially an agricultural country of great wealth which during the two years preceding the present one, went through a period of extreme financial depression, due to governmental mismanagement, official corruption, graft, and wild speculation in sugar. The completion during the month of January, 1923, of negotiations for the flotation of the Cuban $50,000,000. external gold loan, and the fact that the sugar crop of last year was excellent and that prices were sustained at a very high level, brought about a return of thorough-going prosperity. The actual expenditure of the proceeds of the loan as well as of other revenues, was being carefully watched, and several attempts at extravagance and unnecessary expenditures of great sums, savoring of graft, were prevented by diplomatic action of the American Ambassador.

The potential agricultural resources of Cuba are enormous because of its deep, fertile soil and favorable climate. Sugar and tobacco are the principal crops and the principal sources of wealth. Due to the greater profit to be derived from these two crops, they are extensively cultivated while other crops are neglected, with the result that about half of the Cuban food supply is imported. Cuban mines produce important quantities of a few minerals of great industrial importance, but the mineral resources of the Island are largely undeveloped. Manufacturing is practically confined to the sugar and tobacco industries. Generally speaking, Cuba exports what she produces, and imports what she uses.

While it would be possible for Cuba, with her varied and valuable resources, to become largely self-sustaining, she has found it more profitable to specialize in the production of sugar and tobacco. This makes her an intensely commercial country, economically dependent upon the outside world both for markets and supplies. Under these circumstances, sound finances and an honest and efficient government are absolutely essential to her prosperity. Since these essentials were lacking several years ago, widespread and severe depression and suffering occurred, but with General E. H. Crowder's arrivalcin Cuba, in January, 1921, corruption and graft had, in a great measure, been eliminated, and government expenditures reduced from $94,564,313. in the fiscal year 1919/20 and $118,344,025. in 1920/21, to $59,851,589. in the fiscal year 1921/22 and $58,000,000. in 1922/23. Up to three or four months ago the Government of Cuba was being more honestly and efficiently administered than at any period since the United States Government withdrew from the Island after her last Intervention in 1909.

> Note: The expenditures shown above for the fiscal years 1919/20 and 1920/21 are taken from the annual reports of President Menocal for those years, but the figures given for the fiscal year 1921 cover only a period of 11 months, i.e. from July 1, 1920 to May 15, 1921. Since the accounting system of the Cuban Government during those two fiscal years was very deficient and unreliable, the correctness of these figures is rather doubtful. It is the general impression that even greater sums than those shown, were expended during the two years in question.

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II. Food and Raw Materials (Cont.)2.

(a) Vegetable.

The products of the vegetable kingdom are so numerous that they excessively repay the efforts made in cultivating them and this has been a drawback for the advancement of agriculture in this country as well as for the improvement of the species. In fact agriculture with few exceptions, had been reduced to planting and harvesting, but during the last few years increasing attention has been paid thereto, experiments have been made and some scientific and modern methods have been put in practice.

Almost every food necessary for the sustenance of the inhabitants, ~~with the exception of wheat, rye and similar grains~~, could be grown to advantage, and most of them are grown in small quantities. Many articles of food which are regularly imported could be raised in Cuba at a lower cost. Citrus and other tropical fruits and green vegetables receive most attention, and these are mainly exported to the United States, thus increasing the dependence of the prosperity of the Island upon foreign markets and sound finances.

Sugar cane. The most important of all the sources of wealth in Cuba, is the sugar cane. It already covers a large part of its territory and its cultivation is rapidly increasing every day; in fact Cuba, with only 1/700 of the population of the world, is producing 1/4 of the world's sugar supply, thereby giving Cuba a most important commercial position.

Sugar constitutes about 80% of the exports of Cuba, is the product upon which the prosperity and consequently the contentment and orderly well-being of the Island depend. Climate and soil are so favorable -almost no irrigation, and very little fertilizing being necessary- that there is rarely any natural obstacle to the production of an enormous crop. The success of the industry is therefore dependent upon financing the production and handling the crop, and upon the state of the world market for sugar. The latter is of course beyond the control of the Cuban Government, and, while a low sugar market causes financial depression and the natural discontentment that goes with it, it is not likely to inspire sufficient resentment against the Government to bring about revolution or serious disorders. Cuba is nearer to the great sugar markets of the world, and can produce sugar at a lower cost than any other country, and she is therefore always sure of a fair profit on her sugar production. Raw sugar at .03¢ per pound will yield a fair profit to the producer. Most of the Cuban sugar of the 1923 crop sold up to date, brought from .05 to .065 per pound. Due to overproduction in 1921, over 1,000,000 tons of Cuban sugar were carried over to 1922. All this surplus, as well as the 1922 crop of 4,033,455 tons, was sold during 1922, and there was no surplus remaining at the beginning of the present year. The 1923 crop is approximately 3,700,000 tons. There is extensive production of sugar in all of the six provinces of the Island.

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3.

II. Food and Raw Materials.

1. Food Products - Production and Supply (Cont.)

(a) Vegetable (Cont.)

Garden Vegetables. The soil and climate of Cuba are favorable to the production of nearly all garden vegetables raised in the United States. These may be grown in almost any part of the Island, but are only profitable when cultivated close to railroads or within easy reach of steamship lines having daily sailings to the States. The long belt of land bordering the railroad between Havana and Pinar del Rio is the most favorable to this industry. Profits of vegetable growing are,however, to a great extend dependent upon the United States markets, and these are generally favorable only during the winter months. Uncertainty of the northern markets, where prices fluctuate rapidly, probability of obtaining greater profits from tobacco or sugar on the same land, absence of canning facilities for such part of the crops as cannot be shipped with profit, and various restrictions and embargoes imposed from time to time by the United States Government, have thus far prevented extensive expansion of this industry.

Tubers and nourishing roots: The people of Cuba will always be insured against hunger by the abundance of its tuberous plants,which are easily produced throughout the Island. Those most commonly cultivated and utilized are the white potato and sweet potato, "yuca" and "ñame".

While the soil of Cuba is capable of raising a very fine grade of white potatoes, only a small quantity is raised here, and that for export to the United States only. They are harvested in the month of March and shipped to American markets where very high prices are obtained.

Practically all the white potatoes consumed in Cuba are imported from the United States and Canada. About 75,000 tons are imported into Cuba each year.

Sweet potatoes are a standard summer crop in Cuba. The yield in good lands is very heavy and the quality excellent. They furnish a very important element in food supply. Stock of all kinds are very fond of them.

Yuca is an indigenous plant. There are four kinds known in the Island; two of them, the white,sweet class and the sour one,are believed to be indigenous,and the other two, the yellow one and the 'costa firme' to be exotic. The former ones are most cultivated and consumed, the sweet one in its natural condition, cooked as food, and the sour one for several industrial and feeding purposes,-one of which is to make starch. Almost all the starch employed in the Island is made from this root and it is excellent.

Ñame, an exotic plant, is thought to have come from Africa. It produces very large roots,whose pulp is thick, rather rough when raw, but after cooking,soft and insipid. It is considered more nutritous than sweet potato. Little importance is given to its cultivation,so its production is scarce and it is exclusively for local markets,as it cannot be preserved for a long time.

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II. Food and Raw Materials. 4.

1. Food Products - Production and Supply.

(a) Vegetable (Cont.)

Corn, or maize can be raised in any of the provinces. The native corn has a short ear, and its point is closed, as if to prevent the ravages of insects which have been so destructive to the American varieties imported from the United States. Although the ear is much smaller than on the American variety, on good lands, the yield is about 40 bushels to the acre, and two crops can be secured per year. Corn planting in Cuba has not had much attention, as it is not duly appreciated, and no attempt is made to improve the selection of the seed, as a result of which the average is one ear to the stalk. However, some experiments have been successfully made in crossing Cuban and American corn, and these experiments show that much can be done to improve the native grain.

Millet: Nearly all varieties of millet do well in Cuba and furnish good stock and poultry food. It is free from enemies and seems to thrive in all seasons, and is considered reliable and profitable.

Wheat: It is known that this was formerly grown with much success in Santa Clara, but really no attention has been given to its cultivation. The flour consumed in Cuba comes from the United States.

Rice: Rice is in great demand in Cuba, and a very staple food. Very large quantities are imported, and it is probably due to the low price that greater attention has not been given to its cultivation here. There are many acres of land along the coast that are admirably adapted to the cultivation of rice.

Oleaginous plants: Aside from the cocoanut and the cacao, which in addition to their other multiplied uses may also be classified as oleaginous plants on account of the great quantity of oil they produce, there are other plants that are rich in fatty materials and can be cultivated with financial profit by extracting their oil. Prominent among these are the castor bean and the peanut.

The peanut is extensively cultivated. The small Spanish variety, due to its heavy production of oil, is popular and very prolific in all parts of the Island where the soil is sandy. The yield, depending on the soil and weather conditions, varies from 40 to 100 bushels per acre, and each bushel will produce a gallon of oil. About 20 lbs. of residue oil cake may be obtained therefrom, furnishing excellent food for hogs.

The castor bean grows wild and luxuriently in Cuba, but no attention is given to its cultivation.

Coffee: When the production of tobacco was of slight importance and that of sugar barely exceeded home uses, coffee was the principal Cuban product, and together with cattle-breeding, constituted the basis of its economic wealth.

Coffee of the highest quality has always been grown in

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II.

1. Food Products

(a) Vegetable (Cont.)

Cuba, and natural conditions are so favorable to its cultivation that the Island is capable of producing enormous quantities. In the year 1846, 2,328 coffee plantations in Cuba produced 50,000,000 pounds of coffee. But today, since the cultivation of sugar and tobacco is more profitable, and labor scarce, the production of this important staple is neglected and almost entirely abandoned. The coffee plantations in Cuba have been reduced to less than two hundred small farms, and less than 40% of the coffee consumed in Cuba is grown here.

Cacao. Cacao may be considered as a fellow industry of coffee since both require the same soil and climatic conditions. Cacao trees are planted about 190 to the acre, and from each tree may be obtained from 10 to 12 pounds of the bean per year. A conservative estimate of the yield would be 1500 lbs. of cacao per acre, which, at $10. per cwt. would yield a gross revenue of $150.

Comparatively little attention has been given recently to the cultivation of cacao.

Cocoanuts. Throughout the Island of Cuba the cocoanut is produced with almost no effort. The average production per tree is 75 cocoanuts per year. Fifteen years ago, with practically no effort, from 25,000,000 to 30,000,000 cocoanuts were gathered annually, but the exportation has greatly decreased since that time.

Fruits: Nearly all tropical and citrus fruits, and also some of the temperate zone, abound in Cuba, either wild or cultivated. Americans have taken up the cultivation of citrus fruits in many parts of the Island with varying degrees of success. Natural conditions are generally favorable; where intelligence has been used in the cultivation, the industry has been usually profitable, provided groves are located conveniently with reference to shipping facilities.

Oranges, grape-fruit, pineapples, and bananas are the fruits principally exported. Over 1,000,000 crates of pineapples go yearly to the United States; and bananas to the value of over $1,000,000. are exported annually.

The other native fruits are the mango, anon, zapote, tamarind, red mamey, aguacate(alligator pear), guava.

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II. Food and Raw Materials.

1. Food Products - Production and Supply.

(b) Meats.

Beef. It is estimated that about 30,000 beef are killed in the Island per month; but the quantity of cattle existing in the Island is scarcely sufficient for the needs of the country and only steers or young bulls expressly bred up for that purpose are killed. In order to favor their reproduction it is forbidden to kill cows, or only permitted in certain cases.

Hogs: In Cuba hogs breed twice a year, and owing to the climate they need much less care than elsewhere. Generally they are permitted to run wild and find their own living easily with the "palmiche" or nut of the royal palm, which makes an excellent food for them. Though they are extremely prolific, the demand in the market is so large that their number is never sufficient; in fact it is estimated that over 50% of the pork consumed is imported from the United States.

Sheep and Goats: There are but few of these animals in Cuba, and their meat is not much favored.

Poultry. Poultry is raised with the greatest ease and profit, but poultry raising on an industrial scale does not exist, and the supply is scarcely sufficient for domestic needs, as they are much used.

Fish: The seas which surround Cuba constitute an immense natural fish hatchery, on account of the temperature of the water and the numerous keys and shoals. However, fish is not properly exploited, with the result that certain species are nearly extinct. The pargo, cherna, and guajaiba (the last named being the most commonly used) abound. Of river fish the only one worth mentioning is the lisa, the flesh and eggs of which are much used.

Fresh fish is not imported, the great quantity consumed in Cuba being obtained locally. There is no dried fish industry in Cuba. All preserved codfish, which is consumed in great quantities (known as "bacaláo") by the poorer classes, is imported.

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(2) Raw Materials.

(a) Vegetable.

Textile plants. Many important textile plants seem to be indigenous to Cuba, while others, introduced from foreign countries, thrive even better here than in their original homes. Among these, that variety of the agave or century plant known as henequen, has received up to the present the greatest attention, and is yielding excellent results.

The world is dependent upon henequen for its supply of binder-twine. Yucatan has normally supplied almost the whole world market with this product. Due xxxx to revolutions in Mexico, and in particular, to bolshevism in Yucatan, the supply from that source has become very uncertain and prices at times very high. It has been known for more than twenty years that henequen could be grown to advantage in Cuba, but its cultivation was not seriously begun until about 1917. At the present time about 18,000 acres in Cuba are producing this product. It is estimated that about 1,000,000 acres of Cuban lands are suited to the production of this crop, or about double the area planted in Yucatan. This makes Cuba a potential source of the world supply of this important product.

It has recently been discovered that bagasse or the pithy waste product of the henequen plant, may be trahsformed into an excellent kind of paper.

The shrub or weed from which jute fiber is extracted grows wild in Cuba, and will undoubtedly in the near future become a profitable industry owing to the large quantity of bagging material required for sugar sacks. The strong white fiber of the corojo palm and that of the Yarey, are also used for making bridles, girths, bands, etc.

A variety of the banana plant found in the province of Pinar del Rio furnishes a long, fine, light brown fiber which the botanists at the Agricultural Station declare to be an excellent product that will eventually be used for twine and other light cordage.

Ramie grows wild in many parts of Cuba and is obtaining considerable attention, owing to the fact that a machine has been devised which successfully removes the long, fine fiber from its surrounding tissues. This fiber, owing to its strength, which exceeds that of hemp, its gloss and snowy whiteness, is used very largely as a substitute for silk, and in the near future will undoubtedly command sufficient capital for its manufacture in Cuba.

There are many other fibers in the Island, such as that of the aforesaid Yarey palm, the sanseverfa, guisaso, etc., which in time will find their places as commercial products.

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II. Food and Raw Materials.

2. Raw Materials.

(a) Vegetable. (Cont.)

Charcoal.

This is one of the important minor industries of Cuba. It is used for cooking fuel in the majority of Cuban homes not provided with gas.

Most of this industry is carrued on, on the coast of Pinar del Rio Province, and wherever swamps exist.

Palmiche Oil.

An unimportant quantity of palmiche oil is made from the nut of the royal pals, There is one factory producing this product at El Cano.

The by-product of this nut is wasted, although it is an excellent hog-food.

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I. (Cont.) 2.

(b) Mineral.

Except for early Spanish prospecting for gold, little attention was paid to the mineral resources of Cuba prior to 1917, and iron was the only mineral being produced in important quantities. As a result of investigations made during the World War and later, there have been found deposits of iron, copper, asphalt, manganese, chrome, lead, zinc, coal, oil, and gold. Comparatively little is known of Cuba's mineral resources, despite its excellent geographical position. This is due mainly to defectiveness of its mining laws, and lack of interest on the part of the Cuban Government.

(1) Munition Metals.

Iron. The iron ores of Cuba are said to constitute one of the largest reserves in the world. The most extensive deposits - 90 per cent of the whole Island- occur in Oriente Province, where, in the districts of Daiquirí and Mayarí, the Juragua Iron Co. and the Spanish-American Iron Co. have extracted large quantities of the ore; during the 12 years from 1908 to 1919, there were extracted 13,809,423 tons of iron ore, of which 10,778,975 tons were exported.

Nearly all of the great iron deposits of Oriente lie within a few feet of the surface, and on the southern slopes of the Sierra Maestra it is necessary only to scrape the dirt from the side of the hills, take out the ore, and send it down to the coast by gravity. Similar conditions exist at the Mayarí mines on the north coast, just back of Nipe Bay, where the deposits need nothing but washing with cold water. The soil being thus removed at little cost, the iron is ready for shipment to the smelters of the United States.

In spite of the fact that this ore was found to be equal to the best ~~in~~ Swedish, and that nature, in her own laboratories, has supplied the requisite amount of nickel and manganese, making these mines of Oriente perhaps the most valuable in the world, but little attention has been paid to this marvellously rich source of minerals beyond those few who are drawing dividends from the industry. The recent purchase of the Spanish American Iron Company's holdings at Daiquirí, for $32,000,000. however, has called the attention of mining interests in New York to the fact that millions of tons of untouched ore still lie in the eastern provinces. Twenty-five per cent of the area of Oriente contains wonderful deposits of ore, mostly iron and manganese, and awaits only the necessary capital to place it on the markets of the world.

There are two kinds of deposits- (1) the hematite and magnetite deposits, averaging 57.8 per cent iron, with 9,000,000 tons of ore, near the city of Santiago on the south coast; and (2) the brown iron ores, averaging 45.18 per cent iron, with 3,000,000,000 tons on the north coast. The chief mines of both types are in Oriente Province. The chief ore fields in Oriente Province are those of Moa Bay, near Nipe Bay; the Mayarí district, south of Nipe Bay; the Daiquirí field, 20 miles east of Santiago; and the Firmeza district, 9 miles east of Santiago.

There are also the ore deposits of Camagüey Province, and other areas.

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(b) Mineral Cont.

(1) Munition Metals:

Iron (Cont.)

The total available reserves of ore, containing more than 40 per cent iron, have been estimated as follows:

Oriente Province	2,660	million tons
Camagüey Province	400	" "
Havana Province	50	" "
Pinar del Rio Province	40	" "
Total - Cuba -	3,150	million tons.

The amount of iron exported from Cuba into the United States in the year 1922 is reported as 103,394 tons.

Copper.

Indications of copper are found in numerous localities. Exploration work has been done in all six provinces, and so far, good results have been obtained in Pinar del Rio and Oriente. "El Cobre" mine in Oriente has been worked at intervals since 1524, and ranked as one of the greatest copper mines in the world until eclipsed by the discovery of the great copper mines in the United States. The "Matahambre" in the western part of Pinar del Rio Province, is by far the greatest copper mine in Cuba. It was located in 1912 and is said to be valued at $50,000,000.

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II. Food and Raw Materials.

2. Raw Materials.

(b) Mineral (Cont.)

(2) Mineral Fuel.

Petroleum. Gas emanations, oil seepages, asphalt veins, and other indications of petroleum, are relatively common north of the main axis of the Island. Both foreign and Cuban capital have been engaged in drilling for the past ten years, chiefly in the Provinces of Havana and Pinar del Rio. Oil in paying quantities has been found in several places, but the industry is still undeveloped. The last prospecting was carried on by American interests near the town of Pinar del Rio, where a number of wells were drilled during the last two years, butmas no oil in paying quantities was discovered, further operations in that vicinity were abandoned in June,1923. Opinions differ as to the probability of finding important oil deposits, but indications have been found, over an area of 8,000 square miles.

Coal is found in all Provinces, but mining difficulties have rendered it negligible as a local source of supply. Cuban industries are now almost entirely dependent upon imported fuel. A deposit in Havana Province has been worked irregularly for years. The product is a soft, semi-plastic substance resembling asphaltum, but burns like coal. A deposit in Santa Clara Province was used for the purpose of gas manufacture until improved transportation facilities made importation more economical. This coal is now used in mixture with low grade imported harder coals.

All crude oil, coal etc., are imported from the United States and Mexico.

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II. (Cont.) 2.

(2) Tobacco. Tobacco is the next crop in importance to sugar. The amount exported in 1922, which was a normal year, was $24,641,973. The total value of the 1922 crop was $36,684,980. Pinar del Rio, the western province, produces about three-fourths of the total yield, and the remainder is grown mainly in the provinces of Habana and Santa Clara. The extremely high quality tobacco which brings the highest prices, is grown in the snall restricted section of Vuelta Abajo, near the city of Pinar del Rio.

(3) Lumber. About one-third the area of the Island is still covered with forests which contain woods of great value. Cedar, mahogany, lignum-vitae, ebony, rosewood, log and other dye woods, are valuable forest products exported. The greater part of the mahogany shipped from Cuba comes from the south coast, principally from the eastern end of the Island. Millions of feet of fine mahogany have been burned in the past few years to clear the ground for new cane plantings. The great bulk of timber lands, or virgin forests, of Cuba, are scattered throughout the mountainous districts of the Island, mostly in Santa Clara and Oriente. While the timber in these regions is very valuable, the cost of getting it out is prohibitive and it will probably remain untouched until such time as improved transportation facilities permit its economic removal to the coast.

Practically all lumber used in Cuba for industrial purposes is imported from the United States,- mostly from southern Mississippi.

About 75% of all the hardwoods exported from Cuba goes to the United States. The constant demand for cedar and mahogany since the early days has caused these two woods to be culled out of nearly all of those forests bordering on the seashore, as far back at least, as the price of the wood on the coast, would cover the cost of cutting, trimming and hauling to deep water. This practice, carried on for a hundred years or more, has caused most of the coast land forests to be denuded of the two best known woods large enough for commercial purposes.

With the completion of the Cuba Railroad, connecting Havana in the west with Santiago de Cuba in the east, another area for cedar and mahogany was opened up, and has been quite extensively for the past twelve years.

There are still large amounts of excellent cedar and mahogany scattered throughout all the mountainous districts of Cuba, but until more modern methods of transportation are secured, these sections will remain untouched, and will continue to constitute an unavailable asset.

There are 366 different woods registered and described in detail in the archives of the Department of Agriculture, most of which are unknown outside of Cuba but are useful not only for the purposes of general construction, but for railroad ties that never rot, handles for tools and implements, shipbuilding, inlaying, and many other purposes for which hardwoods are always in demand.

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III. Manufacturing Capacity.

1. General Manufacture.

Manufacturing has never been developed in Cuba, except in connection with the sugar and tobacco industries. The factories connected with the latter are mainly concentrated in Havana, though there are small factories throughout the tobacco areas. The entire ~~pap~~ production of these small factories is consumed in Cuba. Breweries, distilleries, and brick and tile factories, are important among the lesser industrial establishments. There are other factories of minor importance, such as shoe and clothing factories, but, generally speaking, Cuba depends upon imports for manufactured articles.

Electrically operated Cuban sugar mills. 80 out of 192 Cuban sugar mills were electrically operated during the 1922 crop season, according to an electrical survey just made of the sugar industry by engineers. The production of sugar from the electrified centrals amounted to 2,610,000 tons, or 65 per cent of the total production for the season in all mills.

Although there were 80 mills completely or partially electrified, it was found that there were actually 82 mills with motors. There were 27 crushers with motors, 185 turbine generator units with a total capacity of 148,300 kilowatts, and 50 engine generator units, with 9,600 kilowatts total capacity.

These statistics are not absolutely complete, but they are believed to show in a fairly conservative way how modernized the Cuban sugar industry is rapidly becoming. Especially is this apparent when it is disclosed that electrification did not really set in until 1914, or just eight years ago.

Cement. There are two cement plants on the Island; one, at Almendares Bridge, near Havana; capacity 500 bbls. per day. Shut down. The product of this plant was poor and not in accordance with standard specifications.

The other is on the north coast of Pinar del Rio Province, at Mariel, on the Bay of Mariel. Capacity, 2200 bbls. per day. It has a pier extending into the Bay, from which cement is loaded onto barges. This, and truck transportation are the two means used for delivering the product to the market.

The material used in both these plants is obtained in the immediate vicinity.

Fuel Alcohol.

Preston Fuel Alcohol Distillery. Installation of distilling and fermenting equipment capable of producing about 900,000 gallons of motor fuel alcohol annually will be made at Central Preston of the United Fruit Company, in Oriente Province, Cuba.

The decision to convert the molasses production of the plant into alcohol for internal combustion engines is in line with expectations in the sugar trade that other than the previously existing means will gradually be found for the disposal of blackstrap, the price of which last year went as low as two cents a gallon, delivered in New York, at which level the producer lost money by selling.

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III. Manufacturing Capacity

1. General Manufacture (Cont.)

That Cuban producing companies would convert their molasses into fuel has been expected for sometime, but this is the first instance of a large scale installation which has been reporyed so far.

Gasoline. Practically the entire supply of gasoline consumed in Cuba is refined from imported crude oil by the West India Refining Co. of Cuba (Standard Oil Co.) at their plant which is located at Regla on the peninsular known as "Belot", Havana Bay.

2. Capacity for Manufacture of Munitions.

There are no facilities for the manufacture of munitions: none are manufactured in Cuba.

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IV. Foreign Trade.

Approximately 75% of Cuba's foreign trade is with the United States. For the ten years preceding the fiscal year 1920-21 this favorable trade balance amounted to $420,040,000., or approximately $142.26 per capita. Due to the financial catastrophe, this enormous favorable balance was converted into an adverse balance of $174,015,000. for the fiscal year 1920-21. During the fiscal year 1921-22, the favorable trade balance was again restored to the sum of $31,468,000.

Cuba's imports for the fiscal year 1922-23 amounted to $180,302,932/, and her exports were $325,477,739, thus showing an increased trade balance in her favor of $145,174,807.

While Cuba normally enjoys a favorable trade balance sufficient to ensure prosperity under good management, her imports are sufficient to provide, through customs receipts, more than half of the revenue needed for governmental expenses, including amortization of the public debt. In the fiscal year 1920-21 the revenue derived from customs amounted to more than $67,000,000. The hard times of the next year caused customs receipts to drop to approximately $30,000,000. The revenues derived from customs receipts during the fiscal year ending June 30,1923,amounted to $41,300,000., of which amount $1,700,000. was collected for port fees and must be deposited to the credit of a special fund for dredging and improvement of ports.

CUBA'S EXPORTS AND IMPORTS FOR 1922-23.

	Imports	Exports
United States.....	$ 120,258,858.	$ 260,609,159.
Other American countries..	16,701,796.	8,805,622.
Germany.....	3,547,154.	576,692.
Spain.....	8,536,437.	3,076,336.
France	5,957,541.	7,682,329.
United Kingdom.....	9,106,060.	37,964,250.
Other European countries..	4,374,683.	3,345,066.
Other foreign countries...	12,000,403.	3,328,285.
Totals.	$ 180,302,932.	$ 325,477,739.

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IV. Foreign trade.

For the Fiscal Year 1921-1922 the following principal articles were imported into Cuba from the United States:

Articles	Value	Quantity
Automobiles, commercial	$ 102,073.	157 Number
Automobiles, passenger	982,555.	1,066 "
Bacon	3,077,943.	23,461,552 lbs.
Beef, canned	5,278.	28,882 "
Boots & Shoes, children's	3,575,797.	829,718 prs.
" " " men's and boys'	981,302.	318,834 "
" " " women's	741,725.	431,022 "
Butter	311,414.	780,011 lbs.
Cars, railway freight	1,553,074.	813 number
Cement, hydraulic	1,198,431.	426,882 bbls.
Cheese	385,629.	1,488,039 lbs.
Coal, bituminous	2,744,281.	489,232 tons
Corn, grain	1,977,708.	2,718,132 bush.
Cotton cloth (except duck) unbleached	161,779.	1,631,887 yds.sq.
" " " duck) bleached	665,972.	5,345,171 sq.yds.
" " " " ") printed	1,594,446.	14,961,671 " "
" " " " dyed in the piece)	945,150.	5,896,669 " "
" " " " (dyed in the yarn	288,317.	1,803,217. " "
Cotton Hosiery	575,859.	442,294 doz.prs.
Eggs	3,470,298.	12,111,686 doz.
Extracts for tanning	26,246.	
Flour, wheat	7,585,672.	1,068,721 bbls.
Fruits, canned	38,601.	
Gasoline (including napthas,&c.)	134,565.	582,550 gals.
Glass, common window	25,060	5,075 boxes
Glucose (corn syrup)	18,019.	748,445 lbs.
Hams & shoulders, cured	1,858,058.	9,070,883 lbs.
~~Horses~~		
Iron & steel, galv.sheets & plates	210,883.	5,077,128 lbs.
~~xxxxxxxxxxxxxxpigxiron~~		
Iron & Steel, steel sheets, black	67,003.	1,627,327 lbs.
Iron & Steel, structural	(not given)	(not given)
Lard	9,013,976.	73,926,475 lbs.
Lard, substitutes	463,012.	3,965,013 "
Leather, upper -goat & kid	103,477.	633,803 sq.ft.
Leather, sole	48,894.	68,870 lbs.
Leather belting	104,177.	60,098 lbs.
Locomotives	172,784.	9 number
Lumber	1,859,922.	64,444 M.ft.
Milk	4,052,433.	26,200,623 lbs.
Motion picture films, exposed	151,058.	3,478,262 lin.ft.
Nails and spikes, wire	62,992.	1,587,205 lbs.
~~Napthas~~ Oil, cottonseed	334,112.	2,914,611 lbs.
Oil, mineral-petroleum, crude	2,788,573	29,943,888 gals.

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IV.

Foreign Trade.

Imports into Cuba by the United States, 1922 (Cont.)

Articles	Value	Quantity
Oil, fuel and gas	$ 430,869	6,058,130 gals.
Oil, illuminating	84,094.	430,212 gals.
Oil, lubricating	846,201.	2,413,000. gals.
Paper, newsprint	762,156.	17,303,582 lbs.
Paper, book	347,496.	3,516,369 lbs.
Paraffin wax	56,925.	1,279,131 lbs.
Pipes & fittings, cast		Not given
" " " wrought		" "
Plows and cultivators		" "
Pork, pickled	159,355.	1,319,231 lbs.
Rails of steel	256,376.	4,608 tons
Railroad ties	2,720.	2,012 number
Rosin	113,502.	24,443 bbls.
Salmon, canned	13,421.	131,493 lbs.
Sewing machines	229,514.	
Staves	14,338.	1,164,787 number
Sugar, refined	96,006.	2,012,361 lbs.
Tin plates	181,181.	4,043,091 lbs.
~~Tires, automobile~~	2,	
Tires, automobile	986,752.	
Typewriters	73,707.	
Wire, barbed	87,464.	2,699,504 lbs.
Wire, all other	63,519.	1,173,140 lbs.
Wool, manufactures of	130,289.	

Exports from Cuba into the United States, 1922.

Articles	Value	Quantity
Bananas	$ 961,606.	1,880,952 bunches
Cocoa or cacao, crude	511,698.	6,827,624 lbs.
Copper ore	2,068,922.	35,570 tons
Hides, cattle	1,628,349.	15,270,697 lbs.
Iron ore	440,078.	103,394 tons
Manganese, oxide and ore of	1,809.	57 tons
Sugar, cane	171,300,590.	3,446,543 tons
Tobacco, leaf, for cigar wrappers	125,179.	36,704 lbs.
Tobacco, all other leaf	20,452,830.	21,364,455 lbs.

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V. Transportation.

1. Railroads.

(a) Rail Net.

A study of the railroad map of Cuba will show thatnthe system of public railways consists essentially of a main axial continuous line traversing the Island from Guane, in Pinar del Rio Province, to Boquerón at the Guantanamo Naval Station, with numerous feeders extending to the north and south coasts. Between Guanajay in the eastern end of Pinar del Rio Province and San Luis north of Santiago, the main continuous line is paralleled for the greater part of its length by other lines to the north or south, which furnish alternate routes. Between Camaguey and Martí no alternate line exists. In all of Pinar del Rio Province except the extreme eastern portion, railway traffic is dependent upon the one main line.

In addition to the public railways, there are numerous private lines, branches and spurs, owned and operated by the sugar xxxxx interests. About one-third of the mileage of these private railways is standard gauge, and the remainder narrow gauge (usually 30 inch). Due to the inadequacy of the highways, the sugar industry in the three eastern provinces is almost entirely dependent upon the railways for the transportation of both sugar and cane.

The rail accomodation of the Island is at present adequate to meet the demands of commerce and industry. Congestion has occurred at times, due to inadequate port facilities, warehouse capacity and shipping accomodations, which have caused a tie-up pf a large amount of rolling-stock loaded with sugar. In general, the rail connection, power and rolling equipment is sufficient for the present traffic; further developments will necessitate the construction of new lines and the connection of certain sugar-company lines with the main public service system.

The attitude of the Government is favorable to the railways and there is no public demand for nationalization or government ownership. On the contrary, the Government has leased, sold or demolished all the lines it once owned and does not at present operate a single mile.

The Cuban Railroad Consolidation Law of October 9, 1923, otherwise called the "Tarafa Law".

The Tarafa Law has two objects in view: First, to provide for the amalgamation or consolidation of a large part of existing railway lines of Cuba, ostensibly for the purpose of reducing overhead expenses, improving service and equipment, and reducing tariffs, both freight and passenger. Second - the regulation of certain ports now in existence, and rendering xx difficult the future opening of any further so-called "private ports", in order that the various sugar companies not now operating "private" ports may be forced to ship sugar over the public service railways.

The consolidation intended by the Tarafa Law is really an establishment of a holding company, which, in order to operate under the terms of the law, shall have to acquire a majority of the shares of three public service railroads, two of which must be Cuban companies, which companies must have a mileage of not less than 400

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V. Transportation.

1. Railroads.

(a) Rail Net (Continued)

kilometers actually in operation. The railways, the control of which it was intended to secure by the holding company, are known to be the Northern Railways of Cuba (largely owned, and absolutely controlled, by Col. José M. Taráfa, proponent of the Bill), the San Fernando and Jucaro Railway (owned absolutely by Col. Tarafa), and the Cuba Railroad, an American corporation in which Col. Tarafa is a stockholder, but which reliably is said to be controlled by the Rockafeller interests. While an attempt was made by the proponents of the law to get the United Railways of Havana, the largest public service railroad in Cuba, with over 1900 kilometers of mileage, to enter the consolidation, this effort has been without result.

Other provisions of the railroad consolidation law create a virtual monopoly of the railroad business in Cuba, by prohibiting the extension of existing lines (except in the case of the United Railways), and the construction of new lines by new public service railroad corporations; there are, however, certain exceptions made in favor of several small railways in specific instances, such as the Gunatanamo & Western R.R., and the so-called "Tunas" Railway, and in favor of the right of the Hershey Railroad and the Hershey Terminal Company, to make future extensions in the Province of Matanzas north of the existing lines of the United Railways.

The second object of the Law, namely, the regulation of ports, establishes twenty-six national ports, and declares them to be of general interest and the only ones qualified to carry on import and export trade. They are as follows:

Bahia Honda
Mariel
Havana
Matanzas
Cardenas
Sagua
Caibarien
Puerto Tarafa
Nuevitas (including Pastelillo)
Puerto Padre
Gibara
Antilla (in the Nipe Bay)
Macabi (in the Banes Bay)
Sagua de Tánamo
Baracoa
Guantánamo (including Caimanera, Boquerón and El Deseo)
Santiago de Cuba
Manzanillo
Santa Cruz del Sur
Jucaro
Trinidad
Tunas de Zaza
Cienfuegos
Batabanó
Nueva Gerona

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. Transportation.

1. Railroads.

(a) Rail Net (Continued)

An exception is made, however, in other provisions of the law, protecting the existing so-called "private" ports of the various sugar companies now in operation; this exception permits exportation and importation. The law, however, prohibits the establishment of any future private ports except under such very restricted circumstances as practically to render the probability of the opening of any to be negligible.

The present status of this matter is that the consolidation intended by the law has not been effected, due to the fact that the Cuba Railroad Company which, as before stated, is an American corporation, has not been willing to allow the control of its stock to pass into the hands of a Cuban Corporation, which the Tarafa law requires the holding company to be; also it is understood that the question of the exchange of stock has not been satisfactorily adjusted. Whether or not a satisfactory solution of this difficulty will be reached is not known, but is thought to be impracticable at this time. A consolidation could be made with one of the other small Cuban railroads, but the geographical location and comparative unimportance of these and the territory served, are such that it would probably render them valueless to effect the objects for which the law was passed.

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V. Transportation

1. Railroads.

(a) Rail Net. (Cont.)

UNITED RAILWAYS OF HAVANA.

This Company now includes the United Railways of Havana, the Western Railway of Havana, and the Cuban Central Railways, as from July 1, 1920.

This system also includes the Havana Central R.R.Co., an electrically operated line consisting of two branches, one extending from Havana to Güines, and the Marianáo Railway which is leased to this Company.

The system covers the area from Guane in Pinar del Rio Province on the west, to the line Cienfuegos- Santa Clara - Caibarien in Santa Clara Province, in the east.

Steam line, with the exception of the Havana Central and the Marianao Railway, which are electric; single track, except for sidings at the various stations.

Gauge: Standard, 4'8-1/2".

Rails: On all the main lines, including the Havana Central, 80-lb.; about 16 ties to the rail. On side tracks and storage tracks, rails 60-lb.

Road bed: Practically all rock-ballasted, and considerable work is now being done in renewing this rock-ballast. Due to the heavy rains of the rainy season, it is necessary to renew the ballasting frequently and to make constant repairs to the road bed.

Grades and curves: Ruling grade is about 1.6% and lies between the following points:

On the main line: Northern route - called Linea Central in the time tables, leaving Havana and running east, the maximum grade is between Minas and ~~xxxxx~~ Jaruco, 1.6%; southern route - Linea Sur, in the time tables, running south and then east from Havana, the ruling grade is between Rincon and Bejucal .6%.

There are no bad curves on the main line.

Ties: Principally native hardwood, from eastern coasts.

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V. Transportation (Cont.)

1. Rail Net (a)

THE HAVANA CENTRAL RAILROAD.

This is an electrically operated line consisting of two branches, one extending from Havana to Guanajay, and the other from Havana to Güines, ~~xxxxxxxxxxxxxx~~x

The line from Havana to Guanajay is 49 kilometers in length; and the line Havana to Güines, 50.2 kilometers.

The Havana Central Railroad is included in the United Railways system, with main offices at Central Station, Havana.

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V. Transportation (Cont.)

1. Rail Net.(a) (Cont.)

THE CUBA RAILROAD COMPANY.

The Cuba Railroad is composed of two railroads,- one, the Cuba R.R.proper, of 650 miles, extending from Santa Clara in the west, to Santiago de Cuba in the east;and the Camaguey & Nuevitas Railway, branch line, of 48 miles, extending from Camaguey to Nuevitas.

An extension is being built from Camaguey to Santa Cruz del Sur.

The Cuba R.R. is divided into 3 districts for operation, with a Superintendent in charge of each; two with headquarters in Camaguey, and one in Santiago.

The first district extends from Santa Clara to Camaguey and includes jurisdiction over the Trinidad and Sancti Spiritus branches.

The second district extends from Camaguey to Alto Cedro, including the branch from Alto Cedro to the port of Antilla, also the Holguin Branch, and the Bayamo Branch, Martí to Bayamo. Also includes jurisdiction over the whole of the Camaguey & Nuevitas Railway, which in 1917 was extended 5 kilometers beyond Nuevitas where a port was created known as Pastelillo.

The third district has jurisdiction Santiago to Alto Cedro, the Bayamo Branch from Entronque San Luis to Bayamo, and also the Manzanillo and Ponupo Branches.

Steam line; single track.
Guage: Standard, 4'-8-1/2"
Ties: Native hardwood 7" x 9" x 8'6".
Rails: Most of the main line from Santa Clara to Santiago de Cuba, also the important branches, are laid with 75-lb. rail; where other weight of steel is used, it is 60 lbs.to the yard.

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V. Transportation (Cont.)

The Hershey Cuban Railway.

Rail Net:

The main line, 100 kilometers in length, extends from Matanzas to Regla, a small suburb of Havana, on the eastern side of Havana Harbor. The route is nearly parallel with the north coast of Cuba and opens a country which has not previously had railroad service.

At Jibacoa, approximately 52-1/2 kilometers from Havana over the main line of the road, is a junction from which a branch 7 kilometers in length runs in a northwesterly direction to Santa Cruz del Norte. This small undeveloped port of Santa Cruz del Norte does not afford good debarking facilities, as landings have to be made from lighters. Another branch line about 12 kilometers in length runs south from a point near Jibacoa on the main line to Bainoa, where it connects with the United Railways, the principal trunk line through the center of the Island.

The route of the Hershey Line as it leaves Regla on the eastern side of Havana Harbor, traverses a large area in which development companies have laid out streets and made improvements on the prospect of its serving as a residential suburb to Havana as soon as rapid transportation to the city is possible.

This railroad was constructed for commercial purposes, its main object being to afford an outlet for the sugar produced by the sugar mills along this line belonging to the Hershey Corporation.

The Divisional point is at Central Hershey, Kilometer 44, where the main office is located.

The division east of this point, from Central Hershey, including the small branches to Santa Cruz del Norte and Bainoa, has been completely electrified; in fact, all the main line is electrified, except the cane lines, which are run by steam.

None of the lines are double track, but there are cane switches and passing tracks placed every five kilometers.

Guage: Standard.
Ties: Cypress and hardwood, purchased locally.
Rails: On all main lines, 80-lb.; on switches and sidings, 60-lb.
Ballast: Rock obtained from pits at different points on the line.

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V. Transportation

1. Rail Net (a)

THE CUBA NORTHERN RAILWAY

The Cuba Northern is a steam line; single track. Divisional points, Puerto Tarafa and Morón, in Camagüey Province. In operation, 330 kilometers. Extension to Santa Clara, 132 kilometers.

Rails: From Puerto Tarafa to Lombillo, 80-lb. steel rails, except on side trackd, where 60-lb. rails are used. From Lombillo to Morón, and Moron to Silvera, 60-lb. rails; from Silvera to Jucaro, 55 lb. steel rails; from Morón to Falla, 60-lb. steel rails.

Guage: Standard, 4'- 8-1/2".

Ties: Native hardwood, obtained from adjacent territory.

This railway extends from Puerto Tarafa on the north coast, to Morón, and from Morón to Júcaro, and from Morón to Falla. A line is projected from Chambas west to Santa Clara, where it will connect with the United Railways.

The branches to the main line extend to sugar centrals in this territory. These centrals are points which are suitable for the mobilization of troops and supplies.

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V. Transportation.

1. Railroads.

(a) Rail Net (Cont.)

Guantanamo & Western R.R.

Main line extends from Boquerón on Guantanamo Bay, to San Luis, at the latter point connecting with the Cuba R.R. The distance from Boquerón to San Luis is 111.8 kilometers. Car and locomotive shops and general offices located at San Justo (Guantánamo), a distance of 32 kilometers from Boquerón.

The only port touched by the Guantanamo & Western is Boquerón, located on Guantánamo Bay and very close to the United States Naval Station limits. Between Guantánamo and Boquerón there are two small bridges, each 30 ft. long and 10 to 12 ft. high; they are both wooden bridges and in case of destruction or any damage, could be made passable in a few hours. Between Guantánamo and San Luis there are 20 bridges on this line.

Single track. Standard gauge, 4'-8-1/2".

Ties, native hardwood obtained from adjacent territory.

Main line, between Boquerón and San Luis, all laid with 80 lb. rail, except 17 kilometers between Boqueron and Guantanamo.

Main line from Boqueron to Kilometer 88.4 is all ballasted; none of the rest of the line is ballasted.

Most important freight yards located at Boquerón, Guantanamo Wye, San Justo, Cuneira and San Luis.

Oil used exclusively for fuel.

Divisional points, Boquerón and Guantánamo.

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(b) Railway Equipment

United Railways of Havana.

Engines (Locomotives)			
	Passenger engines	67	
	Freight engines, light	98	
	Freight engines, heavy	162	
	Electric locomotives	1	
	Shunting engines	41	
	Narrow guage engines	12	381
Passenger Cars:			
	Rail motors	3	
	Electric motors	38	
	Parlor cars	1	
	Sleeping coaches	6	
	First Class coaches	65	
	Second Class coaches	108	
	Mixed coaches (1st.& 3rd)	15	
	Mule cars	--	
	Funeral coach	1	237
Baggage and Parcel Cars:			
	Baggage vans	60	
	Mixed animal and baggage	6	
	Baggage and mail vans	10	76
Freight stock:			
	Box cars	3,538	
	Ballast wagons	100	
	Flat and low-sided cars	6,356	
	Cattle cars	106	
	Tank cars	49	
	Horse cars	4	
	Brake vans	286	10,439
Service stock:			
	Official kitchen	2	
	Official coaches	3	
	Coal wagons and ballast	11	
	Steam shovels and auxiliary	8	
	Travelling cranes	17	
	Breakdown wagons	11	
	Permanent way wagons	230	
	Tank water wagons	16	
	Open wagons for ashes	5	
	Weighbridge testing wagons	2	
	Gasoline cars	6	
	Spare locomotive tenders	2	
	Inspection coaches	2	315
Ferry Boats -			2

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V. Transportation

1. Railroads. (b) Railway Equipment.

THE UNITED RAILWAYS OF HAVANA

Terminal Facilities.

Repair facilities for locomotives and rolling stock:

Luyano (Havana) car shops: ordinary repairs, capacity 40 or 50 cars per day; heavy repairs, 10 cars per day.

Locomotive shops, at Cienega (Havana).

Sagua la Grande also has shops for heavy repairs, running about 10 engines a month capacity.

The main shops at Cienega are used for all heavy repair work of locomotives for the entire system. This plant is equipped with a foundry of sufficient capacity to cast cylinders and driving wheels, and all brass work. The Smith shop is capable of taking care of all the heavy frame and axle work.

Erecting shop has a 10-ton crane over the machines, and delivers heavy work on the machines. At present there are 20 repair pits available.

Travelling crane overhead, is 60-tons.

Two compressors 1,000 cu.ft. free air capacity each.

Air-brake shops; equipment capable of making the repairs of the pumps and air-brake equipment, and all brass work, such as injectors, lubricators, etc.

The main machine shop is equipped with machines electrically driven, with sufficient equipment to do the machine work for the 20 repair pits. There is a transfer table 65 ft. long which runs between the boiler shop and the erecting shop.

The boiler shop equipment consists of shears and punch for heavy boiler plate; flange fire; plate-shearing machine; flue-welding machines, and furnaces; large drill press; and an abundance of air drilling machines and air hammers. Overhead travelling-crane, capacity approximately 30-tons.

Tool room: well equipped, with machines for making taps, reamers. dies, and special tools.

Wood shop, or carpenter shop; equipment for doing all the work that may be required in connection with the repair of locomotives and cars. Also all woodwork for locomotive cabs and cars.

Store-room: fortaking care of all special parts for locomotives, such as flues, air brake repairs, injector repairs, headlights, dies, taps, reamers; sufficient capacity for repair parts for the entire road.

Two running sheds, divided by transfer table 65 ft. long capable of taking a locomotive and tender.

Two drop pits.

One large hot water washout system, two pump stations, two elevated steel water tanks each having capacity 75,000 gals., and one service oil tank, 30,000 gals.

One turntable, 60 ft.

Coal elevator available; has been abandoned since fuel oil

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V. Transportation

1. Railroads. (b) Railway Equipment.

THE UNITED RAILWAYS OF HAVANA (Cont.)

Terminal Facilities. (Cont.)

has been adopted as fuel. Capacity - supply 100 engines per day.

Sand house, equipped with dryer and air lift; sufficient capacity for supplying 100 locomotives per day.

Track scales, about 150-ton.

Power house, is sub-station, which receives its power from the Havana Central.

Oil storage station. There are two tanks with a total capacity of approximately 500,000 gallons, which are located at a distance of two kilometers from the shops, to which the oil is delivered through 8" pipe line.

These shops are all enclosed in a brick wall and iron fence, approximately 10 ft. high.

The system of making repairs by the United Railways is to do all the heavy repair work in the Cienega shops, and to do the machinery work for all repairs,,sending the parts necessary for light repairs, to line terminals which are located at Matanzas, Cardenas, Sagua la Grande, Cruces and Cienfuegos.

The Sagua la Grande shop was formerly the heavy repair shop for the Cuban Central and any of the heavy machine work and foundry work could be done in these shops; its capacity,however, is not sufficient for more than the repairs of one Division.

The equipment provided for other division shops is sufficient to make light repairs only.

The shop for narrow guage repair work is located at Caibarien; between Caibarien and Placetas all repairs for the narrow guage engines are made at that point.

The lay-out of the shop and the equipment used is the same as that which is being installed at Morón for the Cuba Northern Ry., the only important difference being that the shop is equipped for a greater amount of work.

Fuel: Oil is used almost exclusively; purchased from the Sinclair-Cuba Oil Company, which furnishes it by shipment from Tampico, Mexico oil fields, delivered at various ports with which this line has connections.

Capacity of Railroad Freight Yards in Havana.

Arsenal yards	200	cars capacity
Fesser yards at Regla	600	" "
Cristina yards	150	" "
Luyanó shops	400	" "
Luyanó yards	100	" "
Bustamante yards	480	" "
Hacendados yard	100	" "
Cienega shops, Cerro	200	" "
Cienega yards, Cerro	100	" "
Llanos yard, Cerro	100	" "

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1. Railroads. (b) Railway Equipment.

THE UNITED RAILWAYS OF HAVANA.

Terminal Facilities (Cont.)

Facilities at various points on the line, namely: Water tanks; oil tanks; coal deposits; stock-loading ramps; car capacity.

Western Division

Guira	Water;	90 cars.
Artemisa	Water;	oil; 90 cars.
Santo Cristo	Water;	oil; 15 cars.
San Cristobal	Water;	55 cars;
Paso Real	Water;	15 cars
Rio Hondo	Water	
Pinar del Rio	Water;	oil; 200 cars.
San Juan	Water;	
Mendoza	Water;	oil

Jovellanos Division - Guanabana to Retamal.

Caobas	Water;	
Coliseo	Water;	oil; coal; 40 cars.
Jovellanos	Water;	oil; coal; 200 cars.
Retaman	Water.	

Colon Division - Colon to Santa Clara

Macagua	Water;	100 cars;
San Pedro	Water;	
Mordazo	Water;	
Santo Domingo	Water;	oil; coal; 80 cars.
Magarita	Water;	
Santa Clara	Water.	

Havana Division, - Havana to Guanabana

Central Station, Havana	Water	
Campo Florida	Water;	
Jaruco	Water;	
Aguacate	Water;	
Acosta	Water;	
Matanzas	Water;	oil; coal; 500 cars; roundhouse; loading and unloading platforms; cranes; 10 large warehouses.
Guanabana	Water.	

Havana to Guareiras (Main Line)

Palatino	Water	
Capdevila	Ramp;	
El Cura	Water;	

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THE UNITED RAILWAYS OF HAVANA

Terminal Facilities (Cont.)

Main Line - Havana to Guareiras (Cont.)

Rincon Junct.	Water; ramp; 60 cars.
Bejucal	Ramp; 36 cars.
Quivican	Ramp;
San Felipe	Water; oil; coal; ramp; 50 cars.
Duran	Ramp.
Guara	Ramp
Melena	Ramp; 100 cars.
Palenque	Ramp;
Güines	Water; oil; coal; ramp; 100 cars; yard locomotive; platform scale.
Rio Seco	Ramp.
San Nicolas	Water; ramp; 36 cars.
Ø Palos	Water; ramp;
~~Nexefitax~~	
Bermeja	Water; ramp.
Union Junct.	Water; oil; coal; ramp; 150 cars; yard locomotive; platform scale.
Bolondron	Water; ramp.35 cars.
Guira	Water; ramp; 34 cars.
Navajas	Water, coal, oil, ramp; 100 cars.
P.Betancourt	Ramp; 38 cars.
Isabel	Water, ramp; 33 cars.
Agramonte	Water, ramp; 28 cars.
Guareiras	Water, oil, coal, ramp; 100 cars.

Branch - Guareiras to Anton Recio

Calimete	Water, ramp; 42 cars.
Aguada	Water;
Real Campiña	Water; ramp; 45 cars.
Rincon	Water; ramo; 60 cars.
San Antonio	Water;
Seiba	Water.
Guanajay	Yard locomotive; ramp.

Batabanó Branch - San Felipe to Batabano

San Felipe	Water, oil, coal, ramp, 50 cars.
Batabanó	Water; coal; yard locomotive; 100 cars.

Empalme Branch - Güines to Empalme.

Guines	Water, oil, coal, ramp, 100 cars.
Robles (Jct.)	Water, ramp, 50 cars.

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V. Transportation.

1. Railroads. (b) Railway Equipment.

THE UNITED RAILWAYS OF HAVANA

Terminal Facilities (Cont.)

Madruga Branch - Robles to Madruga.

Madruga	coal; ramp; 26 cars.

Cabezas Branch - Valiente Jct.to Esperanza.

Valera	Water.
Cabezas	Coal; ramp; 35 cars.

Alacranes Branch

Union	Water, oil, coal, ramp, 150 cars.

Jucaro Line - Cardenas to Guareiras

Cardenas	Water, oil, coal, ramp, 400 cars.
Recreo	Water, coal, ramp, 38 cars.
Altamisal	Water, ramp.

Guareiras to Capitan Line.

Yagua	Water.
Esles	Coal, ramp,,36 cars.

Murga Line

Jovellanos	Water, oil, coal, ramp, 200 cars.
Jaguey	Coal, ramp, 45 cars.

Macagua Branch

Banagüises	Water, ramp, 33 cars.
Macagua	Water, oil, coal.

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V. (Cont.) 1.

(b) Railway Equipment.

HAVANA CENTRAL R. R. CO.

Rolling stock.

Electric locomotives and engines:			
	Freight electric locomotives, heavy	9	
	Freight steam engines, heavy	2	
	Shunting steam engines	2	13
Passenger:			
	Motor cars	31	31
Baggage and parcel stock:			
	Baggage cars	3	3
Freight:			
	Box cars	75	
	Flat and lowside cars	167	
	Live stock cars	6	248
Service stock:			
	Coal cars	19	
	Steam cranes	1	
	Breakdown cars	7	
	Portable sub-station cars	2	
	Inspection gasoline cars	4	
	Dwelling cars	17	
	Electric tower cars	1	51

THE WESTERN RAILWAY OF HAVANA, Ltd.

Locomotives:		30	30
Coaches			
	1st. Class	7	
	3rd Class	16	
	Mixed	1	
	Baggage cars	7	31
Electric motor coaches:		6	6
Freight, etc.			
	Box cars	274	
	Cattle cars	8	
	Miscellaneous	232	
	All steel high-sided cars	39	
	Horse cars	2	
	Ballast cars	18	
	Wrecking cars	2	
	Masons, carpenters, etc.	16	
	Steam cranes	3	594

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V. Cont. 1.

(b) Railway Equipment.

HAVANA CENTRAL RAILROAD

Terminal Facilities

At Havana (at Kilometer 1.8), an electric power station for operation of the Havana Central Lines and for lighting towers. Connected with power station at Batabanó. Installation, two 2,000 K.V.A. and one ~~Kxxxxx~~ 3500 K.V.A. Curtis steam turbines. Oil is used for fuel at this station.

2 oil storage tanks, capacity 25,000 gals. each;
2 oil service " " 8,000 " " (underground)
1 oil " " " 10,000 " " for locomotives.

At Kilometer 5.1, Underdown Junction, siding capacity for 20 cars. Mechanical interlocking plant. Junction with Havana-Guanajay and Havana-Guines Divisions. Double track ends here.

At Guines there is a station, and yard capacity for 30 cars.

At Kilometer 3.4, Luyano Station, siding capacity, 10 cars. Loading ramp and platform, and corral facilities for handling about 200 head of stock. Crossing of main highway Havana to Guines.

At Kilometer 3.7, Luyano Shops. Trackage in Shops with capacity for 400 cars. Trackage in yard with capacity for 100 cars. Machine and repair shops.

1 storage concrete water tank, capacity 50,000 gals.
1 locomotive service water tank, " 4,000 "
5 ton traveling crane in shop.

At Guanajay, siding capacity for 50 cars.
Guanajay Sub-Station,- corrals for unloading. 1 platform, ramp, and one 5-ton cane derrick.

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(b) Railway Equipment.

Cuban Central Railways, Ltd.

Engines:			
	Passenger engines	11	
	Freight engines, light	4	
	Freight engines, heavy	78	
	Shunting engines	7	100
Passenger stock:			
	1st. Class coaches	8	
	3rd class coaches	37	
	Mixed, 1st.& 3rd	11	
	Mule cars	2	58
Baggage cars		14	14
Freight cars			
	Box cars	806	
	Flat and cane ✓ cars	2,417	
	Coal cars	95	
	Cattle cars	15	
	Molasses tank cars	11	
	Brake vans	50	3,394
Service stock			
	Official coaches	2	
	Coal cars	3	
	Travelling cranes	10	
	Steam shovel	1	
	Wrecking cars	4	
	Permanent way cars, dwellings, &c.	64	
	Tank water cars	8	
	Weighbridge testing car	1	
	Kitchen car	1	
	Gasoline cars	4	98
Motor launch		1	1
Steam road car		1	1

THE CUBA RAILROAD CO.

Locomotives (oil)	165	165
Passenger cars	130	130
Sleeping cars	24	24
Business cars	5	5

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V. Cont. Transportation.
1. Railroads.

(b) Railway Equipment.

THE CUBA RAILROAD COMPANY (Cont.)

Freight cars:			
	Box cars	2200	
	Cane cars	2209	
	Gondola cars	211	
	Water tank	29	
	Molasses tank	290	
	Stock cars	215	
	Flat cars	900	
	Refrigerator cars	9	
	Ore cars	60	
	Cabooses	100	6023
	Business cars		5
Maintenance of way cars:			
	Ballast	64	
	Steam shovels	4	
	Air compressor	1	
	Derricks	7	
	Pile drivers	3	
	Ballast spreader	1	
	Ditchers	5	
	Auxiliary cars	31	116
Floating Equipment:			
	Steam tugs		3
Lighters			7
Suction dredge			1

Camaguey & Nuevitas Railway

Locomotives	12
Passenger cars	23
Sleeping cars	4
Freight cars	50
Business cars	1

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V.

1.

(b) Railway Equipment.

THE CUBAN CENTRAL R.R. (Terminal facilities)

List of water stations, with siding capacities of more important stations.

	Siding capacity	
Concha	115	Water tank
Alambique	133	
Sagua	388	"
Santo Domingo	100	"
Sitiecito	76	"
Calabazar		"
Vega Alta		"
El Barro	210	
Angeles	128	
Sta.Lutgarda	153	
Mata	116	
Triunvirato	205	
Taguayabon		"
Palenque	172	
Remedios	52	"
Caibarien	131	"
Camajuaní	54	"
La Julia		"
Floridanos	23	"
Placetas		"
Copey	153	
Cifuentes		"
Ribalta	300	
El Carmelo	210	
San Diego	66	"
Caguaguas	70	"
Rancho Veloz		"
Campuzano	484	
Santo Domingo	100	
San Marcos		"
Sta. Susana	100	
∕ Caracas		"
Cruces		"
Portugalete	571	
Palmira	118	"
Cienfuegos	321	"
San Juan	104	"
Potrerillo		"
Jorobada		"
Ojo de Agua	72	"
Cumanayagua	58	"
Baños		"
Rodas		"
Cruces	104	
Esperanza		"
Tanque Viñas		"
Zulueta		"
Ranchuelo∕	128	
Don Pelayo	177	

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(b) Railway Equipment.

THE CUBA RAILROAD.

Terminal Facilities.

Principal shops are located at Camaguey. All heavy repairs to locomotives are made at these shops. Small branch shops for light running repair to equipment are located at Santiago de Cuba and at Santa Clara. Boiler wash-out facilities are provided at Camaguey and Santiago de Cuba repair shops.

The Repair Shop at Camaguey:
Shops for freight cars and for coaches are equipped with a power saw and a planing mill. The capacity for heavy repairs is approximately 60 cars per month. The locomotive repair shops have a capacity of 15 engines per month for heavy repairs.

The machine ship is equipped with modern machine tools.

Following is a list of the water-tank stations, and siding capacities of the more important stations:

	Siding capacity	
Santa Clara	341	Water tank
Falcon		"
Cumbre	167	
Maximo		"
Cabaiguán	105	
Zaza de Medio	167	"
Jatibonico	237	"
Majagua		"
Ciego de Avila		
Gaspar		"
Florida		"
Baez		"
Jiquimas		"
Condado		"
Trinidad		"
Camagüey	158	
Talleres		"
Ignacio		"
Miraflores		"
Martí		"
Bartle		"
Las Tunas		"
Mir		"
Cacocúm		"
Martí	111	"
Santa Lucia		"
Gamboa		"
Rio Cauto		"
Alto Cedro	246	"
Antilla		"

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1. Railroads

(b) Railway Equipment.

THE CUBA RAILROAD

Terminal Facilities - Continued.

Water tank stations.

	Siding capacity	
San Nicolas		Water tank
Sebastian		"
Santiago de Cuba	300	"
Bayamo	115	
Jiguaní		"
Contramaestre		"
Central Palma		"
Rio Grande		"
Entronque Manzanillo		"
Veguita		"
Manzanillo		"
Songo		"

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(b) Railway Equipment (Cont.)

HERSHEY CUBAN RAILWAY CO.

Locomotives		
Steam engines	8	
Electric engines	7	15
Passenger coaches (electric)		14
Freight cars		
Box cars	80	
Cane cars	185	
Flat cars	22	
Stock cars	4	291
Miscellaneous:		
Line automobiles	11	
Coal cars	50	
Hospital car	1	
Baggage cars	2	
Tank cars	2	
Steam cranes	2	
Steam shovels	1	
Repair car	1	70

Terminal facilities:

Casa Blanca - a station for passengers and freight.
Regla - 2 freight stations, and a reinforced concrete dock, 80 ft. long, with 2 tracks, standard gauge.
Matanzas - a station for passengers and freight.

The most important freight yard is at Central Hershey and is approximately 4 kilometers in length.

Watering facilities are located at Central Hershey, Paula, Dos Bocas, Canasí, San José, Barreras, Corral Nuevo.

Round-house at Central Hershey, and storage tanks for approximately 600,000 gallons of fuel oil.

Complete repair facilities at Central Hershey, including a modern machine shop with all classes of tools, pits, a small foundry for making both brass and iron castings.

The ports touched are Havana (Regla), Santa Cruz del Norte, and Matanzas. At the Havana end, railroad sidings extend to the Havana Coal Co.'s dock, the dock of the United Railways, Cuban Government pier at Triscornia, and are immediately adjacent to the docks of the Havana Marine Co., Viuda de Ruiz de Gamiz, and West India Oil Co.

At Santa Cruz del Norte, landings made by lighters.

At Matanzas the Hershey R.R. connects with the Matanzas Terminal Co., so all the docks at Matanzas are available for service over the Hershey lines.

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V. (Cont.) 1.

(b) Railway Equipment. (Cont.)

GUANTANAMO & WESTERN R.R.

Locomotives		17
Passenger & Baggage Cars		12
Freight Cars		
Cane cars	249	
Box cars	160	
Flat cars	92	
Tank cars	30	
Coal cars	17	
Stock cars	4	552
Miscellaneous		
Cabooses	5	
Camp cars	17	
Gasoline motor cars	4	
Steam ditchers	2	
Steam shovels	1	
Pile driver	1	
Dump cars	2	32

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V. (Cont.) 1.

(b) Railway Equipment. (Cont.)

GUANTANAMO & WESTERN R. R.

Terminal Facilities

Terminal facilities consist of a port at Boquerón on Guantanamo Bay, and terminal in Guantanamo City, where repair shops and general offices are located, and in San Luis where connections are made with the Cuba R.R.

At the Guantanamo (San Justo) repair shops, five locomotives can receive heavy repairs simultaneously.

Oil is used exclusively for fuel. Stprage facilities as follows:

In Boqueron the road has two 55,000 bbl. tanks, giving a total capacity of 110,000 bbls.at Boqueron.

At San Justo (Guantanamo) there is storage capacity of 15,600 bbls.

At Cuneira, storage capacity of 600 bbls.

At Arroyo Blanco, storage capacity of 5,600 bbls.

Water stations, at following points:

Boquerón, Romelie, San Justo, Santa Maria, Cuneira, Ermita, Josefina, Jotura, and Arroyo Blanco.

At Boqueron,	storage capacity,		80,000 glas.
At Romelie,	"	"	50,000 gals.
At San Justo,	"	"	100,000 gals.
At Santa Maria,	"	"	50,000 gals
At Cuneira	"	"	50,000 gals
At Ermita	"	"	50,000 gals
At Josefina	"	"	40,000 gals.
At Jotura	"	"	50,000 gals
At Arroyo Blanco	"	"	50,000 gals

Car capacity of yards:

Boquerón	200 cars
Guantanamo Wye	120 "
San Justo	250 "
Cuneira	75 "
San Luis	100 "

Repair shops at San Justo: All modern equipment; machinery all electrically operated.

At Boquerón there is a pier 250 ft.long and 59 ft. wide. Three tracks run on the pier. Depth of water 19 ft.

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V. Transporation.

1. Railroads.

(b) Railway Equipment (Cont.)

THE CUBA NORTHERN RAILWAY.
(Ferrocarriles del Norte de Cuba.)

Locomotives		
Passenger engines	10	
Freight engines	29	
Yard switching engines	5	44
Passenger coaches		30
Freight cars		1,452
Miscellaneous		
Cars	30	
Steam shovels	4	
Ditchers	2	
Locomotive cranes	2	
Etc.		

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V. Transportation (Cont.)

1. Railroads.

(b) Railway Equipment.

CUBA NORTHERN RAILWAY

Terminal Facilities.

Principal repair shop is located at Moron. 10 locomotives can receive repairs (heavy repairs) simultaneously; and the capacity is 10 locomotives per month when working single shift. The shop equipment is all modern. (Detailed list of machines and equipment was included in Despatch 1794 of this office, dated October 17, 1922 "Report on Cuban Railroads and Roads".)

At Moron there is also an electric plant: One 500 H.P. Diesel direct-connected G.E. 320 volts; One 150 H.P. Generator, voltage 2300.
Source of water, 15' well, 50' to 60' deep, supplies 25 locomotives per day.
Shop foundation to carry 80-ton crane; present crane, 25 ton.
Storage capacity, 2000 cars;
Oil tank, 300,000 gals. capacity, storage;
" " 50,000 " " service
Water tank, 100,000 gals.
Siding capacity, 300 cars.

Jucaro Division - Jucaro to Moron.

Jucaro - Port - Lighter about 6 miles, from anchorages 21 ft. deep. at shore, a wharf with 12 ft. depth. Siding capacity, 100 cars.

Dominguez - Water tank, 30,000 gals; siding cap. 15 cars.

Silveira - Machine shop; oil; water; storehouses; foundry for heavy repairs. Siding cap., 27 cars.

Ciego de Avila, Siding cap. 150 cars; oil tank, 50,000 gals.

Santo Tomas - Sugar mill; warehouse; car storage for 300 cars.

Pina - Morón sugar mill; siding cap., 50 cars; 3 oil and molasses tanks, 1,000,000 gals. each; car storage, 500 cars; machine shop: Two 1,000 K.W. Generators
One 2,000 " "
Eight 1,000 H.P. B & W Boilers.

Velasco - Siding cap., 120 cars; steel oil service tank, 50,000 gal.; steel water tank, 60,000 gal.; well; storage and tracks for 200 cars.

Woodin - Siding capacity 60 cars; 50,000 gal. water tank; 50,000 gal. oil service tank.
Woodin to Puerto Tarafa.

Jaronú - Siding cap., 60 cars; water tank, 50,000 gal.; storehouses; brick buildings for 3,000 men; three molasses tanks approx. 1,000,000 gals.; eight 1500 H.P. boilers; electric plant: Five 1500 K.W. Generators; one 600 K.W generator; one 500 h.p. semi-Diesel generator set.

Rio Maximo - Pumping station; 50,000 gal. water tank;

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V. Transportation

1. Railroads.

(b) Railway Equipment.

CUBA NORTHERN RAILWAY (Cont.)

Terminal Facilities.

Cunagua Branch - Velasco to Cunagua.

Cunagua - Siding cap.,100 cars; wooden buildings for about 3,000 men; six 1500 h.p.boilers; five 1500 KW generators; one 500 KW generator

Western Division - Moron to Chambas.

Falla - Siding cap. 66 cars; water tank,50,000 gals.; machine shop; turbines.

Sta. Florida - connects Central FLORIDA & Florida; partly electrified; two 500 kw generators, turbine; wooden houses, capacity about 2,000 men; sanitary equipment excellent; water supply good; one 50,000 gal. oil service tank; one oil storage tank about 250,000 gals. two molasses tanks,about 300,000 gals.cap..

Ingenio AGRAMONTE; small steam-driven electric plant; wooden houses,capacity 2,000 men; sanitary equipment excellent.

Port Tarafa, on the north coast, has three concrete piers,being built by the F. Snare Corporation; 1 bulkhead 1,088' long. Piers and bulkhead to berth 9 boats at a time. Also 12 warehouses,concrete and steel, with capacity for 1,300,000 bags of sugar.

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(c) Operation and Control.

United Railways of Havana.

Average Haulage

Passengers:

In 1921,	total passengers	carried,	23,993,161
" 1922	"	"	17,303,729
" 1923	"	"	15,098,734

Mileage results

Passenger miles,	in 1921	221,270,438
"	" 1922	121,525,184
"	" 1923	132,939,559

Average miles per passenger,	1921 - 31
" " "	1922 - 33
" " ""	1923 - 31

Marianáo Railway, a suburban electric short line from Havana to Marianáo only:

In 1921 -	total passengers	12,669,755
" 1922 -	" "	10,343,323
" 1923 -	" "	7,776,059

Freight:

In 1921,	total tonnage	15,902,616
" 1922	" "	11,504,176
" 1923	" "	11,257,996

In 1921,	ton mileage	402,424,732
" 1922	" "	283,598,542
" 1923	" "	318,881,084

Important rail centers and junctions.

In the neighborhood of Havana:

Gas Junction
Underdown Junction
Pines & Embil Junctions
Jesus del Monte Junction
"Bifurcacion" Junction
Mordazo Triangle & Junction

Interior Junctions, etc.:

Rincon	Capitan	Retamal
San Felipe	Cienfuegos	Macagua
Guines	Ranchuelo	Carreño
Empalme	Sitiecito	Palmira
Union	Cifuentes	Cruces
Guareiras	Matanzas	Esperanza
Colón	Navajas	Sagua la Grande
Santo Domingo	Jovellanos	Camajuaní
	Cárdenas	
	Altamisal	

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V. Transportation. 1. Railroads.

(c) Operation and control

United Railways of Havana (Cont.)

Signal system; telephone and telegraph.

All of the stations are connected by telegraph or telephone, and in some cases by both systems. In passing each station the locomotive engineer receives what is known as the 'via libre', or clearance, before he is able to proceed into the next section of the line.

Ownership and operating control.

"The United Railways of the Havana and Regla Warehouses, Limited" is a British company, governed by a board of directors in London.

The entire system is divided into Divisions, and the whole is under an official known as the General Manager, in Havana, who receives his instructions from the board of directors in London.

The heads of departments are practically all British, and the labor, both skilled and unskilled, is native.

The duties of the Division Engineers are practically the same as those prescribed for the Division Engineers of the railroad systems of the United States.

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V. Transportation (

1. Railroads.

(c) Operation and control.

The Cuba Railroad Company.

This is an American company incorporated under the laws of New Jersey, with a board of directors in New York (including Mr. R. B. Van Horne of Montreal), with a local General Manager at Camagüey.

It is divided into three districts for operation, with a superintendent in charge of each,- two with headquarters in Camagüey, and 1 in Santiago.

Important Terminals

Santiago
Manzanillo
Antilla
Pastelillo

Important rail centers and junctions.

Santa Clara
Ciego de Avila
Camagüey

No signal system. All trains are operated by telegraph.

Two telephone exchanges, one at Camagüey, and the other at Pastelillo.

Average haulage: For fiscal year ending June 30, 1923:

Total tonnage of freight hauled ------ 6,826,429 metric tons;
Total passengers carried ---------- 3,465,761

Average passenger haul per capita per mile, 19.86

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Hershey Cuban Railway Company.

Average haulage: Fiscal year ending June 30,1923:

Freight, ton-kilometer --------- 9147
Passenger Kilometer ---------- 8490

Total freight tonnage hauled ---- 324,314 tons
Total number of passengers transported, 302,100

Signal system:

Semaphores are used at the crossings with other railroads. In other cases the regulation signals are followed as required by the Railway Commission.

Telephone used; no telegraph.

Ownership and control:

An American company, financed by the Hershey Chocolate Company, which owns the stock.
Controlled and operated by the Hershey Cuban Railway Company.

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V. Transportation 1. Railroads.
(c) Operation and Control.

Cuba Northern Railways Company.

This line is under Cuban operation and administration, with general offices located at Ciego de Avila, and the President's office is in Havana.

Plans are being made to establish headquarters at Morón, Camagüey Province.

Average haulage:

Average haulage of a passenger during the year 1922-23 has been of about			32 kilometers
do.	do	a ton of freight	54
do	do	a bag of sugar	127

Signal System:

Train order system being handled through Dispatchers. Use both telephone and telegraph. Telephone for train orders, and telegraph for messages.

Ownership and operating control:

Organized under the laws of the Republic of Cuba with a capital of $15,000,000. divided into $1,000,000. preferred shares and $14,000,000. common, and with a first mortgage bond issue of $10,000,000. and a second mortgage bond issue of $6,000,000.

The operating control is handled through the President of the Company, Board of Directors and General Manager. Main office at Havana, 108 Aguacate St. Local management at Ciego de Avila.

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V. Transportation
1. Railroads.
(c) Operation and Control.

Guantanamo & Western R.R.Co.

Average haulage: Fiscal year ending June 30, 1923:

Average distance ton of freight, 25 miles;
Average journey per passenger, 19-1/2 miles.
Total freight hauled -------- 531,641 tons;
Total passengers carried --- 390,921

Signal system:

Telephone used exclusively.
No signal system except ordinary hand operated semaphores at grade crossings with other roads.

Ownership and operating control:

The Company is a State of Maine corporation, and the the General Manager and practically all subordinate officers are Americans.

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V. Transportation.

1. Railroads.

(c) Operations and Control. (Cont.)

Within the Republic of Cuba there are operated by sugar ingenios 2,613 kilometers of standard gauge railroad, and 3,833 kilometers of narrow gauge.

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2. Highways and Roads.

(a) Road Net - Character and sufficiency.

Cuba had, some years ago, the start of a good system of highways in the western end of the Island. From Santa Clara Province westward, central highways were laid out, graded and pavedwith macadam. Earlier than this, under the rule of Spain, broad roadways were laid out and lined with shade trees, so that now on the principal routes of highway travel in the western half of Cuba, the rough road bed exists; the right-of-way is delineated, and the way is lined with magnificent trees.

The traveled channel or road bed itself is, for the most part, impassable in any but the driest weather, for where this roadbed was paved with macadam, and also wherever new roads were built in the period of the Second Intervention and paved with macadam, these roads have been allowed to wear out and deteriorate, so that with a few exceptions, notably the road from Habana to Pinar del Rio, Habana to Batabanó, and Habana to Matanzas, the highway system of Cuba does not exist. Money that has been appropriated for repairs and extensions cannot begin to meet the need and the only solution of the problem is the financing and organization of a complete system of highways, that will provide inter-communication between important towns from the westernmost extremity of Pinar del Rio to the old town of Baracoa, located at the eastern extremity of Oriente Province.

The road system of Cuba, with approximate kilometers scaled off the map, is given below:

(Note: "A" - the central highway, the backbone of the system;
"B" - connections from important ports with the central highway;
"C" - connections from other less important inland towns and less important ports in some cases.

From	To	"A"	"B"	"C"
		Kilometers		
PINAR DEL RIO PROVINCE				
Caimito	Guane	214.0		
San Juan y Martinéz	Playa Embacartas			15.6
San Luis	Pinar del Rio		7.0	
Pinar del Rio	Esperanze		52.5	
Los Palacios	Central Road			5.9
Guanajay	Bahia Honda		52.2	
Taco-Taco	Cacarajicaras			14.0
Mariel	Kil. 9.9		4.0	
Artemisa	Kil. 11.1		11.1	
		214.0	126.8	35.5

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V. (Cont.) 2.

From	To	"A"	"B"	"C"
		Kilometers		
HABANA PROVINCE				
Caimito	Arroyo Arenas	20.0		
San Francisco de Paula	Ganuza	24.0		
Ganuza	Kil. 73.7	39.7		
Regla	Guanabacoa		3.0	
Arroyo Apolo	Alquizar		43.0	
Arroyo Arenas	Santiago de las Vegas		13.0	
Rincon-San Felipe-	Güines		40.6	
Kil. 11.1 (Artemisa)	Quivican			27.2
Ganuza	Güines		14.0	
La Catalina	Güines		18.9	
Güines	Nueva Paz			19.8
Guanabacoa	Canasí		44.7	
Santa Cruz del Norte	Cuatro Caminos			6.5
Jamaica	Jaruco			19.8
Aguacate	Central Highway			7.1
Arroyo Apolo	Surg.de Batabanó		52.0	
ISLE OF PINES				
Nueva Gerona	Columbia			18.8
Nueva Gerona	Santa Fe			11.0
Santa Fe	Juraco			8.1
		83.7	229.2	118.3
MATANZAS PROVINCE				
Kil. 25	Matanzas	25.0		
Matanzas	Contreras	61.6		
Perico	Alvarez	16.3		
Encrucijada	Alacranes			21.0
Nueva Paz	Guareiras			16.8
Colon	Amarillas		9.7	
Jaguey Grande	Agramonte			9.0
San José	Colón			4.0
Jacan	Aguica			1.5
Cabezas	Sabanilla			2.3
Canasí	Matanzas		17.2	
Cardenas	Ponce	8.5		
		111.4	26.9	54.6
SANTA CLARA PROVINCE				
Alvarez	Camajuaní	25.0		
Isabella de Sagua	Santa Clara		36.0	
Esperanza	Cienfuegos		7.6	
Ranchuela	San Juan de los Yeros			8.0
Amarillas	Cienfuegos			26.0
Cartegena	Cruces			3.0

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V. (Cont.) 2.

From	To	"A"	"B"	"C"
	SANTA CLARA PROVINCE (Cont.)		Kilometers	
Cienfuegos	Cabaiguan		58.0	
Fomento	Trinidad		7.0	
Caibarien	Camajuani		28.0	
Zulueta	Remedios			13.8
		25.0	136.6	32.8
	CAMAGUEY PROVINCE			
Coralillo (Alvarez)	Oriente Line	39.5		
Camagüey to	Nuevitas		7.0	
		39.5	7.0	---
	ORIENTE PROVINCE			
Cacocum	Santiago de Cuba	27.0		
Manzanillo	Guantanamo		100.8	
Bayamo	Gibara		5.0	
Banes	Alto Cedro		1.3	
		27.0	107.1	---

S U M M A R Y

Province	"A"	"B"	"C"
	Kilometers		
Pinar del Rio	214.0	126.8	35.5
Habana	83.7	229.2	118.3
Matanzas	111.4	26.9	54.6
Santa Clara	25.0	136.6	32.8
Camagüey	39.5	7.0	----
Oriente	27.0	107.1	----
Totals.....	500.6	633.6	241.2

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V. (Cont.) 2.

(b) Highway Transport Equipment.

During the dry season (November to April) unimproved Cuban roads can be used by motor vehicles to some extent, but they are poor at best. During the wet season (May to October) unimproved roads, with few exceptions, are impassable to loaded wagons or motor vehicles. Practically all hauling is done by ox-carts, which make deep ruts and otherwise cut up the roads. Many unbridged rivers, small streams and arroyos are unfordable in wet weather.

Cuba has one motor vehicle for 160 persons; Havana, one for each 33 inhabitants; the remainder of Cuba, excluding Havana, one motor vehicle per 320 people. If the seven larger cities of the Island are grouped there are 54 persons per motor vehicle; for the remainder of the Island, excluding these seven cities, there are 416 persons per motor vehicle.

Following shows the number of motor vehicles registered in Cuba in the year 1922:

		Motor Cars			Trucks		
	Population	5 pass. or less	7 pass.	Auto Buses	2-ton or less	Over 2-ton	Total Motor Vehicles
TOTALS...	3,123,000	11,293	3,627	534	2294	1346	19,094
Principal Cities							
Habana	363,506	5,994	2,902	269	1,000	1,015	11,180
Matanzas	62,638	238	71	10	127	15	461
Cardenas	32,753	156	---	7	52	16	231
Cienfuegos	88,356	562	196	23	120	60	961
Camagüey	98,193	152	---	6	59	--	217
Santiago de Cuba	70,232	285	167	--	55	---	507
Guanabacoa	31,389	170	63	47	86	38	394

The present revenues from motor vehicles and motor fuel are about $500,000. which now goes to the municipality with the exception of a small amount for the State.

There are about 19,000 motor vehicles in the Island, of which 11,300 are small cars and 3600 are trucks .

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V. (Cont.) 2.

(c) Transportation Animals.

Conditions for cattle raising and maintenance on the Island of Cuba are excellent. There is an abundance of nutritous grasses and good drinking water, and the climate is devoid of extremes in temperature. There still remain thousands of acres of well watered, well drained lands that possess all the above mentioned conditions. Two grasses, excellent for either milk or for fattening purposes, were imported into this country many years ago. The Parana, brought from the Argentine, is best suited to the lower lands. Guinea grass, brought from the west coast of Africa, is well adapted to the mountain sides and does well even on the crests of the latter up to an altitude of 2,000 feet. 100 acres of either one of these grasses, under favorable conditions, would keep from 50 to 70 head of cattle in good condition throughout the year.

The Province of Camagüey has always been noted for its fine 'potreros' or meadows, since a large part of that middle belt is comparatively free from forests and is devoted to stock raising. Oriente on the east, and Las Villas on the west, abound in splendid grass lands, although the recent demand for sugar cane has somewhat reduced the acreage. In both Havana and Matanzas provinces good lands command a price that renders them rather prohibitive for stock raising; but in Pinar del Rio there are still extensive tracts, both in the level section and in the foot hills, which furnish excellent grazing lands, and if not absorbed by cane planters this western province will become one of the most successful stock-raising districts.

At the beginning of the war of Independence in 1895, over three million head of native cattle were registered in the Island. The four years continuous struggle between Spain and the people of Cuba, almost completely exterminated them. At the beginning of the First Intervention, cattle were brought into Cuba from all nearby countries, including Texas, Florida, Venezuela and Mexico. During the past few years quite a number of high grade animals have been introduced for breeding purposes and are rapidly improving the present herds.

The native Cuban horses are of Arabian stock, introduced here by the first Spanish conquerors. They are hardy, gentle, easily kept, and of great endurance. When crossed with a good breed of stallions, they produce excellent saddle horses.

Following is a census of transportation animals of all kinds registered in the Department of Agriculture of Cuba on December 31,1922:

Oxen . . .	2,313,031
Horses . .	888,533
Mules . . .	77,711
Asses . . .	3,601

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V. (Cont.) 3.

3. Domestic Shipping.

The rivers of Cuba are numerous but unimportant as a means of transportation. Their basins are very limited in size, and they are too short to acquire volume. Cuba being a limestone country, much of the surface water is drained away by subteranneqn streams. The Cauto is the most important river. It is navigable for fifty miles from its mouth by vessels drawing three and a half feet of water.

In addition to the many steamship lines which connect Cuban ports with the United States, Europe and other parts of the world, there are several lines of coastwise steamers which ply between the various Cuban ports carrying mail, passengers and freight. These lines operate between ports on the north and south coast.

(a) Merchant Marine.

Following is a table showing the larger boats of Cuba's Merchant Marine:

	Steamers		Scows or Lighters		Schooners		Tug-Boats		Yachts
	100 to 400 tons	400 to 2000 tons	100 to 400 tons	400 to 1800 tons	100 to 400 tons	Over 400 tons	100 to 400 tons	Over 400 tons.	100 to 400 tons.
Havana	6	26	9	6	17	5	2	1	1
Sagua		1	2		3				
Cienfuegos	4	1		1					
Santiago	5	4				1			1
Caibarien	1		2						
Nueva Gerona	2								
Nipe	1		2		1				
Júcaro	1								
Banes	1								
Cárdenas	3								
Mariel	2								
Pto.Padre	1								
Matanzas		2							

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V. Trahsportation

3. Domestic Shipping. (Cont.)

(b) Troop carrying capacity.

32 vessels of Cuba's merchant marine (steamers) have an average carrying capacity of about 300 troops each, namely:

Havana -	26	vessels
Sagua	1	"
Cienfuegos-	1	"
Santiago -	4	"
	32	

These are all sea-going vessels, ranging from 400 to 2,000 tons.

(c) Port Facilities.

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VI. Communications.

1. Installation and Means.

(a) Cables.

There are seven cable companies operating in Cuba:

(1) The West India and Panama Telegraph Company lands from Jamaica, at Santiago. In Jamaica it connects with its own lines to Porto Rico and other points east abd south in the Caribbean region; and with the Direct West India Cable Company which has a line from Jamaica to Bermuda to connect there with the cable to Halifax belonging to the Halifax and Bermudas Cable Company, and thence via North Atlantic cables to England. The ownership of the West India and Panama is said to be separate and distinct from that of the Direst West India, although there is a close operating agreement between the two companies as they both form links in the all-British cable system to and through the West Indies.

(2) The Cuba Submarine Telegraph Company owns two parallel lines from Batabanó to Santiago, both of which touch shore near Cienfuegos, and a third line from Cienfuegos to Santiago which loops in at a number of points. Land wires owned by the Company, between Batabanó and Havana, complete the circuits between Santiago and Havana. The system is operated throughout by the Cuba Submarine, with the exeeption of the Havana terminus, which is operated by the Western Union. The ownership of the Cuba Submarine is reliably reported to be entirely separate and distinct from that of any other of the cable systems which touch Cuba, although there is a close operating agreement between the Cuba Submarine and the Western Union Telegraph Company on one hand, and the West India and Panama on the other.

(3) The All America, Inc., owns and operates two cables between Guantanamo and New York; two between Guantanamo and Panama, where they connect with lines running down the West Coast of South America, across the Andes and up to Rio de Janeiro and Santos; one cable from Guantanamo to Santiago; amd one cable from Santiago to Ponce (Porto Rico), and thence by leased land-line to San Juan. It is understood that this Company has a certain operating agreement with the American Naval authorities at Guantanamo for the handling of traffic to and from radio stations which are in communication with the Naval Radio station; but apparently has no operating agreements with any of the cables or telegraphs with which it comes in contact in the West Indies.

(4) The Compagnie francaise des cables telegraphiques operates and owns a single line from Santiago to Mole St. Nicholas and thence to Cape Haitien. At this latter point it connects with its own system running via Curaçao to Venezuela, and with its system running east and south in the Caribbean region. It also connects at Cape Haitien with a line running direct to New York called the United States and Haiti Telegraph and Cable Company, which is in fact identical in ownership, operation and control, with the Compagnie Francaise. In the inter-company competition for traffic at Santiago, the Compagnie Francaise is said to enjoy a preferential position with the Cuban telegraph administration.

(5) The Commercial Cable Company of Cuba owns and operates two cables into Havana,- one from Miami and the other direct from New York.

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VI. Communications

1. Installation and Means.

(a) Cables. (Cont.)

As is well known, the Mackey Companies, of which the Commercial Cable Company of Cuba is one, recently entered into a thoroughgoing traffic alliance with the All America, which virtually makes the two systems one, as far as traffic facilities are concerned.

(6) The Western Union Telegraph Company, has four circuits into Havana from Miami and Key West. It is reported that in competition with the other lines in Havana to the United States, the Western Union enjoys preferential treatment as respects traffic collected by the Cuban telegraph administration. The traffic alliance between the Western Union and the Cuba Submarine, is mentioned above.

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VI. (Cont.) 1.

(b) Radio.

Government control of radio in Cuba.

By Presidential Decree of February 12,1923, the various classes of private and other non-governmental radio stations,were defined, and certain rules prescribed for their operation. Up to that time there had been no laws or regulations governing the establishment or operation of radio stations in Cuba,and in fact there had been little apparent need therefor. The inauguration on October 10th,1922 of the semi-weekly broadcasting program of the Cuban Telephone Company's radio station at Havana,however, has stimulated general interest in radio, with the result that a number of amateur sending stations have been built, and the need of Government control or regulations has been increasingly felt. There are now believed to be about 12 amateur sending stations in Cuba, of which eight are in the city of Havana. With the exception of these 12 stations and the one which belongs to the Cuban Telephone Company, and also the American naval station at Guantanamo, all of the stations on the Island of Cuba are owned and operated by the Cuban Government. The new regulations do not apply to Government stations. It is likely,however, that a general radio law will be introduced into the Cuban Legislature in the course of the next few months, patterned somewhat after the American Radio Control Law, in order to stimulate further interest in radio while at the same time safeguarding essential communications of the Republic.

The regulations which went into effect February 14, 1923 divide non-governmental radio stations into five classes, viz., "A", "B", "C", "D"aand "E", to each of which is assigned a maximum wave-length and a maximum watt energy. Class "A" is for amateurs pure and simple; the wave-length is 200 meters or less; the maximum watt energy is 500 or less; Class "B" covers stations of institutions of learning in general, and those whose owners have a certain knowledge about the conduct of experiments; the wave-lengths used by this class may not exceed 275 meters, and may not be less than 225 meters; the watt energy must be less than 500. Class "C" is for colleges and state institutions in general; wave-length not less than 300 and not more than 360 meters; watt energy 500 or less. Class "D" will be State institutions only; wave-length 400 meters; watt energy not less than 500 and not over 1,000. Class "E" comprises meterological stations only; wave-length, 485 meters; rating, not less than 500 watts, and not over 1,000. Classes "A" and "B" cover both radiotelephony and radiotelegraphy; while classes "C", "D" and "E" cover radio-telephony alone. All receiving sets are classified as Class "A" stations, irrespective of their type or size. None of these stations may be employed for commercial purposes.

The decree provides that all owners of any of these classes of stations must register with the Director-General of Communications , and that no new stations may be used without a previous permit from the Direccion-General of Communications. These permits are valid for one year in the case of classes "A", "B" and."C", and for five years in the case of the other two classes. Certain mild examinations must be passed by the applicants, but this requirement in no way hampers the issue of licenses. In fact it is the temper of the Cuban authorities to place as few restrictions as possible in the way of development of radio in Cuba, having in mind at the same time,however, the necessity of forestalling claims to

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(VI. Cont.) 1.

(b) Radio.

vested rights in specific radio frequencies, and the necessity of preventing the interference with necessary services, by amateurs. To this latter end, it is provided that the Government may, under certain specified circumstances, require sending stations of any of the five above-mentioned classes, to cease operations, and no indemnity may be claimed from the Government in such cases.

The regulations specifically state that radio sending by stations of anyclass is subject to the International Radio Convention. They also prohibit sending out,- either by themselves, or in the course of a general text,- the letters "S.O.S.". Furthermore they provide penalties for the disclosure of public and governmental messages which may be intercepted.

It is further provided that only continuous waves free from harmonics may be used; that the electric energy must be of absolute constancy such as will avoid oscillations; that there must be perfect modulation in order that variations in the radio-frequency current which is generated may exactly correspond to those produced by the voice in the microphone circuit; that damped waves may not be used; and that the antennae must be so constructed that none of the conductors produce mechanical oscillations.

It is a well known fact that a large number of receiving sets have been purchased in Cuba and that there are a large number of amateur sets in use. Estimates of the total number of receiving sets vary greatly - one official placing the figure as high as 12,000. One radio expert has placed the number of regenerative tube sets at 500, and the number of crystal sets at between 500 and 600.

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VI. (Cont.) 1.

(b) Radio.

Radio stations are owned and operated by the Cuban Government at Morro Castle and Triscornia, near Havana; Pinar del Rio and La Fe in Pinar del Rio Province; Santa Clara, Trinidad, Caibarien and Cayo Francés, in Santa Clara Province; Camagüey, in Camagüey Province; Nueva Gerona, Isle of Pines; and Baracoa, Chaparra and Santiago de Cuba, in Oriente Province.

There is also a radio station at Guantanamo controlled and operated by the United States Government.

Below will be found the specifications of the radio stations owned and operated by the Cuban Government.

Stations	Havana (Triscornia)	Havana (Morro)	Nueva Gerona	Santa Clara	Chaparra	Baracoa
Signals	PWA	PWA	PWB	PWC	~~PWA~~ PWD	PWE
Province	Habana	Habana	Habana	Sta. Clara	Oriente	Oriente
Location	Triscornia	Morro	Isle Pines	" "	Central Chaparra	Baracoa
Watt Power	20,000	5,000	2,000	2,000	2000	1,500
Cycles	500	500	500	500	500	50
Radius (miles)	1,000	500	300	300	400	100
Wave-length (meters)	2,150	600-900-1700 2150-2500-2800	300-450 600	600-750-1200-1800 1900-2000 2200	375-475-600 750-95-1200 1500-1900	450-525 600
Towers or Masts	2	1	1	1	1	2
Height Antenna	300 ft.	250 ft.	250 ft.	160	300	100
References (see next page)	C.G.I.J.	C.G.I.J.	A.G.J.	A.H.J.	C.G.	A.H.J.

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VI . (Cont.) 1.

(b) Radio

Specifications of stations, Continued.

Stations	Pinar del Rio	La Fe	Santiago	Camagüey	Trinidad	Caibarien	Cayo Francés
Signals	PWF	PWG	---	---	---	----	---
Province	P.del Rio	P.del Rio	Oriente	Camagüey	Sta.Clara	Sta.Clara	Sta.Clara
Location	P.del Rio	Beach	Santiago	"	Trinidad	Caibarien	Cayo F'ces
Watt Power	1,500	5,000	5,000	2,000	2,000	100	50
Cycles	50	500	500	500	500	500	500
Radius (miles)	250	600	500	300	300	40	20
Wave-length (meters)	600	600-1200 1800-2100	600-1200 1800-2100	600-750 1200-1900	600-750 1200 1900	200-400 600	200-400 600
Towers	1	1	1	1	1	1	1
Height Antenna	190	300	250	200	200	100	100
References (see below)	C.H.J.	A.G.J.	D.G.K.	C.G.K.	B.G.K.	C.E.F.H.K	B.E.F.H.K

REFERENCES.

A Stations with own electric plant.
B " " " " " and storage batteries.
C " using electricity from commercial plants.
D " " " " " " and equipped with own plant for emergencies.
E " equipped with continuous wave transmitters.
F " " " " " " and radiotelephony.
G " " " steel towers.
H " " " masts of steel or wood.
I Permanent service stations
J Stations [redacted] being improved or changes planned.
K Stations to be established or restored.

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2. Operations and control.

Telegraph.

Since the Second Intervention, the administration of the telegraph and telephone service has been under the charge of the Director-General of Communications, who is subordinated to the Secretary of the Interior.

Telephone.

The only public telephone service in Cuba is that of the Cuban Telephone Company, with headquarters in Havana. This Company is a subsidiary of the International Telephone and Telegraph Corporation of New York, which is organized to control and direct the developments of local or national telephone companies throughout Central and South America and the West Indies, through the ownership of the stock of such subsidiaries or associated companies. This Corporation directs and supervises the technical development of its subsidiaries and associated companies, as well as their financial policy and extension.

Submarine Cables.

The Cuban American Telephone and Telegraph Company, which owns the three Havana-Key West cables, is controlled, through stock ~~xxxx~~ ~~xxxx~~x ownership, by the International Telephone and Telegraph Corporation and the American Telephone and Telegraph Company. These cables, which were opened for service on April 11th, 1921, are still the longest submarine telephone cables in existence and have proven their reliability and serviceability. It is generally recognized that the telephone communication existing today between Havana, New York and other points in the United States is unsurpassed even over much shorter distances.

Cuban Government Telephones.

The Cuban Government, through its Department of Communications, also operates an official telephone system, covering various important centers in Cuba and to Rural Guard stations.

This system has been extended, a new central office installed, and generally enlarged in all its branches.

Aerial cables have solved a serious problem of urben telephones, as they can be composed of from 100 to 200 serial lines without injuring the trees or damaging city property, or being unsightly. For that reason they have been lavishly used throughout Havana, and especially in Vedado.

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VI. Communications.

1. Installation and Means. (c) Telegraph and Telephone.

Telephone.

The following statistics give the pertinent information regarding present installation and service in Cuba, of the Cuban Telephone Company.:

Central Offices		52	
Subdivided as follows:			
Automatic local	9		
Manual local	38		
Manual long distance	5		
Total telephones connected to system:		44,476	
Gain in telephones for calendar year 1922		3,514	
Cities and towns connected		244	
Minimum cities and towns specified in concession		95	
Meters of aerial cable installed		410,494	1,346,831 ft.
Meters of underground cable installed		261,433	857,765 ft.
Total meters of cable installed		671,927	2,204,593 ft.
Meters of conductors contained in cables	154,291,431		95,871.9 miles
Subdivided as follows:			
Havana district	133,862,431		83,177.4 miles
Other districts	20,429,000		12,694.5 miles
Kilometers of No. 8, No.10 and No.12 copper wire		22,158	13,765 miles
Kilometers of aerial iron wire		1,808	1,124 miles
Kilometers of aerial insulated wire		4,814.7	2,992.4 miles
Total kilometers of wire		183,072.1	113,751.3 miles
Kilometers of long distance phantom circuits		2,717	
Kilometers of long distance pole lines		2,902	1,814 miles
Kilometers of long distance wire		21,025	13,142 miles
Total number of poles now in system		104,004	
Sugar mills connected to system		90	
Average daily connections (local)		480,000	
Average daily connections, long distance		2,000	
Grand total of local and long distance calls per year		175,930,000	
Total number of employees		1,057	

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Communications (Cont.)

1. Installation and Means.

(c) Telegraph and Telephone.

Local and long distance Telephone service.

Cardenas	1 Automatic exchange	720 telephones
Cienfuegos	1 Automatic exchange 1 Semi-automatic "	1,226 "
Havana	4 Automatic Exchanges 1 Semi-Automatic Ex.	29,966 "
Matanzas	1 Automatic Exchange	1,130 "
Sagua	1 Automatic Exchange	588 "
Santiago	1 Automatic Exchange 1 Semi-Automatic Ex.	1,446 "
	Total Automatic Stations	35,076

Sugar Mills connected with the System:

Almeyda	~~Nxx~~ Fe	Moron	San José
Agramonte	Feliz	Nombre de Dios	San Ramon
Alava	Fidelidad	N.Sra.del Carmen	San Vicente
Algodones	Fidencia	Occidente	Santa Amalia
Alto Cedro	Florida	Oriente	Santa Ana
America	Guipúzcoa	Palma	Santa Clara
Amistad	Güira de Melena	Patria	Santa Gertrudis
Andorra	Habana	Pilar	Santa Maria
Andreita	Hormiguero	Portugalete	Santa Rosa
Australia	Jagueyal	Portugalete (Havana)	Santa Teresa
Baraguá	Jatibonico	Porvenir	Santo Tomás
Borjita	Jesus Maria	Presidente	Socorro
Caracas	Jesus Nazareno	Progreso	Soledad (Cfgos.)
Carolina	Julia	Reforma	Soledad (Jovell's)
Céspedes	La Vega	Resulta	Stewart
Ciego de Avila	Limones	Romelie	Tinguaro
Conchita	Lugareño	Rosalia	Toledo
Cupey	Manati	Rosario	Tuinicú
Chaparra	Maria Antonia	San Agustin	Ulacia
Dolores	Marimón	San Antonio	Union (Jovell's.)
Dos Rosas	Mercedes	San Antonio (Sta.Clara)	Union (S.Luis)
España	Miranda	San Francisco	Washington
Estrella			Zaza

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VI. Communications (Cont.)

1. Installation and Means

(c) Telegraph and Telephone)

List of Telephones installed in each station. Sept. 1923.

Stations	Telephones
Agramonte	37
Aguada de Pasajeros	63
Amarillas	21
Antilla	144
Artemisa	169
Bayamo	130
Cabaiguan	126
Caibarien	325
C. de Sagua	58
Calimete	42
Camajuaní	196
Candelaria	40
Cardenas	725
Ciego de Avila	271
Cienfuegos	1,375
Cifuentes	31
Colón	91
C. del Sur	94
Cuatro Caminos	98
Cueto	27
Encrucijada	96
Esperanza	74
Florida	117
Gibara	160
Guanajay	132
Güines	195
Guira de Melena	136
Havana	32,172
Holguin	213
Hoyo Colorado	46
Jaruco	70
Long Distance	501
Limonar	19
Los Palacios	94
Manguito	41
Mariel	35
Mata	17
Matanzas	1,187
Morón	209
Nueva Paz	39
Palma Soriano	137
Palos	42
Perico	61
Pinar del Rio	275
Placetas	174
Puerto de Golpe	28

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VI. Communications. (Cont.)

1. Installation and Means.

(a) Telegraph and Telephone.

	Telephones.
Ranchuelo	103
Remedios	209
Sagua	565
San Antonio de los Baños	98
San Cristobal	44
San Juan y Martinez	40
San Luis	95
San Nicolas	76
Santa Clara	480
Santa Crus de los Pinos	31
Santiago de Cuba	1,689
Santiago de las Vegas	162
Surgidero de Batabanó	107
Union de los Reyes	121
Varadero	21
Victoria de las Tunas	100
Vueltas	56
Zaza del Medio	53
Zuzueta	93
Total.....	44,476

Cuban Government Telephone Service.

There are now in service 11,305 feet of cable of 10 wires, and 16,863 feet of cable of 20 wires, with 37 cable boxes. The distance covered by these lines is 59,767 kilometers, with a total length of 449,971 kilometers. All the material used in these lines is fairly new and of superior quality. The official telephone system has now in use 324 instruments, of which 191 are wall telephones, and 135 in booths. They are in direct communication with two switchboards at the main office, at which are made an average of 1800 connections daily, between the various Government offices and the residences of high public officials and employees. There is also a Government long distance service, for official use only, extending throughout the length of the Island to all cities and towns of any importance.

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VI. Communications.

1. Installation and Means.

(c) Telegraph and Telephone.

Telegraph.

Telegraph messages are transmitted and received at the Government post offices, railway stations, etc.

In 1907 there were 415 post and telegraph offices, which on June 30, 1920 had been increased to 747.

The progress in the telegraph service has been marked. Six new central lines between Havana and Camaguey have been constructed and extended to the eastern end of the Island. Also a new line has been constructed between Morón and Cubagua (Camaguey Province) which has been extended to Nuevitas for the benefit of the large and rich section crossed by the lines of the Northern Railroad.

All the most modern improvements have been introduced not only in the seven principal offices, but also in the secondary offices of the Republic, which have been equipped in accordance with the most advanced requirements of the day. For example, the old batteries of copper and sulphate of zinc, which were used for charging the lines, have been progressively replaced by American Storage Battery Company accumulators, which give better service at less cost and with a smaller personnel.

Duplex devices which permit the transmission of two messages simultaneously over a single wire have been installed in the principal offices.

The main telegraph office in Havana, is in charge of all the telegraph service in the Island, and its excellent condition deserves special mention. As an example of its development, in 1905 the personnel of said office was but 1 manager, 2 chief operators, 22 telegraphers and 17 messengers. In 1920 this had grown to 1 manager, 1 assistant manager, 4 chief operators, 6 assistants, 142 telegraphers, 124 clerks and 230 messengers.

In 1905 the main office received and transmitted 271,972 messages, and 88,962 relayed messages. In 1919 the corresponding number of telegrams was 2,384,908 (with a revenue of $243,007.) and 524,647 relayed messages.

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VII. Financial.

1. National Income.

Revenue Collected by the National Government
Fiscal Years 1902-03 to 1922-23

Fiscal Year	Customs	Consular Fees	Postal Revenues	Taxes for 1904 Loan	Lottery
1902-03	$16,307,758	$ 61,082	$ 558,053	$.....	$.....
1903-04	18,298,628	274,921	561,231	2,246,374	.....
1904-05	23,080,781	336,338	704,329	3,583,447	.....
1905-06	26,737,904	356,287	794,671	3,733,223	.....
1906-07	24,721,913	380,905	828,055	3,987,282	.....
1907-08	24,728,363	373,583	885,885	3,785,782	.....
1908-09	22,138,422	351,162	865,742	3,627,377	.....
1909-10	24,930,440	391,667	920,408	3,552,481	2,934,545
1910-11	24,451,229	454,397	1,035,524	3,655,192	3,619,863
1911-12	26,496,007	601,803	1,083,321	3,611,013	4,014,439
1912-13	28,153,646	659,580	1,151,870	3,870,945	3,725,600
1913-14	29,023,963	637,917	1,148,522	3,698,607	3,413,149
1914-15	25,578,813	594,641	1,175,084	3,329,697	3,523,189
1915-16	32,997,258	764,631	1,352,193	3,615,231	3,469,609
1916-17	38,535,666	908,333	1,446,919	3,486,105	3,651,199
1917-18	40,634,619	1,014,835	1,865,954	3,866,702	3,824,776
1918-19	40,451,819	988,293	2,103,557	4,078,593	4,257,912
1919-20	54,036,513	1,482,728	2,409,205	4,934,935	4,480,894
1920-21	74,372,448	1,599,776	2,759,035	5,031,980	4,373,894
1921-22	30,921,974	900,202	2,455,762	4,239,187	3,948,480
1922-23	.....	.....	.....	.....	.....

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State Properties, &c.	Miscellaneous Revenue	Taxes on business Production, Etc.	TOTALS.	Fiscal Year
$	$ 69,729	$ 970,885	$ 17,967,506	1902-03
78,055	256,728	792,461	22,508,397	1903-04
214,256	152,829	894,842	29,266,822	1904-05
273,880	446,869	1,060,324	33,433,158	1905-06
272,028	353,286	992,861	31,536,329	1906-07
342,811	414,468	739,091	31,269,981	1907-08
285,199	298,594	929,030	28,495,526	1908-09
331,609	627,285	989,116	34,678,092	1909-10
330,423	750,579	1,048,159	36,345,367	1910-11
267,817	658,225	1,109,882	37,842,506	1911-12
284,774	794,267	961,637	39,602,318	1912-13
276,384	1,219,804	1,567,375	40,985,721	1913-14
255,632	1,102,325	1,430,325	36,989,908	1914-15
308,160	1,027,268	2,449,909	45,984,259	1915-16
289,994	1,050,846	2,489,508	51,858,570	1916-17
383,808	1,100,749	10,561,665	63,253,109	1917-18
419,309	1,390,597	15,460,262	69,150,341	1918-19
399,807	1,380,645	22,601,425	91,726,152	1919-20
347,016	1,769,854	18,062,588	108,316,591	1920-21
334,038	1,605,322	12,800,320	57,205,285	1921-22
.....	.....	.....	70,421,336	1922-23

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VII. Financial.

1. National Income. (Cont.)

A General Summary of the Tax System of Cuba.

The taxes levied at present by the national government, following the classification of the Treasury Department, are the following:

1. CUSTOMS - Import duties and other charges (including Port Improvement Tax).

Comprise duties on merchandise imported (there are no export duties); tonnage dues; wharfage and warehouse charges; dues for inspection of vessels and miscellaneous fees. In addition, special tonnage dues are levied in accordance with the law of July 24,1917, the proceeds to be applied to the improvement of the ports. This is known as "Derechos de mejoras de puertos", and consists of a charge of 88 cents per ton on merchandise landed in Cuba from foreign countries (70 cents if the goods are produced in the United States) and 10 cents on each ton of coal.

2. CONSULAR FEES.

The charges for certifications and other services rendered by Cuban consular officials are governed by the law of July 13,1921.

3. POSTAL REVENUES.

4. GOVERNMENT PROPERTIES AND RIGHTS.

Comprise rental, sales and other income from government property; also from mining grants, trade marks, patents, and cattle marks; matriculation fees (secondary and higher education); licenses for using firearms,etc. About half the revenue in this group is obtained from the matriculation fees.

5. TAXES FOR THE LOAN OF 1904.

Established by the law of February 27,1903, modified by the law of January 25,1904, and comprise the following manufactured liquors, wines, beers, artificial waters, carbonated beverages, ciders, matches, cigars, cigarettes, cut tobacco and playing cards. The tax is levied both on articles of domestic production and on those imported, which pay, in addition to the import duties, a special surtax.

6. NATIONAL LOTTERY.

The Lottery was established by law of July 1,1909, modified by law of June 9,1912. There are three drawings each month, the maximum number allowed by the law, which provides that 70% of the total face value of the tickets shall be distributed in prizes and that up to 5% (Decree 880, June 30,1922) may be applied to expenses of administration, the rest of the proceeds to constitute the net income for the State.

7. INTERNAL TAXES, so called.

Consist of taxes on business profits; on sugar production; documentary stamp tax, and tax on inheritance and transfers of property. The tax on explosives also belongs to this group.

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VII. Financial

1. National Income.

A General Summary of the Tax System of Cuba (Cont.)

8. GROSS SALES TAX.

This tax became effective December 1, 1922 (law of October 9, 1922), and the rate 1%. Estimated to yield about $15,000,000. annually.

9. TAXES FOR PENSION TO VETERANS.

The law of April 11, 1922 provided that for the payment of the pensions to veterans there should be set aside a certain part of the revenues of the State and for this purpose also created the following taxes: (1) three per cent of the amounts deposited as security by subscribers, consumers or employees of gas, electric, telephone and similar companies; and (2) one per cent of all mutual bets made in any kind of authorized gambling and one dollar for each cock-fight that is effected. The municipalities and provincial governments are required to turn in two per cent of their total revenue from taxes to the state as a part of the veterans' pension fund.

10. MISCELLANEOUS REVENUES.

Consist mainly of the funds which the municipalities are required to pay in on account of the sanitary and charitable services, which are in charge of the national government. These funds are estimated in this year's budget at $950,000. Other items under "miscellaneous revenues" are fines by the courts and other fines, the quota paid by the railroads to defray the expenses of the railroad commission ($50,000), and other miscellaneous income. The entire group is estimated to produce $1,210,000. for the fiscal year 1922-23.

Municipal and Provincial Revenues.

The principal sources of revenue for the 114 municipalities and the six provincial governments are the taxes on real estate both rural and urban; on the carrying on of trade or industry, levied by special tariff according to the kind of business or occupation; licenses for establishments; building and other permits; and taxes on automobiles and other vehicles. There are also taxes on amusements and other minor sources of income. In some cases revenues are derived from municipal water service, rental of municipal properties, concessions of various kinds, etc.

The total revenues from all sources of the municipalities at present may be estimated at about $15,000,000, not including about $1,800,000. collected by them and turned over to the provincial governments, which obtain their revenues almost entirely from a fixed proportion of the taxes levied by the municipalities.

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VII. Financial

1. National Income.

A General Summary of the Tax System of Cuba (Cont.)

The taxes on Business Profits (Military Order No. 463 of the year 1900, modified by the laws of July 31,1917 and July 1,1920; and Regulations of August 28,1917 and September 30,1920) are as follows:

(a) Banks of issue and discount (refers to stock companies only); stock companies (except mining companies and those subject to the 4% profits tax); sugar producers (cane growers excluded by law of June,1923) including individuals, partnerships and companies, pay 8%.

(b) Banks and bankers in general (private bankers only); public service railways and navigation lines and mining properties pay 6%. The latter also pay a tax of 20 cents per hectare of ground (about 2.47 acres) on which claims are located. (Law of July 1,1920).

(c) Partnerships, companies and individuals who have an establishment or carry on any business subject to the municipal tax on trade and industry having a capital of more than $10,000. and those obtaining a profit of more than $2,000 per year, pay 4% (Law of July 1,1920). If domiciled in a foreign country they are required to pay on the profits of business done in Cuba. The stock companies subject to the 4 per cent profits tax are those which carry on any business or industry included in the municipal tariff, which were previously exempted from the profits tax by art. XI of military order No. 463 of the year 1900. The tobacco industry pays the 4% profits tax.

(d) Insurance companies, including mutual insurance companies and commissions of agents, pay 2-1/2% (Law of July 1,1920). Surety companies are included in this class.

The Tax on Sugar Production consists of an ordinary tax of ten cents per bag (on a basis of 300 pounds or more to the bag) of any kind of sugar, payable by the owners, managers or persons in charge of the sugar factories and due when the sugar is packed in the bags; and also an additional tax of 30 cents per bag when the sugar sells at six cents or more per pound (Law of July 1,1920). There is no tax at present on the production or sale of molasses.

The Documentary Stamp Tax (Laws of July 31,1917 and July 1, 1920)and Regulations of September 30,1920) applies to consular invoices, receipts, legal documents, notarial contracts, stock exchange transactions, drafts and other commercial paper (but not bank checks or deposits), steamship tickets (except third class tickets), municipal licenses and other classes of documents.

The Taxes on Inheritance and Transfers of Property are levied in accordance with the Regulations of July 7,1892, modified by Military Order No. 44 of April 19, 1899 and Law of October 13,1914.

The Tax on Explosives consists (Law of July 31,1917) of $1. per each quintal (hundredweight) of explosives deposited in the government's storehouses, the law requiring all explosives to be so deposited. The revenue from this source is insignificant.

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2. Government Budget.

Due to the efforts of General Crowder, and to other pressure upon the Cuban Government, there has been a drastic cut in governmental expenses, and the budget for the fiscal year ended June 30,1923 shows a balance in favor of receipts over expenditures amounting to about $13,000,000. The total expenses of the Government during that fiscal year, including payment of interest on and anortization of the funded debt, was about $58,000,000., and the total revenues collected amounted to $70,421,336.

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2. Government Budget. (a) General Budget.

The General Budget of the Republic for the Fiscal Years 1922-23 and 1923-24, as embodied in the Budget Laws published in the Official Gazettes of June 28, 1922 and June 30,1923,respectively, is as follows:

Revenues:	F.Y. 1923-24	F.Y. 1922-23
Customs duties	$31,061,000.00	29,000,000.00
Ports Improvement Tax	1,600,000.00	1,200,000.00
Consular Fees	1,400,000.00	1,600,000.00
Postal Revenues	2,061,000.00	2,000,000.00
Internal Revenue	24,078,000.00	14,038,800.00
National Lottery	4,100,000.00	4,000,000.00
Special Loan Tax	4,200,000.00	3,800,000.00
Total Revenues	$ 68,500,000.00	$ 55,638,800.00

Expenditures.

Fixed Budget.	F.Y. 1923-24	F.Y.1922-23
Interest and amortization of $35,000,000. Speyer Loan	$ 2,038,875.00	$ 2,145,000.00
Interest and amortization of $10,000,000. Morgan Loan	785,200.00	810,750.00
Interest on $16,500,000. Speyer bonds	1,030,000.00	1,030,000.00
Interest and amortization of $50,000,000. Morgan Loan	3,288,125.00	----------
Interest on bonds of Interior Debt	564,920.00	571,170.00
Interest and amortization of $30,000,000. Interior Debt	3,828,762.50	3,289,981.00
Interest and amortization of $7,000,000. Loan increasing the Interior Debt	712,610.00	753,860.00
Expenses of the Legislative Power	1,718,000.00	2,178,600.00
Expenses of Judicial Power	3,512,747.88	3,499,331.68
Total Fixed Budget	$17,479,240.38	$ 14,278,692.68

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VII. Financial

2. Government Budget

(a) General Budget (Cont.)

Expenditures. (Continued)

Floating Budget.	Fiscal Year 1923-24	Fiscal Year 1922-23
Presidency of the Republic	$ 542,385.00	182,385.00
Department of State	1,340,709.47	1,340,709.47
Department of Justice	253,665.00	253,665.00
Department of the Interior	8,025,764.40	6,798,052.50
Department of the Treasury	3,225,661.40	2,874,801.40
Addition to Treasury Department	695,117.50	695,117.50
Department of Public Instruction	9,578,451.56	8,424,851.54
Department of Public Works	4,055,046.00	3,713,518.00
Department of Sanitation	4,935,327.60	4,749,508.05
Department of Agriculture, Commerce and Labor	783,973.00	783,973.00
Department of War and Navy	9,516,024.75	9,516,024.75
Special Veterans' Fund	1,240,803.22	1,240,803.22
Total--	44,192,928.90	40,573,409.43
Fixed Budget (see preceding page)	17,479,240.38	14,278,692.68
TOTAL BUDGET:.....	$ 61,672.169.28	54,852.102.11

Since the publication of the Budget for the present fiscal year, several decrees and laws have appeared effecting increases in the items of the budgetary expenses.

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VII. (Cont.) 2.

(b) Military Budget.

Fiscal Year	Army Budget
1915-1916 - - - -	$ 7,916,901.23
1916-1917 - - - -	7,918,629.23
1917-1918 - - - -	13,513,185.90
1918-1919 - - - -	13,800,708.36
1919-1920 - - - -	13,800,708.36
1920-1921 - - - -	13,800,708.36
1921-1922 - - - -	13,800,708.36
1922-1923 - - - -	8,417,713.15
1923-1924 - - - -	8,417,713.15

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3. Public Debt.

The funded debt of Cuba may be divided into external and internal debt, as follows:

(a) External debt: (As of June 19, 1923)

$35,000,000.	loan,	5%	1904/44	Reduced	to	$ 21,764,500.
16,500,000.	"	4-1/2%	1909/49	"	"	15,319,000.
10,000,000.	"	5%	1914/49	"	"	8,583,000.
50,000,000.	"	5-1/2%	1023/53	"	"	49,920,000.
				Total.....		$ 95,586,500.

(b) Internal Debt: (As of June 19, 1923)

$11,169,800.	loan,	5%,	1905 indefinite,	reduced	to	$ 10,321,300.
7,000,000.	"	5%	1917/31	"	"	4,500,000.
30,000,000.	"	6%	1917/29	"	"	11,388,700.
				Total.....		$ 26,210,000.

Interior Debt - $ 26,210,000.

External Debt - 95,586,500.

Total Debt ---- $ 121,796,500.

The total funded debt, external and internal, amounts to about $39. per capita, as compared with approximately $208. per capita for the United States, and $275. per capita for Canada. With the exception of the city of Havana, the other political subdivisions of Cuba have no funded debt.

Of the $50,000,000. external loan, the sum of $18,000,000. was set aside to pay off domestic accounts pending against the government. A Public Debt Commission was created, charged with the duty of examining and passing upon these claims, and its work is now practically completed. The amount assigned in the loan law for the payment of back debts in the Department of Public Works was $12,000,000. The Commission has approved over $20,000,000. worth of these claims; this leaves a deficit of $8,000,000. The amount assigned to pay off the accounts in the other Departments was $6,000,000. The Commission has approved $25,000,000. worth of these claims; leaving here a deficit of $19,000,000.

This results in a total deficit of $27,000,000.

These claims are now being liquidated by pro rata payments as far as the amounts available will go, to be followed later by further payments, as a surplus accrues in the national Treasury.

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II. Financial.

4. Financial Stability.

The completion, during the month of January,1923, of negotiations for the flotation of the Cuban $50,000,000. external gold loan is a milestone of the greatest importance in the economic history of Cuba. Bids were submitted by three strong banking syndicates, the award going to the group headed by J. P. Morgan & Co., at 96.77, a price migh higher than had been generally anticipated. The proceeds of the loan commenced to be available in the last days of January. Since then the beneficial results of the actual and anticipated expenditures, upon business and general morale, are being felt in a marked degree. While about $8,000,000. of the loan is required to take up internal and external funded obligations, of the State, and about $9,000,000. is being employed to reconstitute a Special Fund in the Treasury, which had to be drawn upon in emergencies of the past three years, the remainder, or about $31,000,000. for the most part is being placed in circulation. It has been estimated by various persons that between $60,000,000. and $100,000,000. in cash was being hoarded in private vaults until confidence in the safety of bank deposits and security in investments was restored. With the return of prosperity following upon the loan, governmental reforms, great improvement in the banking situation,and the fact that the sugar crop of this year is excellent and that prices are being sustained at a very high level, much of this hoarded money is being put in circulation and is having a cumulative effect in making possible the settlement of outstanding accounts of the past two years, and stimulating prosperity.

(a) System of Currency:

One of the elements that has contributed most decisively to the very rapid recovery of Cuba from the commercial and financial crisis of 1921-22, was the fact that Cuba has at all times been on a gold basis. Cuba has never had to suffer, therefore, from any of the evils of a depreciated currency. Apart from the comparatively small amount of gold coin and subsidiary coinage minted by the Republic of Cuba, the currency in circulation in the Island consists entirely of United States gold certificates, United States legal tender notes, Federal Reserve bank notes, and United States national bank notes, silver,and nickel. According to the latest statement issued by the Secretary of the Cuban Treasury, December 30, 1922, that office made the following estimates of Cuban and American currency then in circulation in Cuba:

$205,170,000.	- American paper currency
23,070,000.	- Cuban gold
12,930,000.	- American gold
8,160,000.	- Cuban silver
7,710,000.	- American silver
1,410,000.	- Cuban nickel
420,000.	- American nickel
$ 258,870,000.	

It will be seen from the above figures that the amount of United States notes in circulation in the Island is far in excess of the entire amount of the external debt of the Cuban Government. In other words, the people of Cuba collectively hold gold demand obligations against the United States to an amount in excess of the entire external debt of their Government. It is unnecessary to point out the element of strength that this gave to the whole structure of Cuba during the period of financial crisis through which the Island recently passed.

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VII. Financial

4. Financial Stability.

(b) Banking Facilities.

The following banking institutions are now operating in Cuba:

Name of Bank	Nationality	Branches in Cuba	Capital Paid up.	Reserve	Deposits
Royal Bank of Canada	Canadian	65	$20,400,000.	$21,407,000.	$421,949,969.
National City Bank of New York	American	22	40,000,000.	45,000,000.	659,962,933.
Bank of Nova Scotia	Canadian	3	10,000,000.	19,500,000.	172,424,601.
Banco Commercial de Cuba	Cuban	3	1,000,000.	435,000.	110,585.
Banco del Comercio	Cuban	0	1,000,000.	21,800.	8,732,691.
Mercantile Trust Company	Cuban	0	250,000.		182,561.
Canadian Bank of Commerce	Canadian	1	15,000,000.	15,000,000.	329,106,924.
Territorial Bank of Cuba	Cuban	0	5,000,000.		25,534.
Demetrio Cordova y Cia.	Cuban	2	262,193.		738,022.
First National Bank of Boston	American	1	15,000,000.	21,229,998.	157,539,425.

The First National Bank of Boston is also agent for the Federal Reserve Bank of Boston.

The Federal Reserve Bank of Atlanta also maintains an agency in Havana.

In addition to the above list there are a number of private banks in Havana.

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VIII. Population and Social Conditions.

The Director of the Cuban Census has recently issued the returns up to December 31, 1922. These show a considerable increase of the population of Cuba since the previous returns on September 15, 1919. The white population on the Island at the latter date was 2,088,047, while the latest report shows 2,193,936, an increase of 105,889. According to the same report, the colored population has increased in a less degree than the whites. In September, 1919, the people of color registered in the census numbered 800,957; in the last report they were 809,886, an increase of 8,929. Added to these classes there were 118,084 immigrants who were not classified, and 1,134 inhabitants of Cuba who were not classified as to color. The entire population of Cuba on September 15, 1919 was 2,889,004; on December 31, 1922, it was 3,123,040, showing a yearly increase of about 90,000, with an excess of births over deaths of 45,000.

The population of the six provinces in 1919 and 1922 is given in the following table:

Province	1919	1922
Pinar del Rio	261,198	272,209
Havana	697,583	783,014
Matanzas	312,704	326,588
Santa Clara.	657,697	692,184
Camagüey.	228,913	235,898
Oriente	730,909	813,197
	2,889,004	3,123,040

The great bulk of the people are of Spanish, negro, or mixed Spanish and negro blood. The original Indian inhabitants were practically exterminated in early colonial times, so that there are few traces of their blood in the present people of Cuba. Mixed with the Cuban blood is that of many other white nationalities other than Spanish. Classified according to American standards (i.e. considering as white only those persons who have no tinge of negro blood) only about 30% are whites, the remaining 70% being with few exceptions mulattoes or negroes. Due to the fact that the color line, as drawn in Cuba, is rather indistinct, and to the tendency of Cubans to consider themselves as white (and to represent themselves as such to the census taker) when they have a large proportion of white blood, statistics on this question generally show that 70% of the inhabitants are white.

Cuba has but 66 persons to the square mile, compared with 1000 in Bermuda, 600 in Belgium, 454 in Holland, 425 in England, 330 in Porto Rico, 317 in Japan, etc., while with all her natural resources Cuba can easily sustain more inhabitants per square mile than any of these countries.

Cuba's death rate is the lowest in the world, being but 12.54 per 1000 inhabitants, as against 13.40 in Uruguay, 15.00 in the United States, 17.70 in England, 17.80 in Germany, 20.60 in France, and 29.70 in Spain.

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VIII.

Population and Social Conditions. (Cont.)

Of the total population of Cuba, in 1922, namely, 3,123,040 inhabitants, 55.5% are males; 44.5% females. 81.5% are Cuban citizens; 14.0% are Spanish subjects, and 4.5% other nationalities.

Of the ~~white~~ negro population 90% (857,951) are native Cubans.

Cubans of age (21 years)		496,036	
Foreigners of age		535,949	
Total of age ----------		1,031,985	
White population Sept. 15,1919 -	2,088,047		
Births recorded between that date and Dec. 31, 1922 -------	196,519		
	2,284,566		
Deaths recorded between that date and Dec.31,1922 ---------	90,630		
Present white population --------	2,193,936	2,193,936	present white population
Colored population Sept.15,1919	800,957		
Births recorded between that date and Dec. 31,1922 -------	56,994		
	857,951		
Deaths recorded between that date and Dec. 31,1922 --------	48,065		
	809,886	809,886	present colored population
Unclassified population --------		1,134	Unclassified
Immigrants (unclassified) -----		118,064	Immigrants
		3,123,020	Total present Population.

End

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VIII. (Cont.)

1. Education.

A large though undetermined percentage of the population of Cuba is illiterate. Although the Constitution provides that primary education shall be compulsory and free, the law is flagrantly violated and evaded. According to a reliable authority on the subject, public instruction in Cuba has since 1907 been going backward, as will be seen from the following figures compiled by him:

In 1900, 123,000 children attended the schools, namely, about 75 out of every 1000 inhabitants; in 1907, 63,000, or about 63 per 1000; in 1914, about 53 per 1000; and in 1920, about 50 per 1000. Inø other words, one-third less students were attending schools in 1920 than in 1902. The school attendance in the latter year was about 6% of the population as against 16% in the United States.

While the number of pupils has decreased greatly, the number of teachers has increased in an even greater proportion, since there were only 3,600 teachers in 1900 and now there are over 6,000. Dr. Ramiro Guerra, a well-recognized authority in pedagogical matters, states that from 1907 to 1921 the increase of illiterates among the white youths of Cuba was 15%, and among colored, 22%; that 429,000 Cuban children (more than two-thirds) have never passed the threshold of a school.

Each Province has an 'Institute', or High School.
Four Provinces have normal schools.
The National University, at Havana, has 1,577 students.

During the school year 1922-23 there were 3,338 public school buildings, in which there functioned 6,169 classrooms.

Of the 3,338 school buildings, 1,667 paid annually $574,042.10 in rentals, or an average of $93.05 per classroom functioning. 193 of those buildings are Government property; 43 belong to townships, and 1,335 belong to private persons who cede them gratuitously to the Government for the purposes of public instruction.

A total of 357,985 children attended the public schools during the past school year (1923-24) of which 261,321 are white, and 96,664 colored; 180,167 males, and 177,818 females. 1,063 children completed their studies.

The children in attendance are divided into grades as follows:

1st.	grade	172,844	
2nd	"	81,825	
3rd	"	50,065	
4th	"	27,319	
5th	"	9,187	
6th	"	3.571	357,985 , Total.
Kindergartens		13,174	

The 6,169 classrooms functioned with an average of 58 pupils each.

The daily average attendance was 191,871 pupils, that is, 53.80% of the total enrollment.

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VIII. (Cont.)

1. Education (Cont.)

6,131 teachers were employed in the publid day schools, of which 5,139 are white, and 932 colored; 908 men, and 5,233 women.

Of these teachers, 36 hold the title of Doctor in Pedagogy; 527, the title of Normal teachers; 1,348, a certificate of 3rd grade; 1,708, second grade certificates; 2,177, first grade certificates; and 335 temporarily habilitated.

The majority of women teachers employed (1,762) are between 21 and 25 years of age; and the majority of men teachers are between 41 and 50 years of age.

During the past school year there functioned in the Republic 85 zones of ambulatory (movable schools) instruction, in charge of 78 teachers, who attended 190 groups of scholars.

In said groups, 4,306 children were enrolled, of which 2,601 were boys and 1,765, girls; 3,852 were white, and 515 colored.

2,946 children attended these classes daily, or an average of 67.47 per cent of the total enrolled.

During the past school year 71 night schools functioned, in which 6,543 pupils were enrolled, of which 3,740 were white, and 2,803 colored.

There are five schools of primary instruction in the penal establishments of the Republic, attended by 845 individuals (304 white, and 537 colored) of varying ages, the larger number being in the neighborhood of thirty years of age. The average daily attendance was 231,- or 27.46 per cent of the enrollment.

In the various classes of special instruction, 412 teachers were engaged, as follows:

Kindergarten teachers	160
Kindergarten assistants	168
English teachers	23
Sloyd teachers	12
Sloyd assistants	1
Sewing teachers	39
	412

On June 1st, 1923 there were in the Republic 438 private schools, in which 1,238 school rooms functioned, in charge of 1,475 teachers. In these schools 28,480 pupils were enrolled, of which 26,394 were white, and 2,086 colored; 15,369 males, and 13,111 females. The average daily attendance was 24,066, or 84.50 per cent of the enrollment.

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VIII. Population and Social Conditions.

1. Education.

All the expenses of Public Education in Cuba are attended to at present by the State. According to Article 31 of the Constitution, instruction is compulsory and gratuitous, and the learning of arts and trades is also gratis. The article quoted provides that the municipalities shall attend to this ser_vice, but when the balance of their funds does not permit them to do so, the State is authorized to defray the necessary expenses, and ever since the establishment of the Republic, the State has defrayed them.

According to the Constitution, superior and professional education are placed in charge of the State, but everybody is freely permitted to learn, or teach any science, art or profession, and to found or maintain institutions of education and instructioh. However, the State has retained the power of designating the professions which can only be practised in virtue of special diplomas or degrees, and conditions in which they are to be practised.

Havana University.

For professional studies there is a University at Havana, supported by the State, the entrance in which is not permitted unless the knowledge of certain matters can be sufficiently proven,which is generally done by presenting the title of Bachelor of Arts obtained in any of the official Institutes of second or superior education.

The registration fee at the University is $30. per year, and entitles the student to attend all the classes,and to be examined in the branches he may have studied in order to legally prove his capacity therein, with the condition of having followed the order established for the study of the different branches in each school.

The University comprises three faculties: that of Letters and Sciences, that of Medicine and Pharmacy, and that of Law.

Letters and Sciences embraces the following schools: Letters and Philosophy; Pedagogy, Sciences; Engineering; Electricians; Architects and Builders; Agricultural Engineers and Sugar Masters.

Medicine and Pfarmacy: Human Medicine; Pharmacy; Dental Surgery, and Veterinary Medicine.

Law: Civil Law, the title of Doctor whereof is necessary for practising the profession of lawyer; Public Law, and Notarial Law.

Each school has distributed the different subjects it comprises into several courses,which must be legally approved by means of an official examination, after which a title is granted,by which the practise of the corresponding profession is permitted. This kind of education is denominated"official".

Besides official education, there is another called "private" or "free", in which the student is only obliged to pass examination and be approved in the branches comprised in the profession or faculty of his choice. The fee charged by the State is $12.50 for each branch examined.

The title thus obtained is equal and has the same value as those obtained by means of official education.

Those who, having acquired a professional title abroad,may wish to practise their profession in Cuba, must obtain their title through examinations within the premises of the Havana University.

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VIII. Population and Social Conditions.

1. Education (Cont.)

Cuba has had a School of Painting and Sculpture, since the middle of the past century, which was gratuitous at first, but later, instruction was regulated in a similar way as the professions, by payment of a small yearly fee.

This School has practically abandoned its work owing to lack of assistance from the Cuban Government.

There is a School of Arts and Trades, at Havana, supported by the State, where instruction in these subjects is gratuitously given. It has both day and night classes, teaching industrial technics, in which theoretical and practical instruction is given in manual arts and trades; and special instruction furnishing particular courses in order to obtain the title and be able to practise the following professions: Civil builder, industrial mechanic, industrial electrician, and industrial chemist.

School of Agriculture: There are six model-farm schools, one in each Province of the Republic, for the purpose of teaching agriculture, dependant on the Department of Agriculture, Commerce and Labor.

Instruction and maintenance of these scholars is completely free and lasts two years. Each school can accomodate thirty pupils; fifteen are admitted every year by means of proposals made by the municipalities.

When the scholar has been examined and passes all the courses, he receives the title of Master of Agriculture.

Normal Schools: The law of March 16, 1915 created a Normal School for men and another for women, in each province; but at present only four of the provinces have normal schools.

Primary Education:

Primary instruction is regulated by the School Law of July 18, 1909, and is in charge of Boards of Education, elected by direct suffrage and of which there is one established in each municipality, each one constituting a school district under the superior authority of the Secretary of Public Instruction and Fine Arts.

After a certain period of trial has elapsed, the teachers appointed are ratified in their positions and can only be separated therefrom for some just cause, duly proven. Their salaries range from $60. to $80. per month, according to the importance of the place.

The school year begins the second Monday of September and lasts 36 weeks.

Those within the schoolage, 6 to 14 years, are obliged to attend school, and the parents or guardians not complying with that obligation are punishable by the courts.

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VIII. Population and Social Conditions.

1. Education. (Cont.)

In the matter of public libraries Cuba finds itself quite backward, as the public library privilege is very little appreciated and used, and there are not a half dozen worthy of the name in the Island. The National Library, at Havana, contains hardly 5,000 volumes. The Economic Society of Friends of the Country, in Havana, has made several, efforts to enlarge the few public libraries of the country, but owing to the lack of cooperation or assistance on the part of the Cuban Government, this society has practically abandoned its work.

In the entire Island there is not one public historical museum or building housing fine arts.

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VIII. (Cont.) Population and Social Conditions.

2. Labor Conditions.

In spite of a heavy importation of labor, every sugar-harvesting season finds a great shortage of labor for work in the fields. Before the harvesting of the last sugar season began, several of the large sugar companies filed petitions with the Cuban Secretary of Agriculture, Commerce and Labor requesting permission to introduce laborers under contract, to fill this need. On September 27,1922 two decrees were signed by President Zayas authorizing two sugar companies to bring laborers to Cuba. Since that time, additional decrees have been published, giving other companies similar privileges. For the last crop, decrees were issued authorizing a total importation of 25,000 laborers, under the following conditions:

All expenses connected with the transportation of laborers from the place of origin to the place of employment, and return of the laborers at the close of the drop, must be borne by the sugar company. In each decree the port of entry is specified, as well as the 'central' at which the laborers are to be used. A deposit of $20. for each laborer imported, is required as a guarantee of repatriation.

In the majority of cases the decrees provided that the laborers be brought from the Antilles. In a few instances the source is more specifically indicated, such as Porto Rico, and Haiti. Practically all the laborers were imported by the "Compañia Colonizadora Cubana", which was organized in January,1923, in order to reduce the cost of importing laborers. It is a cooperative organization comprising seven sugar companies, and operated without profit. The total number of laborers actually imported for the present crop, under the above-mentioned decrees, is estimated at between 11,000 and 12,000, of which probably two-thirds are Haitians. Practically all the laborers who are brought to Cuba are used for cutting and stripping sugar cane and clearing the fields, The ox-cart drivers are almost all native Cubans who own the oxen. The wages which these laborers receive vary somewhat from week to week at the different centrals. It is estimated that at the beginning of the crop,cane cutters are paid on an average of 70 cents per ane hundred arrobas (25 lbs.per arroba) of cane, as against $1.20 at the end of the season. Cane cutters usually cut from 150 to 200 arrobas daily.

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VIII. (Cont.)

3. Immigration.

From the timeof the First American Occupation in 1898-1901 the admittance of Chinese and immigrants of inferior races into the Island of Cuba was prohibited. Shortly before the expiration of President Gomez's term, he signed a decree permitting the entrance of the first Jamaicans and Haitians to arrive in Cuba, and at the end of 1912, 1400 were entered. During the eight years of President Menocal's administration there entered into the Republic of Cuba 81,000 Haitians and 75,000 Jamaicans,- a total of 156,000 uncultured and semi-civilized blacks. In 1907 the immigration law of Cuba was modified so that Chinese could freely enter the country. The Asiatic Colonization Company was organized and took advantage of this law and secured the admittance of about 100,000 Chinese into the Island.

Since 1907 there have been enacted a number of presidential decrees regulating immigration, and decree No. 1522 of 1915 especially rescinds that portion of the 1907 legislation which pertains to Chinese, practically prohibiting their entrance into this country.

The immigration into Cuba for the years 1921 and 1922 is shown to be as follows:

Ports	1921	1922	
Cienfuegos	33	16	
Guantánamo	50	--	
Havana	30,011	18,848	
Manzanillo	17	---	(No entrances by other ports)
Matanzas	5	---	
Puerto Padre	589	---	
Santiago de Cuba	27,694	7,129	
Trinidad	549	--	
Totals.....	58,948	25,993	

Immigrants classified by countries, for years 1921 and 1922.

Countries		1921	1922
America			
	United States	1,161	993
	South America	454	134
	French Antilles	52	--
	Dutch Antilles	5	--
	British Antilles	171	6
	Antilles, unknown	5,955	--
	Central America	62	36
	Haiti	12,043	848
	Jamaica	7,868	5,016
	Mexico	191	228
	Puerto Rico	452	304
	Santo Domingo	290	265
	Unknown	10	16
		28,714	7,846

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VIII. (Cont.)

3. Immigration (Cont.)

Immigrants classified by countries, 1921 and 1922

Europe	Countries	1921	1922
	Germany	82	77
	Austria-Hungary	5	9
	Belgium	1	9
	Czechoslovakia	3	--
	Spain	---	---
	Spain and Canaries	27,027	16,141
	Frahce	249	327
	Greece	5	131
	Holland	71	6
	Italy	111	272
	Norway	51	9--
	Poland	148	7
	Portugal	24	77
	England	192	261
	Roumania	74	253
	Russia	186	279
	(Servia) Jugoslavia	2	34
	Switzerland	4	21
	Norway	--	10
	Turkey	57	109
	Ukrania	49	--
	Not stated	---	91
	Total Europe	28,341	18,114
Asia			
	China	1,857	---
	India	---	1
	Japan	36	12
	Asiatic Turkey	--	3
	Syria	--	16
	Total, Asia	1,893	32
	Australia		1
	Grand totals	58,948	25,993

4. Emigration: There is no record of emigration from the country, and the number of emigrants is negligible.

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IX. Economic Penetration of Foreign Interests.

In the past year there has been considerable activity displayed by foreign interests in an attempt to secure a portion of the trade normally flowing to Cuba from the United States. This has been particularly noticeable in the case of Spanish, German and British interests, named in the order of the strength and importance of these attempts. The attempt of Spanish interests, aided by the agitation carried on in Cuba in favor of a closer communion between Spain and Cuba because of propinquity by reason of "race", has been somewhat successful, but like all other foreign attempts, has been impeded in the sale of staple articles largely by the reciprocity in reduction of tariffs between Cuba and the United States. German interests have had some small success in introducing into Cuba certain manufactured articles, particularly machinery of small kinds, such as typewriters, etc. British interests have been making strenuous attempts to secure a foothold along the lines of trade, but have been successful only as regards the banking interests. Their success in this line has been remarkable and can only be accounted for by the fact that large American banking interests (particularly the National City Bank of New York) are very unpopular in Cuba due to the methods used, especially with reference to sugar properties of which they secured control during the crisis of 1920. It is now estimated that Canadian banking institutions control a majority of the deposits of the Island, with a consequent supremacy in financing industrial and economic products.

Approximately 76% of the sugar industry is controlled by American companies. American holdings consist of both "centrales" or mills, and extensive cane-lands, owned or leased. They are distributed throughout the Island, the most important from the standpoint of quantity produced, being in the central province of Santa Clara, and the eastern province of Oriente.

The chief mining interests are controlled by American companies, including the Bethlehem Steel Co., Midvale Steel Co., United States Steel Corporation, and the Eastern Steel Co.

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X. Influence of Economic Situation on International Political Situation.

Under this head only can be stated the self-evident proposition that due to the geographical situation of Cuba, the United States will always maintain dominance of the economic situation. The staple product of Cuba, upon which its economic life depends, is, of course, raw sugar, and as the United States consumes practically the whole of this output, this, with the consequent off-set of credits in this country, will always assure economic control which, together with the geographical position, renders the political influence of any other nation in Cuba negligible, even did the Permanent Treaty (the so-called Platt Amendment) not exist as an international convention and as part of the Constitution of Cuba.

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XI. General Conclusions.

With the advice and assistance of General Crowder during his incumbency as Personal Representative of the President of the United States in Cuba, conditions in the Island have undergone steady improvement. General Crowder has worked out and recommended to the Cuban Government a program of reform which, if continued to its entirety and adhered to would hardly have failed to restore Cuba to a condition of prosperity and orderly well-being. The changes recommended by General Crowder were necessarily radical, and were partially executed at the time his status was changed from that of Personal Representative of the President to that of Ambassador. Since then the reform program has met with resistance from the present Administration, ostensibly on the ground that the action of the United States in insisting upon reforms is an unwarranted encroachment upon Cuban sovereignty, and conditions have again reverted to graft and governmental mismanagement.

Under pressure, the President of Cuba has put into effect such parts of the reform program as could be adopted without legislative action, but efforts at reform requiring legislative action encounter much opposition from the legislative body. At the present time the executive and legislative branches of the Cuban Government have practically repudiated the reform program in what amounts to open defiance of the United States Government.

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XII. Current Situation - General.

The price of sugar is the barometer fundamentally marking the economic condition of the country, its effects reaching all activities of our mercantile life. If the price is remunerative, the country increases its imports, prosperity is general and is principally marked in banking and commercial activities.

At present the sugar industry enjoys positive prosperity; the average price atwhich the last p crop was sold, was over 5-1/2 cents per pound; and operations in sugar of the coming crop have been made at strong prices, and although confidential, it is confirmed in the marketmthat those transactions in futures denote very favorable prices for the new crop.

Although the cost of production and manufacture of sugar has increased considerably since 1916, the price of 4 cents per pound can still be considered benefitial for the industry.

It seems that the coming crop will more or less equal the last crop, which was 3,602,910 tons.

Tobacco in the last crop yielded good profits, both to the planters and the warehousemen(wholesalers), and on account of the intense demand, the selling began two months earlier than usual.

The agricultural-industrial year is comprised from April to April of each year.

The 1922-1923 production was 450,000 bales.

In the Villas (Santa Clara), a bale weighs 150 lbs. In Villas the average selling price in the last crop, was $45. to $50. per hundred weight.

In Pinar del Rio there are two zones, called "Vuelta Abajo" and "Semi-Vuelta". The price in Vuelta Abajo was $70. per bale.

The weight of a bale in Vuelta Abajo is from 80 to 85 lbs., more or less, and the Semi-Vuelta tobacco sold at the same price.

Tobacco grown in Havana Province is called "Partido"; it sells at $2. per "Matul",- 45 "Matules" comprising a hundredweight.

It is estimated that the 1923-24 crop can produce:

Villas	350,000	bales
VVuelta-Abajo	250,000	"
Semi-Vuelta	35,000	"
Havana	20,000	"

As will be noted, a great increase of production is expected in the Villas, based on the large acreage of land prepared for cultivation.

It is very risky to form an opinion as to the prices of the future crop, because climatic conditions have a tremendous influence both upon the quality and quantity; but tobacco men have great hopes of the coming crop, however, as there is no stock in the market of the last crop.

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XII. Current Situation - General. (Continued)

Railroads, coastwise shipping, and other transportation industries, being, as they are, factors of production, share in the effects of the general prosperity, since they handle about 90% of the production, and 42% of the importation.

The other industries of the country also participate in the general prosperity represented by favorable prices of the principal industries of Cuba, namely, sugar and tobacco.

Activity in construction can be seen from the considerable number of buildings being erected in the city of Havana, and 10-story hotels is now going up, similar to those in large cities in the North.

Exchange with the United States is maintained at par, and the exchanges with other countries of Europe and South America are all very favorable to Cuba .

It is evident that the country enjoys a solid and prosperous economic condition, interrupted only by the uneasiness produced by the existing political agitation, being carried on by a portion of the representative elements of Cuban people demanding rectifications of morality in public administration. This state of things has intensely paralyzed banking, mercantile, industrial and agricultural operations.

The economic classes are anxious for this condition of crisis to end,- the political agitation and the administrative causes behind it.

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NND 740058
By AMF NARS, Date 05/04/89

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MIL. INTEL. DIV.
WAR DEPARTMENT

265-5-Q-64
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AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE
HAVANA, CUBA.

December 4,
1923.

No.- 2029.

To: The A. C. of S., G-2.

Lieut. Col. G.S. Norvell, General Staff,
Chief, Latin-American Subsection

Subject: Estimate of the Economic Situation in Cuba.

RECEIVED G/2 W.D. DEC 12 1923

1. I am enclosing herewith the Economic Estimate of Cuba in accordance with instructions contained in letter from your office of August 18,1923 (G-2 2056-219).

2. In this report no data is given under the heading "Port Facilities" for the reason that complete reports covering this subject have been forwarded to your office on the following dates:

2267-Q-5	Despatch	1378	March 4,	1921
2559-Q-8	"	1415	Apr. 21	"
2462-Q-5	"	1640	Jan. 20	1922
2462-Q-5(2)	"	1644	Jan. 27	"
2559-Q-10	"	1645	Jan. 27	"
2559-Q-10(2)	"	1660	Feb. 3	"
2056-212	"	1663	Feb. 10	"
2559-Q-10(3)	"	1677	Feb. 23	"
10989-9-53(14)	"	1767	Aug. 16	"
242-33(22)	"	1910	Jun. 12	1923
242-33(23)	"	1914	Jun. 22	"
242-33(18)	"	1888	May 1	"
242-33(31)	"	1977	Oct. 12	"
not entered on disp list	"	1996	Oct. 29	"
	Cable No.	33	Oct. 9	"

Record Numbers

W. H. SHUTAN,
Major, Gen. Staff,
Military Attaché.

Copies retained in MI 2/a files
7 Jan 24 MHB.

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By AMF NARS, Date 05/04/89

AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE
HAVANA, CUBA.

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
JUN 18
Chief, Latin-American Subsection
General Staff,
WAR DEPARTMENT

No.- 1906.

June 8, ~~1922~~ 1923.

2655-Q-165

From: The Military Attaché, Havana.

To: The A. C. of S., G-2.

Subject: Interrelation of American and Other Important Groups Engaged in the Manufacture of Raw Sugar in Cuba, and in the Refining of Sugar.

CONFIDENTIAL:

RECEIVED G/2 W.D. JUN 18 1923

1. There is enclosed herewith copy of a Confidential report submitted by Mr. Edwards the American Commercial Attaché at this Embassy, to the Ambassador, under the above subject.

W. H. SHUTAN,
Major, Gen. Staff,
Military Attaché.

Enc

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NND 740058
By AMF NARS, Date 05/04/89

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
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WAR DEPARTMENT

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~~C O N F I D E N T I A L~~

Havana, Cuba,
May 28, 1923.

Subject: Interrelation of American and Other Important Groups Engaged in the Manufacture of Raw Sugar in Cuba, and in the Refining of Sugar.

Plan of Presentation:

Part I of the present Memorandum is divided into 14 Sections, each one of which, with the exception of Section 14, describes the extent of control of raw sugar production of each important individual group which appears from the evidence at hand to dispose of its sugar through a single marketing organization. Section 14 of Part I is devoted to individual mills and small groups not included in the groups described in Sections 1 to 13 inclusive.

Part II consists of a discussion of possible and probable relations between the groups mentioned in the first 13 sections of Part I.

Sources and Accuracy of Information:

The information contained in the present memorandum was gathered in Havana between March 15 and May 15, 1923, from (1) a careful examination of Poor's and Moody's Manual, 1922 edition; (2) the latest available reports issued by the respective companies to their stock-holders; (3) from Standard Corporation Records issued by the Standard Statistics Company of New York; (4) from a few confidential reports of credit information agencies such as R. G. Dun and Company; (5) from The Times of Cuba; (6) from a considerable but not entirely exhaustive examination of the records of the Mercantile Register at Havana; and (7) from more or less casual conversation with various persons in Havana.

No enquiries have been made direct to any of the sugar-producing concerns, as it was felt that such a course would most certainly result in arousing suspicion and possibly in cutting off valuable sources of information, in view of the sensitiveness of the sugar producers to the recent activities of the Department of Commerce in connection with the whole problem of sugar prices.

Information gathered from the various sources has been carefully compared, and verified as far as possible. In the following memorandum, I have followed the general practice of characterizing the nature of the evidence upon which statements are made.

During the 1923 "dead season", which is now at hand, the control of a considerable number of mills will undoubtedly be changed from what is indicated in the present memorandum, owing to the maturity of past financial arrangements and owing to new financial arrangements, new purchases and new leases. The statements made in the present memorandum purport to represent the situation during the 1922-23 grinding season, unless otherwise stated .

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Part I.

Section 1. United Fruit Company Interests.

The United Fruit Company owns the Revere Sugar Refinery which is located at Charlestown, Massachusetts, and also owns the Centrals Boston and Preston in Cuba.

While the relationship between the United Fruit Company, the Revere Sugar Refinery, and the two centrals in Cuba seems to be a matter of common knowledge, this relationship may be verified by examining pages 533 to 537 of Volume II, Moody's Industrials,1922.

	Bags of 320 to 325 lbs.	
Oriente Province:		
(1) Boston	525,000	(Times of Cuba estimate)
(2) Preston	600,000	(ditto)
Total,	1,125,000 bags.	

This represents approximately 4.4% of the total production of Cuba for the entire season 1922-23.

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Section 2. American Sugar Refining Interests:

The American Sugar Refining Company owns the Central Cunagua Company, which, in turn, owns and operates the following centrals in Cuba: Cunagua and Jaronú. While this relationship is a matter of common knowledge, it may be verified by examining any recent company reports of the American Sugar Refining Company.

	Bags of 320 to 325 lbs.
Camagüey Province:	
(1) Cunagua	587,085 actually produced
(2) Jaronú	577,230 " "
	1,164,315 bags.

This represents approximately 4.6% of the total production of Cuba for the entire season 1922-23.

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Section 3: The Warner Interests:

The Warners consist of C. M. Warner and his three sons, G. E., A. L. D., and C. B. There does not seem to be any doubt anywhere but that the Warners own a controlling interest in the Warner Sugar Refining Company, which has a refinery at Edgewater, New Jersey. We learn from a number of reliable sources, that the Warners own and operate the following four centrals in Cuba:

	Bags of 320 to 325 lbs.	
Oriente Province:		
(1) Miranda	390,000	(The Times of Cuba estimate)
(2) Palmarito	... ...	(not grinding this year)
Havana Province:		
(1) Amistad	142,810	actual production
(2) Gomez Mena	245,128	" "
Total,	779,938	

This represents approximately 3.0% of the total production of Cuba for the entire season 1922-23.

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Section 4: Mills Owned or Controlled by the American Foreign Banking Corp.:

We have been informed in a number of quarters that the American Foreign Banking Corporation (which is the property of some 36 American banks/ principal among which is the Chase National Bank of New York) owns outright the Centrals San German and Union, subject to certain mortgages; and is temporarily operating under redemption agreements the Centrals Ramona and Fidencia of the Sagua-Placetas Sugar Company. The Manager of the American Foreign Banking Corporation has just indicated to me that the Centrals Ramona and Fidencia will not be turned back to their owners this year, and that operation of those mills by the Bank will continue at least through the next grinding season.

Recapitulation:

	Bags of 320 to 325 lbs.	
Oriente Province:		
(1) San German	154,570	actual production
Matanzas Province:		
(2) Union	72,548	" "
Santa Clara Province:		
(3) Ramona	56,877	" "
(4) Fidencia	47,408	" "
Total,	331,403	

This represents approximately 1.3% of the total production of Cuba for the entire season 1922-23.

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Section 5: Royal Bank of Canada Interests:

From a number of different reliable sources we learn that the Royal Bank of Canada has control of 15 mills this season, two of which, however, did not grind, viz., Centrals Carmita and Guira de Melena. Central Rio Cauto (Cuban-Canadian Sugar Company) is sometimes reported as being under the control of the Royal Bank, but we are informed that that central is now free from the Bank, having paid off its obligations several months ago.

Four of the thirteen operating mills, viz: Ciego de Avila, Algodones, La Vega and Maria Luisa, are operated by the Sugar Plantations Operation Corporation, and Guira Melena is also under the control of that same corporation. The relationship between the Sugar Plantations Operation Corporation, the owners of these centrals, and the Royal Bank seems to be as follows: The Bank holds first mortgages on all of the centrals and certain other equities in the case of some of the centrals. The owners have deposited their shares in the properties, with the Bank in escrow, pending the payment of the obligations to the Bank. The Sugar Plantations Operation Corporation is nominally an independent company formed by a representative of the Bank (Mr. Ed. Miller), and the owners of the properties. However, Mr. Miller is understood to be a salaried employee of the Bank. It appears that as soon as the obligations to the Bank are paid by the different mills, the mills will be turned back to their owners.

It is known that the Centrals Galope, Baguanos and Oriente are controlled by The Royal Bank of Canada, and it is reported that these centrals are virtually being operated by the Bank,- under immediate supervision of managers paid by the Bank. It is reported that these centrals will be turned back to their owners as soon as debts to the Bank are paid.

It is reliably reported that the Royal Bank also controls the sugar from the following centrals: Constancia(Fowler's), Santa Isabel, Adela, Portugalete, Fe, and Borjita; but the extent to which the Bank actually supervises the operations of these respective centrals is not known to us.

Recapitulation:	Bags of 320 to 325 lbs.	
Santa Clara Province:		
(1) Maria Antonia	22,990	actual production
(2) La Vega	93,672	" "
(3) Maria Luisa	24,855	" "
(4) Constancia	106,152	" "
(5) Santa Isabel	113,931	" "
(6) Adela	68,307	" "
(7) Portugalete	58,500	" "
(8) Fe,	110,000	" "
(9) Carmita		not grinding
Pinar del Rio Province:		
(10) Galope	70,960	actual production
Havana Province:		
(11) Guira de Melena		not grinding
Camagüey Province:		
(12) Algodones	203,444	actual production
Oriente Province:		
(13) Baguanos	210,000	(Times of Cuba estimate)
(14) Oriente	126,787	actual production
(15) Borjita	53,469	" "
Total	1,263,077	bags

This represents approximately 4.9% of the total production of Cuba for the entire season 1922-23.

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Section 6:

National City Bank Interests:

We are informed on most reliable authority that at the time of the financial panic in 1920-21, the National City Bank established a separate accounting department for its equities in and claims against a number of sugar mills, and that while the Cuban Sugar Plantations Incorporated was formed by the National City Bank interests for the purpose of reorganizing and administering these assets, the assets have in fact never been transferred from the books of the bank. Subsequent to the formation of the Cuban Sugar Plantations Incorporated, there was formed the General Sugars Company, of which George H. Houston is president, and Edward A. Deeds and Gordon S. Rentschler are officers. Just what relation the General Sugars bears to the Cuban Sugar Plantations, we do not know, but we understand that the General Sugars now has charge of all of the assets formerly placed by the National City Bank under the control of the Cuban Sugar Plantations. The Havana Property Register reveals the fact that the General Sugars is capitalized at $50,000; that all of the shares are paid up; and that Houston owns 2/5; Deeds, 3/10; and Rentschler, 3/10.

It appears that the General Sugars has not followed any uniform policy toward the mills against which the National City Bank has claims. In the case of the Centrals Pilar, Camaguey and Estrella, a new company called the Camagüey Sugar Company has been formed and an issue of debentures has been floated in the United States for the purpose of paying off the National City claims against those mills. A quite similar plan has been followed in the case of the Centrals Agramonte and Vertientes, for which the so-called Vertientes Sugar Company has been formed. (We have received a report, however, that the debentures of this latter Company did not sell readily in the United States,-- a considerable portion being left on the hands of the National City Company which undertook to float them). The General Sugars Company manages these companies and operates the mills, thus controlling the disposition of their sugar production.

Direct from the General Sugars Company you have learned that the following Centrals, in addition to those mentioned in the next preceding paragraph, are managed by the General Sugars: San Cristobal, Lutgardita, San Isidro, Progreso, Santa Rosa, and Mabay. We understand that it is the intention of the General Sugars to take over some of these properties, but to turn back others to their owners as soon as the National City Bank's claims have been paid.

From Mr. Houston you also learned that the General Sugars is interested in the management of the Centrals America, Palma, Alto Cedro and Cupey. While I believe that the National City Bank actually controlled the disposition of the sugars from these four centrals this year, I am not including them in the following recapitulation, but am listing them separately, in order to avoid the possibility of confusion, and am including them in the recapitulation of the interests of the West India Sugar Finance Corporation; and I shall describe the relationship between the National City and the West India Sugar Finance Corporation in Part II.

From Mr. Houston you also learned that the General Sugars is financially interested in, but does not operate, the following centrals: El Pilar, Andorra, Triunfo, Ulacia, San Antonio, Eden and Anunciata (now frequently called Cardosa, and formerly known as San Cristobal Cristobal). From what I have been able to gather, I believe that the National City does not hold first mortgages on these properties, but has secondary claims only; that ,however, the Bank has succeeded in making agreements with other creditors and with the owners, to continue financing the centrals on the understanding that the General Sugars would control the disposition of the sugar, and that the National City claims would eventually be paid. Precisely

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what these arrangements are, regarding each mill, we have not been able to ascertain.

We have learned from a number of sources that the National City Bank this year controlled the disposition of the sugar of the Central San Agustin (at Cruces, Santa Clara Province - not to be confused with the Central San Agustin of the Atkins Group). We have also been informed by several persons,- although we have been quite unable to verify the report,- that the National City Bank controls the output of the Central Mapos this year, as a result of financings.

Recapitulation of National City Bank Interests (excluding the centrals operated by the West India Sugar Finance Corporation):

	Bags of 320 to 325 lbs.	
Pinar del Rio Province:		
(1) San Cristobal	66,240	actual production
(2) El Pilar	197,201	" "
(3) Andorra	90,000	" "
Matanzas Province:		
(4) Progreso	70,749	" "
(5) Santa Rita	67,400	" "
(6) Triunfo	53,617	" "
(7) Armonia	not grinding; in 1921, 78,058	
Santa Clara Province:		
(8) Eden or Cabaiguan	" " " "	84,325
(9) Lutgardita	" " " "	49,727
(10) San Isidro	102,000	actual production
(11) Santa Rosa	81,000	" "
(12) Ulacia	56,697	" "
(13) San Antonio	22,990	" "
(14) Annunciata or Cardosa	47,398	" "
(15) San Agustin	124,698	" "
(16) Mapos	20,000	(Times of Cuba estimate)
Camagüey:		
(17) Santa Tomas	51,000	actual production
(18) Pilar	138,861	" "
(19) Estrella	205,483	" "
(20) Agramonte	270,117	" "
(21) Vertientes	102,000	" "
(22) Camagüey	130,000	" "
Oriente:		
(23) Mabay	67,900	" "
Total	1,965,351	bags

This represents approximately 7.7% of the total production of Cuba for the entire season 1922-23.

The four mills "in whose management" the General Sugars is interested, but which I list under the West India Sugar Finance Corporation, are:

Province of Oriente:		
(24) America	171,621	actual production
(25) Palma	242,072	" "
(26) Alto Cedro	234,939	" "
(27) Cupey	196,011	" "
	844,643	bags.

This represents approximately 3.3% of the total production of Cuba for the entire season 1922-23.

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Section 7: West India Sugar Finance Corporation:

A discussion of the probable relations between the West India Sugar Finance Corporation, the National City Bank and the Cuban-American Sugar Company, is contained in Part II of the present memorandum.

The officers and directors of the West India Sugar Finance Corporation are: President, T. A. Howell; Vice-President, H. W. Wilmot; Vice-President, H. J. Pullum; Secretary, L. D. Armstrong; Treasurer, J. B. Coombs; Assistant Secretary and Assistant Treasurer, Arthur Kirstein, Jr.; Directors: J.H.Post, T.A.Howell, J.B.Coombs, H.W.Wilmot, E.N.Potter, F.B.Adams, L.D.Armstrong; L.H.Farnum; H.Edson, H.J.Pullum, J.S.Wilson, Jr., and V. Astor.

The West India Sugar Finance Corporation originally financed the construction of, and subsequently managed the Centrals Palma, Alto Cedro, and Cupey. This management still continues, although these three mills have been formed into a single company called the Sugar Estates of Oriente, Inc. The West India Sugar Finance Corporation also finances and operates the centrals of the Santa Ana Sugar Company, viz:, Hatillo and Santa Ana. The Central Tanamo of the Atlantic Fruit Company has been operated this year by the West India Sugar Finance Corporation, but is just now reported to have bought itself free, so that it is now returned to its owners. The Central Macareño was also operated this year by the West India Sugar Finance Corporation, although this control is reported to have been brought to an end, with the final liquidation of this year's output of sugar. The Central America which has just been purchased by the Sugar Estates of Oriente, Inc., was operated this year by the West India Sugar Finance Corporation under some kind of an agreement with the General Sugars Company,- both concerns having been in possession of heavy claims against the property.

Recapitulated, the mills operated this year by the West India Sugar Finance Corporation, are:

	Bags of 320 to 325 lbs.	
Camagüey Province:		
(1) Macareño	109,470	actual production
Oriente Province:		
(2) Palma	242,072	" "
(3) Alto Cedro	234,939	" "
(4) Cupey	196,011	" "
(5) Hatillo or Almeida	104,831	" "
(6) Santa Ana	87,304	" "
(7) Tanamo	180,000	(Times of Cuba estimate)
(8) America	171,621	actual production
Total	1,326,248	bags

This represents approximately 5.2% of the total production of Cuba for the entire season 1922-23.

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Section 8: Howell-Post Interests (Exclusive of West India Sugar Finance Corporation and the Cuban-American Sugar Company.)

Although the Cuban-American Sugar Company has long been characterized as a Howell-Post concern, we make a separate section in the present memorandum, for that company, for reasons which are discussed in Part II.

The officers of the Guantanamo Sugar Company, which owns and operates three centrals, (Isabel, Los Canos and Soledad) in the Province of Oriente, are: President, J.H.Post; Vice-President, G.R.Bunker; Vice-President and General Manager, O.G.Sage; Secretary and Treasurer, G.H.Bunker. Directors; J.H.Post, R.W.Leigh, Ernest Brooks, Clarence Lewis, G.R.Bunker, T.A.Howell, Geo. E. Keiser. It is believed that the shares in this company are widely held. Of the 375,000 shares reported to be in circulation, the Wall Street Journal of December 14,1922 states that Mr. Post only has 8,765, and Mr. Howell only 2,300. However, in view of the fact that Mr. Post is president, and Mr Howell is on the Board, I believe that it can be safely assumed that this concern should be classified among the Howell-Post Interests.

The officers of the New Niquero Sugar Company, which owns and operates the Central Niquero, are: President, James H. Post; Vice-President and General Manager, Ricardo Narganes; Assistant General Manager, Aurelio Narganes; Secretary and Treasurer, A.B.Vanderkieft. The Directors are: James H. Post, Ricardo Narganes, T.A.Howell, R.A. C. Smith, Federico de Zaldo, Walter J. Vreeland, Wm. M. Flook, and Guillermo Zaldo.

From all that we have been able to learn here, the sugar marketing organization of the above-mentioned four centrals is separate from that of the Cuban-American Sugar Company.

Recapitulation of Howell-Post Interests exclusive of the Cuban-American Sugar Company and the West India ~~Finance~~ Sugar Finance Corporation:

Bags of 320 to 325 lbs.

Oriente Province:			1922.
(1)	Isabel	not grinding; 102,590 in /	
(2)	Soledad	105,207	actual production
(3)	Los Canos	19,773	" "
(4)	Niquero	230,000	(Times of Cuba estimate)
		354,970	

This represents approximately 1.4% of the total production of Cuba for the entire season 1922-23.

Recapitulation of all Howell-Post Interests:

(a)	Guantanamo Sugar Company and New Niquero Sugar Company.....	1.4%
(b)	West India Sugar Finance Corporation.....	5.2%
(c)	Cuban-American Sugar Company.....	7.0%
	Total	13.6%

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Section 9: Cuban-American Sugar Company:

The officers of the Cuban-American Sugar Company are: President, George E. Keiser; Chairman of the Board, James H. Post; Vice-President, T. A. Howell; Vice-President, H.W.Wilmot; Vice-President, John Farr; Treasurer, J.H.Lamd; Secretary, Walter J. Vreeland (Note: Vreeland is also on the Board of the New Niquero Sugar Company-- see Section 8); Comptroller, George E. Bush. Directors: George R. Bunker, Thomas E. Camp, Henry A. Clark, John Farr, B.H.Howell, L. A. Lenga, Mario G. Menocal, J.Adolph Mollenhauer, John C. Oakes, James H. Post, Norman B. Tooker, H.W.Wilmot. (The names underlined appear among the officers or directors of other companies mentioned in the present memorandum.)

The Cuban-American Sugar Company owns and operates the following six Centrals in Cuba:

	Bags of 320 to 325 lbs.	
Pinar del Rio Province:		
(1) Mercedita	145,160	actual production
Matanzas Province:		
(2) Tinguaro	201,474	" "
Santa Clara Province:		
(3) Constancia (at Constancia)	140,500	" "
(4) Unidad (at Cifuentes)	78,500	" "
Oriente Province:		
(5) Chaparra	466,000	" "
(6) Delicias	750,000	(Coombs' report)
	1,781,634	

This represents approximately 7.0% of the total production of Cuba for the entire season 1922-23.

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Section 10: The Rionda Group:

The Riondas are: B. Braga Rionda, Manuel E. Rionda, Manuel Rionda, L.J.Rionda, and José B. Rionda.

It is generally accepted as a fact that the Riondas control through stock ownership the W. J. McCahan Sugar Refining and Molasses Company, with plants at Philadelphia. The officers of the McCahan Sugar Refining and Molasses Company are: President, M. E. Rionda; Vice President, B.B.Rionda; Secretary, H.B.Young; Treasurer, W.J. Craig; Assistant Secretary, W.A.Rich; Assistant Treasurer, S.T. Harkness; Assistant Treasurer, C.H.Johnson. Directors; M.E.Rionda B.B.Rionda, Horace Havemeyer, W.E.Ogilvie, L.J.Rionda, H.B. Young, C.H.Johnson, W.J.Craig, and W. J. McCahan, Jr.

The Czarnikow-Rionda Company, which is also generally understood to be controlled by this same group, is also generally understood to control the companies which own and operate the Centrals Manati, Tacajo, San Vicente, San Francisco, Tuinicu and Elia. These facts seem to be so generally accepted that I am not presenting such further evidence as I have on this subject, in the present memorandum.

The officers of the Cuba Cane Sugar Corporation are: President, W. E. Ogilvie; Vice-President, Regino Truffin; Vice-President and Assistant Secretary, Manuel E. Rionda; Vice-President, B. Braga Rionda; Secretary and Assistant Treasurer, G.A.Knapp; Treasurer, B.A.Lyman; Assistant Treasurer, E.D.Staples; General Manager, Miguel Arango. The Executive Committee, among others, includes: Horace Havemeyer, Manuel Rionda, B.Braga Rionda, and W.E.Ogilvie. The Directors are: W.E.Corey, ~~x x x x~~ S.B.Fleming, Alfred Jaretzki, J.N.Jarvie, Horace Havemeyer, W.J.Matheson, G.M.P.Murphy, W.E Ogilvie, Eugene W. Stetson, Manuel Rionda, Manuel E.Rionda, B.Braga Rionda, C.H.Sabin, W.P.Phillips, Charles Hayden, Albert Strauss(Chairman), Robert I. Barr, G.M.Dahl, ~~x x~~ Frederick Strauss, all of New York; A.S.de Bustamante, Regino Truffin, Miguel Arango, Havana, Cuba.

The Cuba Cane Sugar Corporation owns and operates the following centrals: La Julia, Alava, Conchita, Feliz, Mercedes, Santa Gertrudis, Socorro, Soledad(Jovellanos), Perseverancia, Lugareño, Jagueyal, Moron, Stewart, Violeta, Lequeitio and Maria Victoria. The ownership of the Central Violeta is through a Cuban subsidiary called the Eastern Cuba Sugar Corporation. This last-mentioned Company operates the Central Violeta and also the following four above-mentioned Centrals: Moron, Stewart, Jagueyal and Lugareño.

The officers of the Washington Sugar Company (a New York corporation; see page 1849 of Moody's for 1922, Vol. II), which owns the Central Washington, are: President, W.E Ogilvie; Vice-President, Manuel Rionda; Second Vice-President, B. Braga Rionda; Secretary and Treasurer, Manuel E. Rionda; General Manager, José B. Rionda. Directors: W.E Ogilvie, Manuel Rionda, B.Braga Rionda, Adolf Pavenstedt, and José B. Rionda.

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Recapitulated, the centrals controlled by the Rionda Group are:

		Bags of 320 to 325 lbs.	
Matanzas province:			
(1)	San Vicente	60,166	actual production
(2)	Alava	207,370	" "
(3)	Conchita	201,349	" "
(4)	Feliz		not grinding; 1921, 121,115
(5)	Mercedes	269,250	actual production
(6)	Santa Gertrudis	118,363	" "
(7)	Socorro		not grinding; 1922, 169,641
(8)	Soledad (Jovellanos)	124,109	actual production
Santa Clara Province:			
(9)	Tuinicú	242,453	" "
(10)	La Julia		not grinding; 1922, 13,778
(11)	Perseverancia	128,006	actual production
(12)	Maria Victoria	81,263	" "
(13)	Lequeitio		not grinding; 1922, 114,376
(14)	Washington	110,000	(Times of Cuba estimate)
Camagüey Province:			
(15)	Francisco	353,336	actual production
(16)	Elia	278,717	" "
(17)	Lugareño	273,050	" "
(18)	Jagueyal	302,342	" "
(19)	Moron	600,833	" "
(20)	Stewart	442,548	" "
(21)	Violeta	423,000	" "
Oriente Province:			
(22)	Manatí	534,628	" "
(23)	Tacajo	235,000	Times of Cuba estimate.
	Total	4,986,783	bags

This represents approximarely 19.5 of the total production of Cuba for the entire season 1922-23.

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NND 740058
By AMF NARS, Date 05/04/89

Section 11: The Central Cuba Sugar Company:

Mr. W. E. Ogilvie, the President of the Washington Sugar Company, and of the Cuba Cane Sugar Corporation, is also President of the Central Cuba Sugar Company, which owns and operates the Centrals Flora, Cuba and Saratoga. From a number of sources, however, we learn that the only connection between the Cuba Cane and the Central Cuba Sugar Company consists of this personal one of having identical presidents. We are informed that the ownership of the two companies is not considered to be identical to any appreciable extent. We therefore make this special section for the Central Cuba Sugar Company.

		Bags of 320 to 325 lbs.	
Province of Matanzas:			
(1)	Flora	66,410	actual production
(2)	Cuba	148,490	" "
(3)	Saratoga		not grinding; 1922, 35,844
	Total	215,900	bags

This represents approximately 0.8% of the total production of Cuba for the entire season 1922-23.

-- -------

Section 12: The Compañia Cubana:

The Compañia Cubana owns and operates the two Centrals Jobabo and Jatibonico. From a number of quarters I learn that this company is quite independent of all of the other sugar-producing groups mentioned in this memorandum. I am informed that all of the sugars of this company are shopped to theSavannah Sugar Refining Company, which has a refinery at Savannah,Georgia, but that otherwise there is no relation between the refining company just mentioned and the Compañia Cubana. Attention is called to the fact that C. M. Warner, the President of the Warner Sugar Refining Company, is on the Board of the Compañia Cubana, but I do not attach any significance to this fact and do not suggest that it modifies in any way the statement just made above regarding the independence of the Compañia Cubana.

		Bags of 320 to 325 lbs.	
Camagüey Province:			
(1)	Jatibonico	389,119	actual production
Oriente Province:			
(2)	Jobabo	328,084	" "
	Total	716,203	bags.

This represents approximately 2.8% of the total production of Cuba for the entire season 1922-23.

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By AMF NARS, Date 05/04/89

Section 13: Atkins Group:

The Atkins Group consists of E.F.Atkins and his son, Robert; F.C.Lowry and E.R.Thayer. I believe that the firm E.F.Atkins and Company, 111 Wall Street, New York, includes these four men as partners.

I understand that the Atkins firm controls the output of the Pennsylvania Sugar Refining Company (Philadelphia) under a toll arrangement whereby the Pennsylvania Refining Company simply furnishes the service of refining the sugar.

We believe that it is a matter of common knowledge that since the retirement of E.F.Atkins,Sr., as President of the American Sugar Refining Company, several years ago, the Atkins family, although still retaining extensive holdings of stock in the American Sugar Refining Company, has nothing further to do with the management or control of that company, and in fact has particularly kept out of the management of this concern.

According to the 1922 edition of Moody's (page 298), the officers of the Punta Alegre Sugar Company, (incorporated in Delaware), are: E.F.Atkins, President; C.B.Wiggin, Vice-President; E.L.Ponvert, Vice-President; E.V.R.Thayer, Vice-President; J.E.Thayer,Jr.,Secretary and Assistant Treasurer; R.W.Atkins,Treasurer; W.E.Smith, Assistant Secretary and Assistant Treasurer; F.C.Lowry, Assistant Treasurer; and W.H.Armsby, Assistant Treasurer. The Executive Committee consists of: E.F.Atkins, E.B.Bano, J.B.Hardon, R.W.Atkins, and J.E.Thayer,Jr. The Directors are: E.F.Atkins, G.L.Stone, Ralph Hornblower, H.P.Binney, L.E.Liggett, E.B.Bano, R.W.Atkins, J.B.Hardon, C.B.Wiggin, J.E.Thayer,Jr., C.H. winnell, R.F.Hoyt, E.V.R.Thayer, A.A.Ballantine, and C.H.Thrall.

We believe that there is no question but that the Punta Alegre Sugar Company and the firm E. Atkins and Company, are virtually identical in ownership and management.

So far as we can find out, no one questions the fact that the Punta Alegre Sugar Company owns and operates the following four centrals in Cuba: Punta Alegre, Trinidad, Florida, and Baraguá. (See page 1871, Moodys Vol. 1, Industrials 1922). From 961 of Moodys Vol. 1, Industrials 1922, it would appear that the Caracas Sugar Company (Central Caracas) is controlled by the Atkins Group. Attention is called to the fact that in the reference just mentioned, Messrs. G. S. Rentschler, and Edward A. Deeds, who are popularly identified with the National City Bank interests here are mentioned as being members of the Board of Directors of Caracas Sugar Company. From information received from the Atkins, I believe that this fact does not indicate any connection whatever between the Atkins interests and the National City Bank interests.

It seems also to be a matter of unquestioned public knowledge that the Central Soledad is also the property of the Atkins group. It seems to be a matter of generally accepted common knowledge here that the San Agustin Sugar Company (Central San Agustin) is owned by the Atkins group.

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By AMF NARS, Date 05/04/89

I am informed that the Atkins purchased several months ago 30% of the capital stock of the Hormiguero Sugar Company (Central Hormiguero), and that through an agreement described in the next following paragraph, the Atkins group controls the output of that Central.

There was formed sometime ago a syndicate called the Caledonian Club, which has the dual purpose of supplying the Pennsylvania Sugar Refining Company with raw sugar, and of financing a number of sugar producers in Cuba who were outside the Atkins group. This syndicate, i.e., the Caledonian Club, made an agreement with the Pennsylvania Sugar Refinery whereby the latter refined the sugar delivered by the Caledonian Club and marketed it for the account of the Caledonian Club, only deducting from the proceeds of sale of refined sugar the agreed tolling fee. In consideration for their agreement to deliver their raw sugars to the Caledonian Club, the independent producers were advanced funds by the Atkins for the purpose of financing the former's operations. The system of settlement provided that advances on account should be made to the participating centrals each month, and that a final settlement would be made at the end of the year based upon the actual receipts for refined sugar. It is reported that all of the independent producers who formerly put their sugar through the Caledonian Club have withdrawn this year, with the exception of the Hormiguero Sugar Company, and possibly also the Ermita Sugar Corporation (Central Ermita). The Atkins recently stated that Ermita did put its sugar through the Club this year. We therefore include this Central in the following recapitulation of the centrals whose sugars are controlled by the Atkins Group:

		Bags of 320 to 325 lbs.		
Camagüey Province:				
(1)	Punta Alegre	402,000	actual	production
(2)	Florida	266,660	"	"
(3)	Baraguá	440,904	"	"
Santa Clara Province:				
(4)	Trinidad	95,189	"	"
(5)	San Agustin (Zulueta)	135,163	"	"
(6)	Soledad	122,759	"	"
(7)	Caracas	207,406	"	"
(8)	Hormiguero	217,542	"	"
Oriente Province:				
(9)	Ermita	118,474	"	"
	Total,	2,006,097		

This represents approximately 7.9% of the total production of Cuba for the entire season 1922-23.

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By AMF NARS, Date 05/04/89

Section 14: Smaller Groups and Individual American-controlled Centrals:

As it was not the purpose of this memorandum to make an exhaustive study of the ownership and control of every mill on the Island of Cuba so as to determine the extent of all foreign interests in sugar production in Cuba, principal attention has been given to the extent of control of the larger foreign producing groups. The following list of independent producers therefore is not, necessarily, complete.

(a) The Fowlers (George and Albert Fowler) own the following Centrals, all of which are understood to be heavily encumbered, and involved in litigation of one kind or another: Constancia (near Sagua la Grande), Dos Hermanas, Parque Alto and Narcisa. As reported in Section 5 above, it is believed that the Central Constancia was controlled this year by the Royal Bank of Canada, so in the following recapitulation, that Central will be omitted.

(b) The Hershey Corporation (American) owns and operates the Centrals Hershey and Rosario, practically all of the sugar from which is believed to be consumed in the factories of the Hershey Chocolate Co.

(c) Murray Dodge, an American citizen, is reported to own the Cuba Sugar Mills Corporation, which, in turn, owns the Central La Francia.

(d) The Hires Sugar Company (American) owns the Central Dos Rosas.

(e) The Central Dulce Nombre is reliably reported to be owned by an American named Loft.

(f) The Matanzas-American Sugar Company, a Baltimore corporation, owns the Central Jesus Maria.

(g) The La Paz Sugar Company (Central Por Fuerza) is reliably reported to be American-owned, and is known to have been operated this year by a group of creditors most of whom were American, headed by Charles Thrall.

(h) The Central Porvenir is reliably reported to be owned by the American concern Dillon and Read.

(i) Central Algodonal is reported to be owned by José Borí & Co., an American concern.

(j) The Cape Cruz Company (Central Cape Cruz) is owned by an American named Welsh who is said to be a close personal friend of Messrs. Howell and Post, but who is also said to market his sugar quite independently of the Howell-Post concerns.

(k) The Maceo Sugar Company (Central Maceo) is reported to be owned by Messrs. Allen & Wilkinson, two Americans.

(l) The Central Teresa (Central Teresa Sugar Company) is reported to be owned by an American named Tingley.

(m) The Central Santa Cecilia is owned by the Santa Cecilia Sugar Corporation, which is understood to be a Delaware corporation.

(n) The Santa Lucia Sugar Company (Central Santa Lucia) is reported to be an American concern.

(o) The Santa Maria Sugar Company (Central Santa Maria) is also reported to be an American concern.

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By AMF NARS, Date 05/04/89

(p) The Compañia Azucarera Central Havana (Central Havana) is reported to be American-owned.

Recapitulation:

		Bags of 320 to 325 lbs.	
(1)	Dos Hermanas	46,818	actual production
(2)	Parque Alto	63,172	" "
(3)	Narcisa	267,780	" "
(4)	Hershey	127,600	" "
(5)	Rosario	165,000	Times of Cuba estimate
(6)	La Francia	39,900	actual production
(7)	Dos Rosas	49,945	" "
(8)	Dulce Nombre	25,195	" "
(9)	Jesus Maria	84,915	" "
(10)	Por Fuerza	129,300	" "
(11)	Porvenir	11,634	" "
(12)	Algodonal	7,000	Times of Cuba estimate.
(13)	Cape Cruz	51,500	actual production
(14)	Maceo	7,000	" "
(15)	Teresa	47,600	" "
(16)	Santa Cecilia	40,000	" "
(17)	Santa Lucia	250,000	Times of Cuba estimate
(18)	Santa Maria		Not grinding
(19)	Havana	70,079	
	Total	1,484,515	bags

This represents approximately 5.8% of the total production of Cuba for the entire season 1922-23.

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By AMF NARS, Date 05/04/89

PART II.

The question arises as to whether or not any of the individual groups described in the first thirteen sections of Part I should be joined with other groups described ~~wi~~ in those sections, owing to identity of control. In this respect, our information is quite scanty, and in fact I doubt whether thoroughly reliable information could be obtained except direct from the persons in control of the different groups.

Rionda: In view of the fact that Mr. Ogilvie, the President of the Cuba Cane, is also President of the Central Cuba Sugar Company, it seems possible that the same group of men which controls the Cuba Cane and other companies mentioned in Section 10 above, also determines the disposition of sugars of the Central Cuba Sugar Company.

National City Bank, Howell-Post Interests: As set forth in Section 6 above, it is believed that the National City Bank controls the sugars this year from the Centrals America, Palma, Alto Cedro and Cupey, which were operated by the West India Sugar Finance Corporation. An officer of the West India Sugar Finance Corporation is reported, on most reliable authority, to have stated, about a year ago when the West India Sugar Finance Corporation was faced with bankruptcy, that if bankruptcy ensued, its properties would fall into the hands of the National City Bank. It seems likely that loans had been made by the National City Bank on the security of all of the properties of the West India Sugar Finance Corporation, but that subsequently, the encumbrances were restricted to the four above-mentioned centrals. In any case there does not seem to be the slightest doubt but that the West India Sugar Finance Corporation has for some time been heavily financed by the National City Bank.

The question then arises as to whether or not the Cuban-American Sugar Company, and the Howell-Post companies mentioned in Section 8 should be all classed together with the West India Sugar Finance and the National City interests, by reason of the financial obligations of the West India Sugar Finance Corporation toward the National City Bank, and the Howell-Post interest in the West India Sugar Finance Corporation. The evidence available here is only secondary.

At the last election of officers of the Cuban-American Sugar Company, Mr. Keiser was selected as President, through what is reported to have been his personal command of sufficient voting shares. In some quarters it is stated definitely that Mr. Keiser is not only entirely free from any influence of the National City Bank, but that he is in fact, quite unsympathetic with Messrs. Howell and Post. On the other hand it is noteworthy that Mr. Keiser is a member of the Board of the Guantanamo Sugar Company (see section 8 above), and in view of the relatively small size of the Howell-Post holdings in that company, it would appear that Mr. Keiser's support of the Howell-Post policies with relation to that company would be very valuable to Messrs. Howell and Post.

According to Moody's (Volume 1; page 258; 1922 edition) the Cuban-American Sugar Company owns the Colonial Sugar Company, which has a refinery at Gramercy, La., and the Cuban Sugar Refining Company, which has a refinery at Cardenas, Cuba.

According to Moody's (Volume II, page 168; 1922 edition), the officers of the National Sugar Refining Company of New Jersey are: President, J.H.Post; Vice-President, T.A.Howell; Treasurer, H.F. Mollenhauer; Secretary, G.R.Bunker; The directors are: H.J. Mollenhauer, J.A.Mollenhauer, G.R.Bunker, J.H.Post, Johannes Bruyn, and T.A.Howell. The National Sugar Refining Company was formed by a consolidation of the Mollenhauer Sugar Refining Company, the New York Sugar Refining Company, and the formerly-existing National Sugar Refining Company. I am informed that the National Sugar Refining Company has two plants,- one at Yonkers, and one at Long Island.

It is noteworthy that Mr. Howell holds the following positions: (a) President of the West India Sugar Finance Corporation, and member

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By AMF NARS, Date 05/04/89

of the Board; (b) Member of the Board of the New Niquero Sugar Company; (c) Member of the Board of the Guantanamo Sugar Company; (d) Vice-President of the Cuban-American Sugar Company; (e) Vice-President and member of the Board of the National Sugar Refining Company. Mr. Post holds the following positions: (a) Member of the Board of the West India Sugar Finance Corporation; (b) President of the New Niquero Sugar Company; (c) President of the Guantanamo Sugar Company; (d) Chairman of the Board of the Cuban-American Sugar Company; and (e) President and member of the Board of the National Sugar Refining Company. Mr. H. W. Wilmot is Vice-President of the West India Sugar Finance Corporation, and member of the Board; Vice-President of the Cuban-American Sugar Company and member of the Board. Mr. G. R. Bunker is member of the Boards of the Guantanamo Sugar Company, the Cuban American Sugar Company, and the National Sugar Refining Company.

The voice which Messrs. Howell, Post and Wilmot must have in the control of the Cuban-American Sugar Company, coupled with their interest in the West India Sugar Finance Corporation, and in other properties mentioned in Section 8 above, of the Howell-Post interests, would certainly suggest that there might be reason for grouping the National City interests with the others mentioned in the present paragraph. Such a grouping is indicated in the following general recapitulation.

The American Foreign Banking Corporation appears to be operating as a unit wholly independent of any of the other groups mentioned in sections 1 to 13 inclusive.

There have been various rumors to the effect that the United Fruit Company and the Atkins interests are closely allied. However, this rumor is entirely unsubstantiated, and is somewhat discredited by the generally accepted report that the Revere and the Pennsylvania Refineries are genuine competitors.

GENERAL RECAPITULATION.

	National Sugar Refining Company and related interests:		
Sec.6	National City Bank Interests, exclusive of the West India Sugar Finance mills	7.7 %	
7	West India Sugar Finance Corporation	5.2 %	
8	Howell-Post Interests (exclusive of West India Sugar Finance Corporation and the Cuban-American Sugar Company)	1.4 %	
9	Cuban American Sugar Company	7.0 %	21.3 %
	McMahan Sugar Ref. & Molasses Co. and related interests:		
10	Rionda Group	19.5 %	
11	Central Cuba Sugar Company	0.8 %	20.3 %
	Revere Sugar Refinery:		
1	United Fruit Company		4.4 %
2	American Sugar Refining Company		4.6 %
3	Warner Sugar Refining Company interests		3.0 %
	Pennsylvania Sugar Refinery:		
13	Atkins Interests		7.9 %
4	American Foreign Banking Corporation		1.3 %
5	Royal Bank of Canada		4.9 %
12	Compañia Cubana		2.8%
14	Certain smaller groups and individual American-controlled mills		5.8%
			76.3 %

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By AMF NARS, Date 05/04/89

AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE
HAVANA, CUBA.

August 11, 1923

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
RECEIVED G/2 W.D. AUG 17 1923
WAR DEPARTMENT
Property of the U.S. Government
Military Intelligence Division
General Staff

No. 1939

From: The Military Attaché, Havana.

To: The A. C. of S., G-2.

Subject: The "Tarafa Bill".

1. I am enclosing herewith an article from the HAVANA POST of this date containing a translation of the so-called "Tarafa bill" which was passed by the Cuban House of Representatives during the early morning of yesterday the 10th inst.

W. H. SHUTAN,
Major, Gen. Staff,
Military Attaché.

8/18/23 Encl. attached to copy #2 - retained in M.I.2a

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NND 740058
By AMF NARS, Date 05/04/89

G-2
JJB/JHB

G-2/2655-Q-67

261-J-Q-67

October 4, 1923.

OCT 4 1923
WAR DEPARTMENT

Mr. H. P. Macgowan,
Latin American Division,
Department of Commerce,
Washington, D. C.

Dear Mr. Macgowan:

I am returning herewith the copy of Cuban Import Statistics loaned to the Latin American Sub-Section, Military Intelligence Division, and take this opportunity to express to you my personal appreciation for your courtesy as well as the appreciation of the Sub-Section for the effective cooperation which continues thru contact with the Latin American Division of the Department of Commerce.

Sincerely yours,

J. J. BURLEIGH,
Major, General Staff,
M. I. 2-a.

1 encl.
vm

MAILED M.I.D.G.S. OCT 5 1923

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NND 740058
By AMF NARS, Date 05/04/89

DEPARTMENT OF COMMERCE

BUREAU OF FOREIGN AND DOMESTIC COMMERCE

WASHINGTON

1924 2655 2-67 JAN 31
2
WAR DEPARTMENT

October 10, 1923.

Major J. J. Burleigh,
Latin American Sub-Section,
Military Intelligence Division,
War Department,
Washington, D.C.

IN REPLY REFER TO 13

Dear Sir:

We wish to thank you for your letter of October 4 returning the copy of our report, "Cuban Imports."

Inclosed you will find four copies of the publication of the Cuban Telephone Company mentioned by Mr. Macgowan in his recent conversation with you. These are extra copies and their return is not requested.

Very truly yours,

J. R. McKey,
Acting Chief, Latin American Division.

Inclosure No. 7894.

12 Oct 23.
Retained in 111 2/a files
Hdq

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NND 740058
By AMF NARS, Date 05/04/89

G-2/2655-Q-67

G-2
JJB/JHB

OFFICE CHIEF OF STAFF
1924
JAN 31
WAR DEPARTMENT

2655-Q-2-67

October 11, 1923.

3

Mr. J. R. McKay,
Acting Chief, Latin American Division,
Department of Commerce,
Washington, D. C.

Dear Sir:

This will acknowledge the receipt of your letter of October 10, 1923, with enclosure No. 7894, consisting of four copies of the publication of the Cuban Telephone Company for our files, for which please accept my appreciation and thanks.

Very truly yours,

J. J. BURLEIGH,
Major, General Staff,
M. I. 2-a.

VIII

MAILED M.I.D., U.S. OCT 12 1923

Rky.

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NND 740058
By AMF NARS, Date 05/04/89

5/

1 Enc

AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE
HAVANA, CUBA.

3-1 2650-B

Lieut. Col. G.S. Nuttvell, General Staff
Chief, Latin-American Subsection
OPD-68

February 5,
1924.

No.- 2113

To: The A. C. of S., G-2.

Subject: "The Yellow Peril. "

(2050)

M.I. I.A.E.B. 2/15

RECEIVED G/2 W.D. FEB 13 1924

1. Enclosed will be found an editorial appearing in La Noche of February 3rd, entitled "The Yellow Peril", discussing the growing influx of Chinese immigrants into Cuba and their effect upon labor conditions.

W. H. SHUTAN,
Major, Gen. Staff,
Military Attaché.

Encl. retained in MI 2/a Files (Economic 4850)
4413. 15 Feb 24.

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NND 740058
By AMF NARS, Date 05/04/89

MILITARY INTELLIGENCE DIVISION
In replying refer to
2655-Q-69

WAR DEPARTMENT
OFFICE OF THE CHIEF OF STAFF
WASHINGTON

March 6, 1924.

ROUTING
M.A.
EXECUTIVE WAR DEPARTMENT
MJR. MAGUIRE
MJR. GILLETTE
AVIATION
FINANCE
MAIL
FILE
APR 9 12
Lieut.Col. G.S. Norvell, General Staff, Latin-American Subsection

Subject: Publication.

To: The Military Attache, London, England.

1. In response to a request of the Latin-American Section, M. I. D., you are requested to secure a copy of the "Report on the Economic Conditions in Cuba", dated September, 1923, by Mr. D. St.Clair Gainer, Acting British Consul-General at Havana. The pamphlet is put out by the Department of Overseas Trade, at an indicated price of one shilling. Its early receipt is desired.

2. Charge costs against funds allotted you under procurement authority MID-36 P-1229 A-1110-4.

For the Acting A. C. of S., G-2,

H. W. T. Eglin,
Major, Coast Artillery Corps,
Chief, M. I. 5.

hsr.

No. 16456. 1st Ind. eg
Office of the Military Attache, London. March 26, 1924.
To: A. C. of S., G-2, Washington, D.C.

RECEIVED G/2 W.D. APR 12 1924

1. A copy of the "Report on the Economic Conditions in Cuba", by Mr. D. St. Clair Gainer, is forwarded herewith.

STEWART O. ELTING,
Major, Coast Artillery Corps,
Acting Military Attache.

Encl.

Encl. retained in 111 1/2 a Folder
S413 17 Apr 24

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NND 740058
By AMF NARS, Date 05/04/89

6

AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE
HAVANA, CUBA.

1 Enc

3-1

April 17,
1924.

2655-G-70

MIL. INTEL. DIV.
WAR DEPARTMENT
Lieut. Col. G.S. Norvell, General Staff.
Chief, Latin-American Section.

No.- 2209

To: The A. C. of S., G-2.

H.S.M.

Subject: Chinese Immigration into Cuba. (2050)

4/25

RECEIVED G/2 W.D. APR 23 1924

1. There are enclosed translations of three articles appearing in the DIARIO DE LA MARINA of April 9, 10, and 11, regarding Chinese immigration into Cuba and its serious consequences, both present and future. These discussions are carried under the section of the paper called "Impressions".

W. H. SHUTAN,
Major, Gen. Staff,
Military Attaché.

4/25/24
Copy & encl. retained in Mil. Ra.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

7.

AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE
HAVANA, CUBA.

3-1

April 22, 1924.

No.- 2221

To: The A. C. of S., G-2.

Subject: President of the Ukranian Committee accuses the American Consulate-General of Scandalous Proceedings.

1 Encl
MIL. INTEL. DIV.
Col. G.B. Norvell
Chief, Latin-American Subsection.
WAR DEPARTMENT, General Staff
M.I.D. 10-5-G-71
4/30

RECEIVED G/2 W.D. APR 29 1924

1. Re the above subject, I enclose translation of an article appearing in the EL HERALDO DE CUBA of April 16th, discussing irregularities said to exist in the United States Consulate-General in Havana, in relation to handling immigrants wishing to enter the United States.

W. H. SHUTAN,
Major, Gen. Staff,
Military Attaché.

4/30/24

Copy & encl. retained in M.I.D.

ACB

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

3/

3-1 1 Enc

165-5-Q-71

AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE
HAVANA, CUBA.

April 29, 1924.

No.- 2231

To: The A. C. of S., G-2.

Subject: Charges of Ukranian Committee against U.S.Vice-Consul Fisher.

165-5-Q-71

Copy furnished Maj. G.S. Norvell, General Staff, Chief, Latin-American Subsection
M.I.D.

RECEIVED G/2 W.D. MAY 7 1924

M.I.D. 5/10

1. Further in connection with my despatch No. 2221 of April 22d, I now enclose translation of another article on the above subject, taken from EL MUNDO of April 26th, entitled "The Issuance of Passports to the United States."

W. H. SHUTAN,
Major, Gen.Staff,
Military Attaché.

5/10/24.

Copy #2 + encl. retained in M.I.D.

CR143

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

G-2
JJB

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
1924 2655-Q-72 MAY 16

G-2/2655-Q-72

May 10, 1924.

WAR DEPARTMENT

52

Subject: Economic Survey, Cuba.

To: The Military Attache, Havana, Cuba.

A copy of the Economic Survey on Cuba, prepared by the Latin American Section, M. I. D., is forwarded herewith for your information and use, and such comments as you may find appropriate.

For the A. C. of S., G-2.

H. W. T. EGLIN,
Major, Coast Artillery Corps,
Chief, M. I. 5.

1 encl.

vm

MAILED
MAY 12 1924
M. I. D.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

3/ 3-1

1 Enc

Lieut. Col. G.S. Norvell, General Staff,
MIL. INTEL. Chief, Latin-American Subsection
2655-Q-13
WAR DEPARTMENT

AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE
HAVANA, CUBA.

May 16, 1924.

No.- 2256

To: The A. C. of S., G-2.

Subject: Immigration into Cuba. (2050)

M. I. A. K. B. 5/22

RECEIVED G/2 W.D. MAY 21 1924

1. I enclose herewith an analysis of "Cuban Laws and Regulations Governing Immigration", prepared by Lieutenant H. C. Clark for the Ambassador.

W. H. SHUTAN,
Major, Gen.Staff,
Military Attaché.

5/22/24.

Copy + encl. retained in M.I. 2a.

AKB

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By AMF NARS, Date 05/04/89

OPERATIONS BRANCH GENERAL STAFF
MILITARY INTELLIGENCE DIVISION
WAR DEPARTMENT

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1924
2655-Q-73
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Lieut. Col. G.S. Norvell, General Staff,
Chief, Latin-American Subsection

AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE
HAVANA, CUBA.

June 3, 1924

No. 2277

To: The A. C. of S., G-2

Subject: Immigration into Cuba (2050)

RECEIVED G/2 W.D. JUN 9 1924

1. Further in connection with my despatch No. 2256, of May 16, 1924, I am enclosing herewith another analysis of "Cuban Laws and Regulations Governing Immigration," which, beginning with Decree #559, page 16, is new material.

2. I am also enclosing copy of a communication from the Ambassador to the Cuban Secretary of State under date of May 22, 1924, relating to this subject.

W. H. SHUTAN,
Major, Gen. Staff,
Military Attaché.

6/10/24
Copy & encl. retained in M.I.2a.

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By AMF NARS, Date 05/04/89

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
WAR DEPARTMENT

2655-Q-73

CUBAN LAWS AND REGULATIONS GOVERNING IMMIGRATION.

M.I. I.E.B. 3/4

On May 15, 1902, Major General Wood, Military Governor of Cuba, issued Order No. 155,

> "reenacting in such form as to enable their continued enforcement pending such action as the Congress of Cuba may take thereon, the following provisions of law relating to Immigration, which have been in force in Cuba since April 14, 1899 by authority of the President's Order adopting and making effective in Cuba the provisions of the immigration laws of the United States."

EXCLUDED CLASSES.

Section I of the said decree enumerates the classes of persons excluded from Cuba, being those classes of persons likewise excluded from entry into the United States, as idiots, insane persons, paupers, persons likely to become a public charge, persons affected with loathsome or contageous disease, felons, polygamists, persons whose passage is paid for by another, or who is assisted to come by another, unless proven as not coming within the class of contract laborers described in the following sections, prostitutes, etc.

INSPECTION OF VESSELS.

Section II provides that every vessel arriving in Cuba shall be inspected to determine whether there are aliens of the above excluded classes on board, and requires report made of such inspection. If such persons be found they shall not be permitted to land, except on judicial process in accordance with law.

TRANSPORTATION OF LABOR.

Section III makes it unlawful for any person, partnership or corporation to prepay the transportation, or assist or encourage the importation or migration of aliens into Cuba, under any contract or agreement, parole or special, express or implied, made previous to such importation of said aliens, to perform labor or service in Cuba.

M/A Cuba, June 3/24

Encl. to #2256, M/A Cuba, May 16/24. Same info. covered under #2277.

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PENALTIES FOR VIOLATION OF SECTION III

Section IV provides that all contracts or agreements, as above referred to, shall be void, and provides a penalty of a fine of $1,000 for each such violation against the offending person, company or corporation, and provides that separate suits may be likewise brought for the aliens affected against such offending person, or company, to be prosecuted at the expense of the state.

The section likewise provides for the fine and imprisonment of the master of a vessel permitting such aliens to land in Cuba.

EXCEPTIONS.

Section V provides that the foregoing sections shall not prevent any foreign citizen temporarily in Cuba from bringing in secretaries, servants or domestics, nor shall it apply to ministers, professors, or skilled workmen, actors, singers, or personal or domestic servants, etc.

ADVERTISING FOR LABOR PROHIBITED.

Section VI prohibits the assisting or encouragement of immigration of aliens by promise of employment through advertisements in a foreign country, and aliens so entering shall be treated as coming within the foregoing provisions of law relating to contracts.

This section also prohibits steamship or transportation companies from encouraging the entry of aliens through any manner of solicitation, other than the recognized commercial methods, and provides a penalty for its violation.

CHINESE IMMIGRATION.

Section VII provides as follows:

"None of the foregoing paragraphs shall apply to Chinese persons, the immigration of whom is prohibited, and during such prohibition it shall not be lawful for any Chinese laborer to come from any foreign port or place to Cuba.

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"The master of any vessel who shall knowingly bring to Cuba on such vessel, and land, or attempt to land, or permit to be landed, any Chinese laborer meaning both skilled and unskilled, shall be guilty of a misdemeanor and on conviction thereof shall be punished by a fine of not more than $500.00 for each and every such Chinese laborer so brought into Cuba, and may also be imprisoned for a term not exceeding one year.

"Any Chinese person found unlawfully within Cuba shall be caused to be removed therefrom to the country whence he came and at the cost of Cuba, after being brought before some judicial officer or tribunal in Cuba and found to be one not lawfully entitled to be or to remain in Cuba, and in all such cases the person who brought or aided in bringing such person to Cuba shall be liable to the Government of Cuba for all necessary expenses incurred in such investigation and removal, and return of any Chinese persons having the certificate prescribed by law as entitling such Chinese persons to come into Cuba who may not have been permitted to land from any vessel by reason of any of the foregoing provisions."

CLASSES OF CHINESE EXEMPT FROM PRECEDING SECTION.

Section VIII exempts from the foregoing section diplomatic officers of the Chinese Government whose credentials shall be taken as an equivalent to a certificate which will be required of merchants or other persons traveling for pleasure or business and setting forth such facts as well as the character and estimated value of the business and description of said merchant or person. It also exempts the secretaries, the body and household servants of diplomatic officers of the Chinese Government, and Chinese laborers and merchants who were in Cuba on April 14, 1899 (the date of the President's Order referred to in paragraph I hereof) and have since continued to reside therein.

REGULATIONS.

Order No. 155 of May 15, 1902 also provided for the issuance of immigration regulations under the Department of Finance (now the Treasury Department), charging that Department with the duty of prescribing the necessary forms of bonds, entries, certificates and other papers to be used

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used in the enforcement of the various provisions of the law, not here necessary to set out.

Decree No. 237, issued by President Palma on August 11, 1904, established the following regulation with respect to Chinese permitted to enter Cuba under the provisions of Section 8 of the Immigration Law of May 15, 1902, above referred to:

> "Merchants or other persons of Chinese nationality residing in another country who desire to come to the Republic of Cuba for business or for pleasure must present, in order to prove their right to disembark, a certificate written in Spanish, French or English, issued by the Government of the nation of their last residence visaed by the diplomatic representative or consular agent of Cuba in the country or place of embarkation, and in case there is no such agent, by the agent of a friendly nation; the certificate must contain a detailed statement of the facts and circumstances which prove the right of the applicant to be admitted into Cuba with a complete description of the person interested. etc."

CONGRESSIONAL ACT RPPROVED JULY 11, 1906,
RELATING TO IMMIGRATION AND COLONIZATION.

The Cuban Congress, by the above Act, authorized the Executive to expend one million dollars, from the surplus of the Treasury for the promotion of immigration and colonization.

Article II of said Act authorizes the expenditure of 80% of the above sum to further the immigration of families from Europe and the Canary Islands to Cuba, and 20% to further the immigration of day-laborers to Cuba from the points named in the law.

Article III establishes, in addition to the Immigration Depot in the Port of Habana, three additional depots, one at Cienfuegos, one at Neuvitas, and one at Santiago de Cuba, for the disembarkation of immigrants, but authorizes the Executive, in his discretion, to permit disembarkation at other points should he think such authority would avoid expenses in transportation and reembarkation.

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Article V provides that in order to be admitted, every immigrant who comes to Cuba under the protection of the law, must fulfill the conditions of the regulations and prove that he was employed as a farm laborer, in his own country, and that the consular agent provided him with a certificate to serve as credentials with the transporting company.

Article VII requires that the Executive contract with the transportation company for the passage and conduct of families and laborers, at the minimum expense, reserving to the Government the right to reembark such immigrants as do not comply with the conditions fixed in the law, without giving either the company or the immigrant the right to any reclamation.

By Article VIII the Cuban Government limited the payment of the passage of families from Europe and the Canary Islands to those complying with the following three conditions:

(1) If the family came to Cuba to reside on the farm of a proprietor, land holder or farmer;

(2) If such proprietor, land-holder or farmer had previously agreed to make a contract with the head of the family, providing the family should settle on his land;

(3) That the proprietor, land-holder or farmer submit their request for such families to the Secretary of Agriculture, with a copy of the contracts proposed to be made with the heads of the families.

Article IX provided for the payment of the transportation of the family of an immigrant upon the proof that he had been engaged in agricultural labor in Cuba for one year, giving preference to those immigrants who had declared their intention of becoming Cuban citizens.

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Article XII provided that the 20% of the money appropriated should be used preferably to further immigration of laborers from Sweden, Norway, Denmark and the north of Italy.

Article XIII prohibited contracts to be made in Cuba for the emigration from Cuba of either native or immigrant workers and provided a penalty for its violation.

Article XV repealed Section 2 of the Law of May 15, 1902 with reference to the levying of a head tax on immigrants.

Article XVI provided as follows:

> "Provisions made in Sections III, IV and VI of Order No. 155 of May 15, 1902 will not apply to immigrants and families brought into Cuba by a company or private individual that shall previously have obtained authorization from the State determining the process and conditions of the immigration."

Article XVIII declares that the authority granted to transport families when petition is made by the proprietors, land-holders or farmers is not contrary to the right reserved by the State in Article VIII above referred to.

COMMENT ON THE LAWS OF MAY 15, 1902
and of JULY 11, 1906.

It will be observed that Sections III, IV and VI of Order No. 155 of May 15, 1902 prohibited the importation of contract-laborers in general into Cuba and imposes penalties for violation. Also that Sections VII and VIII of said law prohibits the importation of Chinese laborers, or the admittance of Chinese persons, except certain specifically enumerated classes, namely -

(a) Diplomatic officers of the Chinese Government, their secretaries, body and household servants;

(b) Merchants or other persons traveling for pleasure or business who produce the required certificates;

(c) Laborers and merchants who were in Cuba on April 14, 1899 and have

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have since continued to reside therein, but who may be temporarily abroad, providing they are able to establish their identity.

Article XVI of the Law of July 11, 1906, provides that Sections III, IV and VI of Order No. 155, above referred to, will not apply to immigrants and families brought into Cuba by a company or individual obtaining previous authorization of the State, with the provisions that the State should determine the source and conditions of the immigration. It will also be observed that the stated purpose of the Act of July 11, 1906 directed, First, the encouragement of the immigration of families from Europe and the Canary Islands, for which purpose 80% of the appropriation was made available; and, Second, to aid in the immigration of laborers, preferably from Sweden, Norway, Denmark and northern Italy, for which 20% of the appropriation was made available.

Apparently Article XVI of the Act of July 11, 1906, was interpreted as repealing the mandatory features of Order No. 155 relating to contract labor, and substituting therefor the discretionary power in the hands of the State (through the Executive), to grant permission for the admission of contract labor by special decree. At least, it has been observed that in subsequent decrees issued by the President during the sugar grinding season for the importation of laborers from the Antilles, Article XVI of the Law of July 11, 1906, is cited as the basis of authority. It is doubtful whether the law mentioned contemplated the introduction of laborers from the Antilles although the use of the word "preferably" might be interpreted to mean that the latter were not excluded.

ORDER

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ORDER OF PROVISIONAL GOVERNOR MAGOON
OF FEBRUARY 2, 1907, RELATING TO ENTRY OF CHINESE.

On February 2, 1907, Provisional Governor Magoon in a letter to the Secretary of the Treasury, issued the following instructions:

> "With reference to the rules and regulations dictated by your predecessor, you are hereby advised that, until further orders, the identification of the Minister of China will be accepted for any Chinese citizen who arrives in Cuba and who is not a laborer, and in case it is not possible to obtain the identification of said Legation, the personal bond of a Chinese merchant known in this City will be accepted. No cash bond is required, and paragraph 8 of Order No. 155, Series of 1902, entitled Immigration Laws of Cuba, does not refer to such bond."

DECREE NO. 603 of May 19, 1913.

Article I of Decree No. 603 defines a Chinese merchant eligible for entry into Cuba under the Immigration Laws.

Article II of said Decree defines a "Chinese Student" (which is the first reference in the laws or regulations to such Chinese as a class), in the following language:

> "Any person shall be a Chinese student as effects the same law when he follows a regular course of study in some university or high school without excluding elementary or preparatory studies if honestly followed to master any science or art, profession or occupation requiring technical knowledge or special mental education or a person who, being gifted with extensive knowledge or liberal education, shall dedicate himself to the study of special questions - political, historical, economical or philosophical."

Article III defines the character of certificate required to be presented by Chinese merchants or other Chinese persons who desire to enter Cuba for business or pleasure, and is practically the same requirement as contained in the regulations issued by President Palma in Decree No. 237 of August 11, 1906, as quoted on page 4 of this memorandum.

Article IV requires that upon presentation of the certificate the Chinese person shall be required to declare that while he is in Cuba he will not devote himself to manual or personal labor.

Article V requires that such Chinese person shall also place a bond of $500 to guarantee the above, to be retained while he is in Cuba, and forfeited

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to the state in event of breach of the bond.

(1915 REGULATIONS GOVERNING CHINESE IMMIGRATION.)

Decree No. 1522, issued by President Menocal on November 11, 1915, relating to Chinese Immigration provides as follows:

"By virtue of the powers conferred upon me by the Constitution and at the suggestion of the Secretary of the Treasury, I hereby dictate the following Regulation with relation to the disembarkation of those Chinese persons included in Sections VII and VIII of the Law of Immigration.

Article I. According to said Law, the introduction of any Chinese laborer into the territory of the Republic will be illegal. As included in Sections VII and VIII, the following classes are excepted:

A. The diplomatic and consular functionaries of the Chinese Government or of any other Government who are traveling for the purpose of attending to the matters of their Government.

B. The Secretaries and personal house servants of the above mentioned functionaries.

C. The Chinese merchants who come to Cuba for business reasons.

D. The Chinese persons who are traveling for pleasure or for business.

E. The merchants and Chinese laborers who were in Cuba on April 14, 1899 and have continued to reside in Cuba.

F. Those who by accident are outside of Cuba and who can prove their residence in Cuba at any time between April 14, 1899 and May 15, 1902.

Article 2. Chinese citizens will be examined respecting their right to be admitted into Cuba, in accordance with the provisions regulating immigration in general, for the purposes of providing whether or not they are included in any of the classes excluded by Section 1 of the Immigration Law.

If they are not included in said Section 1, their identification will be proceeded with, in order to prove whether they are among the persons excepted, as described in Article 1 of this Decree.

The examination of Chinese persons, as refers to their identification, will be made in the presence only of the functionaries of the Government and of those persons that the Commissioner of Immigration permits.

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Article 3. For the corresponding purposes, Chinese merchants will be understood to mean any persons occupied in the purchase or sale of merchandise, with an establishment opened under his name in a fixed location, whether his name figures as a part of the firm name, in the title of the establishment, or in the books or correspondence. Said persons cannot be occupied in the exercise of any manual or corporal labor which is not strictly indispensable to the upkeep of his establishment and the carrying on of his business.

Article 4. Chinese merchants and other persons of Chinese race, residing in a foreign country and who propose to come to Cuba for pleasure or for business, should present, in order to prove their right to disembark, a certificate written in Spanish, French or English, issued by the Government of the nation of their last residence, visaed by the diplomatic or consular representative of Cuba in said country, or if there is none, by the diplomatic or consular Representative of Cuba in the nearest place. Said certificate should contain:

(a) A complete description of the interested person, including his name, age and physical characteristics, giving any distinctive or peculiar mark which might serve for identification.
(b) The description of his present and previous occupation; in case he is a merchant, the estimated value of his business and its location will be given.
(c) The picture or photograph of the interested person, the dimension of which must be not less than two centimeters from the chin to the roots of the hair. Said photograph should be attached to the certificate and be countersigned by means of the stamp or signature of the authority issuing the certificate and by the diplomatic or consular Representative in charge of visaing the same, so that its substitution would be impossible.

Article 5. This certificate should be presented in Cuba to the Chief of Immigration, who, after examining carefully the data contained in the same, and confirming the person interested as the one described in it, will demand that he declare that while he is in Cuba he will not devote himself to any kind of manual or corporal labor. Said certificate will be filed in the Office of Immigration and will be entered in the Register of Chinese arriving in Cuba, there being issued in each case by the Bureau of Immigration, a document giving the personal data of the Chinese citizen and the circumstances which determined his admission, with the photograph of the interested person.

Said document may be demanded at any time from the interested person by the Authorities of the Republic, in order to prove his identity, and that the condition which determined his admission has not changed.

Article 6. The persons of Chinese race who are found illegally within the boundaries of the Republic will be obliged to reembark for the country from which they came at the expense of the Treasury of Cuba, after having been made to appear before a Correctional Judge and it having been proved that they had no right to be or remain in Cuba. In said cases the person who brought or contributed to the bringing to Cuba of the person whose reembarkation is ordered will be responsible to the Government for the expense caused by investigation and the reembarkation.

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Article 7. The Chinese individuals who, upon arriving in the territory of the Republic, possess the certificate demanded in Article 4 of this Decree and who, nevertheless are not permitted to disembark because they do not fulfill the requisites set forth in the preceding provisions, will be reembarked to the country from which they proceeded at the expenses of the Treasury of Cuba.

Article 8. The laborers and other Chinese persons who are at present in Cuba and who resided here prior to May 15, 1902 and who desire to leave the Republic temporarily, with the intention of returning to it, must personally request the Commissioner of Immigration, twenty days at least in advance of the day on which they desire to leave, to furnish them with the corresponding document. Said request must be made in duplicate and in writing and must show the personal data and the place in which they resided at some time between April 14, 1899 and May 15, 1902, two photographs of the same dimensions as described in paragraph (c) of Article 4 should be attached, as well as a certificate showing that the applicant has proved before the Municipal Mayor of the corresponding District, the place in which he resided in Cuba at some time between the expressed dates, it being also an indispensable requisite that two dependable persons satisfactory to the Commissioner of Immigration swear before the same that the individual under discussion is the same as the one to whom the request and certificate refer. The Commissioner of Immigration will make a complete examination to verify the exactness of the descriptive declaration and of the photograph which is attached, and will ascertain whether the stature and physical marks agree with those of the interested person.

In case of doubt, the Commissioner of Immigration will demand that these facts be justified, without prejudice to the proof that he, himself, may be able to offer, so that the Immigration Law may be duly fulfilled.

Article 9. With the above data as a foundation - which data will be duly filed, the Commissioner of Immigration will issue a document giving the personal data of the applicant and showing that he has the right to return to Cuba in accordance with Section VIII of the Law of Immigration. Said document will carry the photograph of the interested person, signed and stamped by said functionary so that substitution will be impossible.

The personal data of the applicant and other data necessary for his identification will be entered in the Register of 'Chinese Leaving Cuba', giving it the same number as that of the expediente and of the document. At the side of said entry will be placed one of the photographs referred to in Article 8.

Article 10. The Chinese merchants established in the Republic whose disembarkation has been duly authorized and who desire to leave Cuba temporarily, will present before the Commissioner of Immigration, at least twenty days before the day on which they desire to embark, a request in duplicate accompanied by the document issued them at the time of disembarkation in

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Cuba; it being also an indispensable requisite that two dependable persons, satisfactory to the Commissioner of Immigration, swear before the Commissioner that the individual in question is the same as the one of whom the request refers.

Article 11. The Chinese persons having the right to enter into the territory of the Republic can only disembark at the port of Havana, disembarkation at other ports being strictly prohibited, except in the case of diplomatic or consular functionaries of the Chinese Government or of any Government who are attending to the matters of their Government, or those who have express authorization from the Commissioner of Immigration and belong to the excepted classes.

Article 12. The Chinese employees on board boats, will not be considered in any sense as individuals of the excepted classes, but as day laborers whose disembarkation is prohibited.

If the Captain of a boat entering a port of the Republic with Chinese employees on the boat, expects to disembark or allows any of the employees to disembark, he must report such fact to the corresponding Judge of Instruction for the proper procedure, in accordance with the provisions of Section VII of the Law of Immigration.

Article 13. The Chinese persons who have been admitted into Cuba because it was believed that they were included in one of the excepted classes, but after their disembarkation are found to have falsified some statement or formality, or that they are performing manual or corporal labor which is not strictly necessary for the carrying on of the business for which they were admitted, and those others whose residence in Cuba is deemed illegal, will be detained and obliged to reembark for the country from which they came, at the expense of the Treasury of Cuba, after having been made to appear before a Correctional Judge and it having been proved that they did not have the right to be or remain in Cuba. In said cases the person who brought or contributed to the bringing to Cuba and the disembarkation of those whose reembarkation is ordered will be responsible to the Government for the expenses attached to the investigation of the case and the reembarkation.

Article 14. The foregoing provisions relative to the prohibition to introducing Chinese, will include all the subjects of China and all Chinese persons, in accordance with Section VIII of the Law of Immigration.

Article 15. All Decrees and circulars which are opposed to the provisions established in this Decree are hereby derogated."

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CONGRESSIONAL ACT APPROVED AUGUST 3, 1917,
RELATING TO IMMIGRATION OF ALIEN LABORERS AND CHINESE PERSONS.

The Cuban Congress enacted a law approved by President Menocal, August 3, 1917, removing certain restrictions of the prior Immigration Laws effecting the importation of alien labor, including Chinese. The law was an emergency measure to automatically terminate two years after the termination of the declaration of war against Germany and the Central Powers, declared on April 7, 1917. The law is not at present in force, having become inoperative December 12, 1921 (Decree No. 2254, countersigned by the Secretary of Agriculture).

The Act provides as follows:

"ARTICLE ONE. Immigration of laborers or workmen, provided the same are duly guaranteed by some one to the effect that they will not become public charges, is hereby authorized up to two years after the termination of the present state of war declared by the law of April 7 of the present year; said immigrants to not constitute a threat for the public health and they shall in such event be reembarked. Once this period of time has elapsed the Executive may order the withdrawal from the national territory of every immigrant who shall have arrived exclusively under the terms of this law.

Cuba

The immigrants who have entered/by virtue of this law shall be registered and identified by the finger print method upon their arrival, by the Department of Immigration. Every immigrant that commits a crime and is condemned therefor shall be returned to his country of origin after having served the term imposed by the Cuban courts."

"ARTICLE TWO. For the purposes of this law every immigrant whose entrance is allowed shall, in order to be admitted into the country, fill the following requisites:

(1) Prove that in his nation or country of origin he devoted himself to agricultural or industrial labor.

(2) To present a person or entity that will assume, with relation to the Cuban Government, the following obligations:

(a) To attend to the assistance and cure of the immigrant in the event of disease, in accordance with the sanitary provisions.

(b) To defray his funeral expenses.

(c) To reembark the immigrant when he becomes useless for the work or when he might become a public charge for want of occupation.

"ARTICLE THREE. The government shall collect, through compulsory proceedings all the expenses that it may incur for failure to perform any of the obligations contracted by the person or

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or entity who binds himself to the guarantees demanded by this law for the introduction of immigrants, said collection to be made from the persons or entities who fail to pay the same on demand.

"ARTICLE FOUR. Sections III, IV, V and VI of Order No. 155 of May 15, 1902 and Sections VII and VIII in so far as opposed to the performance of this law are hereby declared in suspense, as well as all circulars, orders and decrees which may be contrary to these provisions; however the provisions of the aforementioned Order 155 of May 15, 1902 shall not be considered suspended with respect to the entrance into the national territory of laborers who are not farmers or industrial workers, in accordance with the provisions of this law.

"ARTICLE FIVE. Commencing upon the thirtieth day after this law takes effect no male immigrant arrived in Cuba after said period may take employment as clerk of commercial establishments of feminine wear, such as dry goods stores, corset shops, fan stores, clothing stores, hat stores and other similar shops, nor in work that may be easily and properly carried on by women such as drug clerks, book clerks , stenographers, telephone operators, filing clerks, etc. The Executive shall regulate this class of work and occupation which should be reserved for women, in the proportions in which said work shall be done by women.

"The infringement of this article shall be punished by a fine of one to thirty dollars which shall be imposed on the owner or manager of the establishment and upon the workman, laborer or toiler. In the case of repetition of the offense, the fine shall increase to double that fixed and to an additional penalty of three to ten days arrest, the proper correctional court to be notified for the imposition of said penalties.

"ARTICLE SIX. The Executive shall issue the necessary regulations for the proper fulfillment of this law.

"ARTICLE SEVENTH. This law shall take effect on the day following its publication in the Official Gazette of the Republic.

Therefore, I order that the present law be performed and fulfilled in all of its parts.

Given at the Presidential Palace at Havana, on August 3, 1917."

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1917 REGULATIONS RELATING TO IMMIGRATION.

Decree No. 1707 of October 29, 1917 publishes the regulations governing the law of August 3, 1917, Article XXI of which provides:

> "The industrial labors to which the laborer admitted into the country under the provisions of this Law and this Regulation, can devote himself, are those derived from the agricultural production, such as the manufacture of sugar, alcohol and liquors, of mines and similar industries; the urban industries which may require the personal work of groups of individuals, provided they are authorized by the Government."

1922 REGULATIONS RELATING TO CHINESE IMMIGRATION.

On November 10, 1922, the Secretary of the Treasury, issued the following regulations governing the entrance of Chinese, into Cuba (published in the Official Gazette of November 15, 1922, p. 10766).

> "Republic of Cuba, Treasury Department.
> WHEREAS: In reference to Sections VII and VIII of the Immigration Law, certain decisions were issued among them Decree No. 1522 dated November 11th, 1915, which is still in force.
> WHEREAS: Article No. 4 of said Decree reads as follows:
> 'Chinese merchants and other Chinese residents in foreign countries and who desire to come to Cuba for pleasure or for business, must present in order to prove their right to land in Cuba, a certificate written in Spanish, French or English, issued by the Government where they last resided and visaed by the Cuban diplomatic or consular official where they have resided or by the nearest Cuban diplomatic or consular official, and this certificate must contain the following information:
> (a) A complete description of the person who intends to come to Cuba, his name and surname, age, general physical characteristics, also any peculiar mark which may serve to identify him.
> (b) A description of his present and previous occupation and if he is a merchant estimated value of his business and place where located.
> (c) A photograph of the interested person dimensions of which from the chin to the hair on forehead must be not less than two centimeters. Said photograph must be attached to the certificate and be cancelled by the official who issued the certificate, in such a manner that it cannot be substituted.
> WHEREAS: Against any custom established only by habit, it is necessary to adhere to the conditions of the sections of the before stated Decree with the object of safe-guarding the country against the entrance of persons who may desire to enter the country in violation of this Decree.

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I HEREBY DECIDE:

To abolish the decision made by this Department on July 5th, 1918, which authorized the acceptance of certificates issued by the Chinese Charge d'Affairs in this city, and order that in the future for entrance of Chinese merchants and other Chinese coming from foreign countries for pleasure or business in every case the certificate required by Article 4 of Decree No. 1522, dated November 11th, 1915, must be presented, issued and visaed by the officials therein mentioned and it is considered that the Government officials or any official properly appointed in the locality where the Chinese who wishes to come to Cuba and who acts with authority from that Government, has sufficient authority for this purpose. This Decree will take effect commencing sixty days from this date.

Havana, November 10, 1922."

AUTHORITY GRANTED TO THE CHINESE LEGATION IN CUBA TO ISSUE CERTIFICATES TO CHINESE OF THE ADMISSIBLE CLASSES UNDER THE IMMIGRATION LAW.

By Decree No. 1078 of November 19, 1913, President Menocal authorized the Chinese Legation to issue the certificates required for Chinese merchants and other admissible classes of Chinese entering Cuba.

By Decree No. 1223 of December 31, 1914, the above authority was derogated but apparently the practice was permitted to continue, notwithstanding Decree No. 1522, issued on November 11, 1915, by President Menocal, quoted on page 9 of this memorandum. On July 5, 1918, the Treasury Department again authorized the issuance of the said certificates by the Chinese Legation, as stated in the regulations of November 10, 1922, quoted above.

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By AMF NARS, Date 05/04/89

6/3-1

CHIEF CLERK OF STAFF
MIL. INTEL. DIV
WAR DEPARTMENT

2655-Q-74

AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE
HAVANA, CUBA.

May 27, 1924

Lieut. Col. G.S. Norvell, General Staff,
Chief, Latin-American Subsection

No. 2273

To: The A. C. of S., G-2

Subject: Chinese Immigration (2050)

M. I. 1A. K. B. 6/3

RECEIVED G/2 W.D. JUN 2 - 1924

1. I enclose translation of article appearing in EL HERALDO, of May 17, 1924, entitled, "To Stop the Yellow Wave, The Hand of the Foreigner Must Make Itself Felt Once More."

W. H. SHUTAN,
Major, Gen. Staff,
Military Attaché.

6/2/24.
Copy & encl. retained in M. I. 2a.
QKB

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

OFFICE MIL. INTEL. DIV.
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2655-Q-74
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AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE
HAVANA, CUBA.

August 12, 1924

E.B.S.

No. 2369

From: The Military Attaché, Havana.

To: The A. C. of S., G-2.

M. I. 1A. K. B 8/21

Subject: Chinese Immigration. (2050)

REGISTERED G-2 W.D. AUG 19 1924

1. There is enclosed translation of article appearing in HERALDO DE CUBA, of August 6, 1924, entitled, "Traffic in Immigrants" - Chinese Sold into Slavery to Planters.

W. H. SHUTAN,
Major, General Staff,
Military Attaché.

8/21/24.

Copy + encl. retained in M.I.2a.

AKB

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

Habana, November 13, 1925.

No. 1241

1925 365-5: 8-7 DEPT

189988

M.I.D.
This copy is for.....
Copy also sent to.....
and to.....
.....

The Honorable

The Secretary of State,

Washington.

Sir:

Supplementary to my despatch No. 1140 of July 31, 1925, I have the honor to transmit herewith additional copies in translation of the Public Works Law of Cuba and its Regulations, together with charts of projected highways, et cetera, furnished the Embassy by courtesy of the Cuban Government.

I have the honor to be, Sir,

Your obedient servant,

E. H. Crowder

Enclosures:

As stated.

EJS

Note: The public works laws referred to in 2 volumes (Spanish) are filed in the M.I.D. Library - copy in English in M1-2a
copy of the chart of projected highways is on file in M1-12a and M1-7

11-24-25 JJS

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

(COPY)

1925 265-5-g-36

(Voluntary Report)

12-4-25

EBB AND FLOW OF IMMIGRATION TO CUBA

From Consul-General
Carlton Bailey Hurst

Habana, Cuba.

Date of Preparation:
September 18, 1925.

Date of Mailing:
September 25, 1925.

Recently published official statistics show a decrease in the number of immigrants that entered Cuba during the fiscal year 1924-25 of 11,398, in comparison with the number arrived during 1923-24. The economic significance of this decrease is worth consideration in its relation to Cuban industry. The demand for a steady and systematic flow of immigrants to these shores is recognized as necessary for the cultivation of the cane fields, the execution of important building work, road making and the various activities of the country. The present method of importing labor for a few months during cane cutting, which subsequently abandons the country with large sums of money, is not a satisfactory solution of the problem.

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NND 740058
By AMF NARS, Date 05/04/89

The immigrant who is peculiarly adapted to life in Cuba comes from Spain and the Canary Islands, The number of immigrants from Spain to Cuba in 1923-24 was 47,944, while during the year 1924-25, it fell to 36,914, and during the same period immigration from Haiti increased from 14,132 to 16,669. The numerous immigrants from Italy, Germany, Armenia, Austria-Hungary, Czechoslovakia, Poland, Rumania, Russia, Syria, Turkey, and several other European countries, have come hither in the hope of reaching the United States, and they now find themselves marooned in Cuba. This immigration cannot be regarded as an established movement toward this Island, because it is the outcome of the restricted immigration in the United States. Nevertheless, would-be emigrants who cannot hope to obtain admission at an American port, and who have abandoned their native land with the intention of seeking their fortunes on this side of the Atlantic, must of necessity find in the Antilles a means of livelihood, and, after several years of enforced residence here, many are doubtless reconciled to remaining.

During the fiscal year 1924-25, the number of immigrants from Spain exceeded the number from all other countries, and was followed by Haiti, Jamaica, Italy and Syria. The countries whence emigration to Cuba suffered the greatest decrease in 1924-25 compared with 1923-24, are Spain, Poland and Jamaica.

The following table shows the number of immigrants into Cuba during the past two fiscal years, as listed under various countries of origin.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

Countries of Origin	Fiscal Year 1923-24	1924-25	Difference
Albania	16	16	------
America, Central	116	172	56
America, North	591	580	11
America, South	413	350	63
Antilles	482	703	221
Arabia	25	36	11
Armenia	141	331	190
Austria-Hungary	470	418	52
Belgium	6	15	9
Bulgaria	294	82	212
Canada	6	2	4
#China	6	--	6
Czechoslovakia	279	175	104
Denmark	28	1	27
Dominican Republic	215	348	133
England	588	724	136
Egypt	13	3	10
France	201	210	9
Germany	307	357	50
Greece	794	678	116
Haiti	14,132	16,669	2,537
Holland	65	19	46
India	11	577	566
Italy	1,166	1,269	103
Jamaica	5,735	4,515	1,220
Japan	102	198	96
Latvia	8	27	19
Lithuania	404	119	285
Mexico	227	314	87
Norway	21	14	7
Palestine	485	624	139
Persia	14	8	6
Philippine Islands	3	---	3
Poland	3,043	716	2,327
Portugal	476	535	59
Porto Rico	470	426	44
Rumania	501	659	158
Russia	577	962	385
Scotland	1	---	1
Spain	47,944	36,914	11,030
Syria	1,442	1,203	293
Sweden	26	16	10
Switzerland	28	33	5
Turkey	1,204	858	346
Ukrania	68	23	45
Yugoslavia	379	212	167
Other countries	---	14	14
Total	83,523	72,125	11,398

In addition, many Chinese have disembarked in Habana as merchants or students.

Of the

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

Of the 72,125 immigrants listed in the fiscal year 1924-25, 62,139 were males, and 9,986 females. While 55,644 could read and write, 16,481 were classed as illiterates.

(The foregoing figures were drawn from statistics published by the Cuban Jefe de la Seccion de Estadistica de la Secretaria de Hacienda.)

855

(Sent in quintuplicate).

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

~~CONFIDENTIAL~~

Office Chief of Staff
MILITARY INTEL. DIV.
192[illegible] 2655-G-77
JUN 8
WAR DEPARTMENT

Subject: Confidential Dispatch No.1424 from American Ambassador at Habana.

C. of E. 210.681 17 3rd Ind.

Office, C. of E., June 4, 1926. - To THE ADJUTANT GENERAL.

1. From a study of the inclosed pamphlet and a chart of Habana Harbor which is on file in this office, it is not believed that the proposed project will endanger the safety of the inner harbor. If there is any tendency for the seas to follow along the wall, heavy riprap placed in front of it will break up such action.

2. There is no suitable officer of the Corps of Engineers available at the present time whom the Chief of Engineers could recommend for appointment as Military Attache.

15 Rec'd Back A. G. O. JUN 4 1926

H. Taylor,
Major General,
Chief of Engineers.

2 Inclosures
Sub 1 and
1 unmrkd

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

DEPT. STATE OF STATE
MIL. INTEL. DIV.

~~CONFIDENTIAL~~ CONFIDENTIAL 1926

2655-G-77

WAR DEPARTMENT

2655-G-77
G-2, W. D., May 24, 1926. 1st Ind. To: The Adjutant General. NEM/bmt

Information is requested on which to base a reply.

James H. Reeves
James H. Reeves
Colonel, General Staff,
A. C. of S., G-2.

15 Rec'd Back A. G. O. MAY 25 1926

2 encls.

AG 800.12 Habana, Cuba (5-22-26)
(Misc.)

2nd Ind. HHT/ACW

War Department, A.G.O., May 26, 1926.- To the Chief of Engineers.

For remark upon which to base reply.

By order of the Secretary of War:

Kirby Gilbert
Adjutant General.

2 Incls.

~~CONFIDENTIAL~~ CONFIDENTIAL

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

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1926 MAY 24 AM 11:5
WAR DEPARTMENT

2655-9-77

DEPARTMENT OF STATE

WASHINGTON

CONFIDENTIAL. May 22, 1926.

My dear Mr. Secretary:

I have the honor to transmit herewith for your information a copy of a confidential despatch, No. 1424 of May 11, 1926, from the American Ambassador at Habana, Cuba, enclosing a pamphlet describing the Malecon Project which the Cuban Government is contemplating building in connection with its extensive public works program. The Ambassador calls attention to certain criticism of the project in that it might endanger the safety of the inner harbor and suggests that it might be desirable to obtain the confidential opinion of a government engineer in this regard.

A copy of General Crowder's despatch has likewise been transmitted to the Secretary of the Navy.

I am, my dear Mr. Davis,

Sincerely yours,

FRANK B. KELLOGG.

Enclosure:

Copy despatch No. 1424.

The Honorable

Dwight F. Davis,

Secretary of War.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

E-1

COPY

Habana, May 11, 1926. 1926 قد 26-9-77

No. 1424.

~~CONFIDENTIAL~~

The Honorable,

The Secretary of State,

Washington.

Sir:

I have the honor to refer to page 12 of General Conditions Report No. 13840 for March, 1926, in relation to the letting of the "Malecon" contract to the firm of Arellano & Mendoza, and to transmit herewith three copies of a pamphlet concerning the project.

Particular attention is invited to the photograph, reproduced on the center pages of the pamphlet, showing the line which the "fill" will follow. The criticism has been made that the straightening of the harbor as indicated will permit heavy seas to roll in, to the consequent endangerment of docks and shipping. With no jetties or shore irregularities to break the force of the sea, even though the mouth of the harbor is not open to the direct effect of storms, it would appear to me that the criticism deserves serious consideration.

In view of the the importance of Habana as a port, the interest which the Government of the United States has in a wise disbursement of funds in Cuba and the importance of Cuba as a strategic center in any Carribean war in which we may be engaged, I should be glad if the Department felt that it could properly obtain the confidential opinion of a competent War Department or other Government engineer in regard to the safety of the project. This is a part of the argument I have heretofore employed in urging the appointment here of a competent engineer officer of the Army as Military Attache. The extensive projects now under way for road and bridge building and harbor improvement call almost imperatively for such an appointment if our Government is to render proper suggestion and advice in the carrying out of such projects. Surely the work proper of a Military Attache is relatively unimportant.

I have the honor to be, Sir,

Your obedient servant,

E. H. CROWDER.

Enclosure:

Malecon Project.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

In reply refer to
G-2/2655-G-77

G-2
NEM

WAR DEPARTMENT

WASHINGTON

CONFIDENTIAL, Jun 10 1926

The Honorable

The Secretary of State.

Noted
N.E. Margetts.

Dear Mr. Secretary:

With reference to your confidential letter of May 22, 1926, with which you transmitted a copy of a confidential dispatch, No. 1424 of May 11, 1926, from the American Ambassador at Habana, Cuba, enclosing a pamphlet describing the Malecon Project, the following is the confidential report of the Chief of Engineers in the matter:

> "From a study of the inclosed pamphlet and a chart of Habana Harbor which is on file in this office, it is not believed that the proposed project will endanger the safety of the inner harbor. If there is any tendency for the seas to follow along the wall, heavy riprap placed in front of it will break up such action".

Sincerely yours,
(Signed) Hanford MacNider
Acting Secretary of War.

Dispatched
from A.G.O.
JUN 10 1926

bmt

OFFICE CHIEF OF STAFF

OUT
JUN 10 1926

CONFIDENTIAL

OFFICE CHIEF OF STAFF
REC'D JUN 10 1926

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800.12 — Habana (6-10-26)

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NND 740058
By AMF NARS, Date 05/04/89

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1926 265-5-9 17 III
2
WAR DEPARTMENT

DEPARTMENT OF STATE

WASHINGTON

~~CONFIDENTIAL~~. May 22, 1926.

My dear Mr. Secretary:

I have the honor to transmit herewith for your information a copy of a confidential despatch, No. 1424 of May 11, 1926, from the American Ambassador at Habana, Cuba, enclosing a pamphlet describing the Malecon Project which the Cuban Government is contemplating building in connection with its extensive public works program. The Ambassador calls attention to certain criticism of the project in that it might endanger the safety of the inner harbor and suggests that it might be desirable to obtain the confidential opinion of a government engineer in this regard.

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Sincerely yours,

FRANK B. KELLOGG.

Enclosure:

Copy despatch No. 1424.

The Honorable

Dwight F. Davis,

Secretary of War.

STATE
JUN 7 1926

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

COPY

Habana, May 11, 1926.

No. 1424.

CONFIDENTIAL

2655-8-77
WAR DEPARTMENT

The Honorable,

The Secretary of State,

Washington.

Sir:

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I have the honor to be, Sir,

Your obedient servant,

E. H. CROWDER.

Enclosure:

Malecon Project.

CHIEF OF STAFF
JUN 7 1926

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
2655-F-78
1926 JUN 8
MILITARY INTELLIGENCE
DIVISION, G. S.
WAR DEPARTMENT

American Investments in Cuba. 4000 (c)

Cuba, next to Canada, has the largest investment of American capital of any foreign country, due to its rich sugar-growing resources and its special relationship to the United States. Including the American investment in Haiti and Santo Domingo, with the American capital invested in Cuba and the neighboring islands, gives an American investment in the West Indies equal to the total American investment in all of the South American countries.

At the outbreak of the Spanish-American war, the United States had less than $50,000,000 invested in Cuba. During the ensuing twelve years about $100,000,000 was invested in the island, exclusive of American investments in Cuban public securities. In 1910 it was estimated that American, European and Cuban shares in the capital invested in sugar properties were about equal. Since that time the American investment has multiplied at a rapid rate. American interests now own about 4,500,000 acres of cane lands and some 85 mills, which produce between 55 and 60 per cent of the sugar output of the island.

American Sugar Investments in Cuba

The American sugar investment is estimated by the Department of Commerce at $750,000,000, accounting for more than half of the total American capital invested in Cuba. The United States Sugar Association calculates the investment at a billion dollars, and other authorities give even higher estimates.

Other American investments in Cuba were listed by the Department of Commerce in 1924 as follows:

Railroads	$110,000,000
Public utilities	100,000,000
Hotels, office buildings and other city real estate	80,000,000
Tobacco and cigars	50,000,000
Miscellaneous factories	40,000,000
Mining	35,000,000
Merchandising	30,000,000
Agricultural lands, except sugar and tobacco lands	25,000,000
Banking	20,000,000
Docks, warehouses, etc	10,000,000
	$500,000,000

The National City Bank of New York, controlling the General Sugar Company, and through its directors, the Cuba Cane Sugar Corporation, the Consolidated Railways of Cuba and various other Cuban corporations, represents a large part of the American commercial investment in Cuba. The bank has some 24 branches in the island.

American Holdings of Cuban Bonds

Four large issues of Cuban public securities have been floated in the United States. These issues have totaled $111,500,000, of which some $85,000,000 is outstanding at the present time. The issues, with the amounts outstanding October 1, 1925, are listed by Robert W. Dunn, as follows: X

X "American Foreign Investments", Dunn, p. 24.

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By AMF NARS, Date 05/04/89

	Date of issue	Amount issues	Outstanding (approximate)
Republic of Cuba 5 %	1904	$35,000,000	$19,724,000
Republic of Cuba 4½%	1909	16,500,000	14,534,000
Republic of Cuba 5 %	1914	10,000,000	7,826,600
Republic of Cuba 5½%	1923	50,000,000	45,548,100

Some part of the issues listed above is held by European investors, but the great bulk of these bonds was absorbed by Americans.

(Source: Editorial Research Report #364, May 17, 1926, Wash. D. C.)

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NND 740058
By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.

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4-1 1926 2655-g-79
WAR D. 4200 (c)
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G-2 Report

CUBA (Economic)

Subject: Production of Henequen in Cuba.

RECEIVED G/2 W.D./ JUL 14 1926

1. Mr. H. T. Edwards, Specialist in Fiber Plant Production, United States Department of Agriculture, who has been on an inspection trip to the principal localities in Cuba where the production of henequen is carried on or contemplated, has summarized the results of his study as follows: (This data was incorporated in Embassy Despatch No. 1491, of June 23, 1926).

It appears that at present henequen is cultivated on two large plantations near Cardenas, one belonging to the International Harvester Company and the other to a Cuban company. It is also grown upon a Cuban plantation in the neighborhood of Matanzas and upon an American plantation, the Plymouth Cordage Company, in the vicinity of Nuevitas. Confidentially, and not for publication, the United Fruit Company is also considering the practicability of planting some of its less desirable sugar land at Preston to this crop. The plantation at Matanzas is probably the most considerable on the island and is being gradually extended. The several companies cited, in addition to growing henequen maintain mills for the reduction of the plant to fiber form.

The present price of approximately nine cents per pound is said to yield a very good return to producers. Even at a possible future price of seven cents it is estimated that a net return of some $30.00 per acre would be received, which compares favorably with recent profits to sugar cane growers.

Comparison between henequen production in Cuba and Yucatan: The cost of labor in Cuba is slightly higher but the yield is somewhat greater; the Cuban fiber is a little more desirable and the production cost is not above that of Yucatan. Moreover, in Cuba the plant requires but four years for reaching maturity whereas in Yucatan six years is necessitated.

It is believed that there are large acres of land in Cuba suited to the growth of henequen and that it would be practicable for the production to be increased as a means of diversifying crops.

2. The latest estimate of the land planted to henequen is 22,000 acres. Figures as to the cost of production vary; two and a half cents a pound of fibre has been given as a fair estimate.

Henry C Clark

HENRY C. CLARK,
Captain, General Staff,
Military Attaché.

From: M.A., Havana. Report No. 2801 Date: July 6, 1926.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.

3 4-1 1926 2655-g-80

WAR DEPARTMENT 2050

G-2 Report

CUBA (Social)

Subject: Illegal Entry of Chinese into Cuba.

RECEIVED G/2 W.D. OCT 26 1926

1. As a result of recent investigations carried on by the judicial police, the Cuban Chief of Immigration, Dr. Francisco Hernandez, and one of the assistant immigration officers, Sr. Rodriguez Ortiz, have been removed from office. The investigation disclosed that large numbers of Chinese immigrants had been entering Cuba for several months under false certificates of entry issued to them before their departure from China. It was further disclosed that large numbers of printed immigration certificates had been sent to China and that said certificates were being issued to prospective Chinese merchant and student immigrants in which it was certified that they had formerly resided in Cuba, the expense for such certificates being from fifty to two hundred dollars each, according to the capacity of the immigrant to pay it. Dr. Hernandez was arrested and subsequently freed under bail, but Ortiz is understood to have left the country and probably fled to the United States. As soon as full and reliable information can be obtained, the Embassy will report the entire situation to the State Department.

2. The Chief of the Quarantine Section of the Sanitation Department, Dr. Hugo Roberts, has been appointed Chief of Immigration in place of Dr. Hernandez.

3. The activities of certain Chinese Tong organizations in Havana have been under investigation for some time and recently reached a climax by the mysterious murder of a prominent Chinese merchant of Havana. While a number of Chinese have been arrested as suspects, the national police have not as yet discovered the murderers and each of the several Chinese Tong factions has denied responsibility therefor. It is believed that this recent investigation was mainly responsible for the discovery of evidence of the wholesale illegal entry of Chinese into Cuba holding fraudulent certificates of entry. Chinese are continuing to arrive in small numbers from time to time, most of whom are found to possess fraudulent certificates and they are being arrested upon arrival and sent to jail to await deportation.

4. This Embassy was well aware that under the prior administration thousands of Chinese were being admitted illegally but, owing to the wholesale corruption which existed throughout the administrative channels, it was impossible to have their admission stopped or a thorough investigation made for the purpose of determining who were the public officials guilty of permitting violations of the immigration laws. As soon as the Machado administration took office the situation was greatly improved and seemingly few, if any, illegal entries were permitted until the past few months and which resulted in a vigorous investigation with the above mentioned results. It is understood that vigorous steps are being taken to prevent a continuation of the illegal entries and that the guilty officials, if apprehended, will be brought to trial.

Henry C. Clark
HENRY C. CLARK,
Capt., General Staff, Mil. Attaché.

From: M.A., Havana. Report No. 2840 Date: Oct. 18, 1926.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

OFFICE OF CHIEF OF STAFF
MIL. INTEL. DIV.
MAY 31 1928
WAR DEPARTMENT

AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE.
HAVANA. CUBA.

3-1 1928 2655-9-81
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May 22, 1928.

No. 2965

Subject: Strategic raw materials

To: A.C. of S. G-4, Washington, D.C.

RECEIVED G/2 W. D. MAY 29 1928

1. Referring to Circular letter G-2/2610-131 of February 11th covering strategic raw materials as regards the Island of Cuba.

2. PARAGRAPH 5 : SOURCE AND AMOUNT OF IMPORT NECESSARY FOR A CUBAN MAJOR WAR EFFORT :

There is is very little industrial effort in Cuba, outside of the sugar and tobacco industries. Some army clothing for enlisted men is made in Habana, otherwise all peace time military requirements are imported from the United States. Even many food products that could be easily produced in Cuba are imported, so great is the dependence on the sugar industry especially. Without the industry to manufacture the raw materials existing into the finished product, the possession of the raw material itself is not important, so that for a major war effort, it can be said that Cuba would have to import from abroad practically all of the supplies necessary for carrying on war and these supplies would most likely come from the Island's natural market ; the United States.

3. PARAGRAPH 4 : PRODUCTION AND EXPORTABLE SURPLUS OF CUBAN STRATEGIC RAW MATERIALS :

In time of war, so far as the strategic raw materials in Cuba are concerned, it would appear that the main U.S. interest lies in the mineral deposits. The mineral wealth of Cuba has never been thoroughly examined, due to poor transportation and perhaps lack of government interest. More was done at the time of the world war than ever before or since and investigations at that time revealed deposits of iron ore, copper, manganese, asphalt, coal, lead, chrome, etc.

With our own deposits of iron and copper, it is not likely that the mines here are vitally necessary to us in war time, altho the iron ore is stated to be of a high grade and equal to the best Swedish iron ore. The total available reserves of iron ore containing more than 40% have been estimated as follows:

Oriente Province	2,660,000,000 tons
Camagüey	400,000,000
Havana	50,000,000
Pinar del Rio	40,000,000
TOTAL :	3,150,000,000 tons.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

All of the Cuban production of iron ore is exported, mainly to the United States. During 1926, (latest figures available), 541,055 tons were sent to the U.S. market. This production could be greatly augmented, given the proper incentive.

Most of the copper is located in Pinar del Rio and Oriente. As a matterof fact, the real extent of the deposits is not known. The annual production varies from 60,000 to 90,000 tons. The MATAHAMBRE mine in Pinar del Rio is by far the greatest copper mine in Cuba. In 1926, the U.S. imported 25,800 tons of Cuban copper.

The best deposits of manganese are located in Oriente Province. In 1926, 24,652 tons were exported to the United States. This production could be greatly increased at any time the need arises.

4. The Government has done very little towards making an intensive study of its mineral wealth. Investigation would, no doubt, bring to light many other valuable ores, but there seems to be no inclination at this time to make such a study.

5. The forests of Cuba contain a vast amount of valuable hardwoods, important for the shipbuilding industry, etc., and there are many valuable dye woods. Transportation has always been bad and until there is a brisk demand with high prices, nothing much will be done along development lines.

James C.R. Schwenck

JAMES C.R.SCHWENCK
Major, GS., M/A.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

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4200

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
AUG 10 1928
2655-g-81
WAR DEPARTMENT

G-2 Report

CUBA (Economic)

4-1

2

SUBJECT: Agricultural Raw Materials : SUGAR

7

RECEIVED G/2 W. D. AUG 9 1928

1.

1895 -	1,004,264	tons
1900 -	308,543	"
1905 -	1,163,258	"
1910 -	1,804,349	"
1915 -	2,582,845	"
1920 -	3,718,975	"
1921 -	3,935,433	"
1922 -	3,998,189	"
1923 -	3,601,605	"
1924 -	4,052,547	"
1925 -	5,120,421	"
1926 -	4,872,463	"
1927 -	4,508,705	" (restricted)
1928 -	4,000,000	" (restricted)

2. It will be seen from the above that Cuba has had a steady increase in sugar production until it reached a high point of over 5,000,000 tons in 1925. Before the war, practically all of Cuba's sugar went to the United States. Since that time, it has been necessary to sell about 1,000,000 tons in other markets. The Cuban tariff preference in the American market is 20%.

3. In the inflation period following the war, the price ofsugar went to 20¢. Since that time, due to the heavy increase all over the ~~war~~ world, especially in the beet districts of Europe where they went back to a pre war basis, the sugar markets of the world have been over supplied and the price has been steadily declining, until in Cuba at the present time the price is below ~~2¢~~ 3¢ The following figures show the price of Cuban sugar during the month of JANUARY overa number of years:

1920 -	10 1/2¢	1924 -	4.50¢
1921 -	3.70¢	1925 -	2.45¢
1922 -	1.90¢	1926 -	2.05¢
1923 -	3.20¢	1927 -	2.95¢
		1928 -	2.40¢

4. The first official action on the part of Cuba in restriction of the crop was the year before last when the figure was set at 4,500,000 tons. President Machado, at the end of that crop year, was stated to have been opposed to further tampering with the restriction, being of the opinion that the results obtained did not warrant same. This attitude was accepted by the Sugar Companies, many of whom went ahead and spent considerable money in repairs and in increasing the efficiency of their mills.

5. Colonel Tarafa is considered as being the originator of the restriction. He went to Europe in the Fall of 1927 for conference with some of the European producers, Germany, Poland, etc. Upon his return and in perhaps on account of his committments in Europe, the Government passed the SUGAR DEFENCE LAW in October, 1927,

1. creating sugar commission of Tarafa, Falla, Gutierrez, Rionda and Laureano, to invite cooperation with sugar producing countries in an endeavor to stabilize the industry,
   (a) to estimate production and consumption
   (b) to determine visible stocks
   (c) to estimate requirements of U.S. and other markets

2. restriction of Cuban crop
   (a) control of exports to U.S.
   (b) create export commission to handle surplus.

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By AMF NARS, Date 05/04/89

Cuba is committed to attending another conference in Paris this October and until that time comes, evidently no pronouncement will be made as to action in regard to further crop restriction. However, on May 31st, the Sugar Defense Commission issued a statement, copy of which is attached, outlining some of the factors to be considered. This statement contains the following ~~statements~~ points:

1. The Sugar Defense Law of 1927 not only lacks restriction tendency, but on contrary seeks to make it unnecessary by adequate distribution and sale of surplus thru Export Company.

2. Conference to be held in Paris this year will decide on on sugar surplus distribution and if statistics demand withdrawal of exportable surplus, Cuba will contribute towards general sacrifice.

3. Cuba's obligation to restrict crop exclusively confined to the past crop year.

6. Of the 4,000,000 tons allowed this crop year, 600,000 tons were reserved for sale to countries other than the U.S. This amount has been entirely disposed of. 200,000 tons were held in reserve for sale in the U.S. The Export Commission also sold this amount to countries other than the U.S. In addition, 300,000 tons were lately withdrawn from the U.S. allotment and sold to Great Britain, so that the Cuban contribution to the American sugar market was below 3,000,000 tons.

7. Many objections have been registered against the principle of crop restriction, especially in the provincial press. It was consistently rumored during the early months of the year that the President would lift the restriction and allow mills to grind as they desired. However, on March 12th,1928, the Presidential decree was issued calling for a crop of only 4,000,000 tons. It also provided for an equalization of cane harvest between colono and administration cane. 10% of all cane was to be left in the field. Even though a mill had not enough cane to come up to allotment, 10% had to remain uncut, and each colono as well had to leave 10%.

All but 17 mills had their allotment cut down from the previous year. PORVENIR mill in Matanzas suffered a cut of 84%. JARONU mill of the Mendoza family had an increase of 22%. Ex-President Menocal's mill had an increase of 45%. By Provinces, the decreases were:

Pinar del Rio	24%
Habana	21%
Matanzas	15%
Santa Clara	12%
Camaguey	7%
Oriente	8%

Most of the American owned mills are in Camaguey and Oriente.
Later on, when statistics showed that some mills ha d exceeded allotment, a bill providing amnesty for all infractions of the crop edict was issued.

8. No official pronouncement has been made by the Government in connection with policy to be followed for the coming zafra. In a political manifesto recently issued to the country, outlining his administrational activities, the President mentioned the fact that he had always opposed the principle of restriction and that it had been put into effect against his better judgment. However, as stated above, Colonel Tarafa will attend another conference in Paris this October and until that time it is unlikely that any official statement will be issued.

9. Sugar is a commodity that can be produced in practically every country in the world, either thru the beet or cane method. The fallacy, therefore, of attempting regulation without involving the principal countries of the sugar producing world is quite evident. Cuba is an Island especially favorable for sugar cane cultivation and has a strong position in regard to the American market, thru location and by a tariff preference, but the increase in production in Porto Rico and the Phillipine Islands, with no tariff restrictions in the U.S. market

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in the beet sugar states of the West and the new enterprises in cane in Florida, all tend to harm Cuba's position. While Cuba has been restricting her crop in the past two years, Java, Porto Rico, the Phillipine Islands and other regions have been increasing theirs and to that extent just taking the place vacated by Cuba.

10. As a result of the sugar restriction, there is practically no money in circulation in Cuba today. As the Government has not declared itself, the mills are not making any repairs and spending very little money.

11. Recently there have been many derogatory articles appearing in the newspapers against what they term "dirty and unsanitary Haitian and Jamaican immigration". A campaign has been in progress to bar such immigration from Cuba. This has been opposed by the sugar interests in general and by the American Chamber of Commerce here. As a matter of fact, big importers of labor like the United Fruit Co., etc., have been forced to put up a bond in the past for the expatriation of negro labor at the end of the crop season and this has been faithfully carried out.

During the last week, there appeared in the newspapers, articles to the effect that the Haitian Government, possibly thru resentment and possibly seeing which way the wind was blowing, has itself prohibited Haitian emigration. The Cuban government has not been officially notified. However, Haitian officials here in Cuba have verified the fact that Haiti will prohibit further Haitian emigration.

Haitians and Jamaicans represent cheap labor in the cane fields. Without this labor, the country will experience great difficulty in getting the cane cut and if they do succeed in getting it cut, they will probably do so by employing less efficient and more expensive labor. This is another item that will hit the sugar mills a severe blow.

12. RUMORS : I was told by a representative of the General Sugar Company, that sugar would probably go this year to 1 1/2¢.

I have been told by a representative lawyer, who has had 20 years in Cuba, that if another restriction is imposed this coming year, we will have at least a revolutionary demonstration.

I think that both of these statements are somewhat exagerated, but there are at least indications of a probable crisis due to sugar.

13. One thing that will result from the present hard times will be the squeezing out and shutting down of the more inefficient mills, i.e. the Cuban Mills. The salvation of Cuba lies in producing its own foodstuffs. Under the contemplated scheme, this will probably not be done for three generations. Of the American Dollar invested in Cuba, I believe that hardly 10¢ remains in the country for the Cubans. While the American dollar may develop Cuba, it results in a development of the land to the advantage of foreign enterprise. Cuba as a land of the Cubans has a very poor future.

James C.R.Schwenck
JAMES C.R.SCHWENCK
MAJOR GS MA

M/A Office ; HABANA No.3005 July 24,1928.

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NND 740058
By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
AUG 10 1928
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WAR DEPT.

MAY 31, 1928.

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THE NATIONAL SUGAR DEFENSE COMMISSION CONSIDERS IT OF INTEREST TO MAKE THE FOLLOWING DECLARATIONS AT THIS TIME :

1st. That the law of October 4, 1927, which has regulated the sugar policy of the government, not only absolutely lacks restriction tendency insofar as regards production which is attributed thereto but on the contrary establishes a principle of adequate distribution and sale of possible surplus of sugar through the CUBAN SUGAR EXPORT COMPANY, the object owwhich is precisely to make unnecessary in the future the restriction of the sugar production of Cuba.

2nd; That the Cuban government commissioner, Señor Tarafa, being inspired with these fundamental principles, took care to set it forth throughout all the phases of the negotiations which culminated in theso called Paris convention; it having been agreed that the conference of October, 1928 must decide on the concrete proposal which Cuba shall make with regard to the form in which the sugar surplus should be distributed, if it then be considered that there is any, and that in this case said surplus may remain in the hands of a trustee, under the auspicies of the interested parties, or may be deducted from the quantity to be produced in the following year ; ~~1928-29~~ 1929-30 It was likewise agreed that the statistics of the sugar situation of the world and the outlook of the 1928-29 production shall be studied in the conference of October 1928, and if this conference recommends or decides to withdraw as above indicated, the excess of exportable surplus, Cuba would contribute toward the general sacrifice with a quota somewhat greater than that which in proportion to the quotas of the other nations might correspond to it.

3rd ; that in section "B" of the Resolution III of the Paris Conference, it is clearly and concretely stated that the obligation contracted by Cuba of reducing its crop was limited exclusively to its 1927-28 production, in exchange for which the organized sugar industries of C.Slovakia, Germany and Poland bind themselves solemnly and positively to regulate their respective plantings in accord with the conclusions which had been reached at that conference and which acknowledged in a form which excludes all doubt the need of reducing the production to a quantity proportionate to the world consumption, Belgium having adhered to this convention later.

4th ; That Cuba having fulfilled the program of reducing its 1927-28 crop, our commissioner is now disposed to attend the conference of next October in order to present in writing and in accord with what has been agreed, a properly studied plan which will be submitted to the consideration of our producers, the aim of which shall be to pro-rate the surplus of exportable sugar proportionately to the quantity which each produces in excess of its own consumption; there being understood as exportable surplus, in the case of Cuba, that part of its production which exceeds the quantity set aside for the U.S. of America, today protected by the Reciprocity treaty in force and that of its own consumtpion; that is to say, that under the hypothesis for example that Cuba produces 4,500,000 tons and 3,500,000 tons are set aside for the U.S. market and our local consumption, there would remain as exportable surplus, one million tons which would be the quantity placed pro rata with the exporting countries, signers of the Paris convention in order to take up in a practical manner the excess on hand for exportation to the markets of the world.

HABANA May 30, 1928.

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NND 740058
By AMF NARS, Date 05/04/89

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APR 22 1929
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G-2 Report. 4220.

CUBA (ECONOMIC).

Subject: Strategic Raw Materials.

Sugar.

RECEIVED G/2 W. D. APR 19 1929

Official estimates indicate that the 1927-28 Cuban sugar crop is 4,526,879 short tons.

M.A. London. Report No. 24818. April 9, 1929.

JOHN R. THOMAS, Jr.,
Colonel, General Staff,
Military Attache.

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NND 740058
By AMF NARS, Date 05/04/89

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G-2 Report.

CUBA (Economic)

Subject: Agricultural Raw Materials: Sugar.

RECEIVED G/2 W. D SEP 23 1929

1. Cuban public opinion as reflected by the Cuban press has recently adopted a more optimistic tone regarding the prospects of the sugar industry in general. While the press is entirely subservient to the government and while the editorial policy of all the newspapers in Cuba is quite obviously controlled, there, nevertheless, seems to be a raise in the morale of the people due to the optimistic tone of the press in so far as the sugar industry is concerned.

2. When the decision of Senate Finance Committee fixing the sugar tariff at 2.20 became known in Cuba, there was a natural tendency on the part of the press to launch bitter tirades against the United States in general and certain members of the Senate Finance Committee in particular. While the press generally continues to criticise the proposed sugar tariff, the tone of the editorials is much calmer, more space being devoted now to attacks on individual U.S. Senators and Congressmen than to attacks on the United States for its proposed revision of the tariff. The reports current from the United States to the effect that there is a disagreement on the tariff bill in the Senate and the possibility that there will be no tariff revision for some time to come are welcomed with great enthusiasm.

3. There has been much encouragement derived from the reports of the results of the recent sugar conference at Brussels, at which Cuba was represented by Senator Viriato Gutiérrez. While Gutiérrez's report on the conference has not been made public, he has given interviews to Cuban newspapers in which he expressed entire satisfaction with the achievements of this conference from a Cuban point of view.

4. While the Cubans themselves are generally more optimistic about the present economic condition, this optimism is not shared by most of the leading American business men here. Some of them have, from time to time, given interviews to the press expressing the same optimism that is generally felt by the Cubans, but it is believed that these optimistic views are given with a view of creating a more favorable impression of local business conditions than actually exist. Most of the American business men feel that should the proposed tariff measure on sugar become effective, the full weight of its blow will not be felt for a period of years, but that when it is finally felt, Cuba will suffer an economic depression from which it will be very difficult, if not impossible, to overcome.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Sources: Embassy and Confidential.

From: M.A., Havana. Report No. 3111. Date: Sept. 17, 1929.

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G-2 Report 4200-e.

4-1 OCT 30 2655-g-8 1929

CUBA (Economic)

WAR DEPARTMENT

Subject: Agricultural Raw Materials: Sugar.

RECEIVED G/2 W. D. OCT 29 1929

1. THE HAVANA POST has just completed a series of front page editorials on the sugar tariff. These editorials were written by Mr. Carl Byoir, publisher of THE HAVANA POST, and appeared daily from October 5 to October 17, inclusive. They were copied in many of the Spanish papers of Havana, and very favorable comment on them was made in all the weeklies published in Havana. A brief review of each of the articles is as follows:

2. Editorial No. 1 - October 5, 1929.
Title: "To Our Readers."
Substance: This served as an introduction to the articles that were to follow.
Excerps: "That a tariff increase on Cuban sugar would be unfair and unwarranted. That the many services Cuba has rendered the United States deserve better reward. That the sugar tariff increase would destroy a billion and a quarter of American capital."

3. Editorial No. 2 - October 6, 1929.
Title: "Grim Shadows."
Substance: This dealt with the general condemnation of the proposed increase in the sugar tariff and stated that should this increase become effective, it would ruin not only the sugar industry of the island, but the whole industrial fabric of Cuba and its 3,500,000 inhabitants.
Excerps: "In comparison, a declaration of war by the United States against the people of Cuba would be a kindness because the United States has always dealt mercifully with the vanquished. In the proposed sugar tariff there is no mercy."

4. Editorial No. 3 - October 7, 1929.
Title: "The Fallacy of the Solution Offered by a High Duty on Cuban Sugar."
Substance: This dealt with the amount of sugar consumed in the United States and gave a table showing that 6,000,000 tons were consumed annually, of which 2,950,000 tons were of the Cuban product. It pointed out that the further increase of tariff against Cuban sugar would increase the production of Hawaii, Porto Rico, and the Philippines, but that this would not in any way decrease the cost of sugar to the individual consumer in the United States, benefiting only the comparatively few sugar producers in the above mentioned United States possessions.
Excerps: "For eight long years the people of the United States have borne the tax burden of 76% increase in the sugar tariff. They have contributed almost two billion dollars for the theory of protection for domestic sugar."

5. Editorial No. 4 - October 8, 1929.
Title: "A Higher Duty on Cuban Sugar would Destroy American Grower."
Substance: The proposed increase in the sugar tariff would benefit greatly the Philippines and Hawaii, but that if a careful study were made of the sugar producers in these two territories, it would disclose that the true owners of the sugar industries in the Philippines and Hawaii are not Americans, but foreigners, and that

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the American farmer, under the present tariff, has adequate protection against the Cuban competition now, this statement being substantiated by the fact that in 1928, Cuba produced practically the same amount of sugar as in 1921, when the high tariff was put into effect.

Excerps: "A further increase of the rate against Cuban sugar from 1.76 to 2.20 cents a pound would make those islands (Hawaii, Porto Rico, and the Philippines) rich beyond their wildest dreams. It would impoverish Cuba. It would ultimately wipe out the very interests it was designed to aid - the beet sugar industry and the Louisiana cane industry."

6. Editorial No. 5 - October 9, 1929.
Title: "There is no Farm Relief in Sugar Tariff Increase"
Substance: This article states that in reality the farmer would get no real relief from the proposed increase in sugar tariff due to the fact that at present, under the system under which beet sugar is refined, the fixing of the price of the beet crop is made in advance of even the planting of the crop and that the factory owners are in a position to name the price which they will pay for the beets, which price the farmer has to accede to. It further states that the beet farmers have not reaped any benefit from the present high tariff on sugar, but that on the other hand, the beet sugar refiners have benefited greatly. It stated that the Great Western Sugar Company, the largest factory dealing with beet sugar, earned $6,735,000, or the equivalent of 44.97% of its common stock.

Excerps: "Further aggrandisement of the Impoverished Great Western Sugar Company and other beet factories can hardly be deemed 'Farm Relief.' Only seventeen months ago, this extraordinarily prosperous company took advantage of the low sugar prices to reduce the price offered to the farmer for his beets. The farmer tried to fight, but had to yield."

7. Editorial No. 6 - October 10, 1929.
Title: "What Price Beet Sugar?"
Substance: A general condemnation of the beet sugar industry in America is given in this editorial. It states that the American farmer receives no benefit at all from the growing of his beets, his labor in the form of Mexicans, Russians, Poles, and a few Indians, being supplied him by the beet sugar monopolies. Quotations are made from the official publications of the United States Department of Labor and the American Federation of Labor, in which are contained in no uncertain terms the type of labor (foreign and child) employed by the sugar beet industry.

Excerps: "Will Congress legislate to increase the employment of Mexicans and Women and Children? Will Congress inflict an agricultural and social disaster upon three and a half millions of Cubans to increase employment in an American industry in which "no self-respecting man will labor?'"

8. Editorial No. 7 - October 11, 1929.
Title: "An Increased Duty on Cuban Sugar is Morally Wrong."
Substance: This editorial dwells briefly on the history of American-Cuban relations and states that the United States has a moral obligation which she cannot evade to encourage Cuba economically.

Excerps: "The Fordney Act of 1922 was a staggering blow. Will Congress, representing the richest and most powerful people of this earth, press this bitter cup to the lips of our Cuban friends?"

9. Editorial No. 8 - October 12, 1929.
Title: "A Sugar Tariff Increase will Destroy a Billion and a Quarter of American Capital and a large Export Market."

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Substance: This editorial stated that more American capital is invested in Cuba than in the Philippines, Porto Rico and Hawaii taken together and that of the $1,250,000,000 invested in Cuba, $1,000,000,000 of this is invested in the sugar business, and that the remaining $250,000,000 is invested in properties whose very existence depends upon the sugar industry. It further stated that of the twenty-three largest American companies operating in Cuba, only ten showed any earnings on their common stock in 1927, whereas the largest sugar producing company of Porto Rico made a profit of 91.95% on its common stock of last year. It further stated that should the American market for sugar be wrecked by the proposed increased in tariff, a corresponding decrease of American products exported to Cuba would immediately follow.

Excerps: "To call the proposed increase in sugar tariff "Farm Relief" is a hypocritical sham. This bill should be entitled, "An Act to Discourage American Industry and to Close Foreign Markets to American Farm Products."

10. Editorial No. 9 - October 13, 1929.
Title: "A Sugar Tariff Increase will Irreparably Damage America's International Prestige."

Substance: This editorial states that the Cubans have a traditional admiration and affection for the American people, but that should the proposed increase in the sugar tariff be imposed, "severe hostility to the United States may flare up." It further states that the nations of Central and South America, bound to Cuba by the subtile ties of race and language, would view with great resentment the strangulation of Cuba. It states that reasons higher than the material ones demand the non-passage of the proposed increase in tariff.

Excerps: "Our (United States) moral influence in the Western Hemisphere is gravely threatened. What about Pan Americanism?"

11. Editorial No. 10 - October 14, 1929.
Title: "Under the Doctrine of Protection the Duty on Cuban Sugar should be Reduced, not raised."

Substance: The present duty of 1.76 cents a pound was imposed on the assumption that a pound of sugar could be produced in Cuba for 1.76 cents less than in the United States. In 1923 the Tariff Commission, with the approval of the President, made a thorough investigation of the cost of the production of sugar and found that the difference between domestic and Cuban cost of production was 1.232 cents a pound. This was the only scientific investigation ever made by any government agency. During the war the United States Food Administration, headed by Herbert Hoover, found the difference in cost of production to be 1.38 cents a pound. Cuba pays to the United States Treasury about one-fourth of the total import duties collected by the United States from the entire world.

Excerps: "Do not these eloquent facts raise a grave doubt as to whether or not we are, in the words of the Honorable Elihu Root, 'discharging our duty of the highest obligation to treat Cuba not as an enemy, not at arm's length as an aggresive commercial rival, but with a generosity which, toward her, will be but justice; to shape our laws so that they shall contribute to her welfare as well as our own.'"

12. Editorial No. 11 - October 15, 1929.
Title: "Cuba Deserves Fair Treatment because of her Unselfish Service to the United States."

From: M.A., Havana. Report No. 3134. Date: October 22, 1929.

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Substance: When the United States entered the war, our Food Administration urged Cuba to increase her production for the benefit of the Allies. By the end of the war Cuba's production had risen to almost 4,000,000 tons. After the war the Cuban Government recommended that the Sugar Equalization Board buy the entire Cuban crop of sugar at 6-1/2 cents a pound. This was not done, with the result that in 1920, due to the shortage of sugar in the market, the price increased to about 22 cents a pound. In spite of this, in May 1921, Congress increased the duty on Cuban sugar from one cent to 1.6 a pound and a year later increased this tariff to 1.76 cents a pound. Cuba supported the United States morally throughout the war and proclaimed war against the Central Powers on the same day as the United States. Cuba again showed its loyalty to the United States in the Pan American Conference held in Havana in January 1928. At this conference several Latin American Delegations were openly bitter toward the United States and it was no secret in Havana or Washington that the conference would have been broken up but for the aid rendered by Cuba's representatives.

Excerps: "Do not these many services by Cuba merit better treatment by the United States than the destruction of Cuba's basic industry?"

13. Editorial No. 12 - October 16, 1929.
Title: "The Tariff Increase on Cuban Sugar Would Nullify all that Cuba has done for Years."

Substance: President Machado is depicted as the "Theodore Roosevelt" of Cuba. The Public Works program instituted under him is reviewed in very flattering terms. A vast number of Americans visiting Cuba can testify to her maintenance of public order, her clean, healthful, and beautify cities and the industry of the people. (This particular editorial seems more of an answer to the attacks against the present Cuban Government appearing recently in the American press than an argument in favor of a reduction of the proposed sugar tariff).

Excerps: "It is inconceivable that the United States will by legislative edict destroy all that Cuba has done for years."

14. Editorial No. 13 - October 17, 1929.
Title: "The Proposed Tariff is an Unconscionable Raid upon the American Consumer."

Substance: This dealt principally on the effect the proposed increase in tariff on sugar would have on the American household and how much more the people of the United States would have to pay if the tariff were increased to 2.20 cents per pound. At present, due to the tariff on Cuban sugar, the people in the United States pay a total of $237,189,120 each year and that, should the proposed increase in tariff be passed, would bring this burden on the American public to $295,680,000. The people controlling the beet sugar industry, which industry represented but 1-1/2% of the agricultural industry of the United States, would be the only benefiters of this increased tariff.

Excerps: "Our appeal is to the American people. Keep the Faith! Cuba needs her friends now. The worst feature of the proposed tariff relief is that, while it would give the farmers only about $7,000,000; the enormous balance would be distributed among interests which do not need the money, no matter how glad they might be to get it."

15. Summary: These editorials are more or less a brief summary of Cuba's argument against the increase in duty on sugar. No new material has appeared in any of these, but the fact that the only English

From: M.A., Havana. Report No. 3134. Date: October 22, 1929.

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printed, American owned, morning paper has given so much space to this question has raised the hope of the Cuban in the failure of passage of the proposed increase in tariff rate. The influence these articles will have upon the Congress of the United States, and that after all is the only place that it really counts, is to be considered as negligible. There is no question in the minds of those who have given this matter any thought that the proposed increase in the sugar tariff will have a tremendous economic effect upon Cuba and on the present friendly relations existing between Cuba and the United States.

As reported before, the full weight of this economic blow will not be felt for some years to come and while time will probably be available for the Cubans to exert their agricultural energies in other directions, it is doubted that they will do so in time to avert a national economic calamity.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Press.

From: M.A., Havana. Report No. 3134. Date: October 22, 1929.

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G-2 Report

CUBA (Economic)

Subject: Government Interest in Agriculture.

RECEIVED G/2 W. D. NOV 27 1929

1. At a recent meeting of the stockholders of the Cuban Sugar Export Company, the following measures were adopted:

a. That, in compliance with Presidential Decree, the Company should be reorganized into the Sales Agency.
b. That in the future the Company should be known as the Sales Agency.
c. That the Board of Directors should be empowered to negotiate the successful financing of the corporation.
d. That these resolutions should be communicated to the President of the Republic.

2. The following officers for this agency were elected:

President: Dr. Viriato Gutierrez (Cuban Senator and former Secretary of the Presidency)
Technical Adviser: Colonel José Miguel Tarafa
First Vice-Pres.: Maurice J. Leonard
Second " " : Walter Armsby
Third " " : Dr. Delio Nunez Mesa
Treasurer: J. M. Steele
Secretary: Dr. Miguel Angel Aguiar

Executive Committee

President: Dr. Viriato Gutierrez
Vice-Pres. F. Gerald Smith
Secretary: Dr. Miguel Angel Aguiar

Members: José Gomez Mena
Walter Armsby
Elmo J. Miller

3. In general, there is a great feeling of confidence in the Cuban public as to the ultimate outcome of the sugar problem and it is felt that this agency will work greatly for the better sale of the coming sugar crop.

J. J. O'HARE,
Major, General Staff,
Military Attache.

From: M.A., Havana. Report No. 3164. Date: Nov. 20, 1929.

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WAR DEPARTMENT

G-2 Report

CUBA (Economic)

Subject: Government Interest in Agriculture - Sugar.

RECEIVED G/2 W. D. DEC 17 1929

1. By Presidential Decree the grinding of the cane for the next Cuban sugar crop will not begin before January 15, 1930. However, by a provision of this decree, the cutting and harvesting of the cane and such other preliminary operations as may be necessary may begin at such time prior to this date as may suit the convenience of the sugar producers.

J. J. O'HARE,
Major, General Staff,
Military Attache.

From: M.A., Havana. Report No. 3181. Date: Dec. 13, 1929.

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By AMF NARS, Date 05/04/89

CONFIDENTIAL

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CUBA (Economic)

Subject: Government Interest in Agriculture.

1. Considerable difficulty has arisen in the securing of sufficient funds to finance the 193- Cuban sugar crop. The plan which is receiving consideration at this time is the issuance by the Cuban Government of $20,000,000 in bonds for the purpose of guaranteeing lending-banks against any losses due to the operation of the Sugar Sales Agency. It is understood that this plan is favored by a Special Committee of the Sugar Export Sales Agency and will be submitted to the Government for its consideration.

2. From very reliable sources it has been learned that Senator Viriato Gutierrez, Chairman of the Export Sales Agency, is now preparing the necessary projects of law which will authorize the flotation of the $20,000,000 bond issue and give guarantee to the certificates of identity issued by the Export Sales Agency to sugar producers.

3. Agents of the Government have approached the National City Bank of New York for the purpose of obtaining this loan from them, and while some of the technical details in connection with this loan have not been agreed upon by both parties, the National City Bank has agreed in principle to the proposal made by the Government for this loan.

4. A representative of the bank recently called on the Ambassador to inform him of the progress being made between the Government and the National City Bank on this question, stating, in effect, that he desired to keep the Ambassador informed on the progress being made in order that should he, the Ambassador, be unalterably opposed to the plan, the bank would like to know about it in order that they would not go ahead with the proceedings for no purpose. The Ambassador was non-committal in his replies to the representative of the bank, but stated that it seemed to be the opinion of those whom he had consulted that the finances of Cuba were in a precarious condition and on the verge of over-extension; that there was a very decided feeling that everything should be done to encourage a retrenchment policy of the Government and discourage the contraction of further debts. The Ambassador further stated that he had no knowledge of what the United States Government's policy would be in consideration of its peculiar relation to Cuba due to the Platt Amendment.

5. While it is known that the Cuban Government is in dire need of funds for the financing of its sugar crop, it is very doubtful if the Ambassador will approve any recommendation for the financing of it by any United States bank until he has had ample opportunity to make a thorough investigation of Cuban finances.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy and Confidential.

From: M.A., Havana. Report No. 3190. Date: Dec. 20, 1929.

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By AMF NARS, Date 05/04/89

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WAR DEPARTMENT

G-2 Report

CUBA (Economic)

Subject: Government Interest in Agriculture - Sugar.

RECEIVED G/2 W. D. MAR 24 1930

1. Each year at this time the pendulum in favor of Cuba's economic life is usually on the up-swing and ordinarily continues throughout the grinding season. However, at the present time the economic situation of the country seems to have become worse rather than improved. While many factors have entered into the cause of this depression, the Cooperative Sales Agency is the one which is generally selected as the reason for the depression. During the past month the sugar mill association of the Province of Santa Clara adopted resolutions demanding the abolition of this Selling Agency. This Association claims to have the support of mills which last year produced over 55% of the crop. Several of the leading newspapers of Havana and many of the provincial papers have come out with strong articles and editorials condemning the Selling Agency and strongly urging its abolition. The principal complaint against the Cooperative Sales Agency is that it not only cased to be a useful organ of the government when it failed to provide funds for financing the sugar withheld from the market, but also became a menace.

2. Up to the present time the Directors of the Cooperative Sales Agency have shown no desire to bow before the popular clamor and state that they have the support of a majority of stockholders of the Agency. However, the feeling is going so strongly against them that it is believed they will have to dissolve the Agency.

3. Despite the many attacks against the Cooperative Sales Agency, very little has been said in its defence. However, one argument has been advanced for its continuance and that is that if the Agency were dissolved, the American market would be flooded with Cuban sugar, the price would be depressed and the Congress of the United States would thereby be induced to raise the duty on sugar. This argument would surely lose entire force if the Congress should finally decide to fix the rate of duty on Cuban sugar at or above two cents per pound, and the present indications are that it will do so.

4. As to whether or not the Cooperative Sales Agency will continue in existence is purely speculative, but several leading sugar men have stated to me personally that they expected its dissolution within the next two weeks. The one basic fault of the Agency has been its failure to provide for the financing of its operation. In the absence of this financing, it seems almost certain that a number of mills will not be able to complete their grinding of this year's crop and many of them will probably be thrown into bankruptcy. This will, of course, bring about automatically a reduction in Cuban sugar production which must occur before the industry is stabilized. The resulting loss to bankers, merchants, mill owners and colonos directly affected will undoubtedly be great and the first reaction thereto would be very serious from the political, as well as the economic point of view; from the former chiefly because the Cooperative Sales Agency, on which blame would be generally placed, was established with the approval of the government.

5. Should the agitation for the abolition of the Selling Agency continue to be wide-spread, the government will be forced to yield. In this event and should the price of sugar drop to a level below its present low level, it is probable that a number of mills will be forced out of existence, but in that event, the responsibility could not be so definitely charged against the government. With the dismissal of government and railway em-

From: M.A., Havana. Report No. 3238. Date: March 21, 1930.

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ployees, which is now occurring because of the serious competition of auto-buses, the proposed curtailment of sugar production will present a very serious unemployment problem.

6. Fortunately for Cuba, the new financing of the Chase National Bank promises employment on Public Works at a high level for at least one more year, and will be of material aid in solving the unemployment problem in the event of the failure of several mills.

7. In so far as Cuban-American relations are concerned, the eyes of the public have been somewhat diverted from the proposed increase of tariff to the action of their own government, with the result that the press has devoted very little space to attacks against our government on the proposed increase of the sugar tariff, and should the Cooperative Sales Agency be abolished and cause, as it undoubtedly will, a very severe economic depression, practically all criticism will be directed toward the Cuban Government rather than to the United States Government for its increased tariff on sugar.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy and personal contacts.

From: M.A., Havana. Report No. 3238. Date: March 21, 1930.

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By AMF NARS, Date 05/04/89

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4-1 APR 15 2655-g-81 1930

CUBA (Economic)

Subject: Government Interest in Agriculture - Sugar.

WAR DEPARTMENT
RECEIVED G/2 W. D. APR 15 1930

1. The agitation against the "Single Seller" reached a climax during the month of March and led to a call for a special meeting of that organization, which was held in Havana on April 1, 1930. The outcome of this meeting was awaited with great expectancy as it was generally felt that the final decision would dispose of the question with a certain degree of finality.

2. The meeting was attended by 126 persons representing 23,983 shares of a total of 25,000.(According to the by-laws of the organization, each sugar mill operator and his colonos together may possess a number of shares corresponding to the number of sacks of sugar produced by the sugar mill in question for the crop 1926-27).

3. The first subject discussed at this meeting was the motion presented by the Asociacion de Hacendados of Santa Clara, calling for the dissolution of the "Single Seller." The affirmative side in the discussion of this motion was led by Sr. Jose M. Lopez Ona, Secretary of the Association, and the negative side was supported by Dr. Viriato Gutierrez, President of the "Single Seller" organization. A final ballot showed 11,419 votes in favor of the dissolution of the "Single Seller" and 12,918 opposed to this motion.

4. Later on in the meeting share holders approved by a vote of 12,150 to 7,817 a motion made by Dr. Viriato Gutierrez to the effect that a committee should be appointed to interview President Machado and to request him:

a. To issue administrative regulations of an emergency character providing for the payment of the tax of 10¢ per bag of sugar at the time the sugar is sold instead of at the time it is produced, as now provided.
b. To promote or decree measures necessary to secure for the sugar producers financing to an amount equivalent to the minimum value of each bag of sugar and, in particular, to enable producers requiring financing to receive it during the "dead season."

5. The vote on the motion for the dissolution of the agency was a great deal closer than had been expected. The action of the representatives of the Cuba Cane Sugar Corporation and the Punta Alegre Sugar Company in voting against the "Single Seller" was very much of a surprise, especially in view of the fact that Mr. Leonard, of the Punta Alegre Sugar Company, is a member of the Board of Directors of the Agente Exportadora.

6. According to the best information obtainable, the votes of the American interests on the one hand and of the Cuban and other foreign interests on the other were about equally divided. The American interests voted about two-thirds of the total number of shares and there was only a very slight preponderance of these votes in favor of the "Single Seller."

7. The vote was so close and so undecisive that the fate of the "Single Seller" is still in balance. The consensus of opinion seems to be that unless the President can suggest some practical means of financing the remainder of this year's crop and the expenses for the next "dead season," the "Single Seller" must be abolished. The public is waiting

From: M.A., Havana. Report No. 3248. Date: April 9, 1930.

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with great interest the outcome of the interview which the Special Committee of the "Single Seller" will have with the President during the coming week, in accordance with the resolution adopted at the meeting on April 1st.

2655-g-81 8. It is generally felt that, due to the present demoralized condition of the sugar market, no special financing can be arranged at this time. The bankers were disinclined to provide any special financing of this year's crop prior to the start of the grinding season. (See report No. 3190 of December 20, 1929, Index No. 4200-a). It is believed that they will be even less willing to do so now. There is considerable speculation as to what will happen in the event that the "Single Seller" organization is dissolved. One opinion is that there will be a rush to sell sugar, especially on the part of persons who have been making advances against it. Unquestionably, the smaller producers will sell their sugar immediately for what price they can get and even some of the larger producers will be tempted to sell at their first opportunity. It is possible that the price of sugar may go to 10 or 15 points of its present very low price (about 1.5¢ per pound f.o.b. Cuban ports) and may possibly remain at the lower price range for a month or two, after which it should rise.

9. Although the present prices are lower than Cuba has known since 1902, the sale of the remainder of the crop at prices even lower than the present ones would greatly relieve the existing tension because it would be bound to influence the banks to extend credits which, up to now, they have been very loath to do.

10. Everyone seems to be agreed that the greatest economic strain on Cuba will be felt during the so-called "dead season." At that time, whether or not the producers have sold the greater part of their crop, they will be so heavily indebted to the banks that they will be unable to obtain any but very small advances, if any at all, for the necessary clearing of the fields, planting and cultivating the cane, etc., preparatory to the next crop. In the past years all of the larger companies kept on their pay-rolls during the "dead season" a large percentage of their employees, at greatly reduced wages, chiefly as a gesture on the part of these companies to furnish them sufficient funds for the various necessities of life. However, during this coming "dead season," it is felt that a very small force will be employed after the completion of the grinding season.

11. One interesting thing that has come to light as a result of the agitation for the abolishment of the "Single Seller" is the fact that while American producers at heart objected to the formation of the "Single Seller" organization, they failed to voice their objection because they understood that President Machado was in favor of it and they were willing to give the idea a trial because Colonel Tarafa, who was primarily responsible for the plan, had stated that the American beet sugar interests had assured him that if Cuba adopted some orderly marketing program, they would oppose any raise in the American import duty on sugar. At the time of the organization of the "Single Seller," President Machado was greatly impressed by this possibility and consented to Colonel Tarafa's proposal. The fact that the President has not indicated any change of attitude toward the "Single Seller" is believed to have been influential in causing certain American companies, the United Fruit Company in particular and probably the two important companies with which the National City Bank is connected - Cuban-Dominican Sugar Company and General Sugars - to vote in favor of the continuance of the "Single Seller."

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12. The final decision has been left, apparently, to President Machado. The Board of Directors did receive their much desired vote of confidence on April first, but this action was later qualified when the share holders asked, by a very decided majority, that the committee call upon the President to dictate measures for financing this year's sugar and the "dead season's" expenses for next crop.

13. With the economic situation at its very worst, this decision will be one of the most important ones that the President has been forced to make at any time during his incumbency.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy and Confidential.

From: M.A., Havana. Report No. 3248. Date: April 9, 1930.

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G-2 Report

CUBA (Economic)

Subject: Government Interest in Agriculture.

RECEIVED G/2 W. D. APR 19 1930

1. The meeting of the stockholders of the AGENCIA COOPERATIVA EXPORTACION AZUCAR DE CUBA, S.A., commonly known as the Single Sales Agency, held on April 14, 1930, voted unanimously by acclamation by those present to dissolve this Agency and thus relieve the sugar situation to the extent that there is no more government control of the 1930 crop. It was announced that 23,529 of the total 25,000 shares issued by the organization were represented at this meeting. The meeting was held at the suggestion of President Machado, who had previously stated that he was unable to form an opinion as to the desirability of the future existence of the Agency unless the stockholders gave a more definite expression of their views than was given in their meeting of April 1, 1930. (See report No. 3248, Index No. 4200-a, dated April 9, 1930).

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J. J. O'HARE,
Major, General Staff,
Military Attache.

From: M.A., Havana. Report No. 3254. Date: April 15, 1930.

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By AMF NARS, Date 05/04/89

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G-2 Report

CUBA (Economic)

Subject: Economic Situation - General.

RECEIVED G/2 W. D. JUN 14 1930

1. The economic situation in Cuba is steadily getting worse. While every sugar mill that started the season has been able to finish its grinding and a very excellent production is assured, the beginning of the "dead season" finds the sugar industry in an extremely weak financial condition. The price of Cuban sugar has reached the lowest level recorded in forty years and is now below the actual cost of production of any mill in the island. Most of the mill owners will be unable to repay or to curtail their borrowings from bankers and others in anything like the amount they have been able to in past years. This will result in the decreasing to a minimum the credit that must be made available for the "dead season" expenses -- cleaning the fields, sowing the cane, cultivating, etc. -- and will cause an increase in unemployment.

2. While the effects of the curtailing of activity during the "dead season" may not be clearly manifest within the next two months, the present economic depression is bound to become very serious within the next six months unless there is a sharp increase in the price of sugar in the immediate future. The general economic depression now existing in Cuba is a culmination of several years of business depression, during which many adjustments have been made, and is in no way similar to a sudden financial crisis similar to that brought about by the sudden and rapid decline of the New York Stock Market in October 1929. While the situation is extremely bad, very well informed observers believe that the worst of the crisis has passed, basing their beliefs principally on the grounds that it is impossible for sugar to go to any lower price, and that the sugar industry, having been disillusioned as to the aid it might receive from emergency methods, realizes that it must work out its own problems and is now setting to work to do so. Furthermore, there is a slight hope that the long continued depression of the sugar industry will force the country to diversify its productions, especially in the agricultural industries, which will undoubtedly be of considerable advantage to the country.

3. The buying power of the people has been greatly lowered because of the makeshift financing of the sugar industry. A good barometer of the economic situation is the money in circulation. According to official figures this figure as of May 1, 1930, was $160,049,000, as compared with $169,580,000 in 1929, $168,056,000 in 1928 and $187,004,000 in 1927. (The above figures are all as of May 1st of the years indicated, the date when the stock of currency usually reaches its peak in volume). However, considering the decline in prices in general, and sugar in particular, the decline in volume of money in circulation is not surprising. A general retrenchment policy has been instituted by all commercial firms and it is predicted that the government will follow suit by reducing its budget for the next year to a figure corresponding to its expected revenues.

F. T. O'HARE,
Major, Gen.Staff, Mil.Attache.

Sources: Embassy and
Commercial Attache.

From: M.A., Havana. Report No. 3323. Date: June 10, 1930.

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By AMF NARS, Date 05/04/89

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CUBA (Economic)

Subject: Government Interest in Agriculture.

RECEIVED G/2 W. D. JUN 24 1930

1. The Russian Government, through its New York agents, the Amtorg Trading Company, has just completed an arrangement with American bankers for the purchase of about 135,000 tons of Cuban sugar at the price of 1.35 cents per lb., F.O.B. Cuban ports. Under the terms of the agreement, 25 per cent of the amount is to be paid in cash, the balance to be covered by notes of the Amtorg Trading Company and some other agents of the Russian Government. The sugar will be refined in England and it is understood that the British Government will guarantee the notes in an amount equivalent to 50 per cent of the total value of the transaction. American bankers will effect a release of such liens as are now held by American banks against the sugar that will be sold.

2. Another offer for the purchase of an additional 150,000 tons of Cuban sugar has been made by the Russian Government. The quotation for this proposed sale has not been made, but it is believed it will be slightly above the present market price. In this instance, however, there will be no British Government guarantee, 25 per cent of the amount being paid in cash, the remaining 75 per cent to be covered by notes. Should this second transaction be effected, it is not unlikely that further sales amounting to several hundred thousand tons will be made on the same terms. The American banks are now attempting to get the Cuban Government to issue short-term certificates in order to add to the security of these sugar sales, but as the Cuban Government is now definitely out of the sugar business and intends to remain out of it, there is very little likelihood that they will take any official action in this matter. However, President Machado is very much interested in this transaction and will undoubtedly encourage the participation of the Cuban sugar producers in them.

3. Sales of this type to a country which in the past has purchased practically no Cuban sugar will greatly reduce the pressure on the markets of the United States and western Europe and thereby enhance the price of the balance of this year's crop.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy.

From: M.A., Havana. Report No. 3332. Date: June 16, 1930.

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G-2 Report

CUBA (Economic)

Subject: Current Economic Situation - General.

RECEIVED G/2 W. D. JUL 23 1930

1. There are no signs of any immediate improvement in the economic situation in Cuba. There are, however, two bright spots on the horizon which seem to justify the belief that the present depression has at least aroused in those in authority a determination to face the problem squarely and courageously. I refer to the government's action in reducing expenditures, as reported in my report No. 4 of July 11, 1930 under the subject: "Current and Proposed Budget", Index No. 5020-b, and to the efforts of the leading sugar producers to combine their interests.

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2. Several of the principal American sugar companies have been discussing for some weeks ways and means of forming a merger. These discussions have not yet reached a stage where definite results can be predicted, but the sympathetic interests that they have inspired in sugar circles here leads one to believe that they may reach a successful conclusion to the benefit of both the American and Cuban interests concerned. Such a merger, with strong financial backing, would undoubtedly render Cuba a great benefit, for by such a merger the market could be controlled in such a way that the price would advance to a point where a fair profit could be made on the commodity, over-production would cease to exist, and competition would be much healthier than in the present market. To be sure, such a merger would elicit a great deal of criticism by the Cuban press because it would tend to eliminate the small, independent, planters and grinders, most of whom are Cubans. However, should the government give its stamp of approval on such a merger, the criticism would be of very short duration. It is believed, also, that if the benefits to be derived by such a merger were advertised by a good publicity service prior to its actual occurence, the criticism would have little or no effect on the people's feeling.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy and Personal Contacts.

From: M.A., Havana. Report No. ~~9.~~ Date: July 17, 1930.

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By AMF NARS, Date 05/04/89

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CUBA (Economic)

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Subject: Current Economic Situation - General.

RECEIVED G/2 W. D. SEP 29 1930

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1. Considerable concern is being felt over the acute economic condition in Cuba. This condition, instead of improving, is gradually and continually getting worse. It was hoped at the time of the fixing of the budget for the fiscal year 1930-1931 that the Government would be able to live within the limit set by this budget. However, it now appears that the figures quoted as expected revenues for this fiscal year were much too optimistic. While official figures are lacking, it is known that during the first two months of the new fiscal year the receipts from the various sources of revenue for the Government have fallen greatly below expectations.

2. In view of the pending elections no changes will be made until after they are completed to cope with the situation. Many suggestions for the balancing of the present budget have been made, the most popular ones being the reduction of all governmental salaries or a drastic reduction in the Government personnel. Some thought has been given to the possibility of either increasing the present taxes or creating new ones, but the Government well knows the futility of such a move, and the opposition with which it would be met.

3. The President has recently constituted a financial commission to make a complete study of the economic situation in Cuba. He has asked Mr. Grosvenor M. Jones, an expert from the Department of Commerce of the United States, and who for the past year has acted as financial adviser to Ambassador Guggenheim, to head this committee. The Ambassador has consented to his release from his employ, but as yet no definite word has been received of Mr. Jones' acceptance of this position. The other members of the commission are

Dr. Viriato Gutierrez, a prominent senator and former president of the Cuban Sugar Sales Committee

Senor Oscar Garcia Montes, a member of the Finance Committee of the House of Representatives

Senor Alberto Barreras, a member of the Finance Committee of the Senate

Senor J. M. Lopez Ona, a prominent business man, and

Jose Gomez Mena, another prominent business man and sugar magnate

While it would appear from the very fact that such a committee is being constituted that the Government is about to make an honest effort to solve its economic problems, the men chosen for this committee are not especially fitted for the important task that will confront them. Furthermore, all the Cuban members of the Committee are close political and personal friends of the President and I doubt very much if they will allow themselves to make an impartial study of the situation. While it is not intended in any way to reflect upon Mr. Jones' ability, I don't believe that he personally possesses sufficient force of character to completely dominate this Committee. What, in my opinion, Cuba needs more than anything else, is a Kemmerer Commission similar to the ones which have helped solve the economic evils of so many of the Latin Republics.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy and official documents

From: M.A., Havana No. 3377 Date: September 20, 1930.

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CUBA (Economic) 4-1 2655-g-81 1930

Subject: Government Interest in Agriculture (Sugar)

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1. The Cuban National Planters Association, at a general meeting held recently, approved the plan recently presented to the so-called Chadbourne Committee in New York by Senator Viriato Gutierrez for the improvement of the sugar industry through co-operation between Cuban producers on the one hand and American and Insular producers on the other.

2. The Association voted in favor of the continuance of efforts on the part of the Cuban industry to reach a satisfactory arrangement with American beet sugar producers to put into effect a national limitation or curtailment of the future sugar output of the United States or Cuba for several years to come. The hope was expressed that if such an agreement is accepted by the United States producers the way will be paved for an international conference on sugar problems with representatives of other sugar-producing countries participating.

3. It was also voted to recommend for consideration by the Cuban Government a comprehensive program of economic and financial reforms involving the complete reconstruction of the country's economic structure based on scientific re-organization of the taxation and banking systems: the establishment of a sugar cane experimental station and utilization of the by-products of sugar cane. The recommendations also included the appointment of a commission of experts headed by a distinguished foreign economist, to advise the Government regarding needed reform. A report of the establishment of this commission was made in my report No. 3377, dated September 20, 1930, index No. 4000-e.

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4. At the close of the meeting the members of the Association went to the Palace and were received by the President, who promised complete co-operation on the part of the Government in carrying out all measures which might benefit the sugar industry in Cuba and the present economic condition.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy

From: M.A., Havana No. 3381 Date: September 24, 1930.

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By AMF NARS, Date 05/04/89

G-2 Report

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Subject: Government Interest in Agriculture (Sugar) 17

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WAR DEPARTMENT
RECEIVED G/2 W.D. OCT 28 1930

1. The sugar stabilization plan to which reference was made in paragraph 7 (a) of my report No. 3390 of October 14, reference No. 3600-a, is the main subject of discussion among those interested in Cuba's economic situation. The primary purpose of the plan is to relieve the stagnation of the Cuban sugar industry resulting from the excessive production of the last two crops. It is estimated that at present there are about 2,200,000 tons of Cuban sugar unsold. This amount is almost one half of last year's crop. Because of this large carry-over and due to the fact that that portion of last year's crop which was sold was sold at extremely low prices, a great proportion of the advances made against sugar have not been liquidated and the banks are very loath to make any new advances.

2. It can be readily understood that, since the sugar industry accounts for approximately 80% of the national income of Cuba, the adverse effects of stagnation in this industry upon business generally will, unless measures of relief are applied, continue to prolong the economic distress of the island. In trying to find a solution for the problem a committee was established under the auspices of the leading sugar producers and interested banks under the chairmanship of Mr. Thomas L. Chadbourne, a prominent attorney of New York City, for the purpose of finding remedies for this situation. This committee met almost daily during the months of August and September, and as a result of their deliberations a plan was evolved which has received the approval of practically all branches of the Cuban sugar industry and of the Cuban Government.

3. The principal features of this plan are as follows:

(a) Segregation and removal from the market of 1,500,000 tons of Cuban sugar, and the restriction of future crops to amounts that can readily be disposed of.

(b) This surplus sugar to be acquired by a stabilization corporation created solely for this purpose.

(c) The corporation to be administered by a board of nine members, of which five are Americans (Mr. Thomas L. Chadbourne as chairman) and four, Cubans.

(d) Producers and all others holding sugar to be asked to deliver their pro rata shares of the total amount of the carry-over, receiving in payment ten year 5½% notes or bonds of the Cuban Government at the rate of $4 per bag of three hundred twenty-five pounds, and a Certificate of Interest entitling the holder to receive a proportionate share of the proceeds from the sale of sugar in excess of this amount. It is expected that the major portion of the 1,500,000 tons will be readily available.

(e) $42,000,000 of Cuban Government bonds to be issued, of which all but $1,000,000 will be exchanged for sugar, the proceeds from the $1,000,000 to be used as working capital by the Association.

(f) These bonds to be taken over by the banks in payment of advances previously made by them against the sugar acquired under this plan.

(g) Bonds to be deposited with the Chase National Bank as trustee for at least one year, the owners of the bonds to be given deposit receipts for them. The object of this arrangement is to avoid a public offering of the bonds until conditions in the bond market warrant their issue.

From: M.A., Havana No. 3393 Date: October 21, 1930.

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(h) The bonds to be secured:

(1) By the sugar carry-over.

(2) By a tax on the entire production for the term of the bonds.

(3) By the credit of the Cuban Government.

(i) The sugar carry-over to be sold at the rate of at least 20% per annum, a larger amount to be sold in any given year if prices improve materially.

(j) The interest on the bonds and the operating and administration of the Association to be met from proceeds of a special new tax on the entire sugar crop during the life of the loan. For the first five years this tax will be levied at the rate of eleven cents per bag. After this time, with the commencement of amortization, this rate will be increased if necessary to cover amortization over a period of five years in addition to the current interest.

(k) The future crops to be restricted until excess production is reduced, should agreement for reasonable limitation of production in other important areas, especially in the Dutch East Indies, be negociated in Europe within the next few weeks.

4. As is well known, the price of Cuban sugar has reached the lowest point in history and it is now at such a low level as to be below the cost of production of even the most efficient producer in Cuba and, while it is hoped that the segregation of the 1,500,000 tons, together with the proposed restriction in the production of sugar over the next five years, will result in an improvement in prices, nevertheless there is no real assurance that the sugar pledged as security for the bonds will yield an amount sufficient to amortize this indebtedness. In order to take care of this possibility the plan provides for the imposition of an additional tax on the entire production of sugar during the life of the bonds, at an estimated rate of eleven cents per bag during the first five years plus necessary expenses of operation of the Association, which will be charged with the disposal of the carry-over, and at a rate during the remaining period sufficient to cover amortization as well as interest. If the entire carry-over is sold at an average price of four dollars per bag the initial rate of taxation (eleven cents per bag of three hundred twenty-five pounds) need not be increased to provide for amortization; in fact, the special tax could be abolished in the sixth year.

5. The yield of the proposed special production tax could be raised if necessary to meet the interest on the bonds and to provide for their amortization should the net proceeds of the surplus carry-over not average four dollars per bag. In other words, recourse to the ordinary revenues of the Cuban Government would not become necessary unless the Cuban sugar industry were seriously impaired by some unforeseen disaster. In this case there would be a shortage of sugar production in Cuba and there would probably be an increase in the value of this carry-over. The one objection that some of those interested are making to the proposed tax is that it would encroach upon a source of revenue usually available for the purposes of the regular budget of the Government. The answers to such objections are:

(a) Until the situation in the sugar industry is improved the Government cannot safely increase its present tax on the production of sugar (ten cents per bag).

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By AMF NARS, Date 05/04/89

(b) The plan, of which the financing is a vital part, will help to improve the sugar industry and thus enhance the collection of fiscal revenues from numerous other sources.

6. Unquestionably, some measure of relief is required to avoid economic disaster in Cuba. The present depression is by far the lowest that the Republic has experienced since its birth. With a new crop coming on the market within the next few months almost one half of the last crop remains unsold, despite the fact that sugar is selling at an unprecedentedly low level. The failure to market this large volume of sugar, together with the low prices obtained for that part of the last crop that was sold, have made it absolutely impossible for sugar producers to liquidate more than a very small part of the advances made to them by the bankers. Naturally, credit has become very frozen and all branches of industry have been very seriously affected. This economic depression has caused a very marked decline in Government revenues, and the distress of such a large portion of the population is so great as to threaten the stability of the Government.

7. The history of stabilization plans does not inspire confidence. An attempt is being made in the proposed measure to avoid some of the difficulties that have been encountered in the past. Whether or not all of the dangers have been eliminated cannot be foreseen.

8. The question of the invocation of Article II of the Platt Amendment has come up, and in this connection the American Ambassador has recommended that he does not feel that there is any justification for its invocation. If this plan is finally adopted and put into effect the Cuban sugar industry will at least have something tangible to which it can cling and, while it may not work out perfectly in its operations, I believe that it will work for a great benefit for the industry, which in reality is Cuba itself.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy

From: M.A., Havana No. 3393 Date: October 21, 1930.

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By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
NOV 11 1930
WAR DEPARTMENT

2-2 2655-Q-81/18

November 7, 1930.

No. 3406

Subject: Evaluation of Report No. 3390.

To: Assistant Chief of Staff, G-2.

2657-Q-330/6

1. With reference to evaluation of Report No.3390, Index No.3600-a, the press report as given in the chronology to the effect that Mr. Jones had recommended five important changes to the Cuban Government to cure Cuba's economic ills, is in error. At no time has Mr. Jones recommended anything to the Cuban Government.

2657-Q-81/15

2. With reference to my report No.3377, Index No. 4000-e, in which it was stated that a financial commission had been named by the President to complete the study of the economic condition in Cuba, this commission has never actually been created nor has Mr. Grosvenor Jones assumed the Chairmanship of it. The report was given to the press of the formation of this commission without the knowledge or consent of Mr.Jones. Upon his arrival here he assumed his duties as financial adviser to the Ambassador, and has had no official connection with the Cuban Government at any time. He felt, and wisely so, that he could not accept such a commission, and while he issued no public statement to that effect, he allowed this report to die a natural death.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Original filed as 2657-Q-330/11 (CMD)

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NND 740058
By AMF NARS, Date 05/04/89

G-2 Report

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
NOV 19 1930
WAR DEPARTMENT

4200-a

4-1 2655-g-81

CUBA (Economic)

Subject: Government Interest in Agriculture (Sugar).

RECEIVED G/2 W. D. NOV 11 1930

2655-g-81/17

1. With reference to my report No. 3393 - Index No.4200-a, the President called a special session of Congress to meet on October 23, 1930, and addressed to it a message urging the enactment of a legislation which would enable the Government to put the so called Chadbourne Plan into execution. No action was taken, however, due to lack of a quorum in the House of Representatives. The President thereupon decided not to press the matter for the time being because of the fact that the Members of Congress would be absorbed until after the elections.

2. With the expectation that Congress will enact the proposed legislation after the elections, and in order that in the meantime further steps might be taken toward the execution of this Plan, the President issued a Decree which was published in the Official Gazette of October 25, 1930, and which is to put this Plan into execution until the time that Congress can convene and enact it.

3. The salient points of this Decree are:

(a) A commission of six persons, four Cubans and two Americans, are named for the purpose of supervising the exportation of sugar and of receiving voluntary offers of sugar for segregation under the Chadbourne Plan.

(b) The exportation of sugar now on hand in Cuba is prohibited after October 30, 1930, except where a bona-fide contract of sale for export was entered into prior to the date of publication of the Decree.

(c) The commission is given authority to determine the ownership of sugar on hand and to decide whether or not the contracts for exportation of sugar are bona-fide. It is also authorized to issue regulations and to propose to the Executive any measures that it might consider necessary for the proper execution of the decree.

(d) The time fixed for contributions to the commission is extended to November 10, 1930.

4. Considerable disappointment has been expressed on account of the comparatively small contributions of sugar to the commission. Up until October 29, 1930, the total amount subscribed was only 5,623,718 bags, which is only slightly more than one-half of the required 10,335,000 bags, (1,500,000 long tons). However, since the exportation of sugar is now prohibited, and since under the Chadbourne Plan the Executive is authorized to compel contributions, there is little doubt that the required amount will be ultimately segregated.

5. While objections have been raised as to certain features of the Plan, it is the general belief that Congress will enact the proposed measure in the immediate future, with only minor amendments, if any.

From M.A., Havana No. 3404 Date:November 6,1930.

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By AMF NARS, Date 05/04/89

6. As the Decree referred to is effective only until November 15, 1930, it is expected that the necessary legislation will pass before that date.

J. V. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy

From M.A., Havana No. 3404 Date: November 6, 1930.

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By AMF NARS, Date 05/04/89

G-2 Report

4000-e

OFFICE OF THE CHIEF OF STAFF
MIL. INTEL. DIV.
DEC 23 1930
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WAR DEPARTMENT

CUBA (Economic)

Subject: Current Economic Situation - General.

RECEIVED G/2 W. D. DEC 23 1930

1. The economic situation in Cuba has steadily become worse and there is no prospect of any improvement in the immediate future.

2. Due to the steady decline in the price of sugar for several years and the recent disturbances and unrest throughout the Island, the industrial and trading activities have touched the lowest level in many years. This decline in industry and trade has naturally affected the collection of revenues, which have fallen off at a very alarming rate during recent months and show no signs of improvement.

3. Due partially to the continued business depression in the United States, but, more largely, to the deterring effect upon prospective tourists of the news despatches regarding disturbances in Cuba, it is now generally believed that the returns from the winter tourist traffic will be meager.

4. Another cause of apprehension is that the Central Highway is expected to be completed within a couple of months and the several thousand men who have been engaged in that work for the past four years will be out of employment. This will greatly increase the large numbers of workmen who were laid off by the Government when it was forced to suspend all public works, excepting the Central Highway and the Santiago de Cuba Water Works.

5. Since the exhaustion in August of the credit of $20,000,000 extended in March, 1930 by the Chase National Bank for financing the Special Public Works Program, the inflow of foreign capital has been very small. This has of necessity deprived general business activity of their most important stimulus.

6. With the price of sugar at an extremely low level and with a large portion of the last crop still unsold, the banks have curtailed, as much as possible, their loans and advances to practically all classes of clients. Credit conditions are now very stringent and will be relaxed only as the price of sugar improves.

7. The only important developments which give hope for any improvement in the economic conditions are (a) the recent adoption of the Chadbourne Plan for segregating 1,500,000 tons of sugar carried over from the last crop, and for restricting sugar production during the next five years, and, (b) the fact that during the last week the producers of sugar in the Dutch East Indies have agreed to limit their production for a similar period. However, according to press despatches of this date, the Germans have failed to give their assent to a curtailment in the exportation of sugar although the other nations represented at the conference consented to it. Without the unanimous support of all the sugar producing countries in the world, it is known that the Chadbourne Plan will not greatly affect the economic situation in Cuba.

8. The budgetary situation has not improved despite the sharp cut in expenditures which were made effective November 1, 1930, due to the fact that this decrease has been more than offset by the decline in revenues. A statement from the Treasury shows that the recent reduction in expenditures should result in a total savings of about $6,500,000 for the remaining eight months of the fiscal year. This is at the rate of $9,750,000 per annum. With this reduction, authorized expenditures have been brought down to the level of

From M. A., Havana No.3429 Date: December 17,1930

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By AMF NARS, Date 05/04/89

$67,000,000 per annum from that of $76,750,000 originally fixed for the present fiscal year. In this connection, it is interesting to note that the amount originally authorized for the budget of last year was $85,450,000. Thus, since January 1, 1930, authorized expenditures have been reduced at the rate of $18,400,000 per annum.

9. Notwithstanding these reductions, budgetary balance has not yet been attained. In its present form the budget provides for expenditures of approximately $5,600,000 a month during the remainder of the year. Revenues reported for November amounted to only $4,048,192.77, while payments actually made totalled $5,117,426.47. November is normally a poor month for revenues, but expenditures are also, as a rule, lower during this month. November, 1929 revenues amounted to $5,550,127.27, or $1,501,934.50 more than in November, 1930.

10. The following table gives a comparative statement of revenues for the first five months of the present fiscal year and for the corresponding months of the preceding fiscal year. The revenues for the present year are shown in two forms, namely, (a) as reported to the Central Accounting Office by the collectors of revenues, and, (b) as recorded by the Treasurer:

		REVENUES FOR — 1930-31.	
Month	1929-30	As Reported to Central Accounting Office.	Paid into the Treasury.
July	$ 8,008,259.50	$ 6,743,705.06	$ 4,954,189.08
August	5,031,933.23	4,221,765.69	4,909,628.62
September	5,084,248.03	4,493,437.47	4,239,200.33
October	8,090,166.71	6,338,686.56	5,864,837.98
November	5,550,127.27	4,048,192.77	4,519,699.49
TOTAL	$31,764,734.74	$25,845,787.55	$24,487,555.50

11. The differences between the figures shown in the second and third columns of the above table are unusually large. It can be seen from this table that at the end of the first five months of the current fiscal year the Treasury had failed to receive $1,358,232.05 of the revenues collected or due. A certain lag in the receipt of cash in Havana from the outlying customs houses and tax offices is to be expected, but the lag this year appears to be much greater than usual. From an unimpeachable source it has been learned that the National Lottery Administration has remitted only a small part of the amount due the Government as its share in the proceeds of the Lottery for the five-months period. This is mentioned merely because it is feared that the revenues not paid into the Treasury may have been used for extra-budgetary expenditures. Should this surmise actually be so, the actual deficit is really greater than that indicated by using reported revenues as a basis of calculation.

From M. A., Havana No.3429 Date: December 17, 1930

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12. Expenditures during the first five months of the current fiscal year are shown in the following table:

Month	Amount
July	$ 5,311,979.09
August	7,235,045.45
September	5,667,246.56
October	7,141,164.88
November	4,724,416.48
TOTAL	$ 30,079,852.46

While the orders upon the Treasury approved during the five months of the present fiscal year aggregated $30,079,852.46, the total amount actually paid out under such orders was $29,706,214.31. This difference is small and represents a normal lag.

13. The deficit for the first five months of the current fiscal year may be shown in several ways; however, for all practical purposes it should be taken as the difference between actual cash receipts ($24,487,555.50) and actual cash disbursements ($29,706,214.31), which is $5,218,658.81. Despite the reduction in authorized expenditures as of November 1, 1930, at the rate of $813,000 per month, the deficit computed on a cash basis was increased $597,726.98.

14. This increase in the current deficit was due to the drastic decline in revenue collections in November. Orders for payment issued during that month totalled only $4,724,416.48, or about $900,000 less than the one-twelfth part of the authorized expenditures as recently revised. The actual disbursements amounted to $5,117,426.47, because of payments under orders previously issued, but even this sum is about $500,000 less than the monthly quota under the revised budget.

15. It is not known whether expenditures were actually reduced or the Treasury deliberately delayed the issuance of orders for payment. The latter is believed to be the case, as it is known that expenditures incurred in November were paid out of December revenues. It is, therefore, probable that, if account were taken of the expenditures incurred but not paid, the deficit for the first five months exceeded the figure of $5,218,658.81 cited above.

16. In order to cover the payments made to November 30, 1930, the Government transferred to the Regular Budget from balances in nineteen Special Funds, a total of $5,340,000, distributed as follows:

Havana University Construction Fund	$1,300,000
Havana Aqueduct	600,000
Quedans, Havana Customhouse,1929	500,000
Quedans, Havana Customhouse, prior to 1925	215,000

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Aduana, Account Subject to Liquidation	$ 85,000
Port Works Fund	470,000
Public Works Fund (Account Subject to Liquidation)	450,000
Obligations, Temporary Bank Liquidation Commission	350,000
Fondos Provenientes del Banco Nacional	100,000
Gratifications Fund (Salary Bonuses)	300,000
Balances from Previous Budgets:	
1922-23	85,000
1923-24	15,000
1924-25	90,000
1925-26	170,000
1926-27	260,000
1927-28	130,000
1928-29	150,000
Loan of $50,000,000, Law of October 9, 1922	40,000
Law of February 18, 1925	30,000

The total amount transferred from the Special Funds is only slightly in excess of the deficit for the five months, computed on the basis of cash receipts and cash disbursements.

17. The Special Funds, with the exception of the retirement funds, have become practically exhausted. An analysis of the cash position of the Treasury, as shown by the Daily Statement of December 8, 1930, shows a total of only $3,828,662.13 to the credit of the Special Funds, as a whole, of which $2,123,048.36 represented balances in the retirement and pension funds. Of the remaining cash in the Treasury, namely, $7,571,430.81, the amount of $1,412,332.91 represented undisbursed revenues of the fiscal year 1929-30 which are being held, pending liquidation of that budget, in order to meet expenditures incurred but not paid amounting to about $2,550,000, and $106,796.64, undisbursed revenues of the fiscal years 1922-23 to 1928-29 to cover expenditures in those years. The remaining cash consisted of $5,876,574.40 at the disposition of disbursing agents, $173,115.30 unassigned revenues of the current fiscal year, and $2,611.56 to meet certain checks. Of the first of the above referred to figures, $1,650,000 has since been paid to the Chase National Bank to cover the major portion of the semi-annual interest due at the end of December on the Special Public Works obligations.

18. In other words, as of December 8, 1930, the free cash in the Treasury amounted to only $4,399,689.70, or about $1,200,000 less than one

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month's expenditures under the revised budget. Unless there should be a spurt in revenue collections during the remainder of December, and this appears unlikely, the cash position of the Treasury will become very difficult. In desperation the Government might draw on the undisbursed revenues of the last fiscal year, namely, $1,412,332.91, or on the retirement funds, which have $2,123,048.36 to their credit, or still further on some of the untouched Special Funds, but to do so would be merely to hide for a few weeks the prostrate condition of the Government's finances.

19. Apparently there is no question as to the Government's ability to meet interest and amortization payments on the foreign debt.Great care has been made to provide for the heavy payment that must be made this month on the Public Works Debt. The service of the remainder of the debt is so distributed throughout the year that it can readily be met. After providing for the interest on the foreign loans, the Treasury may find it difficult to raise sufficient cash to cover salaries for this month. The fact that bills for supplies, etc. furnished in November are being paid out of December revenues is very significant. It is believed, however, that every effort will be made to meet payroll payments promptly, even if payments for supplies have to be deferred. The Government hopes that revenues in January will be much larger than in November and December, since a quarterly installment of the sales tax is payable in January and also because the grinding of the sugar crop will commence during that month. If this proves to be the case, the pressure on the Treasury will be somewhat relieved. It is believed, however, that the returns from the sales tax and other sources of revenue will be abnormally low in January, due to a virtual stagnation of business activity during the present quarter.

20. The revenues of the Special Public Works Fund have also declined--to such an extent, in fact, that the Treasury has found it difficult to set aside sufficient funds to cover semi-annual interest payments due at the end of December, which amount to approximately $2,200,000, in addition to the amortization reserve of $1,000,000 in anticipation of the first payment of $6,250,000 due in December, 1931 on the Serial Public Works Certificates. A sharp reduction was made as of December 1, 1930 in the amount of the Public Works revenues which may be devoted to personnel employed in the collection of these revenues and in administrative capacities.. As previously stated, the Government ordered the suspension of practically all, except necessary, public work. How much may be due contractors for work done to the date of suspension is not known. If payment for such work is deferred for a number of months and if the Special Public Works revenues do not decline further, several millions of such revenues may be available for the relief of the Regular Budget during the second half of the fiscal year, after setting aside $2,000,000 for amortization of the Serial Public Works Certificates and $2,200,000 for interest payments for the next six months.

21. According to Press despatch, the Economic Commission appointed during November (see my report No.3415, Index No.4000-e; dated November 21, 1930.) has been considering ways and means of effecting another reduction in expenditures beginning January 1, 1931. Whether the Government will take such a step in view of its present unpopularity is problematical. Several schemes have been advanced for the balancing of the Budget -- the one that seems to be occupying the most serious thought at this time is that of alloting directly to each department the amount due it for the remaining six months of the fiscal year and allowing the department head to carry on his work in the best manner possible with the funds available. In this way the President might escape the additional wrath of the people that would be thrust upon him should he, himself, make any further re-

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duction in salaries or cause the dismissal of Government employees.

22. However, it is not known exactly what the Government will do or what will be the result of such action as it may take. Enough has been given in this report, however, to show the seriousness of the budgetary problems that are now confronting the Cuban Treasury.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy.

From M. A., Havana No. 3429 Date: December 17,1930

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G-2 Report

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FEB 16 1931
WAR DEPARTMENT

4-1 2655-J-81

CUBA (Economic)

Subject: Government's Interest in Agriculture
(Sugar)

RECEIVED G/2 W. D. FEB 16 1931

1. Enclosed herewith is a translation of Presidential Decree No.166, dated January 31, 1931, which makes provision for the limitation of the Cuban sugar crop and exports during the calendar year 1931.

2. This Decree provides that Cuba's sugar crop shall be limited to 3,122,000 tons of 2,240 net Spanish pounds each; that of Cuba's authorized sugar crop for 1931 there shall not be exported to the United States during the calendar year more than 2,577,000 tons of raw sugar, or its equivalent in any form with the exception of final molasses; and that of Cuba's authorized crop for 1931 there shall not be exported to countries other than the United States during the calendar year more than 395,000 tons of raw sugar, or its equivalent in any form with the exception of final molasses.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy and
Official Documents.

From M. A., Havana No.3464 Date: February 10, 1931 .

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By AMF NARS, Date 05/04/89

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4-1 19 2655-g-81
WAR DEPARTMENT

TRANSLATION

DEPARTMENT OF AGRICULTURE, COMMERCE AND LABOR.

Decree No. 166.

WHEREAS: During the month of August, 1930, offers were made in the name of Cuba to the producers of the United States and its insular possessions of not exporting to that nation during the calendar year 1931 more than 2,800,000 long tons of 2,240 Spanish pounds net.

WHEREAS: The offer made by Cuba should be fulfilled in good faith in accordance with the spirit which inspired it, which, although no express statement to that effect was made, was that said 2,800,000 tons were calculated on the basis of normal stocks of the beginning of the calendar year on January 1, 1931, of 300,000 tons in the hands of importers and refiners in ports of the Atlantic seaboard and the Gulf of Mexico in the United States of America, wherefor any excess over said normal stocks, calculated at 300,000 tons, should be understood to be included in the total of 2,800,000 tons, which, as the maximum amount for exportation to the United States was offered in the name of Cuba to the producers of that nation and its insular possessions.

WHEREAS: During the transitory period pending the establishment of the Plan for the Stabilization of Sugar to which the Law of November 15, 1930, refers and which was instituted by the establishment of the Provisional Committee on Exportations created by the Executive's Decree No.1414 of October 24, 1930, it was necessary to respect private property and the rights acquired for the free exportation of sugar sold under contracts in good faith prior to the establishment of said legislative measures, there being granted to that effect export permits in accordance with the legal provisions above cited.

WHEREAS: By reason of the permits for free exportation granted, the aforementioned normal stocks in the United States of America seem to have increased to a total of 410,000 tons, that is, 110,000 tons more than the 300,000 tons of stocks which were normally calculated in the United States at the beginning of the calendar year, which stocks were increased by the arrival of Cuban sugar up to January 9, 1931, by an amount which can be estimated approximately at 60,000 tons and furthermore as a consequence of the export permits already granted although pending fulfilment, which have been recognized in Presidential Decree No. 111 of January 20, 1931, some 53,000 additional tons will be exported, whereby the said addition of 60,000 tons mentioned bring said total to 113,000 tons which together with the 110,000 tons in excess on hand on January 1, 1931, make a grand total of 223,000 tons, which should be subtracted from the 2,800,000 tons, to which Cuba offered to limit its exports to the United States of America, in accordance with the spirit of that offer, thus reducing those exports for the calendar year which commenced on January 1, and will end on December 31,1931, to 2,577,000 tons, Cuba thus performing her part of the offer in the strictest good faith.

WHEREAS: The international conferences of sugar producers which were held in Europe and at which were represented the sugar producers of our republic through the delegation which they duly appointed with the approval of the Executive, have resulted in the conclusion of international conventions of producers of different sugar producing countries, among which the United States was not included, and in said conventions there has been fixed for Cuba as a quota of exportation to countries other than the United States the amount of 655,000 tons, including in this total of exports to countries other than the United States one fifth part of the sugar to be acquired by the National Sugar Export Corporation in accordance with the provisions of the Law of November 15, 1930, which, when said conventions were signed, was

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estimated at 300,000 tons inasmuch as said Corporation was authorized to acquire up to 1,500,000 tons of the sugar produced in Cuba during the 1929-1930 and/or 1930-1931 sugar-grinding seasons.

WHEREAS: In view of the foregoing the result would be that the crop necessary for Cuba to produce in order to conform to the offers made by our republic to the producers of the United States of America and the pacts or conventions entered into with producers of other countries would have to be limited to an amount not to exceed the exports offered by Cuba or permitted by the international conventions, plus the local consumption which is estimated as some 150,000 tons, that is, the 655,000 tons authorized by the international conventions for exportation to other countries and the 2,800,000 tons to which Cuba has offered in good faith to limit its exports to the United States of America, which makes altogether a total of 3,605,000 tons less the amount that is annually exported by the National Sugar Export Corporation out of the excess to be segregated by it.

WHEREAS: According to what has been heretofore stated in this Decree, 223,000 tons have already been exported to the United States of America which should be subtracted from the 2,800,000 tons and whereas the National Sugar Export Corporation will not have to acquire an amount greater than 1,300,000 tons, since there is not on hand in Cuba sugar of the past crop in excess of that amount, the fifth part of which to be sold each year would be 260,000 tons, since it would be anti-economical to attempt to produce a larger quantity of sugar in Cuba uselessly to increase the total sugar to be segregated by the Corporation from the 1,300,000 to 1,500,000 tons authorized by the Law, thus overloading the stocks which are a burden on the world market, leaving the same in the hands of the corporation to be sold in five years.

WHEREAS: For the reasons stated, the excess of 223,000 tons exported to the United States of America and the fifth part of the sugar which in the end may be segregated by the Corporation, which fifth part shall not exceed 260,000 tons, make a total of 483,000 tons, which should be subtracted from the 3,605,000 tons which have previously been referred to in this Decree, thus reducing the total crop that Cuba is to produce in 1931 to the sum of 3,122,000 tons.

WHEREAS: The Sugar Stabilization Law authorizes the Executive to fix the total of each crop of Cuba for one or several seasons, during a period of five years beginning with the 1930-1931 crop, when such amount is determined as a consequence of international agreements or conventions or producers or of States and the offers of exports made by Cuba to the United States of America and the limitation of exports to other countries which have been agreed upon in international conventions of sugar producers recently entered into in Europe, and the needs of the local consumption of the republic, as has been analyzed above, determine that the authorized crop of Cuba should be limited to the said amount of 3,122,000 tons.

THEREFORE: In the use of the powers granted me by the Constitution and the Laws, especially in that of November 15, 1930, and on the proposal of the Secretary of Agriculture, Commerce and Labor,

I RESOLVE:

First: That the total amount of the crop of Cuba to be produced in the present year of 1931 be limited to 3,122,000 tons of 2,240 net Spanish pounds each.

Second: That of this authorized crop of Cuba for 1931, there shall not be exported to the United States of America more than 2,577,000 tons of 2,240 net Spanish pounds each of raw sugar, or its equivalent in any

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form, with the exception of molasses called "final" or sold as such, and that the exports of sugar from Cuba to the United States shall be limited to the aforesaid amount of 2,577,000 tons plus the 223,000 tons mentioned in the preamble of this Decree, that is, 2,800,000 tons, during the calendar year January 1 to December 31, 1931.

Third: That of the authorized crop of Cuba for 1931, there shall not be exported to countries other than the United States of America more than 395,000 tons of 2,240 net Spanish pounds each of raw sugar, or its equivalent in any form, with the exception of molasses called "final" or sold as such, and limiting to that amount of 395,000 tons the total exports of sugar from Cuba to countries other than the United States of America during the calendar year from January 1 to December 31, 1931, plus the fifth part of the quantity of sugar segregated in the hands of the National Sugar Export Corporation, or what the latter may export in accordance with international conventions or agreements.

Fourth: For the purposes of regulating the exports established in this Decree in so far as regards the exportation of individual sugar from each mill, the National Sugar Export Corporation may issue provisionally in the proper proportion in accordance with Article XXII, subdivision C of the Law of November 15, 1930, Certificates of Identity for the sugar to be exported to the United States of America, for the sugar to be exported to other countries, and for the sugar for local consumption, and exports may not be made except pursuant to the tender of said Certificates of Identity to the Croporation for a number of sacks equal to that which it is desired to export, and in the form and with the requirements to be established by the said Croporation.

Given at the Presidential Palace, in Habana, on January 31, 1931.

GERARDO MACHADO
President.

Dr. E. Molinet,
Secretary of Agriculture,
Commerce and Labor.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

G-2 Report

4200-a

4-1 2655-g-81/22

MAR 19 1931
WAR DEPARTMENT

CUBA (Economical)

Subject: Government's Interest in Agriculture (Sugar) 2655-g-81/27

RECEIVED G/2 W. D. MAR 18 1931

1. With reference to evaluation of my report No. 3464, Index No. 4200-a, dated February 24, 1931, an attempt will be made in the following paragraphs to give all data available on the plan for the stabilization of sugar exportations (commonly referred to as the Chadbourne Plan) up to the present time.

2. The Chadbourne Plan itself represents the most far-reaching scheme yet developed for the liquidation of the over-production of one of the world's greatest staples. The difficulty of securing acceptance of the plan to restrict sugar grows out of its entailment of severe sacrifices on the part of practically every exporting country. However, it must be clear that only by making such sacrifices can any stabilization be made effective.

3. At the end of 1930 the amount of sugar available for export by the most important exporting countries was about as follows:

Cuba	-	1,500,000
Java	-	500,000
Europe	-	2,184,000
Total	-	4,184,000

This includes the amount - probably 1,400,000 tons - which would normally be exported. The aggregate stores were somewhat larger than they should have been even with the great over-production, due to the fact that the prices had been falling to such an extent that merchants and middlemen were unwilling to stock sugar on the usual scale.

4. The world production in 1929-1930 was not much in excess of the consumption in 1928-1929. Consumption in the latter year, however, fell behind by approximately 1,000,000, making the total excess of production over consumption for 1930 as approximately 1,350,000 tons. The argument weighing most heavily in favor of the Chadbourne Plan to meet the crisis was that the world price of raw sugar was, roughly, 1¼¢ per pound - a price at which it can be manufactured without loss by no producer in the world.

5. The Chadbourne Plan is very simple in principle. Negatively, it involves no trespass whatever upon the question of prices or markets - they are to be left to take care of themselves. Positively, the fundamental idea is set forth in two general principles:

(a) Each exporting country shall segregate its entire unsold surplus stocks of sugar and finance these for five years, with the understanding that at least one-fifth of the segregated amounts shall be sold each year. This period of five years is selected because the industry has been sick for that long a period and because it was felt the situation could not be cleared up in less time.

(b) Reduced production and exports during the next five years by the extent to which there had been over-production during 1930, it being understood that one-fifth the segregated carry-overs should be regarded as new production for each of the next five years until the carried-over stocks shall have become exhausted.

From M. A., Havana No.3490 Date: March 12, 1931.

DECLASSIFIED
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By AMF NARS, Date 05/04/89

6. It was on these fundamental principles that Mr. Chadbourne went to Amsterdam in November of 1930 for the purpose of coming to an agreement with the Java interests for the limitation of their crop. Next to Cuba, Java is the largest exporter of sugar, her crop in 1930 amounting to approximately 2,900,000 tons. Java had a surplus carry-over in 1930 of 500,000 tons which, after prolonged and difficult negotiations, her representatives agreed to segregate on the same principle as Cuba had agreed on -- selling one-fifth each year. Under this agreement, which was reached on December 8, 1930, Java is to export during the next five years as follows:

1931	2,300,000 tons
1932	2,400,000 "
1933	2,500,000 "
1934	2,600,000 "
1935	2,700,000 "

The increase of 100,000 tons per year alloted to Java was to enable her, in case market conditions warrant, to take care of expected increases in consumption in Java's natural markets in the Far East. It was understood, however, that unless these natural outlets absorbed the increases they will not be exported and thus not become a burden, as heretofore, upon the world market.

7. Considerable difficulty was encountered in reaching a satisfactory basis of agreement with Java due to the fact that during the progress of the Amsterdam negotiations there appeared the new estimates of F. O. Licht (Chief European sugar statistician) showing that Europe's output for 1930 would be 450,000 tons greater than he had estimated two months before, due largely to the extraordinarily favorable weather conditions which had so greatly increased the sugar content of the beets.

8. By the agreement at Amsterdam the exportation of new sugar for 1931 had been reduced by 1,350,000 tons, and this left 200,000 tons surplus to be found among the beet sugar exporters of Continental Europe. These countries - Germany, Czechoslovakia, Poland, Belgium and Hungary exported 1,445,000 tons in 1930. Producing their sugar behind high tariff barriers, they had been able to charge a sufficiently high price for their home consumption sugar to be able to live even when dumping their surplus upon the world market at ridiculously low prices.

9. On December 9th the Conference moved from Amsterdam to Brussels. Present at this conference were the representatives of the Java interests, the Cuban-American delegation and the leading men in all the European sugar exporting countries. It will be understood that countries like England, France, Italy, Spain, Portugal and Holland, while producing sugar for home consumption, do not as a rule export.

10. The plan proposed at this meeting was for the European producers to reduce their export during the next five years by 15 per cent, bringing their total export to 1,229,000 tons, a reduction from the preceding year of a little over 200,000 tons.

11. The representatives of Belgium, Czechoslovakia, Poland and Hungary readily realized the situation and agreed that the Chadbourne Plan was reasonable in its application to each country and would be effective in curing the world market situation. After careful consideration these countries agreed to restrict as follows:

	Export in 1929-30	Export in 1930-31
	Tons	Tons
Czechoslovakia	600,000	590,000
Poland	452,000	320,000
Hungary	133,000	87,500
Belgium	28,000	31,500
		1,029,000

From M.A., Havana No. 3490 Date: March 12, 1931

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By AMF NARS, Date 05/04/89

These allotments accounted for within exactly 200,000 tons of the figure to which Europe was expected to restrict its exports, and at this juncture Germany was called upon to keep within that amount. The German situation, however, was very difficult. While Germany exported in 1929 only 235,000 tons, she had on hand available for export in 1930 the staggering total of 812,000 tons. This great amount arose not only because of her increased plantings but also from the fact that the weather conditions had been very favorable during 1930 for beet growing. Germany offered many arguments to show why it would be utterly impossible for her to restrict to 200,000 tons per year, and finally offered to meet the situation by agreeing to limit her export in 1931 to 450,000 tons and to 350,000 tons for the succeeding four years. This proposition left a burden of 250,000 tons excess upon the world market.

12. The delegates of all countries at Brussels pressed upon Germany the argument that although Germany in 1929 exported but 235,000 tons, she now proposed to increase her exports for the next five years by an average of 185,000 tons, notwithstanding the fact that the other important exporting countries had agreed to reduce their total export by 15 percent. They also impressed upon the Germans the fact that they were unwilling to make the sacrifice simply to enable Germany to increase her exports. However, Germany failed to yield and the Conference adjourned on December 15th, with all the principal exporting countries except Germany signing a protocal which held until January 15th, but was to become effective only if Germany would come in.

13. On January 7th the Conference was resumed at Berlin and was attended by representatives of Java, the European interests, and the Cuban-American group headed by Mr. Chadbourne. At this meeting the obstacle which had previously prevented acceptance of the proposed international agreement was overcome by revising the export quota originally provided in order to provide for in increased allowance to Germany. Instead of 200,000 tons yearly, or a total of 1,000,000 tons for the five-year period covered by the agreement, Germany was authorized to export 500,000 tons during 1931, 350,000 tons in 1932, and 300,000 tons during each of the three following years.

14. In order to prevent the export total from exceeding the figures originally set, it was decided that the European members of the Conference should absorb 195,000 tons of this increase by a proportionate reduction of their previous totals, while Cuba undertook to make good the balance of 555,000 tons. The change in quotas are shown in the following tabulation:

	New quotas, yearly average, tons	Original quotas, yearly average tons.
Germany	350,000	200,000
Czechoslovakia	567,817	590,000
Poland	307,812	320,000
Hungary	84,099	87,500
Belgium	30,276	31,500
Java	2,500,000	2,500,000
Cuba	3,619,000	3,730,000
Total annual average	7,459,000	7,459,000

15. It can be seen from the above table that great concessions were made to Germany.

From M. A., Havana No. 3490 Date: March 12, 1931

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16. Mr. Chadbourne is now in Europe for the purpose of securing the signatures to the legal document incident to the agreement.

17. With the Chadbourne Plan agreed upon in principle by practically all the important sugar exporters of the world, the world market will have only to concern itself with a relatively small oover-production in Santo Domingo and Peru. Neither of these countries were directly represented at either of the Conferences, but it is understood their producers are willing to cooperate in the plan so obviously in the interest of all concerned. Only Russia remains to be treated with. Prior to the War Russia exported about 150,000 tons annually. In 1930 Russia imported sugar, and while it is undoubtedly true that her crop is constantly increasing, it is not yet large enough to be considered dangerous.

18. There is no question but that there is a certain amount of skepticism concerning the widsom of this plan; however, it is quite clear that the world now refuses to buy the amount of sugar produced annually and that the further accumulation of stocks simply constitute a drain upon the financial resources of every sugar producer without any consequent gains to the consumer.

19. Whatever the plan does, certainly as far as Cuba is concerned, it cannot work to make conditions any worse than they are at present.

J. J. O'HARE,
Major, General Staff,
Military Attache

Source: Embassy and Press.

From M. A., Havana No. 3490 Date: March 12, 1931.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

G-2 Report

OFFICE OF ASSISTANT CHIEF OF STAFF
MIL. INTEL. DIV.

4000-e.

4-1 2655-g-81

WAR DEPARTMENT
23

CUBA (Economic)

Subject: Current Economic Situation - General.

RECEIVED G/2 W. D. MAR 21 1931

1. During the past month there has been no sign of improvement in the general economic depression in Cuba. Generally the beginning of March finds Cuba about at the top of its yearly upswing in activity, due to the grinding and movement of the sugar crop, combined with the yearly heighth of movement in practically all kinds of agricultural products, and with tourist traffic in its best month. In recent years, which may be considered as normal ones, there has usually been an inflow of about ten million dollars in American currency between January 1st. and March 1st. For the past four years the greatest inflow was in 1929 which amounted to $12,573,000. This year during January there was an outflow of money to the extent of $3,476,000. This outflow was partially corrected by a net inflow in February of $207,000.

2. Conditions in the sugar industry are in themselves sufficient to account for the continued depression throughout the Island. In 1929 the sugar crop was 5,156,278 tons. In that year there was no restriction and the average price of sugar was 1.675¢ per pound during February. Centrals grinding numbered one hundred and sixty-three. In 1930, a 4,671,230 ton year, the average price during February was 1.532¢, with one hundred and fifty-five Centrals grinding. This year the crop has been restricted to 3,122,000 tons, the average price during the first half of February being 1.096¢, and at the end of the month there were but one hundred and thirty-six Centrals grinding. The contrast in the figures given will serve to show the drop in the distribution of money among the Cuban people during the present harvesting season. Other indications of the general drop are shown in the figures below:

(a) The Clearings of Havana banks during February totaled $37,109,471, as compared with $72,840,029 last year and with $89,925,621 in February, 1929.

(b) The weekly gross earnings of the United Railways during three weeks of February of this year amounted to $894,832, as compared with $1,539,581 during February, 1930.

(c) Collections at the Havana Customhouse during February of this year amounted to $2,072,994 as compared with $2,923,152 in February, 1930.

3. A feature of February's developments in the sugar industry was the fight of about forty small mills, mostly Cuban, to have a plan of making the quota for each mill decided upon so as to give a graduation of the required cut in production, beginning with a 5% cut on the part of the smallest and working up to about 40% for the largest. They argued that a small mill operates upon a different scale of cost-proportions from that of the larger mills and that a 40% cut in production by a small mill means a greater proportionate loss than in the case of the large mills. The fight developed considerable bitterness and has taken the form of a permanent organization of the small mill group which emphasizes the fact that it was the American mills which over-expanded the Cuban sugar industry, demands that they should have to bear the brunt of the restriction, and is now making a campaign all over the Island for the "defense of the Cuban sugar mills against extermination by the Chadbourne Plan." They, of course, disregard the generally accepted belief that were it not for the Chadbourne Plan, sugar might be at 1/2¢ per pound, with the small producers all closed down.

4. The end of February has shown a great falling off in the tourist traffic to Havana. About the middle of the month there was a heavy influx of them and for approximately a week the Havana hotels were well filled. Soon

From M. A., Havana No. 3493 Date: March 17, 1931

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after this, however, the traffic slumped again and while figures are not available, it is known that the money actually spent this year (February being the highest month) will be very small as compared with previous years. Not only were the arrivals much fewer but the average stay was unduly short, most of them leaving after two or three days.

5. During the month a group of proposed banking bills were introduced in the Senate by Dr. Guellar del Rio. This group includes a bill not yet published which is said to establish a very elaborate system of regulations of banking, and for a special organization to supervise the banks. There is also a bill to establish a Government bank with authority to issue currency, and United States paper money, amounting to about $100,000,000, being deprived of its standing as lawful money with full legal tender. There was considerable apprehension among the American banking community that this bill might become a law and lead to a large issue of Cuban paper money. Although this bill has the support of several prominent Cuban merchants, President Machado assured the Ambassador that he does not approve it and should the bill be passed that he will veto it. A third bill already introduced provides that business in volume greater than $5.00 done on credit must be done through the medium of what are practically trade acceptances, subjected to a tax which in turn will be used to service an issue of fifty million dollars of fifty-year bonds made for the purpose of furnishing capital for the proposed banking issue and to provide gold basis in some form for the issuance of paper currency.

6. Many American business men are beginning to feel apprehensive lest the United States lose its hold on Cuban business for the following reasons:

(a) The Commercial Counsellor of the British Embassy at Washington has been appointed Minister to Cuba, and this may have some significance as a real attempt on the part of England to get more of a hold upon Cuban trade.

(b) Last year Japan reestablished a Consulate in Havana with trade workers attached, and certain lines of trade have actually grown since between the two countries.

(c) Germany has also increased her commercial interests in Cuba in the past two years in the way of travelers, trade writers for newspapers, etc.

(d) A good-will tour of Canadian business men visited Havana during February.

(e) The Chinese Legation in Havana has been interested for more than a year in Cuban sugar and reports are now current that refineries are being set up in China.

7. The business men of Cuba, Cubans and foreigners alike, are very depressed over conditions and nothing but the most pessimistic remarks are heard on all sides. While some are hopeful that the Chadbourne Plan will eventually bear its fruit, a great number of them are already becoming impatient because no effective betterment in general business conditions has prevailed since the agreement was made.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy.

From M. A., Havana No. 3493 Date: March 17, 1931.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

G-2 Report

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV. 4000-e.
APR 28 1931
WAR DEPARTMENT

4-1 2655-g-81
24

CUBA (Economic)

Subject: Current Economic Situation - General.

RECEIVED G/2 W. D. APR 27 1931

1. Nothing has happened during the past month to indicate any economic upturn, nor to lessen the very serious outlook for the coming "dead season". The price of sugar has moved upward very little and the net receipt per pound at the mills was still below one cent per pound during March, the cane planter receiving about $1.50 for a load of his cane representing a little over a ton.

2. The volume of importations during March is roughly estimated by the revenues collected at the Havana Custom House. This total Was $2,497,547.00 for this year, as against $2,791,316.00 for last year and $3,639,019.00 for 1929. The collection of the new Emergency Taxes at the Custom House amounted to $49,069.15, which threw the comparison a little out of line as indicating the actual volume of the importations, which the sales tax and surcharge figures indicate to be not much more than half, in dollar values, than that of March, 1929.

3. Living conditions among the rural people of Cuba are reported to be better than the dollar measurements of the more formal movement of business organization. The cultivation of local food crops is steadily growing almost everywhere. Although agricultural labor is getting much lower wages, individuals are working more days in the week. People are generally obtaining ample food to keep them in fair physical condition. There has been, however, a serious drouth in Eastern Camaguey and Western Oriente. Food crops in this area are very poor and live stock is dying. In this area there is considerable distress among the people, and the Government, helped by private organizations, has very efficiently organized the feeding of many hundreds. The richer classes are voluntarily contributing food, which is collected and distributed generally by the military forces. Country people who are getting produce are sharing it with neighbors, and there is a general recognition of the necessity of handling the situation adequately to prevent the natural unrest from developing dangerous manifestations. Offsetting the local distress in the drouth area, are good results in coffee and other products in Eastern Oriente which notably makes that part of the Island better off than the rest.

4. Unfavorable conditions appear to be developing in the tobacco industry in Cuba. The world-wide economic depression has cut down consumption of cigars, with the result that the use of "Havana filler" is reported to have decreased very considerably. It is believed that there will be an important reduction in plantings during the coming season, especially in the Pinar del Rio area. Reports have even gone so far as to say that there will be no crop at all, and while this has obtained wide publicity, serious consideration cannot be given to it. The leading trade organizations in Havana have held special meetings to consider a plan for a drastic curtailment during the coming year. The largest tobacco association here has recommended that intensive cultivation for better quality, to be sold for higher prices, be made the practical means of restriction of quantity. There are also beginnings of an attempt to substitute other crops for tobacco.

5. As is customary in this season of the year, reports are current to the effect that many sugar mills will close after this season, never to grind again. While little credence should be given to such reports, it is true that there will be comparatively little cane planted this year, due to the restriction of the present crop. It is not yet certain what next year's basis for allotment of quotas will be, and any guess at the number of mills

From M. A., Havana No. 3526 Date: April 21, 1931.

DECLASSIFIED
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By AMF NARS, Date 05/04/89

that will grind is futile at this time. This year there were one hundred and forty-one mills active -- one mill waiting until April to start. Until about a week ago there were still fifty-four mills grinding. In the interest of economy, mills will, in general, shut down more completely than ever before for the "dead season". Due to the little grinding that was done, very little overhauling work will be necessary and practically all the mills will discharge every man that can be spared. Mill executives are being dropped without even the promise of employment next season, and drastic salary reductions are being made by all the Centrals.

6. As a result of the comparatively bad tourist season, the Hotel Inglaterra (one of the "institutions" in the Hotel world of Havana) recently closed its doors until next fall. This famous hostelry had been the meeting place of exceptional men of all political parties. Its closing is directly attributable to the change that has taken place in the Cuban sugar industry as the support of Cuba's "old families".

7. While from the above it can be seen that the economic conditions now prevailing in Cuba are very bad and that the future does not hold out any brightness, the Cuban himself is very philosophical and will never fail to hope for an increase in the price of sugar, which would bring back to him the happy and prosperous days of the past.

J. J. O'HARE,
Major, General Staff,
Military Attache

Source: Embassy, Press, and
Personal Observation.

From M. A., Havana No. 3527 Date: April 21, 1931.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

G-2 Report

MIL. INTEL. DIV.
MAY 20 1931
4-1 2655-J-81
25
WAR DEPARTMENT
7
RECEIVED G/2 W. D. MAY 25 1931

CUBA (Economic)

Subject: Government Interest in Agriculture, Sugar.

1. On May 6, 1931 President Machado signed a decree establishing a Cuban Sugar Stabilization Institute. This decree has the following provisions:

(a) The Cuban Sugar Stabilization Institute shall have the legal representation of all sugar producers at present established in Cuba or that might be established in Cuba during the five year period commencing in 1931 and ending in 1935 as regards the International Convention signed at Brussels by the sugar producers of Germany, Belgium, Czechoslovakia, Java, Poland and Cuba.

(b) The Institute shall attend, through its members or other persons authorized by it, international conferences on sugar matters.

(c) The Institute is empowered, with the prior approval of the President of the Republic, to initiate and carry into effect negotiations and conventions with sugar producers of other countries with regard to the production and exportation of sugar.

(d) The Institute shall be composed of seven members. The members appointed for a term expiring on December 31, 1931, are the following:

Viriato Gutierrez, who shall act as Chairman.
Jose M. Lopez Ona.
Delio Nunez Mesa.
Jose Gomez Mena.
Aurelio Portuondo y Barcelo.
Jose M. Casanova y Divino
Walfredo Rodriguez Blanca

(e) The members of the Institute shall be appointed by the President for terms of one year from ternaries which shall be submitted by the National Association of Mill Owners for five posts to be filled by mill owners and from ternaries which shall be submitted by the National Association of Planters for two posts to be filled by planters.

(f) A majority of the members of the Institute may adopt valid resolutions on all matters within their province and proceed to draft by-laws which shall be submitted to the president for his approval.

2. A bill for the creation of a Sugar Stabilization Institute which is more complete and more detailed than the Presidential decree was passed by the Senate on April 21, 1931, but final action has been continually delayed by the House of Representatives. According to the press, such a bill was actually passed yesterday, but to date, no official notification of it has reached the Embassy. Due to the failure of the House of Representatives to pass the bill referred to and owing to the fact that the international convention was to be shortly signed, the decree was issued as an emergency measure in order that Cuba might sign the international agreement, which was accomplished on May 9, 1931.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy and Press.

From M. A., Havana No.3544 Date: May 16, 1931

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

G-2 Report

4200-a.

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
MAY 27 1931
4-1 2655-g-8/26
WAR DEPARTMENT
RECEIVED G/2 W. D. MAY 28 1931

CUBA (Economic)

Subject: Government's Interest in Agriculture - Sugar.

1. On May 14, 1931 President Machado signed the bill providing for the creation of the Cuban Sugar Stabilization Institute. This law defines the process and functions of the Institute, establishes fines for the exceeding of the quotas allotted for the manufacture and exportation of sugar, and specifies the manner in which the funds in the Institute's possession shall be disposed of.

2655-g-8/25

2. While the Presidential Decree of May 6th, 1931 (reference to which was made in my report No. 3544, index No. 4200-a, dated May 16, 1931) does not limit the duration of the Institute, the law specifically states that it shall have legal existence until December 31, 1941. In addition to the powers and functions conferred on the Institute by the Presidential Decree, the present law provides that the Institute shall specify provisions for the payment of indemnities for damages in the case of violation of international conventions, that it shall guarantee through bank securities the fulfillment of the obligations contracted in any international sugar conventions, and that it shall have full power to institute law suits and to collect before the courts of any country penalties for infringement in the production or exportation of sugar by any parties to an international convention to which the Institute is a party.

3. The fine provided for an excess in production or exportation over the quotas allowed the various mills is ten cents for every pound of sugar produced and ten cents for every pound of sugar exported in excess of the quotas, and in the event of non-payment there is provided a subsidiary penalty of arrest of the mill-owner and the manager of the mill at the rate of one day for every dollar of the fine which is unpaid, the total arrest not to exceed one hundred and eighty days.

4. According to Section IV of this law, the Institute may dispose of any funds in its possession upon the expiration or the termination for any other reason of an international agreement by distributing them among all the sugar producers of Cuba in proportion of their production in the next crop, provided the Institute has met all the obligations that may have been incurred by it as a result of infringements of the international sugar convention which has expired or terminated.

5. With reference to the transitory provisions of the law, it is noted that the Sugar Defense Law of October 4, 1927 is repealed and that the penalties provided in the present law for excess production of sugar shall not be applied to mills which may have produced before the promulgation of the Presidential Decree of February 28, 1931 (defining the quotas for the 1931 crop) more than the quotas assigned them.

6. In addition to the establishment of the Sugar Stabilization Institute, another law was passed and approved by the President on the same day which provides for the taking of a census of the standing cane throughout the Island in order to facilitate the apportionment of future production quotas.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy

From M. A., Havana No. 3547 Date: May 22, 1931.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

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G-2 Report

4200-a.

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
DEC 3
4-1 2655-J-81 1931
WAR DEPARTMENT
RECEIVED G/2 W. D. DEC 8 1931

CUBA (Economic)

Subject: Government Interest in Agriculture (Sugar).

1. Although official statement is lacking, the forecast of the limitation of the Cuban sugar crop for the coming winter, under the Chadbourne Plan, is fixed at 2,200,000 tons. Should this figure become the official one, the technical agricultural share of Cuban sugar-cane producers and their labor will be only $29,046,400, if sugar is at the present price, and only $45,091,000 if the price should go to 2 cents a pound. These amounts include the "allocation to administration" canefields of the huge foreign-owned centrals of the part of the cash receipts from the sale of sugar going to the agricultural phases of the industry. The actual distribution of money among the rural population is much smaller. In the past season, the cost of cultivating and harvesting cane, per 100 arrobas, was figured at less than half the normal rate.

2. The effect upon the buying power of the Cuban population is clearly seen if the calculations given in paragraph one above, regarding distribution of the proceeds of the sugar industry, are compared with the amounts distributed in past years, even in years of low prices:

	Tons Produced	Agricultural Share.
1924	4,112,699	$ 235,377,989
1925	5,189,346	142,395,651
1926	4,932,095	113,793,295
1927	4,508,600	139,874.806
1928	4,041,856	106,826,251
1929	5,156,278	94,710,514
1930	4,671,236	76,383,952
1931	3,120,714	38,150,952
1932	2,200,000	29,046,400

J.J. O'HARE,
Major, General Staff,
Military Attache

Source:
Embassy and Press

From M. A., Havana No. 3640 Dated: Dec. 3, 1931.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

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G-2 Report

4-1

4200-a.

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
DEC 16
2655-G-8/1931
28
WAR DEPARTMENT

CUBA (Economic)

Subject: Government Interest in Agriculture (Sugar)

RECEIVED G/2 W. D. DEC 15 1931

1. Considerable animosity to the Chadbourne Plan for the restriction of the coming sugar crop is being voiced throughout Cuba. At a recent meeting of the Santa Clara Planters Association, it was unanimously voted that the Association's president should appeal to President Machado to cause Cuba's withdrawal from the International Agreement.

2. This motion was a signal for the launching of an intensive campaign by the Cuban press to denounce the Plan in general and Cuba's participation in it in particular. The chief argument against the Plan, as outlined by the Opposionists, are:

(a) It would help solve the unemployment situation.

(b) It would put more money into circulation, even if the price of sugar did not advance.

(c) The small mill owners (principally Cubans) would be forced to withdraw from the sugar business unless restriction is removed, while, on the other hand, the large mill owners (principally Americans) have been able to reorganize at the expense of their bond holders and carry on their business.

3. The advocates of the Plan point out:

(a) That sugar is the one commodity the price of which has not fallen during the past year.

(b) That should all the reserve sugar be dumped on the market, it would cause an immediate sharp decline in its price.

(c) That even if the restriction were lifted, the banks would refuse to finance an unrestricted crop. (In a recent conversation with an official of one of the large American banking institutions in Havana, he stated that the financing of the crop would be out of the question if restriction were lifted.)

4. So intensively did the press campaign against the Chadbourne Plan become that President Machado instructed the press (all still under Government supervision) that no articles adversely critizing the Chadbourne Plan should be printed without Government supervision. This means, in effect, that no further anti-Chadbourne Plan comments will be made. Mr. Frederick Todd, former Commercial Attache of the American Embassy, wrote an article attacking the Chadbourne Plan that was to be printed in Carteles, a pictorial weekly, in its issue of November 30, 1931. However, this article fell under the Presidential

From M. A., Havana No.3643 Dated: December 9, 1931.

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By AMF NARS, Date 05/04/89

ban above referred to.

5. It is known that the large American sugar companies such as the General Sugar Company and the United Fruit Company, which have refineries in the United States, have been and still are strongly opposed to the restriction, and it is believed that they are principally responsible for the strong sentiment against the Plan. It is all to their advantage to have an unrestricted crop, for, despite or because of the low price of raw sugar, they are still able to make considerable profit by their refining business in the United States.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Press and Personal
Contacts.

From M. A., Havana No. 3643 Dated: December 9, 1931.

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By AMF NARS, Date 05/04/89

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
JAN 4
WAR DEPARTMENT

4-1 2655-7-81

29

CUBA (Economic)

Subject: Current Economic Situation - General.

RECEIVED G/2 W. D. JAN 2 1932

1. Business activity in Cuba during the past few months continues at an extremely low level. Sales conditions of representative wholesale and retail establishments indicate that the ratio of decline as compared with the same months of 1930, show little variation during September, October and November.

2. A slight and temporary abatement of political agitation has apparently restored a certain degree of confidence in business circles. The stimulating effect on business conditions of relative political tranquillity has largely been counteracted, however, by a feeling of uncertainty as to the effect which several new tax measures now before Congress may have on commerce.

3. Activity on a number of sugar estates in preparation for the coming sugar-grinding season, although below normal for the advanced period of the year, and the general expectation that the 1931-1932 tourist season will be a satisfactory one, have apparently sufficiently stimulated business activity to prevent a further resession. The main topic of conversation at sugar centrals appears to hinge on the amount at which Cuba's next crop will be fixed under the Chadbourne Plan. There is considerable agitation against further restriction and the hope is expressed that the crop will not be reduced below last season's figure of 3,122,000 long tons. Reliable reports indicate that there is sufficient cane in Cuba to produce at least 5,000,000 long tons this year. The individual mill quotas for the next crop, which, according to the provisions of the Sugar Stabilization Law, were to have been allotted by November 10th, have not yet been named.

4. The Sugar Export Corporation is now redeeming one-seventh of the $42,000,000 bond issue made to cover sugar segregated under the Chadbourne Plan. It is hoped that this redemption will increase the money in circulation and serve to strengthen the position of these bonds. Exports of Cuban sugar (raw and refined) from January 1st to November 1st totalled 2,400,320 long tons, as compared with 3,013,366 long tons during the same period of 1930. It is interesting to note that while the total Cuban sugar exports show a decrease for the 1931 period, exports of refined sugar show a slight increase. This is due to the setting up of a refinery last year at Central Espana, one of the Chadbourne controlled mills. The official average price for sugar in Havana warehouses in November was 1.182499 cents per pound, as compared with 1.185782 cents for November, 1930, and 1.700434 for November, 1929.

5. Conditions in the tobacco trade continue unsatisfactory. Unfavorable exchange rates have further reduced sales to Europe and prices remain at unremunerative levels. Inability of many of the tobacco growers to meet their supply bills have resulted in curtailed credits by country storekeepers. This, in turn, is expected to result in reduced plantings for the next crop. The total exports of tobacco for the first ten months of this year was figured at $19,970,452.00, as compared with $28,389,089.00 for the same period of 1930, a decline of almost 30% for this year's period.

From M. A., Havana No. 3654 Dated: December 23,1931.

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NND 740058
By AMF NARS, Date 05/04/89

6. Receipts of the United Railways of Havana for the four weeks period ending November 28th, totalled $332,315.98, as compared with $579,776.05 for the corresponding period of 1930. In an effort to stimulate passenger traffic the United Railways made another (the second) substantial cut in passenger rates over their entire system east of Havana, effective November 15th. As a result of this new reduction these rates on both one-way and round-trip fare tickets are now about 50% below last year's rates.

7. Havana bank clearings for the first four weeks of November totalled $23,796,512.27, as against $41,663,062.40 for the corresponding period of 1930.

8. Receipts of the Havana Customhouse, including both Customs duties and other revenues collected by the Customhouse, totalled $2,116,361.04 during October, 1931, as compared with $3,040,660.65 for October, 1930. According to the figures supplied by the Havana branch of the Federal Reserve Bank of Atlanta, there was a net outward movement of currency during November of $575,000. In addition, the National City Bank of New York exported currency valued at $515,450.00, representing interest on sugar stabilization bonds, thus making the total new outward movement during November $1,091,450.00. The visible stock of currency in Cuba on November 30, 1931, was $129,336,550.00, as compared with the amount of $149,850,000.00 on November 30, 1930.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy

From M. A., Havana No.3654 Dated: December 23, 1931.

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By AMF NARS, Date 05/04/89

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
JAN 18 1932
WAR DEPARTMENT

4-1 2655-9-8/30

7

CUBA (Economic)

Subject: Government Interest in Agriculture (Sugar)

RECEIVED G/2 W. D. JAN 16 1932

1. By Executive Decree No. 5, dated January 5, 1931, the date for the starting of the sugar grinding season was fixed as January 15, 1932.

2. No mention was made of the amount of sugar to be ground during the present season nor the quotas to be assigned to the various mills. This is believed to be due to the fact that nothing definite has come out of the international meeting held last month in Paris, at which representatives of the various sugar exporting countries met for the purpose of determining the sugar export quotas for the 1932 crop. It is understood that Cuba does not want to show her hand by fixing a reduced crop for the present year until the other countries are in agreement to do similarly.

J. F. O'HARE,
Major, General Staff,
Military Attache.

Source: Official Documents,
and Personal Contact.

From M. A., Havana No. 3668 Dated: January 11, 1932.

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By AMF NARS, Date 05/04/89

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OFFICE OF ASST. CHIEF OF STAFF
M.I. INTEL. DIV.
FEB 24 1932
WAR DEPARTMENT

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4-1 2655-g-81

CUBA (Economic)

Subject: Government Interest in Agriculture
(Sugar)

RECEIVED G/2 W.D. FEB 20 1932

1. Conditions in the Cuban sugar industry during 1931 were even less satisfactory than during the preceding year. This condition is principally due to increased world production of sugar during 1930-1931, without a corresponding increase in consumption. According to the most recent estimates, the 1930-1931 world crop totalled 28,723,025 long tons, an increase of 1,391,133 long tons over the 1929-1930 crop. These figures cover the period from September 1 to August 1st. of each year, which is the way that crop years are usually figured. The fact that there was an increase in world sugar production in spite of the Chadbourne Plan is due to the fact that when the International Agreement was signed the 1930-1931 European beet sugar crop had already been harvested. The effects of the Chadbourne Plan should be more clearly defined during the 1931-1932 crop year, the first during which European beet sugar producing countries signatory to the International Agreement must curtail production.

2. In spite of Cuba's restricted crop of 3,122,000 long tons for 1931, the average price for the year declined from $1.234986 per 100 lbs. for 1930 to $1.116171 for 1931. According to newspaper reports, this is the lowest average price obtained for sugar since the year 1885. The following figures show the average prices for sugar in the above mentioned position, by months, during 1929, 1930 and 1931:

	1929	1930	1931
January	1.760787	1.640380	1.155786
February	1.675010	1.531965	1.087801
March	1.666159	1.537174	1.068422
April	1.608818	1.424440	1.110559
May	1.540279	1.199657	0.991577
June	1.488840	1.155643	1.106625
July	1.820725	1.050671	1.264389
August	1.800214	0.996543	1.199240
September	1.921744	0.934097	1.187717
October	1.967594	1.080962	1.185534
November	1.700434	1.185782	1.134602
December	1.710602	1.082521	0.901805
Yrly average	1.722176	1.234986	1.116171.

3. As a result of these unremunerative prices, brought out in the above table, dissatisfaction has become widespread in Cuban sugar circles and there is considerable opposition to the continuance of the Chadbourne Plan. On the other hand, however, those in favor of the Plan point out the fact that prices have not been sustained due to world-wide conditions and that without the adoption of the Plan world sugar prices would have declined to much lower levels.

4. The National Sugar Export Corporation, created for the purpose of supervising Cuban sugar exports and for marketing the 1,316,958 long tons of sugar segregated under the Chadbourne Plan, prepared the following distribution schedule for the 1931 crop:

From M. A., Havana No. 3697 Date: February 15,1932.

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Actual Amount of Sugar Produced..... 3,124,103 L.T.

Less sugar delivered to the National Sugar Export Corporation by mills which failed to contribute their full quota of sugar segregated under the Chadbourne Plan out of their previous crop production.....	369,030 L.T.	2,755,073 L.T.
Plus sugar returned by the Sugar Export Corporation to mills which contributed out of their last year's production in excess of their quotas of the segregated sugar.....		347,490 "
		3,102,563 "
Less minor adjustments.....		186 "
Net balance of free sugar-----Total.....		3,102,377 "

Amount authorized for export to the United States (82.54 per cent).....2,565,315 L.T.

Amount authorized for export to other countries (12.65 per cent)..... 389,376 "

Domestic consumption (4.81 per cent)..... 147,686 "

Total..... 3,102,377 L. T.

5. In addition to the 389,376 long tons of "free" sugar of the 1931 crop to be sold in countries other than the United States, the National Sugar Export Corporation had to sell in those markets during the year one-fifth of the sugar segregated under the Chadbourne Plan, bringing the total amount of sugar to be sold during 1931 in countries other than the United States to 655,000 long tons, to which amount those sales were limited by the International Agreement. According to figures released by this Corporation, however, the total amount of "free" sugar exported and consumed locally during the year 1931 was only 2,423,238 long tons, leaving a balance to be disposed of in December, 1931, of 679,129 long tons. These figures are divided as follows:

Exports to the United States.....	1,998,296 L.T.-	representing 77.90 percent of the quota of free sugar authorized for export to that country.
Exports to "other countries".....	383,199 L.T.-	of 98.41 percent of authorized exports.
Local consumption in accordance with sales reported up to Dec.31, 1931, were	41,753 L.T.-	as against the quota of 147.686 long tons.
Total	2,423,238 L.T.	

From M. A., Havana No.3697 Date: February 15,1932.

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By AMF NARS, Date 05/04/89

6. In addition to the movement of "free" sugar explained in the preceding table, the National Sugar Export Corporation shipped 19.51 per cent of the 1,316,958 long tons of sugar segregated under the Chadbourne Plan to other countries during 1931, leaving a balance of 1,059,963 long tons to be disposed of during 1932-1935, inclusive.

7. The above figures show that Cuba will have available in 1932, in addition to the crop now being produced, 679,129 long tons of "free" sugar, and also that she must dispose of one-fourth of the balance of the segregated sugar, roughly, 265,000 long tons.

8. If Cuba's potential sales for 1932 are figured on the basis of actual shipments of "free" and segregated sugar made during 1930, plus sales reported during the year for domestic consumption, it would appear that there would be a market during this year for only 2,680,243 long tons. It is not believed practicable, however, to estimate Cuba's potential sales on this basis for 1932. The decrease in world production and change in consumption will undoubtedly affect this estimate. It is believed safe to state, however, that Cuba is entering into the new crop year with a handicap which even the estimated decrease in world production will not be able to overcome.

9. No official announcement regarding the size of the Cuban crop has yet been made and will not be made until the interested parties have come to some kind of an agreement. The present estimates vary from a minimum of 2,200,000 tons to 4,061,000 tons.

10. In accordance with the International Agreement entered into at Brussels, Cuba's 1931-1932 crop was to be limited to 3,395,000 long tons. This figure was based on the assumption that Cuba would be able to dispose of its entire 1930-1931 production, plus one-fifth of the segregated sugar, before the 1931-1932 crop season began. As already explained, this has not been the case, and both Cuba and Java have large quantities of their last crop unsold. The Cuban delegates to the International Convention held in Paris during the past year were apparently of the opinion that further sacrifices in both production and exports were necessary in order to meet the situation resulting from the heavy unsold stocks on hand at the beginning of the new crop year.

11. The most important factor adversely affecting the possibility of a large crop in Cuba during the present year is the difficulties which many mills are experiencing in making the necessary financial arrangements for the present grinding season. These difficulties will no doubt become much greater if there is no crop restriction. Unrestricted production, whatever the eventual benefits or drawbacks may prove to be, would no doubt result in a temporary drop in raw sugar prices and consequently reduce the value of sugar as collateral. Even at the present greatly reduced wages paid laborers in the mills and sugar fields, considerable cash is necessary to begin and complete the grinding season. Cash must be paid for the freight on cane and sugar, sugar bags, fuel oil and lubricating oil, etc., and the production taxes, amounting to twenty-one cents per bag, must be paid when the sugar is manufactured.

12. Wages have been reduced to what appears to be the absolute minimum. Cane cutters are receiving from twenty to thirty cents

From M. A., Havana No. 3697 Date: February 15,1932.

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By AMF NARS, Date 05/04/89

for every 2,500 pounds of cane cut and loaded on cane carts, and from fifteen to twenty-five cents is paid for hauling the same amount of cane from the fields to the mills or freight cars. In many cases these laborers are not paid in cash, but receive orders on the stores located near the mills, where the orders are exchanged for foodstuffs and other merchandise. In numerous cases these stores carry the mill until it is able to redeam these orders from the proceeds of sugar sales.

13. Another factor militating against a large crop is the late date of commencement of the grinding season, which would make it necessary to continue grinding well into the rainy season if all available cane were to be ground.

14. Sugar sales to the United States for 1931 fell below expectations and this is believed to be in part due to the operations of a sugar pool created in the early fall of 1931. This pool controlled about 700,000 tons of sugar, representing the major part of the United States export quota unsold at that time. No reliable information is available as to the sugar interests connected with this pool, but it is believed that it was formed by some of the larger American sugar companies operating in Cuba. While the formation of this pool resulted in a temporary strengthening of the sugar market, no advantage was apparently taken of the price increase, as, according to reports, from the time of its inception until its dissolution early in December, 1931, only 30,000 to 40,000 long tons of the sugar were actually disposed of.

15. The majority of the sugar people seem to be in favor of a restricted crop, although they agree that it would probably result in a drop in sugar prices. Their basic argument is that in view of present low wage scales Cuba can manufacture sugar at a lower cost than other producing countries, and that unlimited Cuban production will eventually result in curtailed production in countries where manufacturing costs are higher, thus in time restoring the Cuban sugar industry to an economic basis. The further state that if Cuban sugar mills are allowed to grind their entire cane, large scale production will reduce the overhead and that this will, in part, absorb a further decline in prices. Another of their arguments is that a short crop greatly reduces the amount paid to laborers, and others deriving their income from the crop, with a corresponding reduction in the purchasing power of the people. No solution is offered, however to the problem of marketing the sugar.

16. The banks, on the other hand, continue to favor the Chadbourne Plan. They are naturally interested in a restricted crop because an unlimited crop would mean a further drop in sugar prices, thereby decreasing the value of sugar they are holding as collateral.

17. It will be recalled that there was a $42,000,000 bond issue under the Sugar Stabilization Law. Abandonment of the Chadbourne Plan would, it is stated, not affect the service of the bonds nor the marketing of the, segregated sugar in accordance with the law. A decline in the market price of sugar would, of course, decrease the

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guaranty behind the bonds, but the eleven cents per bag production tax would produce sufficient revenues to meet the interest payments. This tax, in accordance with the Sugar Stabilization Law, will be collected until December 31, 1935. Amortization of the bonds, $36,973,480 of which were actually issued, must begin in 1936, and during a five-year period beginning January 1, 1936, the production tax in accordance with the Law is increased to fifty cents per bag, provided the sale of the segregated sugar has, in the meantime, not produced a sufficient amount to retire the bonds. Approximately one-seventh of the total issue has already been retired, so that the total amount outstanding at the present time is $31,622,780.

J. O. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy

From M. A., Havana No. 3697 Date: February 15,1932.

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NND 740058
By AMF NARS, Date 05/04/89

G-2 Report

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
FEB 29 1932

4-1 2655-8-81

CUBA (Economic)

Subject: Current Economic Situation-General.

3

WAR DEPARTMENT
RECEIVED G/2 W. D. FEB 24 1932

1. With the tourist season well under way, and the beginning of the sugar mill grinding season, there was a slight increase in business activity in Cuba during January. Notwithstanding the fact that in several instances representative indices showed a slight upward trend compared with the previous month, the consensus of opinion is that the seasonal improvement has not come up to expectations. The tourist season began under auspicious circumstances, and the number of visitors was heavy during the New Year holiday period. Toward the middle and latter part of the month, however, there was a considerable decline, due, it is claimed, to the continuance of mild weather in the United States. Those interested in the tourist traffic have hopes that the late season will make up for the rather disappointing development during January.

2. The sugar mill grinding season began on January 15th, and by the end of the month there were seventy mills operating, as compared with one hundred and eight on the same date last year. One reason for the failure of some of the mills to commence grinding is the fact that the allotment of production quotas among the various mills have not yet been fixed and will not be until Java, one of the countries signatory to the Brussels Agreement, makes known her export policies for the present year.

3. The demand for Cuban leaf tobacco showed an improvement during January as a result of increased purchases by American importers. On the other hand, cigar exports showed a seasonal decline, which has been accentuated this year by the drop in sterling exchange. Advance reports on the crop now under cultivation appear to confirm the opinion that production will be considerably below last year, mainly due to decreased planting. In addition, the crop in some regions where there is no irrigation, has been adversely affected by drought.

4. The cigar makers in the leading Havana factories declared a strike in protest against an attempt to reduce wages. It is estimated that during January about 14,000 cigar makers abandoned their work. The manufacturers claim, however, they they have a sufficient stock of cigars on hand for all their immediate requirements.

5. Figures on the value of Cuban exports of tobacco products during 1931 have recently been released. They show that exports of tobacco products during 1931 amounted to $22,847,120, as compared with $23,540,575 in 1930. The heavy drop in both quantity and value of 1931 exports of this product is mainly attributable to the decreased demand resulting from unsatisfactory economic conditions, and to the unfavorable exchange rates existing in a number of Cuba's markets.

From M. A., Havana No. 3704 Date: February 19, 1932

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By AMF NARS, Date 05/04/89

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6. Hope is expressed in official circles that the increased revenue which should result from the recently enacted Tax Law (see report No. 3700, index No. 5000-c, dated Feb. 17, 1932), will serve to help balance the budget for the present fiscal year. This hope is rather a forlorn one, however, and is not entertained by many not in the Government service.

J. J. O'Hare,
Major, General Staff,
Military Attache.

Source: Embassy and Press.

From M. A., Havana No. 3704 Date: February 19, 1932.

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By AMF NARS, Date 05/04/89

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G-2 Report

4200-a

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
MAR 1 1932
WAR DEPARTMENT

4-1 2655-J-81/33

CUBA (Economic)

Subject: Government Interest in Agriculture. (Sugar)

RECEIVED G/2 W. D. MAR 1 1932

2655-J-81/31

1. Since my last report on this subject (see report No. 3697, index number as above, dated February 15, 1932), certain developments have occurred which have prevented the President from decreeing the size of the present Cuban sugar crop. Java's figures, which indicated that the plantings for the 1933 crop would be on the basis of 1,496,000 metric tons, have recently been received. In addition to this, no reduction was made in Java's 1932 export quota, which, according to the original agreement, is 2,400,000 metric tons.

2. Java's figures were considered unsatisfactory from the viewpoint of Cuban sugar interests, and immediately caused intensified propaganda for an unrestricted Cuban crop. The main sponsors of this propaganda were the mills controlled by American refineries, the sugar growers (colonos), and the large sugar operators. The Cuban Sugar Institute, which is presided over by Senator Viriato Gutierrez, thereupon voted in favor of a Cuban crop of 3,261,000 long tons, which was later reduced to 3,061,000 long tons. This amount would have been in accordance with the letter of the International Agreement, and it was believed that this action was taken merely in the hope of intimidating Java and thereby securing a downward revision of her figures in return for a reduction in the Cuban figure as proposed by the Sugar Institute.

3. Without the knowledge of Mr. Chadbourne, Senator Gutierrez, for political reasons, prepared a decree for the President's signature in which the Cuban crop was to be officially fixed at the above mentioned amount (3,061,000 long tons). In an attempt to prevent Senator Gutierrez from carrying out this plan, Chadbourne called a meeting of the National Sugar Export Corporation, at which it was voted to favor a Cuban crop of 2,300,000 tons. To counteract this move, Senator Gutierrez then called a meeting of the mill owners. The original purpose of this meeting was to submit to them a report of the Sugar Institute's negotiations with the Java delegation and to endeavor to obtain their sanction of the crop figure as proposed by the Sugar Institute. In the course of the meeting, however, the counsel of the mills controlled by the National City Bank introduced an amendment limiting the scope of the meeting to approbation of the negotiations between the Sugar Institute and the International Council. This amendment was carried, and, therefore, no action was taken on the amount of the crop.

4. In view of the unexpected strength shown by the interests in favor of Mr. Chadbourne's crop figure of 2,300,000 long tons, the Sugar Institute agreed to hold in abeyance any definite action as to the 1932 Cuban crop until further representations were made to the International Council at Brussels. These negotiations are now under way and if Mr. Chadbourne succeeds in inducing Java to further curtail its 1932 plantings and reduce its 1932 export quota from 2,400,000 tons to a figure more in accord with its actual export possibilities (which, based on 1931 figures, would be around 1,500,000 metric tons) Cuba will probably

From M. A., Havana No. 3706 Dated: February 25, 1932

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By AMF NARS, Date 05/04/89

accept the crop figure of 2,300,000 long tons. If, however, negotiations are unsuccessful, it is impossible to determine just what action will be taken.

5. Up to February 20, 1932, one hundred and sixteen Cuban mills were grinding, as compared with one hundred and twenty-nine mills on the same date in 1931.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy and Press.

From M. A., Havana No. 3706 Dated: February 25, 1932

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NND 740058
By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
APR 4
WAR DEPARTMENT

4-1 2655-9-81

34

CUBA (Economic)

Subject: Government Interest in Agriculture.

1. Although Cuba is essentially an agricultural country, its crops have in the past been so restricted that about 90 per cent of the exports from the Island have been confined to sugar and tobacco, and the money derived from these sales has, in general, been used for the importation of foreign goods. However, the limitation of the sugar crop during the past two years and the lessened demand for tobacco, coupled with the low prices of these two products, has produced a situation which has made it necessary for the Department of Agriculture to intensify its efforts of encouraging the diversification of crops.

2. The raising of cattle and poultry on a large scale has been facilitated by the high duties on imported meats, eggs, butter and animal fats to such an extent that Cuba has reached a point where, in the absence of greater domestic demand, meat can now be exported.

3. During the past few years the importation of eggs from foreign countries, mainly from the United States, has steadily declined. In 1926 Cuba imported 8,633,590 dozen eggs, while for the first nine months of 1931 only 73,778 dozen were imported.

4. The high tariff on cheese and butter has served to accentuate local production,and local cheese of good quality and of sufficient quantity is now being manufactured in Camaguey. The production of butter has reached a point where recently some 20,000 pounds were exported to the United States.

5. As a result of the protective duties on maize, Cuba imported an estimated total of only 33,000 sacks of this product in 1931, as compared with 524,721 in 1927.

6. The lack of purchasing power has decreased the purchase in Cuba of winter vegetables and citrus fruits with the result that the export of these products to the United States has gone forward in increasing quantities.

7. The production of coffee has steadily increased, and it is believed that within another year not only will sufficient coffee be grown to take care of all local consumption, but also some may be exported.

8. The tobacco crop for 1931 was unsatisfactory, and, although better than the previous year in quality, the exports of this product decreased. The total exports for 1931 were:

United States.....	$13,416,549.00
Other Countries....	$ 9,430,571.00
Total.....	$22,847,120.00

Exports by principal products during 1931, were:

Tobacco.....	39,726,736 lbs.
Cigars.....	55,311,973
Cigarettes.....	67,296,322

From M. A., Havana No. 3725 Date: March 24, 1932.

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By AMF NARS, Date 05/04/89

The outlook for the 1932 tobacco crop is unfavorable. The adverse conditions affecting this crop are:

(a) Unfavorable weather conditions during the planting season.

(b) Restricted plantings due to lack of resources of the growers.

(c) Lack of demand in the world market, especially in Europe.

(d) Small purchases by local manufacturers, due principally to local labor difficulties.

9. Efforts are being made to increase the production of rice, one of the principal foods of the Cuban people. While the bulk of rice is still imported, preliminary figures for 1931 show that the importation of this necessity for 1931 has fallen about ten per cent below the 1930 figures.

10. The Department of Agriculture has been very active in assisting farmers by means of fairs, expositions, farmers' meetings, and the issuance of instructions for the prevention of injury to their crops, with special emphasis on the eradication of plant pests. In addition to this, it has encouraged the importation of cocoanut and other seeds from foreign countries, distributing them free of charge to farmers who desire them.

J. V. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy and
Official Documents.

From M. A., Havana No. 3725 Date: March 24, 1932

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G-2 Report

4200-a

CUBA (Economic)

4-1 2655-g-81

Subject: Government Interest in Agriculture. (Sugar)

35

RECEIVED G/2 W. D. APR 2 1932

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1. On the recommendation of the Sugar Institute, President Machado, by Presidential Decree No. 344, dated March 26, 1932, fixed the sugar crop for the present year at 2,700,000 long tons.

2. The principal features of this Decree are:

(a) All mills are permitted to continue grinding until midnight of March 31st., and in the event that any of the mills will have exceeded its quota by that time, the surplus will be added to the surplus existing as of December 31,1931.

(b) The amount of sugar to be exported to the United States is fixed at 1,956,420 long tons.

(c) 593,730 long tons are reserved for export to countries other than the United States.

(d) From the surplus remaining at the end of last year, 264,977 long tons are authorized to be exported to countries other than the United States.

(e) There is reserved for Cuban consumption 149,850 long tons.

(f) Those mills which will have exceeded their quotas by midnight of March 31, 1932, will turn over their excess to the Sugar Institute, who will divide this excess into two groups, proportionate to the mills' quotas for export to the United States and for domestic consumption.

(g) The quotas assigned to each mill are based on the census of standing cane which took place at the end of the 1931 sugar crop.

F. J. O'Hare,
Major, General Staff,
Military Attache.

Source: Official Documents.

From M. A., Havana No. 3728 Date: March 29, 1932.

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By AMF NARS, Date 05/04/89

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WAR DEPARTMENT
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G-2 Report 4-1

CUBA (Economic)

Subject: Current Economic Situation-General.

RECEIVED G/2 W. D. APR 18 1932

1. The month of March showed no improvement in the Cuban economic condition. Business in most lines continued at a very low ebb, with some slight, although subnormal, seasonal activities in a few cases.

2. The situation in the sugar industry was extremely unsatisfactory during the month. Difference of opinion between Cuban and Javanese producers regarding the interpretation of the International Agreement lead to another conference in Paris, which was attended by delegates of the various countries signatory to the Agreement. As previously stated, this conference resulted in the limitation of the present crop to 2,700,000 long tons, plus the amount which may have been produced by mills up to midnight of March 31st. in excess of their respective quotas.

3. This restriction was the result of a proposal by Peru and the European countries signatory to the Agreement to restrict their export quotas for the year April 1,1932 - March 31, 1933 by an amount up to 900,000 tons, provided Cuba should restrict its crop to approximately 2,500,000 long tons.

4. In spite of this restriction, raw sugar prices did not react favorably and by the end of the month had dropped to the basis of sixty-eight cents per hundred pounds, cost and freight, an all-time low record. This price was not only far below production costs, but is probably barely sufficient to cover such fixed expenses as inland and ocean freights, wharfage charges, production taxes, production taxes and the cost of the sugar sacks, lubricants and fuels.

5. By March 26th Cuba's exports of sugar reached 611,987 long tons, as compared with 548,896 long tons on the corresponding date last year. Exports of refined sugar (included in the above total) by the same date had reached 75,015 long tons, as against 51,681 long tons on March 26, 1931.

6. The demand for Cuban leaf tobacco, which was active during February, fell off during March. The better grades of "Vuelta Abajo" tobacco were fairly active, however, and while prices showed little improvement, the undertone of the market is generally better. The various attempts to settle the difficulties of the Havana Cigarmakers strike have thus far failed and there is no indication as to when the strikers will resume work.

7. Exports of Cuban winter vegetables continued unsatisfactory in comparison with previous years, only tomatoes moved in fair quantities and represented the bulk of the 21,567,000 pounds of vegetables shipped to northern markets so far during this season.

8. According to the Havana branch of the Federal Reserve Bank of Atlanta, there was a net inward movement of currency during the first

From M. A., Havana No. No. 3746 Date: April 14, 1932.

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twenty-four days of March of $1,685,000. This inward movement is seasonal and is caused by demands for funds to finance the present sugar crop.

J. J. O'Hare,
Major, General Staff,
Military Attache.

Source: Embassy

From M. A., Havana No. 3746 Date: April 14, 1932

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RECEIVED G/2 W. D. MAY 17 1932

CUBA (Economic)

Subject: Current Economic Situation-General.

1. No constructive developments of sufficient importance occurred during the month of April to bring about a check in the general business recession.

2. SUGAR:

(a) The sugar grinding season is fast drawing to a close, and the slightly stimulating effect which the crop movement had on the general situation is disappearing. Representative indices show that most business activities are declining to a new low level.

(b) At the time that the sugar crop restriction was announced, quotas for one hundred and sixty-six mills were allotted by the Cuban Sugar Stabilization Institute. Thirty-four of these mills have thus far failed to grind, and while they are permitted to transfer their quotas to other mills, several have even failed to take advantage of this permission. In addition to this, a few mills stopped grinding before completing their allotted quotas.

(c) The official crop restriction has thus far failed to bring about an improvement in the raw sugar market. On the contrary, prices have descended to new low level records, the official average price of raw sugar in Havana warehouses being $0.00458098 per pound during the first two weeks in April.

(d) By May 1st, ninety-eight mills had stopped grinding and thirty-four were still operating. By April 25th, 2,433,395 long tons of raw sugar had been produced. Total exports of old and new crop sugar from January 1 to April 23, 1932, were 885,462 long tons, against 715,290 long tons during the same period of 1931. Up to April 23rd, refined sugar exports (included in the above totals) were 117,884 long tons, as compared with 69,583 long tons during the corresponding period of 1931.

3. TOBACCO:

(a) The situation in the leaf tobacco market has shown very little change during April. Stocks of low-grade tobacco are practically exhausted and stocks of the better grades are only slightly above normal for this time of the year. Buying was light during April and the prices showed little variation. The new crop which has been harvested and is now drying, will begin to move during the months of June, July and August. It is generally expected that this year's crop will be inferior to last year's, both in quantity and quality.

(b) Exports of tobacco for March of this year were valued at $1,437,327 as compared with $2,245,202 in March, 1931. This drop of over 93 per cent is due principally to the cigarmakers' strike, which continues apparently without any indication of an early solution.

From M. A., Havana No. 3773 Date: May 11, 1932

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4. FRUITS AND VEGETABLES:

(a) Shipments of Cuban winter vegetables to northern markets are almost over for this season although there was a heavy movement of tomatoes during the month of April. Exports of fruits were confined almost entirely to pineapples, fresh and canned. The pineapple crop is unusually large and apparently of good quality. According to present estimates, the total production may reach 1,700,000 crates.

5. GENERAL:

(a) Government revenues during the first three months of 1932 showed an improvement over the first six months of the present fiscal year, due partially to the new taxes and to the 10-cents-per-bag production tax on sugar, collected during the grinding season. Revenues remain below last year's levels, however, and the Government is still in arrears in the payment of salaries of public employees.

(b) The Chase National Bank of the City of New York was awarded the contract for the coinage of the new Cuban silver. The first three shipments of this money have already arrived in Havana, and have been put in circulation. While silver is not actually discounted by the local banks, each of them has opened special silver accounts for all persons depositing silver, requiring them to accept silver in payments. American paper money of one dollar denomination is being retired as fast as the banks can do so.

J. J. O'Hare,
Major, General Staff,
Military Attache

Source: Embassy

From M. A., Havana No. 3773 Date: May 11, 1932

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G-2 Report

CUBA (Economic)

Subject: Current Economic Situation-General.

Monthly Review for May, 1932:

RECEIVED G/2 W. D. JUN 21 1932

1. There has been no improvement in business conditions in Cuba during the month of May. Activities in most lines have declined to new low levels with little probability of any substantial improvement in the near future.

2. The price of raw sugar, Cuba's basic commodity, remained at distressingly low figures. Exports of tobacco and tobacco products continued to decline. The political situation, which had been relatively tranquil for a number of months, caused considerable anxiety during May. In addition, the increased circulation of Cuban silver money has added an exchange problem to the others which have confronted the business man in Cuba. Cuban silver is now officially quoted at a discount of from 1-1/2 to 2 %. While the silver question has not as yet assumed serious proportions, it is already causing some hardship, especially to large foreign firms operating in Cuba, who collect a considerable percentage of their accounts in silver and have to remit funds abroad.

3. The average quotation of raw sugar during May was about sixty cents per one hundred pounds, cost and freight New York, approximately one-half the price during May, 1931. The official average price for sugar in warehouses in Havana for export during May was .499343 per 100 pounds, as compared with .991577 during the corresponding month of last year. By May 15th, raw sugar production of the present crop totalled 2,560,969 long tons. By May 28th only fourteen mills were still in operation. Exports of sugar for the period from January 1 to May 28th, 1932, amounted to 1,115,665 long tons, an increase of 179,485 long tons over May, 1931.

4. Exports of refined sugar (included in the total given in the above paragraph) amounted to 161,506 long tons, compared with 90,582 long tons for the corresponding 1931 period. An interesting development during May was the sale to Russia of 7000 long tons of segregated sugar at sixty-five cents per one hundred pounds, f.o.b. Cuban ports.

5. Exports of tobacco and tobacco products during April amounted to only $759,514, as against $2,005,892 during April, 1931. This heavy drop in tobacco exports is a direct result of the cigarmakers strike which was started on January 14, 1932, and has not yet been settled.

6. The shipment of winter vegetables is now practically over. The movement of the new pineapple crop, however, is now at its peak. From April 1 to May 24, exports of pineapples to the United States totalled 479,897 crates. The results obtained by Cuban pineapple shipments are not satisfactory, however, due to the low prices prevailing in northern markets as a result of heavy shipments from Porto Rico.

From M. A., Havana No. 3817 Date: June 15,1932.

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7. The net outward movement of currency through the Havana branch of the Federal Reserve Bank of Atlanta totalled $2,380,000. On the other hand, however, the Cuban Government had received, up to May 31st, $2,736,859.00 of the new silver coinage. Local banks are continuing to retire American one and two dollar bills from circulation, in order to facilitate the circulation of Cuban silver money.

J. O'Hare,
Major, General Staff,
Military Attache.

Source: Embassy

From M. A., Havana No. 3817 Date: June 15, 1932

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G-2 Report

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CUBA (Economic)

Subject: Government Interest in Agriculture.
Sugar.

RECEIVED G/2 W. D. JUL 16 1932

1. On June 30, 1932, with three mills still grinding, Cuban sugar production for the 1932 crop, according to figures released by the National Sugar Export Corporation, totalled 2,582,916 long tons.

2. On that date, total stocks of the old and new crop sugar amounted to 2,810,274 long tons, made up as follows:

Carryover on January 1,1932 of old crop "free" sugar - - - - - - - - - - - - - - -	574,456	long tons
Segregated sugar on hand January 1,1932 - - -	1,059,963	" "
Production to June 30, 1932 - - - - - - - -	2,582,916	" "
TOTAL - - - - -	4,217,335	" "
LESS:		
Exports of "free" sugar from January 1 to June 30, 1932- - - - - - - - - - - - - - -	1,228,106	" "
Exports of segregated sugar during the same period - - - - - - - - - - - - - - - - - -	95,455	" "
Local consumption during same period - - - -	83,500	" "
TOTAL - - - - - -	1,407,061	" "
Total stocks of all sugar on hand January 30, 1932 - - - - - - - - - - - - - - - - - -	2,810,274	" "

3. Included in the above figures are 198,192 tons of refined sugar which Cuba exported during the same period. This is a substantial increase over the equivalent 1931 period, when exports of refined sugar amounted to only 118,747 long tons.

4. As previously reported, the 1932 Cuban sugar crop was limited to 2,700,000 long tons, plus the amount produced up to midnight, March 31st, by mills, in excess of the production quotas allotted them under the restriction. Due to the late date of restriction of the 1932 crop, several mills had already exceeded their production quotas, and it was generally expected that the crop would necessarily be in excess of 2,700,000 tons. However, several mills, due to the low prices which were prevailing, failed to grind their full allotments. This more than offset the excess production of the others, and it now appears that the production will be about 100,000 tons less than the amount authorized.

5. During the present year it became evident that the allotment of sugar for export to the United States was in excess of the actual requirements of that country, and, as a result, Cuban producers were not only unable to secure all or part of the benefits of their 50-point duty preferential, but were actually obliged to sell sugar, cost and freight New York, at prices below those obtained from purchasers in Europe, f.o.b. Cuban ports.

From M. A., Havana No.3840 Date: July 11, 1932.

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6. Sugar prices declined so rapidly that early in June they reached the all-time record low of 57 cents per 100 pounds, cost and freight New York.

7. In an attempt to improve sugar prices a Presidential Decree was promulgated on June 13, 1932, which provided that any part of the sugar authorized for export to the United States, and which remained unsold on December 31, 1932, could be exported to that country during 1933. This decree further provided that any stocks of sugar in Cuba or in Atlantic or Gulf ports of the United States on December 31, 1932, in excess of a normal carry-over of 300,000 long tons, would be deducted from the 1933 crop. In other words, production of Cuban sugar during the 1933 crop, for shipment to the United States, would be limited to actual shipments to that country during this year, less surplus stocks on hand on December 31, 1932.

8. The provisions of the decree referred to above paved the way for the organization of a sugar pool, as they enabled holders of pooled sugar to dispose of it at any time up to the end of 1933 as might be considered most advantageous. Repeated attempts were made to form an unofficial and voluntary pool of 800,000 tons, but, for various causes, these attempts were unsuccessful.

9. On July 2, 1932, a decree was issued which provided that 700,000 tons of sugar assigned to the United States for shipment during 1932 would be withheld from the market until the average price, cost and freight New York, reached 1½ cents per pound and remained at at that level for five consecutive days. All holders of sugar of the 1932 allotment will, according to the decree, be obliged to contribute 50 per cent of their stocks to the pool, excepting any part thereof covered by bona-fide sales contracts entered into in good faith prior to the promulgation of the decree.

10. Another decree promulgated on July 2nd, provided for the transferring of 115,000 tons of sugar from the original 1932 United States quota to the quota for "other countries". This transfer, the decree states, is possible under the International Agreement in view of a deficit in Germany's 1932 exports. Thus, in addition to a temporary withdrawal of 700,000 tons from the American market, an additional 115,000 tons have been definitely withdrawn.

11. The immediate effect of the various decrees referred to above has been to improve raw sugar prices from 57 cents per 100 pounds, cost and freight, early in June, to $1.00 on July 7th, although the price now prevailing is below production cost. However, the sharp increase has created a more optimistic outlook in Cuban sugar circles. Whether or not the artificial measures which have been responsible for this upward trend in sugar prices will be successful in further increasing the price, or even in sustaining it at the present level, is, of course, problematical.

O'Hare

J. J. O'Hare,
Major, General Staff,
Military Attache.

Source: Embassy and Press.

From M. A., Havana No. 3840 Date: July 11, 1932

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G-2 Report

CUBA (Economic)

Subject: Current Economic Situation-General.

RECEIVED G/2 W. D. JUL 30 1932

1. Although there were no real improvements in the Cuban economic situation during the month of June, there were a few developments which makes the outlook for the coming months a bit more hopeful.

2. The most important development was the sharp recovery on raw sugar prices from the record low of 57 cents per 100 pounds, cost and freight, at the beginning of the month, to $1.00 early in July. Although the latter price is still below production cost, a more optimistic attitude will undoubtedly be created if the improvement is sustained. The sudden increase in raw sugar price was due, at least in part, to the measures taken by the Government for restriction of exports to the United States, as outlined in report No. 3840, index 4200-a, dated July 11, 1932. Other encouraging developments during June was the reported increased export of Cuban corn and coffee to foreign markets. Formerly a heavy importer of both products, Cuba, as a result of its crop diversification program, has now become not only independent of imports thereof, but has an exportable surplus. Should this development continue, it will have a stimulating effect on the business conditions in Oriente Province, where most of Cuba's corn and coffee are grown, and also where business conditions are worse than in any other province.

3. On the other hand, however, conditions in the Cuban tobacco industry remain unfavorable. The cigarmakers strike continues, although several local manufactures have opened factories in small towns where they are less affected by labor troubles than in Havana. The largest local cigar manufacturer has announced definitely its intention of discontinuing any further manufacturing in Cuba due to the prolonged cigarmakers strike. This company has decided to manufacture all of its cigars in the United States.

4. With the Cuban vegetable season over, shipments of this product were practically negligible during June. Exports of fresh fruits were very low and only pineapples showed any appreciable movement.

5. The budget for the present fiscal year estimates revenues at $51,700,000. As the revenues for the past year will probably be considerably below the above estimates, the Cuban Congress is now discussing a number of new tax measures which they hope will provide sufficient additional revenues to balance the present budget.

6. The Government has now received the entire $3,856,859.20 of new silver money. In spite of this relatively high influx of silver, the unofficial discount on it has decreased to about 1½ percent.

J. J. O'Hare,
Major, General Staff,
Military Attache.

Source: Embassy

From M. A., Havana No. 3854 Date: July 25, 1932.

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G-2 Report

CUBA (Economic)

Subject: Current Economic Situation-General.

RECEIVED G/2 W. D. SEP 7 1932

1. Economic conditions in Cuba showed no improvement during the month of August. In fact, there was a further contraction of business activities, due primarily to the silver problem, which has become more acute, and, to a certain extent, to the numerous new tax measures enacted during the month. (See report No. 3876, index 4800, dated August 29, 1932.)

2. The unofficial silver discount has gone to over 4 per cent, and the Government is taking drastic measures to attempt the prevention of further depreciation. Fiscal agents have been authorized to accept up to 35 per cent silver money in payment of duties and taxes, and it is reported that the Government contemplates increasing this proportion to fifty per cent. Measures have been taken to stop speculation in silver money, and a decree was promulgated on August 24, 1932, warning tax collectors and other fiscal employees against trafficking in currency and gold which they receive from taxpayers, under threat of dismissal and prosecution. The Government hopes that as a result of these measures, the situation will be remedied. As the matter stands at present, business in general is suffering severely. Merchants are receiving the bulk of their collections in silver money and those who are obliged to remit funds abroad are finding it increasingly difficult to purchase foreign exchange. The banks cannot legally discount silver and, under present circumstances, are unable to accept silver money on a parity with gold. The Government's attempts to stop speculation in silver money have made it difficult for importers and others to obtain the necessary currency to purchase dollar drafts, although it is thought that steps will be taken to remedy this phase of the situation. The consensus of opinion among most local bankers appears to be that the additional $3,586,859.20 of new silver currency recently placed in circulation is not sufficient to justify the heavy depreciation.

3. The increase in raw sugar prices was sustained during August, and the market showed further signs of strength. Nevertheless the present quotation of $1.17 per 100 pounds, cost and freight New York, while far above the record low of 57 cents early in June, is probably still below production costs, even under present conditions. Exports of sugar from January 1 to August 20 totalled 1,792,166 long tons, as against 1,827,165 long tons during the equivalent 1931 period. Of the 1932 total, 654,294 long tons went to countries other than the United States, a substantial increase compared with the 1931 period when these exports totalled 416,542. The 1931-1932 sugar crop, according to figures released by the National Sugar Export Corporation, totalled 2,593,361 long tons, and stocks on hand on August 15 (including segregated and pooled sugars) are given as 2,419,461 long tons. The official average price of raw sugar in warehouses in Havana for export during the first half of August was $--.881093 per 100 pounds, as against $--.767190 for the first half of the preceding month, and with $1.199240 for the month of August, 1931.

4. Recent reports confirm that the 1932 Cuban tobacco crop will be far below that of the previous year, due largely to curtailed plantings. Weather conditions have not been altogether satisfactory either. Lack of cool weather during the winter months has somewhat

From M. A., Havana No. 3878 Date: Sept. 2, 1932

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impaired the general quality of the tobacco. Prices, which are still unremunerative, will obviously depend on the demand the new crop will have. Most farmers are packing their own tobacco and few "vegas" have come to the market as yet. The cigarmakers' strike, which began on January 14th, has practically settled itself. (See report No. 3754, index 2340-a, dated April 21, 1932.) Havana cigar workers are willing to resume work, but as most of the manufacturers have, in the meantime, moved their factories to interior points, many are finding it difficult to secure employment.

J. J. O'Hare,
Major, General Staff,
Military Attache

Source: Embassy

From M. A., Havana No. 3878 Date: Sept. 2, 1932.

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G-2 Report

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OCT 18 1932
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CUBA (Economic)

Subject: Government Interest in Agriculture.
(Sugar.)

RECEIVED G/2 W. D. OCT 17 1932

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Cuban Sugar Pool.

1. Reference is made to paragraph 9 of report No. 3840, index as above, dated July 11, 1932, which reported the segregation during 1932 of 700,000 tons of sugar of the quota originally assigned for export to the United States, and which was to be withheld from the market until the average price, cost and freight New York, should reach 1½ cents per pound and remain at that level for five consecutive days.

2. On September 27, 1932, President Machado signed a decree providing that the terms of the decree of July 2, 1932 shall remain in force until June 30, 1933, thus prohibiting until that date the export of the 700,000 tons of sugar ordered segregated by the prior decree, unless the average price of sugar, cost and freight New York, arrives at the 1½ cent figure and remains there for five consecutive market days, and is so published by the Sugar Stabilization Institute.

J. J. O'HARE,
Major, General Staff,
Military Attache

Source: Embassy and Official Documents

From M. A., Havana No. 3901 Date: October 11, 1932

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WAR DEPARTMENT

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TRANSLATION

Economically, Cuba and the United States complement each other. The former, a tropical and purely agricultural country, is able to supply the latter with those products which are either not grown in the United States at all or are not produced as advantageously as in Cuba.

It is unquestionable that the geographical proximity of the Island of Cuba to the United States, the political relations between the two countries and the dependence of both on a single banking and financial system require and justify the development of commercial interchange between them according to a special procedure, completely dirrerent from the manner in which such interchange develops between the United States and the rest of the world.

With a population of only some three million five hundred thousand inhabitants, Cuba has imported as much as $557,000,000 in a single year (1920), $404,400,000 or 73 per cent of this total being from the United States. In foreign trade with the United States, Cuba surpasses countries with a population ten times greater. Mexico, the only country surpassing Cuba with regard to investments -- and the excess is insignificant -- is much below it in respect to imports and exports.

In order that this commercial interchange between the United States and Cuba may again achieve its former volume, it is absolutely necessary that the obstructions and hindrances established in both countries in recent years be abolished. It is absurd to think that this interchange can be developed when one country dictates to the other the articles which may be exported to it and excludes, by means of tariff barriers, those which caprice or political compromises suggest.

Philip Wright, in speaking of the Cuban sugar industry, said:

> "In sugar, therefore, we find the basis of Cuba's prosperity and the reason of her resistance; in sugar we also find her "heel of Achilles." The importance of the sugar industry in the economy of Cuba is of such magnitude and its effect on the development of any other industry so enormous, that we must of necessity take it as a point of departure in this study."

If we look at the statistics of importations of Cuban products into the United States, we shall find that the proportion of importations of sugar to total imports reached 93 per cent in 1930, 88 per cent in 1923, 79 per cent in 1926 and 76 per cent in 1929; since 1902, when Cuba achieved her independence, the proportion has never been below 70 per cent.

To think that Cuba can prosper and develop a mutually advantageous commercial interchange with the United States with sugar eliminated as the main item of her exports is like thinking that the United States can increase her exports to Cuba with the latter closing her ports to American manufactured articles. Such an error is equivalent to expecting Newcastle to prosper by exporting everything but coal; Brazil, everything but coffee, or Japan, everything but silk.

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The following table, taken from the statistical Year-Book of the Republic of Cuba, is of the greatest interest in showing the importance of sugar in the foreign trade of Cuba and the United States.

Year	Sugar and its derivatives	Total without sugar and its derivatives.
1903	$ 41,900,000	$ 34,100,000
1908	53,400,000	41,080,000
1913	118,000,000	46,050,000
1918	347,900,000	59,350,000
1923	372,900,000	48,140,000
1928	223,300,000	54,730,000

Accordingly, the policy of limiting the production of sugar adopted by Cuba -- on account of the increase in the production of the American colonies, a result of the excessive duty levied on Cuban sugar in the United States -- is an unavoidable policy which was rendered necessary to avoid the collapse of prices and to retard the final disaster as much as possible. But it is ironical and ridiculous to assert that by means of a reduction in the sugar production of Cuba the Cuban people will again find the road to prosperity. Such a thing would happen, naturally, if Cuba's reduction were not always accompanied by an increased production in the American colonies of Puerto Rico, the Philippines and Hawaii. But the sad truth is that the reduction in Cuba's sugar production has been nullified and neutralized, insofar as concerns its effect on the price, by the increase in the colonies mentioned.

Although diversification of crops is advisable for Cuba at this time, and has already been accomplished to a rather satisfactory degree, it must be noted that the principal cause of the prosperity which Cuba enjoyed in the period 1914-1915 was the satisfactory volume of her sugar production and the good prices at which it was sold. During these years Cuba imported from the United States the greater part of her foodstuffs, the producers of these articles in the Ynited States benefiting thereby.

It is, consequently, useless to talk of a friendly policy toward Cuba on the part of the United States if the condition "sine qua non" is previously determined that Cuba shall destroy her enormous investments of capital in the sugar industry, amounting to much more than a million dollars, which is the same thing as asking that she constantly reduce her sugar production while the American colonies increase theirs. The quantity and value of the other products which Cuba can export to the United States are not of sufficient importance to bring prosperity back to the Cuban people. The reason lies directly in the high standard of living in this country. Furthermore, those other products to which Cuba might devote her energies would be exclusively tropical products which cannot be cultivated in the United States, such as coffee, cocoa, sisal hemp, yucca tapioca, fruits, etc., and they all enter American territory free of duty, for which reason those from Cuba would not enjoy the advantages which they would otherwise have under the Reciprocity Treaty between the two countries. And it is obvious that without having these advantages to rely on, Cuba could never find in the exportation of these products to the United States the basis for progress and prosperity.

It is, therefore, clear that Cuba cannot consider that "everything possible to cement the economic relations between the two countries has been done" ifthe United States penalizes the product which, by itself, forms from 70 to 90 per cent of her exports.

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By AMF NARS, Date 05/04/89

It is alleged that the object of the tariff of two cents a pound on Cuban sugar in effect in the United States is to protect the domestic sugar industry of that country. But statistics show that that industry has not been able to prosper under such tariff protection, while the industry of the insular colonies has given obvious proof of having done so. In the years 1921-22 and 1922-23, when there was a tariff of 1.60 cents, the total production of domestic and colonial sources of supply of the United States amounted to 4,887,600 tons of 2,000 pounds, 52.5 per cent of which was from the insular colonies. In the two-year period 1930-31 and 1931-32, with a tariff of two cents, the total production was 8,680,720 tons of 2,000 pounds, of which66.23 per cent was from the insular colonies. In 1919-20, with a tariff of one cent per pound on raw sugar from Cuba, the beet sugar production in the United States was 1,089,021 tons of 2,000 pounds and in 1931-32, with a tariff of two cents imposed two years previously, it was only 1,165,387 tons of 2,000 pounds, or an increase of only 76,366 tons equal to 7 per cent. On the other hand, the production of the insular colonies jumped from 1,508,855 tons of 2,000 pounds in 1919-20 to 3,074,000 tons in 1931-32, an increase of 1,565,145 tons or more than 100 per cent.

Accordingly, if the direct or indirect results of the excessive tariff on Cuban sugar in effect in the United States are carefully studied, the following conclusions will probably be reached:

1. The producers in the insular colonies have been favored by being granted a greater protection than the difference between their costs of production and those of Cuba.

2. The colonial producers have been given an advantage in the competition of their sugar with beet and cane sugar of national production.

3. That advantage allows them to compete to a point where the price of sugar is carried to levels ruinous for all except themselves.

4. The purchasing power of the Cuban people has been shattered and American exporters have been deprived of a commerce with Cuba which in prosperous years amounted to $357,000,000.

5. The annihilation of the Cuban people and the aggrandizement of the insular colonies does not result in an increase in exportations from the United States to those colonies on account of the low standard of living therein.

Cuba cannot hope to have her sugar enter the United States duty free, just as the latter cannot hope to have her articles enter freely through the Cuban customs. But Cuba believes that the tariff policy of the United States can be changed in such a way that it will not injure national products, colonial products, those of Cuba or American exporters. This change is extremely simple and consists in the establishment in the United States of the tariff policy adopted by England, which can be condensed into two points:

A. Moderate protection for the colonies and for national producers in the tariff.

B. Additional protection for national producers in the form of a subsidy.

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This plan is not unknown in the United States and has been favored by American beet growers, and a bill was proposed in that sense to the Congress of that country by Senator Costigan.

The tariff policy of the United States has undoubtedly been one of the causes, and not the effect, of the commercial depression which that country is undergoing, reflected in the enormous reduction of its exportations to the whole world. Insofar as Cuba is concerned, no one can dispute the fact that her extreme economic depression is due to the necessity of reducing her sugar productions, together with the increase of production in the insular colonies, both factors being the result of the American tariff policy.

On the other hand, Cuba does not seek to have the United States establish differences in her favor and in prejudice to the colonies. She seeks merely that the tariff imposed on her sugar in the United States shall represent, not an arbitrary and capricious figure, but the real difference between her cost of production and that of the insular colonies.

There is, in addition, another point to be considered in studying the interchange of products between Cuba and the United States; that is, the financial and banking situation. Cuba has no paper money. There is a small amount of coined gold, silver and nickel specie, but no great quantity. The circulating medium, the currency, of Cuba is the American dollar. The effect which this has upon the commerce between Cuba and the United States is of the greatest importance, as we shall show below.

When an American importer receives a shipment of silks from Japan or of meat from Argentine, he must pay the value thereof in yens or in pesos and, untimately, if the commercial balance between the United States and Japan or Argentine is unfavorable to the first named, the gold eventually takes its course to Tokyo or Buenos Aires. A dollar in merchandise imported from Japan, Argentine, or from any other foreign country except Cuba, is a gold dollar which will eventually emigrate from the United States, affecting the financial and banking situation of that country.

As concerns Cuba, the case is entirely different. When an American importer receives a shipment of sugar or any other product from Cuba, he pays the value thereof in paper dollars which have only a certain percentage of gold guaranty, gold which naturally has no movement at all by reason of the transaction with the Cuban exporter, inasmuch as the operation is reduced to a mere transfer of credits between American banks and their branches in Cuba or, finally, in a shipment of bills through the Federal Reserve agency. A business transaction between an American merchant and one in Cuba differs in no way, as respects the monetary part, from a transaction between a merchant in Boston and another in New York. Financially and from a banking standpoint, Cuba is in the American Federal Reserve System.

Accordingly, when an American merchant buys a dollar's worth of Cuban products, he only pays 40, 60 or 70 cents in gold for them; and this gold always remains in the United States. This financial and banking situation should suffice to make the United States consider that favorable tariff treatment for Cuban products, without exception, is advantageous to the United States from every viewpoint; it benefits her exporters, workmen, banks and merchant marine; and it further benefits a nation 90 miles away which is wandering about in the midst of desperation and hunger, the defenceless victim of the two terrible "jinxes" of its life, geography and history, which unite it irremissibly to the most powerful country in the world and prevent it from seeking happiness by other paths.

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WAR DEPARTMENT

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CUBA (Economic) 4-1

Subject: Current Economic Situation-General.

RECEIVED G/2 W. D. NOV 8 1932

United States Sugar Tariff.

1. There is appended hereto a translation of a statement given to the local press on October 23rd. by Dr. Viriato Gutierrez, Liberal Senator from Habana, President of the Sugar Stabilization Institute and close personal friend of President Machado, in which he discusses the commercial relations between the United States and Cuba, with special reference to the effects thereon of the existing United States sugar tariff, and the free admission of sugar produced in the United States' insular possessions.

J. J. O'HARE,
Major, General Staff,
Military Attache.

By: Vesta Moore
Clerk

Source: Embassy and Press.

From M. A., Havana No. 3918 Date: October 31, 1932.

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CUBA (ECONOMIC)

Subject: Government Interest in Agriculture (Sugar).

Restriction of 1932-1933 Sugar Crop.

1. Restriction of the 1932-1933 sugar crop to 2,000,000 tons has been sanctioned by Executive Decree, signed on November 2, 1932, in accordance with recommendations made to the President by the Cuban Sugar Institute. From the said total of 2,000,000 tons (Spanish), not more than 1,114,991 may be exported to the United States and not more than 735,009 to other countries. The remaining 150,000 tons are to be reserved for local consumption.

2. In addition to the 1,114,991 tons of the 1932-1933 crop authorized for export to the United States during the coming year, the Decree authorizes the export during 1933 of the surplus sugar remaining in stock on December 31, 1932, from the United States' quota authorized for export during 1932.

3. The 264,991 tons of segregated sugars remaining under the control of the National Sugar Export Corporation for export other than to the United States during 1932, in accordance with the so-called Sugar Stabilization Law, are authorized by the present Decree to be exported to countries other than the United States in 1933 in addition to the 735,009 tons of the 1932-1933 crop. The total of 1,000,000 tons for export other than to the United States is in accordance with the international agreement to which Cuba is a principal party.

4. The Decree further provides that grinding shall not begin before February 1, 1933, and must be finished before May 31, 1933. Cutting of cane may be commenced before the authorized date of grinding.

J. J. O'Hare,
Major, General Staff,
Military Attache.

Source: Embassy and Press

By: V. Moore
Clerk.

From M. A., Havana No. 3926 Date: Nov. 8, 1932.

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CUBA (Economic)

Subject: Current Economic Situation-General.

RECEIVED G/2 W. D. NOV 28 1932

Monthly Review for October, 1932.

1. There was no improvement in general economic conditions in Cuba during the month of October. Business activities showed a further contraction which was accentuated by a feeling of apprehension due to recent political occurrences.

2. Developments in the sugar industry commanded considerable attention during the month under review. The Sugar Stabilization Institute voted in favor of another crop restriction limiting the 1933 production to 2,000,000 tons as against a production of roughly 2,600,000 tons during 1932. A Presidential Decree signed on November 2nd. made the restriction of the 1933 crop to 2,000,000 tons official and provided that the grinding may not commence until February 1, 1933. (As reported in report No. 3926, index 4200-a, dated November 8, 1932.)

3. In spite of the official measures of a constructive nature enacted during September (prolongation of the life of the 700,000 tons sugar pool and the decision of the Sugar Stabilization Institute that Cuba remain a party to the International Sugar Convention), raw sugar prices showed no improvement and, in fact, declined slightly during October as compared with September. It now remains to be seen whether the official restriction of the 1932 crop to 2,000,000 tons will succeed in restoring sugar prices to a level that will enable Cuban producers to cover production costs.

4. The ficial average price of raw sugar in warehouse Habana, for export, was $00.860153 per 100 pounds during October, as compared with $00.912495 for the preceding month and $1.185534 for October, 1931.

5. Cuban exports of raw and refined sugar from January 1 to October 29, 1932, totalled 2,275,663 long tons, a slight decline compared with the equivalent 1931 period when they amounted to 2,306,732 long tons. Stocks of sugars on hand October 15th (including segregated and pooled sugars) totalled 1,938,000 tons as against 2,139,834 tons on September 15th.

6. Conditions in the Cuban tobacco industry continued unsatisfactory during October. There was a slightly increased movement in low grade"Remedios"and "Vuelto Abajo" tobacco of this year's crop at approximately last year's price levels, but sales of the better grades were insignificant.

7. Shipments of fruits during the first half of October were generally unsatisfactory. Exports of grapefruit to the United States totalled only roughly 50 per cent of the value and volume of those during the first half of October, 1931. Shipments of pineapple showed a slight increase, while shipments of fresh vegetables during October were insignificant.

8. Representative indices reflect the decline in the business movement. Habana bank clearings for the four weeks period ended October 29, 1932, (exclusive of checks drawn against "silver" accounts)

From M. A., Havana No. 3936 Date: Nov. 17, 1932.

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totalled only $13,251,633 as against $23,008,133 during the equivalent 1931 period. Receipts of the United Railways of Habana for the same period dropped from $322,545 during that of 1931 to $254,605 during that of the present year.

9. The net outward movement of currency during October through the Habana branch of the Federal Reserve Bank of Atlanta amounted to $625,000. In addition, however, two local branches of foreign banks shipped an aggregate of $1,425,000 direct to Puerto Rico early in the month to meet possible emergencies resulting from the recent cyclone. As a result, the total net outward movement of currency during October was $2,050,000.

10. The silver problem has improved considerably, the discount on silver money apparently having become fairly well stabilized at from 2 per cent to 3 per cent. The danger of a violent depreciation seems to have been removed, for the time being at least.

11. Receipts at the Habana Customhouse totalled $1,202,616 during September as against $1,011,831 during the preceding month and $1,685,974 during September, 1931. Advance reports indicate that Government revenues are continuing to decline and that so far the numerous new tax measures have not succeeded in reestablishing revenues.

J. J. O'Hare,
Major, General Staff,
Military Attache.

By: V. Moore

Source: Embassy

From M. A., Havana No. 3936 Date: Nov. 17, 1932.

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CUBA (Economic)

Subject: Current Economic Situation-General.

RECEIVED G-2 W.D. DEC 21 1932

1. Economic conditions in Cuba suffered a severe setback during the month of November as a result of the hurricane, one of the most severe in the history of the Island, reference to which has already been made in other reports. The disaster, which particularly affected the Province of Camaguey and to a lesser extent Oriente and Santa Clara, not only took a heavy toll of lives but caused material damage, the extent of which cannot yet be accurately estimated.

2. Advance reports indicate that numerous sugar mills in the affected area have been materially damaged; sugar cane flattened by the wind and in many cases completely destroyed; sugar stored in mills, warehouses and docks damaged; minor crops in many cases completely destroyed, and serious damage done to communications. Some time will have to elapse before accurate estimate of all the losses can be made, but the National Sugar Export Corporation stated that of 2,118,982 bags of segregated sugar which it had stored at several points in the Province of Camaguey, 545,613 bags were damaged.

3. One of the most far-reaching effects of the disaster was the destruction of many of the minor crops, which deprives thousands of farmers of their means of subsistence.

4. The heavy losses of sugar cane, while a serious hardship to the affected cane growers, will not affect the size of the 1933 sugar crop which has already been limited to 2,000,000 long tons. Unofficial estimate made before the cyclone showed that there was sufficient cane on the Island for a crop of well over 4,000,000 long tons.

5. Sugar prices have as yet failed to respond to the various restrictive measures, and for the month of November, 1932, the official average price of raw sugar in warehouse Havana for export was only $.796862 per 100 pounds, as against $.860153 for the preceding month and $1.134602 for November, 1931.

6. Exports of raw and refined sugar during the period January 1, 1932, to November 26, 1932, totalled 2,451,686 long tons as against 2,457,892 for the equivalent 1931 period. Sugar on hand November 15, 1932, according to the National Sugar Export Corporation, totalled 1,734,768 long tons.

7. Conditions in the tobacco industry remained practically unchanged during November. There was a fair demand for high grade leaf tobacco on the part of American cigar manufacturers, and some movement of low grade leaf tobacco to Europe. As far as can be ascertained, the hurricane caused very little damage to the tobacco stocks on the Island, although in some portions this crop suffered slightly. It is not too late, however, to permit replanting of seeds.

8. Exports of fruits to the United States showed an increase during the first half of November compared with the same period of 1931. Vegetable shipments to northern markets began earlier than usual this year, and there was some movement of tomatoes and egg plants. The hurricane will not affect exports of fresh vegetables,

From M. A., Havana No. 3955 Date: December 13,1932

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as those produced for export to the United States are grown chiefly in the western provinces and the Isle of Pines, which areas were not affected. The same applies to fresh fruits. While the large citrus fruit growing centers of La Gloria and Ceballos suffered greatly from the cyclone, their production consists mostly of oranges and grapefruit, which are all consumed in the local markets.

J. J. O'HARE,
Major, General Staff,
Military Attache

Source: Embassy

From M. A., Havana No. 3955 Date: December 13,1932

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
JAN 10 1933
WAR DEPARTMENT

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CUBA (Economic)

Subject: Government Interest in Agriculture. (Sugar).

RECEIVED G/2 W. D. JAN 10 1933

Retirement of Sugar Stabilization Bonds.

1. On December 16, 1932, the National Sugar Export Corporation retired $1,602,120 of the 5½ per cent Sugar Stabilization Gold Bonds. There bonds were acquired at approximately 80 per cent of their par value, thereby netting the National Sugar Export Corporation a profit of $324,462.12.

2. It will be recalled that the Sugar Stabilization Law of November 15, 1930 (Chadbourne Plan) authorized the issue of $42,000,000 of these bonds. However, only $36,973,480 were actually placed in circulation because at that time only 1,316,958 long tons of sugar were available for segregation instead of the 1,500,000 long tons provided for in the law.

3. Up to date, $12,332,400 of these bonds have been retired at a total cost of $10,927,913.80, thus netting the National Sugar Stabilization Corporation a profit of $1,404,486.20. This profit has, to some extent, offset the reduced proceeds from the sale of segregated sugars.

4. The Sugar Stabilization Bond issue is a contingent liability of the Cuban Government, and is secured chiefly by the segregated sugar of which two-fifths was disposed of by December 31, 1932. The balance, in accordance with the Chadbourne Plan, will be sold in three equal parts during 1933, 1934 and 1935. In addition to the collateral value of the segregated sugar, the Sugar Stabilization Law created, as further security, a sugar production tax of eleven-cents-per bag to be collected from January 1, 1931 until December 31, 1935. This special tax will be increased to fifty-cents-per-bag on January 1, 1936, remaining at that rate for five years, provided the sale of the segregated sugar has not, in the meantime, produced a sufficient amount to retire the issue.

J. J. O'HARE,
Major, General Staff,
Military Attache

Source: Embassy and Official Documents.

From M. A., Havana No. 3975 Date: January 5, 1933.

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G-2 Report

CUBA (Economic)

Subject: Current Economic Situation-General.

1. Except for a slight increase in retail sales of a few lines, due to the holiday season, business conditions in Cuba failed to improve during December. On the contrary, according to representative indices, the commercial movement, in general, showed a further decline compared with preceding months. While the approaching tourist and sugar grinding seasons will bring some measure of temporary relief, no substantial or enduring improvement can be expected in the near future unless there is a marked favorable reaction in the market prices for raw sugar and tobacco.

2. Sugar prices declined again during December and on December 31, raw sugar was quoted on the basis of $.75 per 100 pounds cost and freight New York. Exports of raw and refined sugar from January 1 to December 24, 1932, totalled 2,566,494 long tons as against 2,677,039 long tons for the equivalent 1931 period. The official average price of raw sugar (96 degree polarization) in warehouse Havana, for export, declined to $.645102 per 100 pounds during the first half of December as compared with $.901805 for December, 1931.

3. Agitation in favor of advancing the sugar grinding season in Camaguey Province to January 1, 1933, in order to help laborers and others afflicted by the hurricane, and to January 15,1933, in the remaining provinces, has failed, and it now appears definitely assured that the crop will not begin before February 1,1933, in accordance with the Presidential Decree of November 2nd. (See report No.3936, index as above, dated November 17, 1932.)

4. Conditions in the tobacco industry showed no improvement during December. There has been a moderate demand for fine factory "vegas" in the Vuelta Abajo region, but practically no movement in high-grade Remedios leaf. Several local dealers have purchased most of the stocks of low-grades that remained available, in anticipation of the annual purchase of the Spanish Tobacco Regie. Due to the distressingly low prices prevailing and the resultant poor financial condition of most tobacco growers, it is generally expected that the 1933 tobacco crop will be even smaller than that of this year. Exports of tobacco and tobacco products during November were valued at $1,139,637 as against $1,749,693 during November, 1931.

5. Exports of fresh winter vegetables from the Havana district showed a heavy decline during the first half of December as compared with the equivalent 1931 period. The heaviest decline was in tomatoes, exports of which were only roughly one-tenth of those during the 1931 period. Havana shipments of fresh fruit, however, showed a slight improvement during the period in question, due principally to increased shipments of fresh and canned pineapples. Reliable reports from Oriente Province indicate that the hurricane of November 9th destroyed over 65 per cent of the November, December and January banana production in the Baracoa and Sama districts, which supply practically all the bananas exported from Cuba, and that as a result of the damage, next year's shipments will show a marked decline.

6. The net outward movement of currency through the Havana branch of the Federal Reserve Bank of Atlanta totalled $2,445,000 during December. The net outward movement of currency during the year 1932 amounted to $11,204,121.

J. J. O'HARE,
Major General Staff,
Military Attache

Source: Embassy

From M. A., Havana No.3978 Date: January 8,1933

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CUBA (Economic)

Subject: Government Interest in Agriculture.
(Sugar).

RECEIVED G/2 W. D. FEB 7 1933

1. As previously reported, the Cuban sugar crop for the present calendar year was limited, by presidential decree of November 2, 1932, to 2,000,000 long tons.

2. On January 21, 1933, the President, by executive decree, approved the 1933 production quotas recommended by the National Sugar Export Corporation. To arrive at these quotas the Corporation used as a basis what it termed the "ideal" crop, which was arrived at as follows:

(a) The amount of sugar cane available at each mill in accordance with the cane census authorized by the law of May 4, 1931, reduced to its equivalent in raw sugar.

(b) The average production of each mill for their 1929 and 1930 crops.

The average of these two factors constituted the so-called "ideal" crop, and each mill was assigned a production quota equal to 36.75 per cent of this figure, the present crop of 2,000,000 tons being equal to 36.75 per cent of the "ideal" crop.

3. For the present year, the mills may export 55.75 per cent to the United States, 36.75 per cent to other countries, and the remaining 7.5 per cent to local markets. This is in accordance with the distribution of the crop provided for in the decree of November 2, 1932, which assigned distribution as follows:

The United States.....	1,114,091 Tons
Europe.....	735,000 "
Local consumption.....	150,000 "

4. The decree further provided that during the crop, which begins on February 1, sugar production will be subject to the following regulations:

(a) The production quota of any mill may be ceded or transferred totally or partially to another mill or to other mills, provided that the ceding mill and the transferee are in position to grind.

(b) The National Sugar Export Corporation will deprive the transferee of the production quota acquired if it is shown that the cane covered by the transfer is not being ground.

(c) Total or partial transfers of quotas from one mill to another or from "colonos" to mills are prohibited and will not be authorized by the Sugar Export Corporation when the transferee does not, or, for any reason, cannot grind the "administration" or "colono" cane of the ceding mill covered by the transfer.

(d) When a mill does not grind or cannot arrange for the grinding of its "colono" cane or for the transferring of its quota under the above provisions, the Corporation will assign to the "colono" the part in the production quota of the mill covering its sugar cane, and the "colono" may transfer his part of the quota subject to the above provisions.

(e) If a mill or "colono" has not begun to grind or has not transferred the production quotas prior to February 20,1933, such quotas will constitute a pool to be distributed among mills actually grinding.

From M. A., Havana No. 3994 Date: February 2, 1933

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For the purpose of participating in this pool, mills will be divided into the following groups:

A Mills which under the decree have been assigned a quota of not more than 50,000 bags.

B Mills which under the decree have been assigned a quota of not more than 75,000 bags.

C Mills which under the decree have been assigned a quota of up to 100,000 bags.

D All other mills.

Group A mills will be the first to participate in this pool. They will receive, in proportion to their original 1933 quota, an additional amount from the pool sufficient to bring their 1933 production up to their original quota under the 1932 crop. In no case will the additional quota bring the 1933 production above 50,000 bags, even if their original 1932 quotas exceeded this amount.

In a similar manner the mills belonging to group B may participate in the pool up to 75,000 bags, and group C mills up to 100,000 bags. Should any pooled sugar remain available after it has been distributed to the first three groups, it will be divided proportionately among the group D mills.

(f) The National Sugar Export Corporation, on a vote of not less than eight of its members, is authorized to apply up to 10 per cent of the quota pooled for the purpose of aiding any mill in exceptional circumstances, which can prove that it has been so prejudiced by the original quota distribution that it is impossible for it to grind.

J. J. O'HARE,
Major, General Staff,
Military Attache

Source: Embassy

From M. A., Havana No. 3994 Date: February 2, 1933

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CUBA (Economic)

Subject: Current Economic Situation-General

RECEIVED G/2 W. D. FEB 14 1933

1. Cuban business has started the new year with few, if any, encouraging features in the general economic situation, and the future is clouded with uncertainty. Business continues at a low ebb and the seasonal activities in anticipation of the sugar crop have been sharply curtailed. Although most sugar mills have been able to prepare for the grinding season, the situation has made it necessary for them to reduce expenses for repairs and replacement of equipment to the absolute minimum.

2. In spite of the official restriction of the crop to 2,000,000 long tons, sugar prices continue to decline and on January 31, raw sugar was quoted on the basis of 68 cents per 100 pounds, cost and freight New York, very near the record low level of last spring. According to official statistics, total sugar exports (raw and refined) were 2,638,280 long tons during 1932 as against 2,722,886 during 1931. Exports to the united States dropped from 2,085,491 long tons in 1931 to 1,697,932 long tons in 1932, a decrease of over 18 per cent, while exports to other countries increased from 637,395 long tons in 1931 to 940,348 during 1932. The 1932 Cuban sugar shipments to the United States were reported to be the lowest in twenty years.

3. After considerable controversy, sugar production quotas for the 1932 crop, which began on February 1, were fixed by Presidential Decree on January 21st. (See report No. 3994, index 4200-a, dated February 2, 1933). One of the important provisions of this decree is the creation of a so-called "quota reserve" to be composed of the quotas of mills that do not begin grinding or have not arranged for the transfer of their respective quotas by February 20th. This quota will be distributed among the mills actually grinding, on a basis that will give preference to the smaller mills.

4. The situation in the tobacco industry continues unfavorable. Leaf tobacco prices have shown no improvement and continue at extremely low levels with very slight demand. Exports of tobacco and tobacco products during 1932 declined to the exceptionally low figure of $12,926,270, a decrease of 43.4 per cent compared with 1931 when they amounted to $22,847,120.

5. Exports of winter vegetables during the first half of January were below those of the equivalent 1932 period, both in value and in quantity. Shipments of fresh fruit showed a slight increase, but the total amount exported during the period under review was small.

6. Government revenues continue unsatisfactory. While the Government was able to meet the service on the Public Works Debt due December 31, 1932, which totalled $8,106,250, it was necessary, in order to complete the payments, to secure an additional Bankers' Credit of $3,007,000 in addition to the advance of $1,835,000 from the oil companies. (See report No. 3950, index 5020-b, dated December 6,1932). Settlement of these advances will constitute a drain on the Government's receipts during the second half of the fiscal year ending June 30, 1933, and it is to be expected that, as a result, the Govern-

From M. A., Havana No. 4000 Date: February 9, 1933.

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ment will have to go further in arrears in payment of salaries of public employees and other current obligations. Ways and means of settling Government salary arrears, which are assuming important proportions, are being actively discussed. A bill introduced in the House provides for the issue of "scrip" to employees, and other measures apparently receiving consideration include the possible coinage of additional silver money.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy

From M. A., Havana No. 4000 Date: February 9,1933.

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G-2 Report

CUBA (Economic)

Subject: Agricultural Raw Materials.

RECEIVED G/2 W. D. FEB 21 1933

SUGAR

1. The National Sugar Export Corporation has released figures showing Cuban sugar production and exports during the year 1932. In accordance therewith, production for the 1932 crop totalled 2,602,864 long tons as against 3,120,769 long tons for the preceding year and 4,671,230 long tons in 1930.

2. The carry-over from 1931 is given as 582,341 long tons of "free" sugars and 1,059,963 long tons of sugar segregated under the Chadbourne Plan, a total of 1,642,304 long tons. Exports during 1932 are given as 2,335,691 tons of "free" sugars and 269,503 tons of segregated sugars, while local consumption during the year is estimated at 23,290 long tons. Deducting the amounts exported and consumed locally during 1932 (2,628,484 long tons) from the 1932 production plus the carry-over from 1931 (4,245,168 long tons) there remained on December 31, 1932 a carry-over of 1,616,648 long tons. Of this last named amount 826,224 long tons consisted of "free sugars" and 790,460 long tons of segregated sugars.

3. The original export and consumption quotas for 1932 are given as follows:

For export to the United States	2,481,932	long tons
For export to other countries (free sugars)	720,139	" "
For export to other countries (segregated sugar.	272,926	" "
Local Consumption	150,000	" "
Total	3,624,997	" "

The following table shows actual exports and consumption during the year:

Exported to the United States	1,697,932	long tons
Exported to other countries (free sugars)	667,422	" "
Exported to other countries (segregated sugars)	272,926	" "
Local Consumption	23,586	" "
	2,661,866	" "

4. In accordance with the above figures, actual exports and consumption during 1932 were 963,131 long tons less than the original quotas. The largest difference was in the case of exports to the United States which were 784,000 long tons or 31.59 below the quota. Exports of "free" sugars to other countries were only 48,211 long tons or 7.32 percent below the quota while shipments to other countries of segregated sugars amounted to 100 percent of the 1932 quota.

5. In commenting on the apparent heavy drop in local consumption, the National Sugar Export Corporation states that the 23,586 long tons declared for that purpose duirng 1932 was not the real consumption of sugar in the Island during 1932. It explains that when all sugar stocks were declared in 1930, only 1,310,793 long tons were reported although it was known that actual stocks at the time totalled 1,600,000 approximately, and that,as a result, the 289,000 long tons, more or less, that

From M. A., Havana No. 4005 Date: February 15,1933

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By AMF NARS, Date 05/04/89

were not declared, forfeited their right to receive export permits and entered into local consumption.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy

From M. A., Havana No.4005 Date: February 15, 1933

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By AMF NARS, Date 05/04/89

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G-2 Report

4000-e

MAR 15 1933
OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
2655-B-81
WAR DEPARTMENT

4-1

CUBA (Economic)

Subject: Current Economic Situation-General.

RECEIVED G/2 W. D. MAR 15 1933

1. A fairly substantial increase in raw sugar prices during the latter part of February, while creating a more hopeful attitude, has not as yet, been reflected in an improvement in general business conditions. While as a result of the sugar grinding season, now in full swing, there has been a seasonal increase in the commercial movement, this increase has been subnormal. This is due to the very small crop, limited to 2,000,000 long tons, to the straitened financial conditions of many mills and to the small remunerations obtained by sugar growers and laborers, in keeping with prevailing raw sugar prices which, in spite of the recent improvement, are still below production costs.

2. On February 20th, the time limit fixed by presidential decree for mills to begin grinding, one hundred and twenty-two mills had begun operations. Unless the above date is extended there will be a decrease of twelve mills compared with 1932, when one hundred and thirty-four mills ground. Grinding operations throughout the Island appear to be progressing normally. Minor labor difficulties caused by low wages paid for cutting and hauling cane are reported to have been settled satisfactorily.

3. The official average price for raw sugar in warehouse Habana for export was $0.53251 during the first half of February as against $0.547620 for the first half of January and $0.731082 for February 1932. Exports of sugar (raw and refined) from January 1 to February 18, 1933, according to unofficial statistics, totalled 109,761 long tons, a sharp decrease compared with the equivalent 1932 period, during which 261.180 long tons were exported.

4. There has been little change in the tobacco situation since the last report on this subject. Reports indicate a good movement of old crop top grades to South America, but little or no improvement in prices. The continued dry weather is unfavorably affecting the present crop in several of the zones. Exports of tobacco and tobacco products during January were valued at $879,579, a decrease of 12.5 per cent compared with January 1932, when they amounted to $1,005,913.

5. Exports of winter vegetables during the first half of February showed an increase compared with the equivalent 1932 period, due largely to heavy shipments of tomatoes. Shipments of fresh fruit were small and showed little variation compared with the preceding year.

6. Government revenues continue unsatisfactory, but, as yet, no official steps have been taken toward settling the mounting arrears of salaries of public employees and other current obligations, although projects and plans for doing so continue to be prominently featured in the local press.

F. J. O'HARE,
Major, General Staff,
Military Attache

Source: Embassy

From M. A., Havana No. 4027 Date: March 9, 1933.

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By AMF NARS, Date 05/04/89

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APR 18 1933
OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
2655-9-8/53
WAR DEPARTMENT

G-2 Report

4000-e

CUBA (Economic)

Subject: Current Economic Situation-General.

RECEIVED G/2 W. D. APR 18 1933

1. Although the price of sugar showed some improvement during March, general business conditions showed very little change during the first quarter of 1933. In the automobile trade, however, there has been an improvement in each month of the present year. The renewed confidence which resulted from the unrestricted opening of banks in Cuba following the bank holidays has created a better sentiment among car and truck distributors. Passenger car imports during the first two months of the present year were substantially above those of the same period in 1932 and well over those of the last quarter of 1932. The heavier imports during the first two months of this year are principally due to the receipts of new models since it is too early for the improved sentiment to be reflected in imports. Imports are restricted principally to the low-priced cars, although a moderate number of medium-priced cars have been imported. Truck imports have not shown the same improvement as has occurred in imports of passenger cars. Although the January and February imports are slightly below the total imports of the last quarter of 1932, they are substantially below the imports of January and February, 1932. In the case of trucks, imports have been confined almost exclusively to two well-known, low-priced, light models.

2. Cuban exports of tobacco and tobacco products during March, 1933, according to figures released by the National Tobacco Defense Commission, were valued at $1,041,947, a fair increase compared with the preceding month when they totalled $884,271, but below those of March 1932, which were valued at $1,437,327. March exports were divided as follows:

	1932	1933
Leaf tobacco (pounds)	2,809,405	1,537,530
Cigars (number)	327,677	2,788,145
Cigarettes (number)	3,780,540	4,946,262
Smoking tobacco (pounds)	4,920	7,178

The Habana cigarmakers' strike in effect during March, 1932, accounts for the apparent heavy increase in cibar exports during March 1933, as compared with the first named period.

The decline in Cuba's exports of tobacco and tobacco products is strinkingly evidenced by the following statistics showing the value thereof during the first three months of 1933, compared with the equivalent periods of 1929 to 1932, inclusive:

1929	$ 9,469,692
1930	8,984,526
1931	7,355,587
1932	3,580,416
1933 (First 3 months)	2,805,797

3. Imports of rice during January and February, 1933, according to unofficial statistics compiled by a private statistical agency, totalled 171,745 bags, as against 357,499 bags during the equivalent two month period of 1932. Rice imports during the two months mentioned are given in the following table:

From M. A., Havana No. 4053 Date: April 12,1933

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By MR NARS, Date 05/04/89

TOTAL CUBAN RICE IMPORTS DURING JANUARY AND FEBRUARY 1933, AS COMPARED TO THE SAME PERIOD IN 1932.

Country of Origin.	January		February	
	1932	1933	1932	1933
Oriental rices (224 lb.bags	201,671	38,050	112,260	121,285
American rice (100 lb. pockets	19,534	5,250	18,381	250
Spanish "Valencia" rices (100 kilo bags	2,405	3,855	3,248	3,055
Total	223,610	47,155	133,889	124,590

Imports of American rice showed a sharp decline during the two months under review, compared with the equivalent 1932 period, and there appears to be very little possibility of an increase in our participation in Cuba's rice business as long as Oriental rice prices remain at present distressingly low levels. Those have shown a further decline, and quotations on April 7th were on the basis of 8/1s for Siam Super, 7/10 for Siam Special and 6/4 for Burma S.Q., c.i.f. Cuban ports per cwt (112 pounds). On the other hand, American rices have been firm, allegedly due to the increased demand for broken rice in the United States due to the enactment of the Beer Bill, and uncoated American rice screenings are quoted today around $1.30 to $1.35 per 100 pounds c.i.f. Habana. Rice prices on the local produce exchange reflect the drop of those in Oriental markets of origin, and on April 1st. were as follows:

Old Hard Patna	$4.50
Burma S.Q.	3.30
Siam Super	4.00
Spanish "Valencia"	4.90
California Japan	4.35

These prices are for 100 pounds, duty paid, ex-warehouse, including the Cuban consumption tax on rice of 1 cent per pound. No action has been taken by the President with regard to the authority to raise the duties on rice, which was granted him by Congress on January 22, 1932 and again on August 11, 1932. It is not expected that there will be any developments in connection with this matter during the near future.

4. Although the gold standard for the pound sterling exchange was abandoned in September, 1931, the effects of this were not reflected in Cuba's coal imports until 1932. In none of the past eight years (1925-1932 inclusive), except 1932, has the United States supplied less than 98.4 per cent of the total Cuban imports of coal. In 1932, however, the United States supplied only 58.4 per cent of the total imports. This sharp decline in our share of the total coal imports is directly due to the sharp depreciation which occurred in the value of the British pound. (This and subsequent figures regarding 1932 coal imports are based on preliminary statistics secured from the Statistical Section of the Treasury Department and the Habana Customhouse. These are subject to correction, but are believed to be essentially correct.)

From M. A., Havana No. 4053 Date: April 12, 1933

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NND 740058
By AMF NARS, Date 05/04/89

5. In the five year period from 1925 to 1929, the annual imports of coal to Cuba averaged 370,982 metric tons and there was relatively little variation in the volume of imports from one year to the next. The steady decline in imports commenced in 1930 when they declined 18 per cent as compared to those of 1929. Further annual declines of approximately 27 per cent were registered in the imports of 1931 and 1932, when compared to the imports of the preceding year. Thus in 1932 only 253,225 metric tons of coal were imported to Cuba as compared to 584,666 metric tons in 1929. The following table shows the imports of coal to Cuba during the period under review, according to country of origin:

CUBAN IMPORTS OF COAL

Year	From the United States			From Great Britain		From Other Countries	TOTAL	
	Metric Tons	% of Total Tonnage	Value	Metric Tons	Value	Metric Tons	Metric Tons	Value
1925	541,585	98.7	$2,512,922	7,366	$ 52,481	--	548,951	$2,565,403
1926	577,225	99.2	2,984,239	4,463	27,002	--	581,688	3,001,241
1927	543,298	99.0	2,902,320	5,647	31,185	--	548,945	2,933,505
1928	581,335	98.4	2,666,451	9,320	35,579	5	590,660	2,702,054
1929	584,666	100.0	2,645,006	--	--	--	584,666	2,645,010
1930	478,900	100.0	2,176,034	--	--	--	478,900	2,176,034
1931	346,551	99.6	1,464,135	1,219	5,324	--	347,770	1,469,459
1932	147,891	58.4	530,525	105,334	318,035	--	253,225	848,560

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Embassy

From M. A., Havana No. 4053 Date: April 12, 1933

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DIRECTOR DEPOT OF STAFF
MIL. INTEL. DIV.
APR 1933

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G-2 Report

CUBA (Economic)

Subject: Current Economic Situation-General.

RECEIVED G/2 W. D. APR 24 1933

SUGAR:

1. The impression is becoming more and more prevalent in Cuba that business has reached its lowest possible ebb and that an improvement may be expected in the not very distant future. Obviously, the recent rise in raw sugar prices has been partly responsible for the more hopeful attitude. On March 31st. raw sugar was quoted on the basis of $1.00 per 100 pounds, cost and freight, New York. While this is still a very low price, it is substantially above that of the corresponding period of 1932 when sugar sold on the basis of 68 cents per 100 pounds, cost and freight, New York.

2. The official average price of raw sugar, 96 degrees polarization, in warehouse Habana for export, was $0.786240 for the month of March as against $0.554388 for the preceding month and $0.559308 for March, 1932. Exports of raw and refined sugar, according to unofficial figures, totalled only 395,529 long tons during the period of January 1 to March 31, a sharp decline compared with the equivalent 1932 period when they amounted to 655,083 long tons.

3. The sugar grinding season which began on February 1, is progressing normally. A total of 125 mills were active this year and 21 had finished grinding by March 31st. According to official figures, sugar production for the present crop had reached 1,096,949 long tons on March 20th, or over 50 per cent of the 2,000,000 long tons to which the crop has been officially limited, indicating that the full amount of the crop will be produced.

4. In an attempt to strengthen further raw sugar prices, the National Sugar Stabilization Institute, it is reported, is considering the advisability of extending the sugar pool, created by Presidential Decree of July 2, 1932, until December 31, 1933. The decree in question provided for the pooling of 700,000 long tons of sugar of the amount originally assigned to the 1932 United States quota. The date of release of this pooled sugar was originally placed at December 31, 1932, but was later extended to June 30, 1933. It now appears that the amount actuallypooled fell considerably short of the amount provided for in the original decree, due to the fact that part of the stocks of sugars available at the time were already affected by bona-fide sales contracts when the decree was enacted. The plan now under consideration is to increase the amount of sugar pooled to the total of 700,000 long tons originally specified and to extend the life of the pool until December 31, 1933.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Embassy

From M. A., Havana No. 4054 Date: April 15, 1933

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By AMF NARS, Date 05/04/89

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MAY 2 1933
OFFICE CHIEF OF STAFF
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2655-B-81

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4200-c

WAR DEPARTMENT

G-2 Report

CUBA (Economic)

Subject: Food.

RECEIVED G/2 W. D. MAY 1 1933

Rice

1. In spite of the fact that the cultivation of rice in Cuba has been established as a permanent and remunerative agricultural enterprice, with the steady increase of its consumption throughout the island, it is doomed to failure in the immediate future, according to Dr. Garcia Montes, Director General of Agriculture.

2. The National Budget Commission this morning eliminated from the budget assigned for the up-keep of the Department of Agriculture an appropriation of $25,000 a year for the irrigation and development of new lands for rice cultivation.

3. Rice, according to Director Garcia Montes, must grow on natural swamps or on soil artificially irrigated. Up to the present, more than 1,100 "caballerias" of rice have been planted in Pinar del Rio Province and other provinces, and these 38,000 acres must be irrigated if the industry is to thrive.

4. Three years ago rice cultivation in Cuba was unknown, and this cereal was exclusively imported from the Orient - Japan, China and India.

5. Pursuant to the desires of President Machado to expand Cuban agriculture by developing new productions, the Department of Agriculture, after exhaustive research, decided and proved that rice could be grown successfully in the island providing the government would cooperate with the farmers in the enterprise, explained Director Montes. Without irrigation, however, the further development of plans to make Cuba a self-sustaining nation as far as rice is concerned, will fail. With the elimination of the scant appropriation assigned by the Government for irrigation of these fields, the department will have to abandon all plans for making rice cultivation a permanent asset to farmers, according to Garcia Montes.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source:Press.

From M. A., Havana No. 4064 Date: April 26, 1933.

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MAY 17 1933
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WAR DEPARTMENT

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G-2 Report

CUBA (Economic)

Subject: Current Economic Situation-General.

RECEIVED G/2 W. D. MAY 16 1933

Resumé for Month of April

1. The feeling in business circles that economic conditions in Cuba have reached their lowest ebb is gaining ground and it is the general impression that an improvement may be expected in the not very distant future. Representative business concerns report an increase in consumer interest. The fact that, in most cases, this has not been, as yet, reflected in an increase in actual sales is probably due to renewed political agitation during the past month which has, at least in part, offset the favorable factors.

2. SUGAR

The continued advance of raw sugar prices was, of course, mainly responsible for the more optimistic attitude in business circles. In addition to the improved statistical position of raw sugar, the expectation that Cuban sugar may be granted more favorable tariff treatment has contributed toward the strengthening of raw sugar prices. In addition, a voluntary pool of from 450,000 to 700,000 long tons of sugar, originally assigned for export to the United States this year, was proposed by the Cuban Sugar Stabilization Institute. In view of the apparent inability to secure subscriptions aggregating the proposed minimum of 450,000 tons, it is now reported that the pool will be formed, with Executive sanction, with only 350,000 tons. The pooled sugar will not be released until January 1,1934, unless, prior to that date, the price of raw sugar reaches 2 cents per pound, cost and freight, New York, remaining at that minimum level for five consecutive days.

Exports of raw and refined sugar totalled 596,822 long tons during the period January 1 to April 30, 1933, a sharp decline compared with the corresponding 1932 period when they amounted to 960,448 long tons. The sugar crop is rapidly drawing to a close. On April 15, 1933, 1,761,000 long tons of the 2,000,000 long tons to which the crop is officially limited had already been produced, and on April 30th, 81 of the 125 mills operating this year had finished grinding.

3. TOBACCO

While there has been a slight increase in activity in the local tobacco market, the tobacco situation in general showed little change during the month under review. Prices continue unsatisfactory as is the case with the demand from foreign markets, although there has been a slightly increased demand for light grades from the United States. No figures on the size of this year's crop are, as yet, available. Advance reports indicate that it will be smaller than that of the preceding year with a larger percentage of heavy grades. Exports of tobacco and tobacco products during March were valued at $1,041,947, a fair increase compared with the preceding month when they totalled $884,271.

4. FRUITS AND VEGETABLES

With the vegetable season rapidly drawing to a close, exports thereof to northern markets declined from $147,538 during the last half of March to $38,091 during the first 15 days of the month of April. Exports of fruits also declined.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache

Source: Embassy

From M. A., Havana No. 4085 Date: May 11, 1933.

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By AMF NARS, Date 05/04/89

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MAY 26 1933
OFFICE CHIEF OF STAFF
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WAR DEPARTMENT
4200-c

G-2 Report

CUBA (Economic)

Subject: Food.

Rice

RECEIVED G/2 W. B. MAY 31 1933

1. Imports of rice during April 1933, according to figures compiled by a private statistical agency, totalled 110,661 bags as against 152,304 bags during April of 1932. April imports were divided as follows:

IMPORTS OF RICE INTO CUBA APRIL 1933
AS COMPARED TO APRIL 1932.

Kind of Rice	1933	1932
Oriental rices (224 lb. bags	105,330	115,582
Spanish "Valencia" rice (100 kilo bags)	1,385	4,145
American rice (100 pound pocket)	3,946	32,577
Total -	110,661	152,304

2. The above figures show that Cuba imported only 3,946 pockets of American rice during the month under review as against 19,722 pockets during the preceding month, and 32,577 pockets in April of 1932. This sharp drop is due, primarily, to an increase in American rice prices as a result of the Beer Bill which has stimulated the demand for rice for brewing purposes in the United States. The price for American rice screenings suitable for the Cuban market increased from around $1.05 per 100 pounds, c.i.f., Habana, prior to the enactment of the Beer Bill, to about $1.70 at the present time. This is considerably above the present price for Burma S.Q. rice, which is being offered c.i.f. Habana at the price of 7/- shillings per cwt. (112 pounds).

3. Oriental rice prices continued firm during recent weeks and on May 17, 1933, were on the following basis: Siam Super 9/- shillings, Siam Special 8/9 shillings, Siam No. 1, 8/6 shillings, and Burma S.Q. 7/- shillings, all c.i.f. Habana, per cwt. There appears to be little probability of an increase in imports of rice from the United States until Oriental prices increase sharply or there is a decline in the price of our rice.

T. N. Gimperling
Lieut. Colonel, Infantry,
Military Attache.

Source: Embassy

From M. A., Havana No. 4095 Date: May 25, 1933.

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By AMF NARS, Date 05/04/89

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4200-a
OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
JUN 6 1933
WAR DEPARTMENT

CUBA (Economic) 4-1 2655-9-81 8-58

Subject: Government Interest in Agriculture--Sugar

RECEIVED G/2 W. D. JUN 5 1933

END OF 1933 SUGAR GRINDING SEASON:

1. Cuba's official grinding season came to an end at midnight May 30, 1933, and the few sugar mills still grinding cane and manufacturing sugar at a big loss had to stop at the designated hour according to the presidential decree which set May 30 as the last day in which mills could grind during 1933.

Since the season began in January some 2,400,000 tons of sugar has been manufactured, although the total output was estimated at 2,000,000 tons before the season started. This surplus is due to the fact that several of the large mills are known to have exceeded their allotment. The excess sugar will be stored and with it a pool will be formed next year, according to the opinion of some prominent sugar manufacturers. Just what official measure will be enacted to prevent this surplus from invading the markets of the United States is not yet known.

2. President Machado is expected to sign a decree granting fifteen days more to the mills owned by Milton Hershey in which to finish grinding. These mills have not exceeded their quotas because of a late start and most of the sugar ground by the Hershey Company goes to the chocolate manufacturing plant in the United States.

3. It is believed that Cuba's sugar output for 1934 will not exceed 2,000,000 long tons and grinding will not start before February 15, according to a statement by Secretary Molinet of the Department of Agriculture, Commerce, and Labor.

J W Gimperling

T. N. Gimperling,
Lieutenant Colonel, Infantry,
Military Attache.

Source: Press.

From M. A., Havana No. 4103 Date: June 1, 1933.

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JUN 27 1933

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G-2 Report

WAR DEPARTMENT
4200-C

7

CUBA (Economic)

Subject: Food

RECEIVED G/2 W. D. JUN 26 1933

Sugar Production for 1933:

1. The 105 sugar mills of Cuba produced this year 1,994,663 tons of sugar, divided by provinces as follows:

Pinar del Rio.....	73,165	tons
Habana.....	175,428	"
Matanzas.....	218,642	"
Santa Clara.....	387,722	"
Camaguey.....	602,080	"
Oriente.....	537,626	"
TOTAL.....	1,994,663	"

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Cuban Department of
Agriculture Report

From M. A., Havana No. 4125 Date: June 21, 1933.

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JUL 25 1933
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2655-F-81
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WAR DEPARTMENT

G-2 Report

CUBA (Economic)

Subject: Food.

RECEIVED G/2 W. D. JUL 24 1933

SUGAR PRODUCTION FOR 1933.

1. There is attached hereto revised table showing comparative investments in the Cuban sugar industry, arranged according to nationality and provincial distribution, for the sugar crop of 1933.

2. These are the closest approximations available and are based upon actual production for the year 1933.

T. N. Gimperling,
Lieut. Colonel, Infantry
Military Attache.

Source: Official Documents.

From M. A., Havana No. 4156 Date: July 21,1933

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By AMF NARS, Date 05/04/89

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WAR DEPARTMENT

COMPARATIVE INVESTMENTS IN CUBAN SUGAR INDUSTRY ON BASIS OF YEARLY PRODUCTION

Table showing comparative production, including production of controlled properties, arranged according to NATIONALITY and PROVINCIAL DISTRIBUTION.

(Figures in Bags of 328 POUNDS each).

	1 PINAR DEL RIO			2 HABANA			3 MATANZAS			4 SANTA CLARA			5 CAMAGUEY			6 ORIENTE					
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	Totals	%
1 AMERICAN	3	182,213	36.2	4	596,686	49.4	9	1,091,632	72.4	11	835,353	31.3	13	3,422,502	82.5	17	2,710,903	73.2	57	8,839,289	64.3
2 CUBAN	6	321,136	63.8	6	612,415	50.6	10	415,320	27.6	23	1,609,760	60.2	5	578,115	13.9	8	412,467	11.1	58	3,949,213	28.7
3 SPANISH										1	71,410	2.7				2	160,094	4.3	3	231,504	1.7
4 BRITISH (Canad.)										2	155,773	5.8	1	149,102	3.6	2	343,831	9.3	5	648,706	4.7
5 FRENCH																2	78,191	2.1	2	78,191	0.6
TOTALS	9	503,349	100	10	1,209,101	100	19	1,506,952	100	37	2,672,296	100	19	4,149,719	100	31	3,705,486	100	125	13,746,903	
% TOTALS		3.7			8.7			11.0			19.4			30.0			27.0				

Notes: A denotes number of Centrals, or Mills. Total Active Centrals indicated above 125 . Total Centrals in Cuba 167 .
B denotes Production
C denotes Percentage of Provincial Production.

These figures are based upon actual production for the crop of 1933; and are believed to be the closest approximations obtainable.

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G-2 Report

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
AUG 5 1933
WAR DEPARTMENT

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3

CUBA (Economic)

Subject: Food.

RECEIVED G/2 W. D. AUG 4 1933

Sugar Quota Assigned to Cuba:

1. Thronging one of the large public buildings last Friday evening, representatives of practically every economic organization in Cuba approved the petition to be submitted to the President, urging him to use all the influence possible to obtain an increase in the sugar quota assigned to Cuba recently at the Washington conference. The document is to be translated into English and a copy submitted to the American Ambassador, who will also be asked to act in behalf of Cuba.

2. More than seventy organizations were represented at the meeting, including the American Chamber of Commerce, the Cuban and the Spanish Chambers of Commerce, Havana Clearing House, Knights of Columbus, Havana Stock Exchange, and other prominent organizations.

3. The document addressed to the President, after affirming that it expressed the opinion of every section of Cuban commerce, agriculture, industry and labor "without distinction of social or political classes," urged that every effort be made to have the quota raised from 1,700,000 short tons of sugar for sale in the United States (equal to 1,517,857 long tons) to 2,250,000 long tons, as a minimum. The 1,700,000 quota, it is affirmed, would spell the "definite ruin of the economic structure" of the country. Cuba, it was further averred, is not speaking in terms of dividends nor interests on the great fortunes invested in the Cuban sugar industry, but only aspires "to the human right to continue to live", and that for Cuba this economic battle is not, as it is for others, a battle for prosperity, but, unfortunately, a battle for existence.

4. Figures are quoted to show that the difference of 750,000 tons between the quota sought by Cuba and that assigned to it at Washington will mean a direct loss of $80,000,000 a year to the United States, owing to the decreased purchasing power of the Cuban people. The drastic limitation, it is contended, will force Cuban producers to leave uncultivated more than 800,000 acres of land next season. This area, it was graphically pointed out by Dr. Luis Machado, prominent lawyer and director of Rotary International, represents about half the area of Matanzas Province.

5. The proposed limitation, states the petition, would necessarily mean a reduction in the working days in the sugar industry, as with the proposed limitation the entire crop of Cuba could be handled in only sixty days of labor. The petition further sets forth that this did not appear to be the end which the government of President Roosevelt intended; that his suggested sugar policy apparently covered two tendencies: one of a general character, the stabilization of sugar in the domestic market with the corresponding reasonable increase in the price of said product; the other, directly related to Cuba, to return to its people, in whole or in part, its former great acquisitive power, in order that this be utilized to acquire in larger scale products of North American agriculture and industry. And to this end tended the "proposed modification of the reciprocity treaty with the United States".

From M. A., Havana No. 4163 Date: July 31, 1933

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By AMF NARS, Date 05/04/89

6. Concluding with a relation of Cuba's moral and commercial claims on the fairness of the United States, the petition urges the President to act rapidly, in the hopes of obtaining better terms for Cuba at the hearings which will open in the Department of Agriculture at Washington on August 7th, according to present schedule.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Press.

From M. A., Havana No. 4163 Date: July 31, 1933.

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G-2 Report 4200-c

CUBA (Economic)
Subject: Food

RECEIVED G/2 W. D. SEP 25 1933

FOOD SHORTAGE CAUSED BY POLITICAL UNREST

1. A serious food shortage threatens Cuba as a result of the strike of laborers in wholesale food import warehouses. It was announced that several bakeries would probably remain closed today because of lack of flour. Other articles necessary are growing scarce and many commercial houses are already raising their prices, profiteering on the abnormal situation. Canned goods, hams, beans, rice, and other commodities are unobtainable in some stores, while green stuffs and fruits have gone up in price owing to the unstable conditions in the interior which has prevented the normal cultivation and harvest of crops.

2. Meanwhile commerce is at a standstill as a result of the strong labor unrest. While many workers, realizing the gravity of the economic situation, are moderate in their demands, others, more radical in their outlook, have caused merchants and manufacturers to threaten to close their doors in protest, in an attempt to prevent an even more general paralization of business.

3. The intense business depression, produced by the unstable political and labor situation, has resulted in what is practically a cessation of tax revenue for the government, while customs receipts have dropped considerably owing to the lack of imports.

4. Manuel Despaigne, secretary of the treasury, acknowledged again yesterday his worry over the depleted condition of the national treasury, criticizing severely the frauds and misappropriations of the Machado government. He spoke highly of the work done by Dr. Joaquin Martinez Saenz, prominent ABC leader and secretary of the treasury during the administration of Carlos Manuel de Cespedes.

Source: Press

T. N. GIMPERLING,
Lieut. Colonel, Infantry,
Military Attache.

TNG/aem

From M. A. Cuba Report No. 4226 September 22, 1933

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NND 740058
By AMF NARS, Date 05/04/89

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4-1 2655-F-8/63

G-2 Report 4800-d

CUBA (Economic)
Subject: Commerce
(d) Embargoes and Restrictions on Foreign Trade
S U G A R

RECEIVED G/2 W. D. OCT 9 1933

1. Following is a recapitulation of the Cuban Sugar Situation as of September 16, 1933. The carry-over is still large and the outlook for the Cuban sugar industry is not encouraging, in spite of the large reduction in production caused by the labor unrest. The statistical data are as follows:

2. According to figures furnished by the National Sugar Export Corporation, sugar export permits granted for the period from January 1 to September 16, 1933 totalled 1,784,421 long tons. Of this amount, 1,086,235 long tons were for the U.S. and 698,186 long tons for other countries. Of the amounts in question, 936,470 long tons and 580,003 long tons, respectively, had actually exported by September 16, 1933, according to the National Sugar Export Corporation, and the balance was in process of shipment.

3. Decree No. 1562 of November 2, 1932, which limited the 1933 sugar crop, established the 1933 export quotas for Cuban sugar at 1,790,622 long tons for the U. S. and 1,000,000 long tons for other countries. At the time the decree was promulgated, it was estimated that there would be on December 31, 1932 a carry-over of sugars assigned for export to the U. S. during 1932 of 675,631 tons, and that there would be no carry-over of sugars assigned for export to other countries during that year. These estimates were later found to be incorrect, however, and the actual carry-over on December 31, 1932 of sugars assigned for export to the U. S. was 774,168 long tons; and in addition there was a carry-over of sugars of the 1932 quota for other countries of 47,606 long tons. As a result, the 1933 export quotas established by Decree 1562 of November 2, 1932, were increased to 1,889,168 for the U. S. and 1,047,597 for other countries. As export permits granted up to September 16 totalled, as previously shown, 1,086,235 for the U. S. and 698,186 for other countries, there remained on that date undisposed balances of the 1933 quota sugar, of 802,933 long tons or 42.5% for the U. S. and 349,411 or 33.35% for other countries.

4. According to these figures, it appears probable that in spite of the drastic reduction of the 1933 Cuban crop to 2,000,000 long tons, there will be again a substantital carry-over of sugar on December 31, 1933, unless sales during the period from September 16 to December 31 show a substantial increase compared with the average during the first eight and one-half months of this year.

5. It does not appear probable at this time that such an increase will occur; and in fact it is not impossible that in view of the conditions existing in Cuba at the present time, sugar exports during the balance of 1933 may be at a rate below those of the preceding months. The serious labor troubles which exist in a number of sugar mills in Cuba have handicapped considerably the movement of sugar from the mills to tide water. Instances have been reported where vessels were obliged to call at two or three ports in order to complete a cargo of sugar.

From M. A. Cuba Report No. 4250 October 3, 1933

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NND 740058
By AMF NARS, Date 05/04/89

Unless the existing difficulties are settled in the very near future, they are likely to result unfavorably on the export movement of sugar from Cuba.

6. It must be borne in mind that the 802,933 long tons of sugar of the 1933 export quota for the U. S., undisposed of on September 16, 1933, include the 350,000 long tons of sugar which were pooled in accordance with Decree 584 of May 4, 1933. Under the terms of the decree in question this pooled sugar cannot be disposed of before January 1, 1934, unless prior to that date the price of sugar, cost and freight New York, reaches two cents a pound, remaining at that level for five consecutive days.

Source: U. S. Commercial Attache at Havana

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

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6-1 2655-J-8/64

CUBA (Economic)
Subject: Commerce
(d) Embargoes and Restrictions on Foreign Trade

S U G A R

RECEIVED G/2 W. D. NOV 27 1933

1. The following is a translation of Decree No. 2349 of October 24, 1933, published in the Official Gazette of October 26:

Whereas: On the recommendation of the Cuban Stabilization Institute, Presidential Decree No. 584 of May 4, 1933, provided for the pooling of 350,000 long tons of sugar destined for export to the United States, and regulated the manner in which this pooled sugar could be exported;

Whereas: Article 5 of said decree provided that sugars destined for export to the United States during the year 1933 and not forming part of the pool would necessarily have to be exported to that country before January 1, 1934, and therefore could not be exported after December 31, 1933;

Whereas: The Cuban Sugar Stabilization Institute, in a meeting held on October 23, 1933, adopted the resolution to recommend to the Executive that the exportation to the United States during the year 1934 be authorized for all sugars destined for that country, and which had not been exported before December 31, 1933, even though they do not form part of the pool created by Decree No. 584;

Whereas: Due to political developments in the Republic, labor difficulties, and to the damage done by the hurricanes which have affected the Republic during this year, the shipment of sugars to the United States had not proceeded normally; in view thereof, it appears reasonable to accept the recommendation made to the Government by the Sugar Stabilization Institute and the producers;

Whereas: With regard to sugars destined to countries other than the United States, there is no necessity to proceed in the same manner inasmuch as the exportation of such sugars is subject to the rules of the International Sugar Convention signed in Brussels, May 9, 1931, which provides that in case of "force majeure" which makes it impossible to export all or part of a quota of a given country, such sugars may be exported the following year if the International Sugar Council arrived at the conclusion that circumstances beyond control made the exportation thereof impossible;

IT IS RESOLVED:

(1) The certificates of identity covering sugars destined for export to the United States during 1933 are valid for the year 1934, during which year all sugars destined for shipment to the United States which have not been shipped by December 31, 1933, may be exported, and therefore the National Sugar Export Corporation will grant the necessary export permits;

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(2) Article 5 of Presidential Decree No. 584 of May 4, 1933, is hereby abrogated as are any other provisions in the said decree which oppose the provisions of the present decree;

(3) The sugar pool established by Decree No. 584 of May 4, 1933, remains in effect as well as all provisions in said decree which do not oppose provisions of the present decree.

Source: Official Decree

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

TNG/aem

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G-2 Report

CUBA (Economic)

Subject: Current Economic Situation-General.

RECEIVED G/2 W. D. DEC 1 1933

1. Economic conditions in Cuba, already seriously affected by developments during past months, received another set-back during the present month as a result of the counter-revolutionary attempt on November 8th and 9th. While the actual fighting was largely confined to Habana and its suburbs, the repercussions were felt throughout the Island, and business has not yet completely recovered from the effects of this last outbreak. The existing state of political and social unrest, with its far-reaching consequences, has reduced the commercial movement in Cuba to a point below the very unsatisfactory levels of recent years, and it is feared that a continuance of present conditions may seriously undermine the economic structure of the Island.

2. SUGAR

With the next sugar grinding season rapidly approaching, only a limited number of mills have begun the necessary repair work and other preparations incident to operation. Numerous factors are obscuring the outlook for the coming crop. Among these are the greatly increased wage scales arising out of recent labor demands; the feeling that new and more drastic demands may be made by workers after grinding operations begin, when labor difficulties would have far more serious effects than during the "dead" season; the failure of the provisional government to define definitely, as yet, its policy with regard to the coming crop, i.e., to declare whether it will be restricted or unlimited; to fix mill quotas, etc.; and, largely as a result of the foregoing, the difficulties which mill owners are experiencing in securing the necessary financial assistance. The feeling exists among sugar interests that even should present conditions continue, a number of mills will attempt to grind, but they fear that at best the coming crop will be attended by numerous difficulties. The export movement of sugar continued at a heavy rate during the month under review. According to unofficial figures, total sugar exports during the four weeks ending November 11,1933, totalled 275,303 long tons, as against 170,369 long tons during the equivalent period of 1932. Partly, perhaps, as a result of this heavy movement, raw sugar prices have been showing a weakening tendency, and the official average price of raw sugar (96 degrees polarization) in warehouse, Habana, for export was $0.950518 per 100 pounds, for the first half of November, as against $1.136201 for the preceding month, and $0.796862 during November, 1932. Figures released by the National Sugar Export Corporation give total stocks of sugar in Cuba, as of November 15, 1933, as 1,426,317 long tons, of which 866,940 long tons are free sugars, and 559,377 long tons are the balance of sugars segregated under the Chadbourne Plan. This represents a decline of 308,451 long tons compared with November 15, 1932, when, according to the same source, Cuban sugar stocks totalled 1,734,768 long tons, of which 897,669 were "free" sugars, and 837,099 long tons were segregated sugars.

3. TOBACCO

There was a steady demand during November for low grade Vuelta Abajo and Remedios tobacco, and for Partido wrapper tobacco, both for speculation and export. There has been some advance in prices due to

From M.A., Havana No.4343 November 27, 1933.

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By AMF NARS, Date 05/04/89

this demand and to increased labor costs. The outlook for the 1934 crop has improved due to timely rains. As a result, some farmers have planted more tobacco than they had expected, but it is believed nevertheless, that the crop will be a small one. Stripping and packing costs have increased sharply as a result of labor demands, and in some instances difficulties with tobacco workers have not yet been solved. Tobacco exporters must still obtain a permit from the Strippers' and Balers' Unions before shipments can be made, as dock laborers will move no tobacco without such a permit. Exports of tobacco and tobacco products during October, 1933, were valued at $1,028,557, as against $1,389,657 during October, 1932. Exports consisted of 1,689,563 pounds of leaf tobacco, 3,625,707 cigars, 2,628,308 cigarettes, and 6,002 pounds of smoking tobacco, as compared with 5,037,732 pounds of leaf tobacco, 5,531,010 cigars, 2,628,308 cigarettes, and 7,996 pounds of smoking tobacco during the same month of the preceding year.

4. FRUITS AND VEGETABLES

Labor troubles, the adverse weather conditions earlier in the season, and increased difficulty in securing financial assistance, have resulted in a reduction in acreage devoted to winter vegetable crops in several areas. Due to the same reasons, shipments of these products which usually begin about the first of November have been delayed this year. Exports of fruits, fresh and preserved, showed a marked decline during October compared with the two preceding months, due chiefly to a heavy drop in exports of avocadoes and grapefruit. The avocado season now ended was one of the most unfavorable within recent years, due mainly to the damage caused to the crop by the two recent hurricanes.

5. Bank Collections, Bank Clearings and Railroad Receipts.

Collections received at the Habana branches of the six leading banks during October totalled $3,148,085, as compared with $2,460,115 for the same month of last year. Items paid totalled $2,509,280, and those returned, $253,596, as compared with $1,975,793 and $322,116, respectively, during October of 1932.

Havana bank clearings for the four-weeks period ended November 18,1933, totalled $21,840,254, as against $13,747,954 during the equivalent 1932 period. The heavy increase for the 1933 period is due to the fact that the total includes checks drawn on "silver" accounts, which were not included in the 1932 figures. Clearing house officials advise us that silver checks accounted for approximately one-third of the total for the 1933 period, so that the increase is only an apparent one.

Receipts of the United Railways of Havana during the four weeks ending November 18, 1933, amounted to $220,076. This is considerably below the total for the equivalent 1932 period when they amounted to $267,086, but the 1933 figure is especially significant when compared with that for the corresponding four weeks of 1929, when United Railways receipts amounted to $903,146.

6. GOVERNMENT FINANCE.

Government revenues, in general, have continued to hold up better than might have been expected, considering the unsatisfactory economic situation in general. During the first four months of the 1933-34 fiscal year, regular budgetary revenues totalled $11,712,811, as against $12,921,217 during the equivalent 1932-33 period. Special Public Works Fund revenues, on the other hand, have shown a marked decline, totalling $1,306,137 for the four months ended October 31,1933, as compared with $2,693,184 for the equivalent period of the preceding year. The provisional government has continued to meet the services on the Morgan and Speyer Loans, but has, to date, made no payments on the Special Public Works loans.

From M.A., Havana No. 4343 November 27, 1933.

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An internal Treasury Order was issued on November 23rd. authorizing revenue collectors to accept up to 70 per cent in Cuban silver money in payment of duties and taxes. (Report No. 4340, index 5000-b, dated Nov.23,1933). The alleged purpose of this measure is to strengthen the position of Cuban silver money, which is at this time at a discount ranging from 1½% to 2% against American currency. Reports in the press that the provisional government will authorize the coinage of an additional $20,000,000 in silver money, and issue against it an equivalent amount in silver certificates, have not yet been confirmed. It is understood, however, that a plan of this kind is receiving consideration, and if it proves practicable some action along the lines reported may be attempted.

7. LEGISLATION

During the month under review, three Decrees were promulgated containing labor legislation of a far-reaching nature. One of these decrees provides that fifty percent of the employees and workers in all establishments in Cuba must be native Cubans, and that they must receive at least fifty percent of the total payroll. Other provisions of this decree, if enforced, would bring about the gradual substitution of foreign workers and employees by native Cubans in all domestic enterprises. Another Decree regulates the syndicalization of labor, and a third completely revises, under much more favorable conditions for the laborers, the existing Workmen's Compensation laws.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Embassy

TNG:vm

From M. A., Havana No.4343 November 27, 1933.

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G-2 Report 4200-c

Subject: CUBA (Economic)
Agriculture
(c) Food

S U G A R

RECEIVED G/2 W. D. JAN 2 1934

1. The seizure by the Cuban Government of two American owned sugar mills, Chaparra and Delicias in Oriente Province, has been confirmed by telegraphic report of the American consul at Antilla, Oriente Province, dated December 22, 1933. These two sugar mills are owned by the Cuban-American Sugar Company. The government decided to operate the mills because the owners refused to do so on account of difficulties with and excessive demands of the workers.

2. Sugar grinding has been delayed all over Cuba, due to political unrest and difficulties. It is generally believed that the present season's output will be less than half of that of last year's.

Source: Report from American Consul at Antilla to American Embassy

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

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M. A. Cuba Report No. 4392 December 27, 1933

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By AM NARS, Date 05/04/89

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G-2 Report 4200-a)

CUBA (Economic)
Subject: Agriculture
(a) Government Interest in Agriculture

DECREE LIMITING SUGAR PRODUCTION IN 1934 RECEIVED G/2 W. D. JAN 9 1934

1. Production of Cuban sugar in the 1934 crop has been restricted to 2,315,459 long tons by Decree No. 3278 published in the Official Gazette of December 30, 1933. Exportation of 1,500,000 tons to the United States, 665,459 tons to other countries and 150,000 tons for domestic use is the distribution authorized. Cutting of cane and general preparations may begin at any time but the mills are permitted to start grinding only on or after January 15, 1934.

2. Two classes of mills are designated and their quotas of production directed accordingly. All mills whose quotas in the 1933 crop were not in excess of 60,000 bags may grind up to that amount in the present harvest and are permitted to transfer their cane as they desire. (The usual weight of a bag of sugar is 328 lbs.) However, the total production of mills under this classification of "free mills" must not exceed the total increase granted over last year's authorized production.

3. Mills which in the 1933 crop were assigned quotas exceeding 60,000 bags have the same quotas assigned to them for 1934 with the increased percentage which corresponds to each and will be fixed by the National Sugar Export Corporation. Mills of this classification are directed to grind 20% more colono cane than administration. These mills may transfer their cane only to other mills of their own classification and not to the so-called "free mills". After the total production of the "free mills" has been determined, whatever remains to be distributed will be pro-rated among the "quota mills".

4. Any mill which does not start grinding within 30 days after January 15 will be granted only the quota assigned in the 1933 crop.

5. No sales shall be made after January 30, 1934, to the European market by the National Sugar Export Corporation, at less than $4.00 a bag (= 328 lbs.)

6. Any "free mill" which prefers classification as a "quota mill" may communicate with the National Sugar Export Corporation within 30 days after January 15, 1934.

Source: Official Gazette

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

TNG/aem

M. A. Cuba Report No. 4397 January 2, 1934

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G-2 Report

CUBA (Economic)

Subject: Food.

Sugar Situation

RECEIVED G/2 W. D. FEB - 5 1934

1. Eleven sugar mills, property of the Cuban Cane Products Corporation, were sold yesterday for $4,125,000, it was reported last night. The original value of the total property sold, a corporation official reported on January 30th, was $100,000,000. The bidders included four banks, holders of heavy mortgages against the centrals. The Central Hanover Trust Company, of New York, finally effected the purchase.

2. While a decree passed by the Grau government gave the Cuban government the privilege to take over the properties at a price equaling the highest bid, it was unofficially announced that the Government did not intend to take advantage of this right, and would not interfere with the transaction.

3. The sugar mills San Manuel and Chaparra of the Cuban American Sugar Company yesterday were returned to their owners as the result of a decree signed by President Mendieta. The mills had been confiscated by the government of provisional President Grau following their closing by the owners.

4. Twelve sugar mills in various parts of the Island were reported to be grinding two nights ago. However, unconfirmed reports received here last night stated that three of the mills had stopped grinding owing to labor difficulties. The President, meanwhile, is said to be of the opinion that the sugar crop must be ground. The main difficulty is the existing strikes on sugar centrals. Most of these strikes are the result of communist agitators, who take advantage of the desperate condition of the laborers after two years of poverty as the result of the chaotic political conditions, to incite them to strike . The authorities blame this agitation to foreign agitators, abetted by Antonio Guiteras, former Secretary of War and Interior, who is charged with being in the employ of communistic interests..

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Press

TNG:vm

From M.A., Havana No. 4441 January 31, 1934.

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G-2 Report 4200-c

CUBA (Economic)

Subject: Food.

RECEIVED G/2 W. D. FEB 20 1934

SUGAR

1. The National Sugar Export Corporation has released the final figures on Cuba's exports of sugar during the calendar year 1933. In accordance with these figures, Cuba exported during last year a total of 2,407,618 long tons. Of this amount, 1,396,119 long tons were shipped to the United States, and 1,011,499 long tons to other countries. Of the total shipments to countries other than the United States during 1933, 726,923 long tons consisted of so-called free sugars, and 284,576 long tons of sugars segregated in accordance with the Sugar Stabilization Law of November 15, 1930 (Chadbourne Plan).

2. Total stocks of sugar on hand at the close of 1933 were 1,048,028 long tons, a decrease of 564,206 long tons as compared with stocks on hand on December 31, 1932, which totaled 1,612,234 long tons. The 1,048,028 long tons on hand on December 31, 1933, consisted of 505,884 long tons of segregated sugars and 542,144 long tons of so-called free sugars.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Embassy
TNG:vm

From M.A., Havana No. 4473 February 16, 1934.

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4200-a

G-2 Report

Subject: CUBA (Economic)
(a) Agriculture
Government Interest in Agriculture

SIXTY-SIX CENTRALS NOW GRINDING SUGAR

RECEIVED G/2 W. D. FEB 23 1934.

1. Sixty-six sugar centrals are reported to have started their activities in the present sugar grinding season, according to an announcement made February 19 by the Department of Agriculture.

2. Dispatches were received February 19 stating that four more sugar centrals began grinding and that others will follow immediately. With this addition, 66 were grinding up to date, compared with 115 reported on the same date last year.

3. According to the list issued February 19 by the Department of Agriculture, the following are the centrals now grinding, arranged by provinces:

PINAR DEL RIO: San Ramon, San Cristobal, Pilar, Niagara.

HAVANA: Gomez Mena, Rosario, Mercedita, Hershey, Portugalete, Providencia, Occidente, San Antonio, Habana.

MATANZAS: Dos Rosas, Dolores, Carolina, Triunfo, Cuba, San Ignacio, Santa Amerlia, Porfuerza, Espana, Conchita, Zorrilla, Soledad.

SANTA CLARA: Maria Antonia, Soledad, Covadonga, Pastora, Santa Maria, Victoria, Natividad, Constancia, Trinidad, Purio, Corazon de Jesus, Parque Alto, Portugalete, Resulta, Manuelita, San Francisco, Perseverancia, Hormiguero.

CAMAGUEY: Cunagua, Macareno, Jaronu, Senado, Siboney, Punta Alegre, Estrella, Vertientes, Francisco.

ORIENTE: Algodonal, America, Esperanza, Palma, Santa Ana, Rio Cauto, Ermita, Alto Cedro, Romelie, Santa Cecilia, Cape Cruz, Union, Almeida, Preston.

4. A recent government decree directs that grinding operations of mills operating this year must commence prior to March 15, 1934.

Source: Press

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

TNG/aem

M. A. Cuba Report 4481 February 20, 1934

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By AMF NARS, Date 05/04/89

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G-2 Report 4200-a

2655-9-81/70

CUBA (Economic)
Subject: Agriculture
(a) Government Interest in Agriculture

SUPPLEMENT TO REPORT 4481 of February 20, 1934, I.G.4200-a.

RECEIVED G/2 W. D. MAR 20 1934

1. 119 sugar centrals were grinding up to date, in the present sugar season throughout the island, according to a bulletin issued March 13, 1934, by the Agriculture Department.

2. Centrals grinding this same date last year totalled 124.

Source: Press

TNG/aem

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

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G-2 Report

CUBA (Economic)

Subject: Food.

RECEIVED G/2 W. D. MAR 27 1934

Number Sugar Mills Grinding.

1. One hundred and thirty sugar mills are grinding at the present time, as compared with a hundred and twenty-five at the same time last year. The total production up to February 28th of this year was 345,166 long tons. There are no official statistics since that date.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Chamber of Commerce.

TNG:vm

From M.A., Havana No. 4528 March 21, 1934.

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CUBA (Economic)
Subject: Agriculture
(a) Government Interest in Agriculture

SUGAR

RECEIVED G/2 W. D. JUN 9 1934

1. As this year's sugar grinding season draws to a close with operations ended in all sugar mills except a few in Camaguey and Oriente Provinces, an additional allotment of 23% of the original quotas has been granted to seven mills still desiring additional quotas. These additional quotas are available because of the inability of many of the smaller mills to fulfill their maximum quota of 60,000 bags. Of the seven mills that have been granted additions, two are American owned, being the property of the United Fruit Company. These are the Boston and Preston mills whose original quotas were 244,606 and 302,341 bags and whose additional quotas amount to 56,259 and 69,538 bags respectively.

2. It is understood that Dr. Joaquin Martinez Saenz, Cuban Secretary of the Treasury, is the author of a project which will place an export tax upon sugar. While, of course, the Cuban Government is in need of revenue, it would appear to be almost a direct breach of faith with the U. S. Government if under the circumstances which caused our Government by recent legislation to aid Cuba and its sugar interests, the Cuban Government should place an export tax upon sugar. As is well understood, one of the chief reasons of our recent legislation favoring Cuban sugar, was to decrease distress among sugar workers and to permit, because of the larger margin of profit to the companies, a longer period of work for the employees, that is to say, before and after the actual grinding season.

Source: Embassy and Press

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

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M. A. Cuba Report 4644 June 5, 1934

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G-2 Report

CUBA (Economic)

Subject: Food. (Sugar)

Production and Exportation.

RECEIVED G/2 W. D. AUG 15 1934

1. Sugar production in Cuba during the present year, until July 31,1934, is given as 15,476,048 bags, or 2,245,412 tons. The amount authorized by the Government for production in Cuba this "zafra" (crop) was 2,315,459 long tons. The quota which can be shipped to the United States is fixed at 1,698,215 long tons. The amount already exported to the United States from Cuba, from January 1 to July 28, 1934, is given as 1,090,859 long tons. The total stock in Cuba is estimated at 2,198,629 long tons.

L. V. H. Durfee.

L. V. H. Durfee,
Captain, Infantry,
Assistant Military Attache.

Source: American Chamber
of Commerce of Cuba.

From A.M.A., Havana No. 4709 August 8, 1934.

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G-2 Report

CUBA (Economic)

Subject: Food.

RECEIVED G/2 W. D. OCT 1 1934

Sugar Exports.

1. A total of 1,603,967 tons of sugar has been exported by Cuba during the present crop, in accordance with the official statistics published on September 24th by CENDA (Corporacion Exportadora Nacional de Azucar.) The report published by this Corporacion showed also that the production to date for 1934 amounted to 2,271,960 tons, plus a hold-over of 531,294 tons from last crop, making a total of 2,802,984 tons for the year.

2. Free sugar exported to date amounts to 1,411,040 tons, while, out of 505,884 tons held by CENDA, 192,927 have been exported; 312,957 tons still being held by the Corporacion.

3. The total sugar on hand in Cuba at the present time is given as 1,704,901 tons. The total exportations were divided in the following manner:

To the United States
Free sugar - 931,568.

Other countries
Free sugar - 479,472; CENDA sugar 192,927; total to other countries 672,399 tons.

Total free sugar - 1,411,040 tons
Total CENDA sugar- 192,927
Total exported - 1,603,967

4. Spot quotations for 96 degree sugar exported to the United States on September 24th were fixed at 2.29636 cents per pound, in accordance with official figures released by the Committee of Permits for Exportation.

5. The Sugar Stabilization Institute announced on September 24th that permits for exportation of sugar, once granted, will be permanent and cumulative and may not be cancelled even if the exporters do not ship their sugar within a specified time limit. It was further agreed by the Committee that the amounts of sugar released by the institute will be prorated by the permit commission among sugars held for exportation. Therefore, holders of a monthly license who have not exported all or part of their sugar when a new distribution is made will not lose their right to participate in it. Furthermore, no discount can be made in the amount assigned them in subsequent distributions

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Press.

From M.A., Havana No. 4756 Sept. 25, 1934.

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G-2 Report

CUBA (Economic)

Subject: Tariffs on Foreign Trade.

Export Tax on Sugar.

RECEIVED G/2 W. D. OCT 30 1934

1. It is proposed by the Cuban Department of Agriculture to establish an export tax of 6/10¢ per pound on sugar of the 1934 quota exported to the United States, the tax to be paid at the port of exportation, and apparently applicable to sugar delivered in the United States when the recent Reciprocity Treaty became effective.

2. The proposed Decree provides that of the amount collected, 35/100¢ per pound shall be returned to the producers of sugar who have paid the tax - whether "hacendados" (mill owners) or "colonos" (cane planters) - with the stipulation that this refund cannot be the object of embargo or retention on the part of the Government. The remainder of the tax collected, 25/100¢, after deducting the expenses of collection and administration, is to be placed in three funds; 60% for the cultivation of cane; 20% for crop loans on tobacco and fruits, and 20% for a Government homestead project.

3. This suddenly proposed Decree is causing much alarm in American sugar circles and they are taking all possible steps to combat it.

4. A statement issued by the Secretary of the Presidency several hours after the publication of the proposed tax in the local press, is to the effect that the Government does not intend to impose an export tax on sugar.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Embassy files
and Press.

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From M.A., Havana No. 4785 October 25, 1934.

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CUBA (Economic)

Subject: Food (SUGAR)

Production and Exports of Sugar.

RECEIVED G/2 W. D. DEC 4 1934

1. Production of sugar in Cuba during 1934, according to the Cuban Export Corporation, totaled 2,278,092 long tons. This compared with 1,994,663 tons manufactured during the previous year, shows an increase of 283,429 tons, or approximately 14%. This year's Cuban sugar crop reflects the first increase in production since 1929, when 5,156,315 tons were produced. The 1929 outturn was Cuba's all time record sugar crop, and in that year Cuba supplied 18.4% of the world's sugar production, while in the present year it will account for approximately 8%.

2. Of the 167 sugar mills that were given sugar production quotas in Cuba during 1934, only 135 operated, and 71 of these produced less sugar than their original quotas, while 62 exceeded their original quotas and two mills made the exact amount of their allotments. The original quotas of the 62 mills that exceeded their allotments were adjusted upward when the others failed to make their share.

3. Exports of sugar from Cuba from January 1 to November 17, 1934, amounted to 1,805,720 long tons, raw sugar value, as compared with 2,049,448 tons during the similar period of 1933, a decrease of 243,728 tons, or approximately 11.9%. To the United States there were shipped 1,120,541 tons, or approximately 13.1% decrease as compared with the same period of 1933, when the shipments totaled 1,289,563 tons. To other destinations, principally the United Kingdom, France and Canada, the exports amounted to 685,179 tons, as compared with 759,885 tons shipped during the similar period last year, a decrease of 74,706 tons, or approximately 9.7%.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Amer.Chamber of Commerce

TNG:vm

From M.A., Havana No. 4818 November 30,1934.

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G-2 Report

CUBA (Economic)

Subject: Food (Sugar)

The Sugar Situation in Cuba.

RECEIVED G/2 W. D. JAN 4 1935

1. The following extracts from a paper on the sugar situation, which was recently read at a meeting of the American Chamber of Commerce of Cuba, are considered of sufficient interest to forward:

"It is unnecessary to dwell on the important part which sugar plays in the economic life of Cuba and of everyone doing business here. To begin with, sugar is produced in sixty countries throughout the world. In many the production is limited, by tariff barriers or other economic considerations, to the amount required for local consumption, whereas, in others, and Cuba is a shining example, it is the principal article of export and the economic conditions of such countries depends on the price they get for their sugar.

"The United States has always been Cuba's principal market, and for many years Cuba was the main source of supply for the requirements of the American market; but through changes, over which Cuba has had little or no control, this situation has been radically altered, to the great detriment of the local sugar industry.

"Behind a duty protection against Cuban sugar, beginning with free entry in 1890 and increasing to two cents per pound in 1930, the production of territorial and insular U.S.A. has increased by leaps and bounds, with the consequent decrease in demand for Cuban raws. This increase, coupled with a mad world-wide race for larger grinding output and the return to production of the beet fields of Europe and Asia, has, through the inexorable law of supply and demand, forced the world's sugar market into a condition that can only be described as chaotic.

"Confronted with a rapidly decreasing market for the product of her principal industry and faced with the possibility of a total collapse of her economic life, Cuba, at times independently, and at other times in conjunction with other countries producing sugar on a large scale, began in 1926 a series of artificial measures, which, unfortunately, have not always given the desired results.

"There is no need to refer, at this time, to the United States War Control of sugar which lasted from August 1917 to March 1921, nor to discuss the Cuban Finance Committee, organized in February 1921, to govern the sale and shipment of raw sugar from Cuba. Both of these measures resulted in considerable disorder, a decline in price and a large carry-over. The industry was left pretty much alone from 1922 until April 1926, at which time the Cuban Government decreed that the crop should not exceed 90% of the amount which it was expected to make. This resulted in a crop of approximately 4,885,000 tons. Prices, which were then in the neighborhood of 2.25, cost and freight New York, advanced by nearly one cent per pound, but during the year 1927, when the crop was restricted still further to 4,500,000 tons, they declined to about 2.75, cost and freight.

"Early in October 1927, a law was enacted creating the National Defense Commission and the Sugar Export Company. The crop was further limited to 4,000,000 tons. Prices declined to approximately 2 cents, cost and freight, and it was then that all restrictions were abandoned, each mill being allowed to make as much sugar as it could from its available cane supply.

From M.A., Havana No. 4847 December 27, 1934.

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"The crop of 1929 was the largest in the country's history, reaching a figure of 5,156,000 long tons. Prices declined rapidly and in an attempt to rectify the situation, the Cooperative Sugar Export Agency was organized for the purpose of controlling the sales of all Cuban sugars, with a view to obtaining, if possible, a part of the preferential accorded to Cuba under the terms of the then existing Reciprocity Treaty. This could be secured only by withholding Cuban sugars from the United States market.

"Cuba, by controlling the supply to the United States, did advance the price during the year 1929 by approximately 3/5 cents per pound, but little sugar was sold at the advanced price and during the latter part of that year and the early months of 1930 the decline in price set in and continued to such an extent that by the middle of April the so-called Single Seller Agency was dissolved by almost unanimous consent of its stockholders. There was a very heavy carry-over, approximately 2,000,000 tons, and not only the United States, but world prices as well, declined at an alarming rate.

"On June 18, 1930, the United States Congress passed the Smoot-Hawley Tariff Bill, setting a duty of two cents per pound on Cuban sugar into the United States. Great Britain had granted, in the meantime, a bounty to producers of sugar in England; Java had increased its production to almost 3,000,000 tons, and all European countries producing beets had passed legislation favoring their sugar industry. Coincidental, therefore, with the restriction of the Cuban crop, production increased in Europe and in Java, and particularly among the producers of beets in continental United States and cane sugar in Hawaii and Puerto Rico and to a very great extent in the Philippine Islands.

"Cuba was faced with a very serious situation. She had sacrificed her industry to the utmost, but in the face of protected markets which resulted in increased production elsewhere, all her efforts were, in the main, nullified. World prices continued to decline and it was realized that unless a majority of the countries competing in the export markets of the world got together and developed some sort of working agreement, there would result such a crisis in the industry as might well bring about consequences serious to all. It was then, about the end of the year 1930, that Mr. Thomas L. Chadbourne took up the work originally undertaken by Colonel Tarafa, of endeavoring to arrive at an agreement with the producers of sugar in Java and in those European countries which compete in the world's market. Conditions were quite propitious for such an arrangement, and after certain preliminary difficulties had been eliminated, an agreement was reached in May 1931 at Brussels, whereby Java, Germany, Belgium, Czecho-Slovakia, Poland and Hungary agreed to limit their exports for a period of five years beginning January 1,1931 and ending December 31,1935; Cuba, at the same time, agreeing to limit her exports to countries other than the United States.

"Cuba's quota for the first year was 655,000 tons, and in 1932 it was 805,000 tons. Thereafter it was to remain fixed at 855,000 long tons unless Germany was unable to export the full amount of its quota, in which case Cuba was to be allowed to make up the greater part of the deficiency. During the last two years this has meant an increase of the Cuban quota, to countries other than the United States, of from 855,000 tons to approximately 930,000 tons.

"As it was thought best that the respective governments of the producers attending the Conference should agree in writing to whatever policy was eventually adopted, the Cuban Government, on November 15th

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passed the Sugar Stabilization Law which gave the necessary authority to restrict production and limit exports of sugar to countries other than the United States, through the segregation of approximately 1,300,000 tons of sugar, which was to be distributed over the five years of international control.

"The Stabilization Law provided that the National Sugar Export Corporation should purchase the segregated sugar at a price of $4.07 per bag f.o.b. Cuban ports. Government bonds to the amount of $42,000,000 were issued for this purpose and each year one-fifth of the total amount segregated, or approximately 265,000 tons, was to be sold. With the proceeds of such sales the Corporation was to re-acquire stabilization bonds on the theory that at the end of five years, provided sugar sold at a price of $4.07 per bag or better, the total emission would have been called. A new tax of 11 cents per bag was created to pay the interest on the bond issue. This Stabilization Law, at the same time, gave to the Corporation the authority to provide the necessary rules and regulations covering exports of sugar to countries other than the United States and, in general, govern the exchange of quotas which had been assigned to each producer and to rule on any controversy between mill and mill, or "colonos" and mill owners.

"All of the countries signatories to the Brussels Convention have faithfully lived up to the agreement. Cuba limited her crop to approximately 3,000,000 tons and other countries limited their exports correspondingly, it being understood that in the following years production would be so restricted that there would be no increase in the segregated stocks over and above the amounts indicated in the rightful carry-over for each specific year during the five year period of the Brussels Convention. It was thoroughly understood that if any country did not export the amount authorized this could not be carried into the following year.

"For the year 1934 there was an authorized crop of 2,315,000 tons, but the actual figure was slightly under 2,275,000 tons. Meanwhile, Cuba has been selling her full allotment of sugar into Europe and re-purchasing the Stabilization Bonds at prices so far under par that up to the present moment, there is an indicated saving of some $3,250,000. As Cuba was never able to sell its sugar at the price at which the bonds were issued, namely $4.07 per bag, the acquisition of the bonds at a price so much under par has considerably reduced the future liability of the Cuban producers, who must eventually be taxed to the extent of 50 cents per bag until the full amount of the bond issue shall have been liquidated.

"Prices reached the lowest level in the history of the industry when 57 cents per hundred pounds was quoted in May 1932. It was manifestly impossiblee for Cuba to exist in the face of a protection of 2 cents per pound to the producers of Philippines, Puerto Rico and Hawaii, and the entire industry and the social and economic stability of the Island were very seriously threatened. But when, after the inauguration of President Roosevelt in March 1933, steps were taken by the Tariff Commission to complete its report on the advisability of reducing the Cuban duty, the hope was advanced that the industry would eventually become to some extent, at least, rehabilitated. The duty was in due course lowered from two cents to 1.5 cents per pound and when the new Cuban Reciprocity Treaty was signed there was a still further reduction to 90 cents per 100 pounds. In the meantime, the Costigan-Jones

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Bill had become law; sugar declared a basic commodity and quotas allotted to Cuba and the insular possessions of the United States, as well as the Continental beet and cane producers. Countries other than Cuba were allowed a total quota of 17,000 tons, and the full tariff rate was fixed at 1.875 cents. This clearly gave Cuba an advantage of 97.5 cents per 100 pounds and assured a much sounder condition for the industry. Decrees were passed which endeavored to provide that Cuba should obtain a good part of the preferential which rightfully belonged to her under the terms of the new Reciprocity Treaty and the reduction in the tariff. Unfortunately, however, there were large stocks of sugar accumulated in bonded warehouses in Norfolk and New York, and when Cuba fixed a price of 2.29636 under which no sugars were to be permitted to be shipped from the Island, the means were provided for holders of these sugars in the United States warehouses to dispose of them at prices ranging from 1.90 to 2.10 c & f. Very few sales from Cuba were recorded at the price fixed by Decree No. 456. Many producers had contracted for the sale of their sugars several months prior to the publication of this decree and several cargoes were actually being loaded in Cuban ports, whose dispatch was prohibited until it became clear that no good purpose was being served while sugars were freely offered ex-store New York at prices from 20 to 30 points per 100 pounds under the official figure. It soon became evident to many that if Cuba continued to hold off for a price of 2.29 it would not be able to cover its United States quota of 1,698,000 tons by December 31, for it was clearly provided in the Costigan-Jones Bill that quotas were assigned to each producing area for calendar years and that any quota not filled was automatically cancelled at the end of each year.

"There were approximately 750,000 tons remaining to be shipped to the United States on October 5th. Some time later the Cuban Sugar Institute was able to sell approximately 130,000 tons to the American refiners at a price of 2.185 cost and freight, with the provision that no sugars should be sold in the American market for the remainder of the year at a price under that figure. Steps were taken to provide means to ship approximately 300,000 tons for storage in bonded warehouses in the United States in order to complete Cuba's quota for the calendar year of 1934, as otherwise, Cuba would be obliged to bear the brunt of the reduction in quotas to be assigned by the Secretary of Agriculture for the year 1935. As a direct consequence, under the terms of the Costigan-Jones Bill, Cuba would have been forced to reduce its crop for the coming year by a corresponding amount. This would have been of serious consequence to the industry in general, but, fortunately, steps have already been taken which seem to give full assurance that the necessary sugars will be stored in warehouses in the United States before the end of the year. Recently the A.A.A. issued a ruling greatly facilitating Cuba's efforts by providing that sugars so stored would be included as part of Cuba's quota even though the import duties had not been paid.

"This brings us pretty well up to date and we are now looking forward to 1935 when the remaining 245,000 tons shall have been sold to Europe, thus liquidating the full amount of Cuba's segregated stocks as provided under the Brussels Convention of 1931. It is to be expected that Cuba will be assigned a quota in the American market of approximately the same amount as that granted for the year 1934. If this does result, the total crop for next year may be as much as 2,050,000 tons, although this figure must necessarily provide for a carry-over of segregated United States quota into 1936, unless there should be a considerable increase in consumption which no one anticipates at the moment.

From M.A., Havana No. 4847 December 27, 1934.

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"A recent development, frequently overlooked in surveys of the sugar industry and one quite unfavorable to Cuba's interest, is the rapid increase in India's production of sugar which in 1929 was slightly less than 3,000,000 tons and this year will be well over 5,000,000 tons.

"Instead of importing some 930,000 tons, as in 1929, India will soon be able to produce her own requirements and before many years have passed she will probably be an exporting nation. It is logical that she should look to England and other countries of the United Kingdom for her markets. This means that Cuba may lose the best customer for her excess production and it is possible that Cuba's production may some day be limited to the amount she can sell to the United States. The local sugar industry cannot exist on such a limited crop. It must also be borne in mind that the present duty rate and the existing quota system are temporary and subject to cancellation.

"Another recent development that is causing considerable trouble is the moratorium decree law 412 of August 14,1934. Designed to assist the debt burdened sugar industry, it has, in the opinion of many, done more harm than good. The natural consequence of such a law is that banks, in the face of uncertainty as to the final interpretation of many of its provisions and the strong possibility of further similar legislation, are very reluctant to extend to sugar mills the financial assistance so sorely needed to restore exhausted cane fields and to rehabilitate badly depreciated rolling stock and factory equipment.

"Still another important factor is the labor situation. Through dire necessity wages have been drastically reduced. It is, of course, natural that any improvement in sugar prices should carry with it an improvement in the wage scale. But this improvement in wages must be strictly in accordance with the ability of the industry to pay. Both capital and labor still have to make sacrifices.

"We have purposely avoided any criticism of the measures adopted by either the Cuban or American government or agreed upon at the Brussels Convention, as these are matters about which there is a great disparity of opinion. Many producers, for reasons which need not be discussed, could have withstood the drop in prices which resulted during the early periods of the depression. No producer, however, in our opinion could have carried on indefinitely against a 2 cents tariff in favor of Hawaii, Puerto Rico and especially the Philippines where, favored by soil conditions, abundant railfall and a supply of cheap labor, production increased at such rapid rate that it even threatened the stability of the best producers in the United States. Whether complete control of any world basic commodity can ever be successfully accomplished is something which still remains for the future to disclose and, in this connection, it is well to remember that sugar is one of the few world basic products which is almost standard in appearance and quality. Furthermore, when one considers that practically every country in Europe produces beets, it can be readily appreciated how great are the difficulties to be confronted in an effort to bring about an improvement in the price through any form of control. On the other hand, it would seem that a more enlightened world might well make as great an effort to reach economic agreements as has been evidenced in recent years in bringing about Military and Naval pacts. However, experience to date certainly indicates that no permanent successful plan has yet been devised which has brought about the results originally hoped for by those endeavoring to permanently raise the price or stabilize any of the world's great basic

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products such as wheat, coffee, sugar, wool or rubber.

"In discussing the local situation with one sugar producer, he stated that, in his opinion, some form of full control is absolutely necessary. Another expressed the opinion that control of production should be maintained, but with no restrictions on price or sales, while a third claimed that complete freedom of action is the only solution."

2. Since the presentation of the foregoing study, sugar production for the 1935 crop has been fixed by the Cabinet at 2,315,000 long tons, and the grinding season is limited between the dates of January 15th and June 15th.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Amer.Chamber of C.

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From M.A., Havana No. 4847 December 27,1934.

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G-2 Report

CUBA (Economic)

Subject: Food (SUGAR)

Sugar Grinding Season

RECEIVED G/2 W. D. JAN 23 1935

1. The Cuban sugar grinding season started on January 15, 1935 with 23 mills operating. At the present time, three days later, it is understood that 32 mills are operating and it is expected that all or most of the mills that operated last season will do so this year. There has been a good deal of friction between the Mill Owners' Association and the "colonos" or Plantation Owners' Association, and also between the large mill owners association and the small mill owners association.

2. The dispute between the mill owners and the planters involves the price to be paid for cane at the mill, and after several lengthy hearings of representatives of both sides, the Secretaries of Interior and Labor have settled the dispute insofar as this year's prices are concerned. The dispute between the large mill owners and the small ones has also been settled for this year on the basis of the National Sugar Export Corporation's recommendation as set forth in Decree-Law No. 754, which governs this year's sugar crop.

3. It may be recalled that last year although Grau San Martin allowed the smaller mills, known as "free mills", to produce a maximum of 60,000 bags each, very few of them were able to do so because of a shortage of cane in the vicinity of their mills, and it was because of this shortage of production among the many small "free" mills that subsequent permission was given during last year's grinding season for increased quotas to those mills which were able to produce greater quantities than their original quotas provided for. For instance, as reported by this office at the time, the United Fruit Company's mills were granted three increases above their original quotas.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Official Documents and
Embassy files.

TNG:vm

From M.A., Havana No. 4865 January 18, 1935.

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G-2 Report

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CUBA (Social)

Subject: Public Order and Safety.

Control of Sabotage of
Sugar Properties.

RECEIVED G/2 W. D. JAN 23 1935

1. During the past few days there has been considerable burning of sugar cane, especially in Matanzas Province, one newspaper reporting that over two million pounds of cane had been destroyed. Reports have been received of cane fires throughout the Island, but, in the opinion of several well-informed mill owners, this damage was to be expected and has occurred for the last several years just prior to or at the beginning of the grinding season. In the opinion of these men, the damage will not be so great as it was last year.

2. The Government has issued Decree-Law No. 813, published in Extraordinary Edition No.3 of the Official Gazette, dated January 15, 1935, which proscribes life imprisonment or the death sentence for those found guilty of deliberately setting fire to cane fields or damaging sugar mill properties.

3. A large number of troops have been sent to the eastern provinces for duty as guards of sugar mill properties; one Infantry company from the Santiago garrison having been sent to reinforce the guard at the United Fruit Company's properties in the vicinity of Nipa Bay in Oriente Province; one Company of Coast Artillery from La Cabana being sent to Camaguey for the same purpose. Detachments have been sent to the interior from Camp Columbia, Castillo del Fuerza and other Havana garrisons, for duty during the sugar grinding season. The authorities in Havana have been very reluctant to give us any definite information as to the exact number of troops sent out from Havana; however, our estimate, based upon observation of the local garrisons and information received from an Army subsistence contractor, is that between 800 and 1000 soldiers have been sent from the Havana garrisons and are now on duty in various localities in the provinces east of Havana, protecting the cane fields and sugar mills. The reason for the secrecy involved is obvious, considering the hostility of the Autenticos and Communists toward the Government. Martinez Saenz, head of the A.B.C. Society has issued instructions that in view of the fact that the sugar crop is the"life-blood" of Cuba, the A.B.C. members will strictly refrain from interferring in any way whatsoever with the harvesting and grinding of this year's crop. We know that these instructions meet with the hearty approval of the more responsible members of the Society, nevertheless, a fear has been expressed by several prominent A.B.C. members, confidentially, that some of the less responsible members may become involved with the Autenticos and Communists.

4. Army Headquarters informed Captain Durfee that they had no fear whatsoever as to the ability of the Army to protect sugar mill properties and cane fields. They are very much elated that the President has passed Decree-Law No. 813, providing the death penalty or life imprisonment for violators, as mentioned above.

5. In order to better safeguard the sugar properties and prevent sabotage, the Government, on January 15th, published Decree No. 82

From M.A., Havana No. 4867 January 18,1935

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which suspends for a period of 90 days Constitutional Guarantees in the Provinces of Pinar del Rio, Matanzas and Oriente. It will be recalled that several weeks ago Constitutional Guarantees were suspended in the Provinces of Havana, Santa Clara and Camaguey.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source:Official Documents
and Personal Contacts.

TNG:vm

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By AMF NARS, Date 05/04/89

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WAR DEPARTMENT

81

4200-c

G-2 Report

CUBA (Economic)

Subject: FOOD (Sugar)

108 Sugar Mills Now Grinding

RECEIVED G-2 W. D. FEB 11 1935

1. Press reports of February 2nd. stated that 108 sugar mills are operating, that is, grinding sugar cane, and that many additional mills are preparing to begin operations.

2. Although there has been some sabotage by burning cane and destroying equipment, nevertheless, the damage is comparatively small. Sugar cane burned in the fields is not injured if it is cut and ground within a few hours; however, if not ground within a short time, it commences to ferment and is unfit for use.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Press.

TNG:vm

From M.A., Havana No. 4876 February 4,1935.

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NND 740058
By AMF NARS, Date 05/04/89

No Objection to Publication in Service Journals.

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WAR DEPARTMENT

G-2 Report 4200-c

CUBA (Economic)

Subject: Food (SUGAR)

RECEIVED G/2 W. D. FEB 16 1935

Progress of Grinding Season

1. We are informed that 117 sugar mills are now grinding cane. Although there has been some destruction of sugar mill and railroad property and some cane destruction by burning, Captain Durfee was informed by the manager of an American mill in Matanzas that he has had less trouble during this year's operations than at any time during the past twenty-four years. The principal damage in the last ten days in the vicinity of the mills has been the dynamiting of railroad bridges and trains for the purpose of preventing the hauling of cane to the mills.

2. It is unofficially reported that several men have been summarily shot in connection with the burning of cane and the damage of sugar mill and railroad property.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Personal Contacts

TNG:vm

From M.A., Havana No.4882 February 12, 1935.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

No Objection to Publication in Service Journals.

MAR 15 1935
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WAR DEPARTMENT

G-2 Report

CUBA (Economic)

Subject: Food (SUGAR)

RECEIVED G/2 W. D. MAR 4 - 1935

Progress of Sugar Operations

1. The latest information gives the number of sugar centrals that are now operating as 128.

2. Reports from the interior indicate that there is less sabotage in connection with these operations than for several years past. This is believed to be due to the efficiency of the Cuban Army in guarding mills and cane fields. On the other hand, much sabotage has been reported by railroad authorities, especially in the provinces of Santa Clara, Camaguey and Oriente. Railroad stations, locomotives, freight cars and bridges have been severely damaged recently by dynamite.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Press and
Personal Contacts.

TNG:vm

From M.A., Havana No. 4893 February 23, 1935.

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G-2 Report

CUBA (Economic)

Subject: Food (SUGAR)

1935 Sugar Production

RECEIVED G/2 W. D. JUN 21 1935

1. With the closing on March 31,1935 of the last of the 133 sugar mills that participated in this year's grinding operations, official reports state that the total production this year amounted to 2,537,399 tons. The stipulated crop limit prescribed by the Government was 2,315,000. The Central having the largest production was Central Vertientes, owned by the General Sugar Estates, which had a total crop of 541,181 bags of 325 lbs. The smallest production was made by the Central Purio, a Cuban owned mill, with a crop of 8,805 bags.

2. There has, in addition, been an enormous production of final molasses, invert molasses, and syrups, amounting to millions of gallons, but it is not possible to state the exact total amount as many mills are still producing these by-products.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Embassy files

TNG:vm

From M.A., Havana Report No.4996 Date: June 13,1935.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

No Objection to Publication in Service Journals.

JAN 18 1936 OFFICE CHIEF OF STAFF MIL. INTEL. DIV

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G-2 Report

CUBA (Economic)

Subject: Agriculture
(c) FOOD.

RECEIVED G/2 W.D. JAN 15 1936

Sugar Season to Start January 15th.

1. The Provisional President has approved a Decree-Law, which has not yet been published, which authorizes the commencement of sugar cane cutting on January 15th, and the grinding of cane on January 20th. Also all mills that are to grind this year must commence by February 16th, and all grinding must terminate by May 31st, except in the case of "force majeure."

2. Further details of the Law, if of interest, will be forwarded when same is published.

T. N. Gimperling,
Colonel, Infantry,
Military Attache.

Source: Press.

TNG:vm

From M.A., Havana Report No. 5124 Date: January 8,1936.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

No Objection to Publication in Servi... Journals.

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G-2 Report

4200-c

CUBA (Economic)

Subject: Food

Regulations Governing Production, Distribution and Exportation of Sugar.

RECEIVED G/2 W. D. JAN 28 1936

1. Production, distribution and exportation of Cuban sugar will be regulated by the Cuban Government in accordance with the provisions of a new Decree-Law and its regulations, for a period of six years, beginning with this present year and ending December 31, 1941. During that period, the President of Cuba may determine the quantity of production, distribution and exportation of sugar, as follows:

(a) In accord with international agreements of sugar producers or sugar countries.

(b) Upon recommendation of the Cuban Institute for Stabilization of Sugar.

(c) Upon request, before November 1st of the year preceding that in which production and exportation are to be regulated, from the National Association of Sugar Manufacturers of Cuba (Asociacion Nacional de Hacendados de Cuba) upon the affirmative vote of members representing more than 65% of the mills in Cuba and more than 65% of the total production in the previous crop.

2. Rules are established for allotment of individual production and export quotas to sugar mills in any year when total production and exportation is restricted by the Government. Production and export quotas may be exchanged or transferred in accordance with provisions authorized by the Cuban Sugar Institute. Mills shall be permitted to form groups. Groups of mills in the same province will be considered as one industrial unit and may make production quota adjustments among themselves as they deem convenient, always provided they shall not harm interests of cane planters and prevent the proportional grinding of planters' canes.

3. After individual production quotas have been allotted, mills shall inform the Sugar Institute within a specified period of time what portion of their quotas they intend to produce, otherwise, they will be considered to have declared that they will produce the basic quota. If the difference between the quota which the mill declares it will produce and its actual production is more than ten per cent, the mill will incur a fine of $1.00 for every 325 pounds of sugar of difference. The number of bags of sugar which the mill failed to produce or produced in excess, will be deducted from its quota for the next year. The Law of May 14, 1931, which regulates organization and functioning of the Cuban Sugar Institute, is ratified and augmented by the provisions of this new measure.

4. The Institute will have legal existence until December 31,1941, and may not dissolve before that date unless the President of Cuba should approve a resolution of dissolution which had been adopted by the organization. The Institute will be composed of 12 sugar manufacturers, six sugar cane planters and a delegate from the Government, designated by the President of Cuba, who will be the Director General of the Institute. All members shall have voice and vote. The members of the Institute, with exception of the Director General, will receive no remuneration. They shall be selected by the President of Cuba from names submitted to him by the National Association of Sugar Manufacturers and the Association of Cane Planters of Cuba.

From M.A., Havana Report No. 5132 Date: January 23,1936

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NND 740058
By AMF NARS, Date 05/04/89

5. As soon as the Cuban Sugar Institute is reorganized in accordance with the provisions of this measure, the Cuban Sugar Export Corporation will function no longer in connection with production and exportation of sugar. The functions and powers of the Corporation will be turned over to the Institute. The Corporation will name a Commission, to be composed of two members and the comptroller of the organization, to arrange its liquidation.

6. The President of Cuba is authorized to issue proper regulations for application of this measure and, through presidential decrees, to provide for items not taken up in this measure. Also, to resolve all problems which may arise from application of these provisions, when such action is recommended by the Secretary of Agriculture or in a report from the Sugar Institute.

7. This Decree Law No. 13 became effective upon publication in the Official Gazette on January 20,1936, and annuls all legal provisions which might oppose its application. The Law of May 15,1931, creating the Sugar Institute, and the Law of November 15, 1930 (Sugar Stabilization Law) will continue to be applied as supplementary measures, wheresoever they do not oppose compliance with this Decree-Law.

8. Temporary Provisions

Within 15 working days after promulgation of this Decree-Law, the Association of Cane Planters of Cuba and the National Association of Sugar Manufacturers of Cuba shall submit to the President names of candidates to fill the eighteen posts representing the sugar industry. The Comptroller of the National Sugar Export Corporation is designated as the Government's delegate in the Institute.

Quantity of the 1936 crop will be determined and its distribution regulated by the President of Cuba, upon recommendation of the Secretary of Agriculture and upon report from the Sugar Institute, within five days after promulgation of this Decree-Law.

T. N. Gimperling,
Colonel, Infantry,
Military Attache.

Source: Amer. Chamber
of Commerce.

TNG:vm

From M.A., Havana Report No. 5132 Date: January 23,1936.

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G-2 Report

CUBA (Economic)

Subject: FOOD.

RECEIVED G/2 W. D. FEB 18 1936

Sugar Quotas for 1936.

1. Decree No. 192, dated February 4, 1936, definitely limits the 1936 sugar crop to 2,515,000 long tons. It is estimated that local consumption will absorb 150,000 long tons of this amount, and the amount for exportation to countries other than the United States is set at 930,459 long tons. The 1936 quota of new sugar set aside for exportation to the United States is 932,558 long tons. In addition, there will be released for export to the United States, 332,578 long tons, at present retained in Cuba by producers, from the 1935 sugar crop. This will be prorated among said producers. Also, in addition, 368,206 long tons designated as "surplus" sugar, which remained in the United States on December 31,1935, and which was not charged to the 1935 Cuban quota for entry into the United States, will be added to the 1936 quota. Therefore, the total quota for the current year of Cuban sugar designated for distribution in the United States is set at 1,633,342 long tons.

2. There are at present 126 sugar mills grinding in Cuba, with prospects that additional mills will commence grinding soon. The Governor of Oriente Province informed the undersigned yesterday that he expected fifteen additional mills in his province to start grinding within the next ten days.

T. N. Gimperling,
Colonel, Infantry,
Military Attache.

Source: Official Gazette and
Personal Contacts.

TNG:vm

From M.A., Havana Report No.5143 Date: February 12,1936

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NND 740058
By AMF NARS, Date 05/04/89

No Objection to Publication in Service Journals.

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G-2 Report 4200-c

CUBA (Economic)

Subject: Agriculture.
(c) Food.

RECEIVED G/2 W. D. MAR 31 1936

S U G A R

1. On March 24th, 138 sugar mills in Cuba were still grinding, while seven had ceased grinding. As of the same date last year, 109 mills were grinding, while 23 had finished. The total sugar production this year, up to March 15th, is estimated at 1,749,063 long tons, as compared with 1,783,306 long tons on the same date last year.

2. Because of the unusual amount of rainfall throughout the Island during the past two months, the quality of the cane is slightly below normal, containing an excess of water .

3. There has been very little, if any, sabotage during the current season; in fact, no sabotage of mills or equipment, and a comparatively small amount of burning of cane.

T. N. Gimperling,
Colonel, Infantry,
Military Attache.

Source: Official Documents.
Personal Observation.

TNG:vm

From M.A., Havana Report No. 5163 Date: March 26,1936.

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By AMF NARS, Date 05/04/89

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For dispute between the Prēsident of Cuba and Col.Batista over the proposed 9¢ tax per bag on sugar see 2657-Q-330/372 etc. (27

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By AMF NARS, Date 05/04/89

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BY authority letter of Dec. 1939, from TAGO to Archivist.
BY [illegible] Date 6-20-89

JUN 8 1938
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G-2 Report

CUBA (Economic)

Subject: Current Economic Situation-General.

RECEIVED G/2 W. D. JUN 2 1938

1. As sugar is by far the principal income-producing product of Cuba, it is axiomatic that as goes the price of Cuban sugar so goes its economic, social and political welfare.

2. The fact that the New York price of Cuban sugar continues to decline has become a cause of much concern to all circles in Cuba. Business, in general, is tightening up, money can only be obtained under the most drastic guarantees, and pessimism with respect to the general economic condition of Cuba is dominant. Cuba being predominantly a one crop country, a brief resume of the present Cuban sugar situation may be of interest:

3. The cost of producing and delivering sugar at Cuban ports at the present time varies from 1.62 to 1.72 cents per pound, according to various factors, such as efficiency of sugar mill management and installations, and distance of mills from the coastal ports. According to Cuban law, approximately 40 per-cent of the total sugar crop must be disposed of in the world market at world market prices before any mill can begin to sell its American quota, which amounts to roughly 60 per-cent of the total yield. The average world price of sugar at the present time is one cent per pound, as against 1.31 cents per pound at this time last year. The average price of raw sugar for the American market at the present time is 2 cents per pound, as against 2.70 cents per pound at this time last year. Consequently, it may be seen that while the American market provides an ample profit to Cuban sugar producers, the necessity of absorbing a world market quota consumes the present profit in the American market.

3. The Cuban Government is devoting every means to induce the U.S. Government to boost prices of Cuban sugar in the American [illegible]rket, and, under the guise of maintaining economic and political security in Cuba, a price of from 2.35 to 2.40 cents per pound is being requested.

4. Every indication at the present time points to hardship during the dead season, as it is estimated that less than half of the twenty million dollars normally spent by the mills during this period in general maintenance work will be available this year. It is estimated by reliable bankers and business men that the Cuban gross income for the year 1938-1939, under present conditions, will be $60,000,000 less than the 1937-1938 gross income. While the preliminary estimate for the 1938-1939 budget, as published in the Official Gazette, is roughly $80,000,000, I am reliably informed that the Cuban Government, ignoring the economic recession, is contemplating a special budget of some $12,000,000 to attend to necessary public works and sanitation. Colonel Batista informed a usually reliable contact last week that the total budgets for Cuba would amount to approximately $92,000,000. It is understood that the Cuban Government intends to increase its revenue by additional taxes. It also contemplates the issuance of $20,000,000 in silver coinage, from which it is hoped that $12,000,000 will accrue to the Cuban treasury. However, it is generally believed that it will be impossible to collect any such additional taxes assessed, and Colonel Batista's recognized lack of economic background was never more apparent than it is at the present time. It is unquestionably a fact that the provinces have been bled dry. (See report No.5564, index 6000, dated April 20, 1938).

From M.A., Havana Report No.5577 Date: May 24, 1938.

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By AMF NARS, Date 05/04/89

President Laredo Bru has publicly announced that he intends to cut all government salaries from 15 to 25 per cent, and it is interesting to note that a similar step by Machado marked the beginning of the decline of his regime.

5. It is the belief of the Military Attache that Cuba has entered a economic crisis which can only be relieved by stringent curtailment of expenditures. Any such curtailment, however, in the proportionately vast cost of maintaining the present regime is certain to lead to serious dissatisfaction and probable disorder.

E. W. Timberlake,
Major, GS., CAC.,
Military Attache.

Source: 12 Leading Sugar Executives. Four Leading Bankers. Official Documents Press.

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From M.A., Havana Report No.5577 Date: May 24, 1938.

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By AMF NARS, Date 05/04/89

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G-2 Report

CUBA (Economic)

Subject: Current Economic Situation-General.

RECEIVED G-2 W. D. FEB 28 1939

Review of Year 1938:

1. Cuban business activity which in 1937 reached a peak for the recovery movement that began in 1934, registered a decline during the year under review. This was reflected in the Island's foreign trade, government revenues, bank clearings and other representative indices of business.

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By authority of letter of Dec. 18, 1963, from TAGO to Archivist.
By [signature]
Date 6-20-69

2. That economic conditions, in general, were less satisfactory than during the preceding year was due to several factors. Foremost among these was the downward trend in raw sugar prices which began during the latter part of 1937 and which continued, with occasional reactions, during 1938. This was especially pronounced with regard to raw sugar for shipment to the United States market, which, according to unofficial figures, averaged only $2.04 per 100 pounds, cost and freight New York, during the first eleven months of the past year as compared with $2.54 for the equivalent 1937 period. (The present spot price as of Feb. 17,1939, is around $1.90). So-called "world market" prices during 1938 were also lower, in spite of a further restriction in "world" export quotas agreed upon at the London Sugar Conference in July. Moreover, substantial declines were registered in exports of and prices for sugar's important by-product, molasses, both as regards final (black-strap) and invert (high-test) molasses.

3. An extended period of dry weather during the latter part of 1937 and the early months of 1938 caused considerable damage to growing crops, especially in the Province of Oriente. It did not apparently curtail the production of leaf tobacco, however, as the 1938 crop which is estimated at 412,490 bales compares favorably with the 404,559 bales produced in 1937. These crops were the largest since 1931 and have caused a reported surplus with depressed leaf tobacco prices, especially for the lower grades, to such an extent that at one time during the year under review consideration was given to the possibility of officially restricting future production.

4. Shipments to northern markets of fresh fruit (other than bananas) and vegetables showed only minor changes in volume compared with the preceding year. The returns to growers, however, especially in the case of tomatoes and pineapples, which form the bulk of these exports, were less satisfactory than in 1937. Banana production, which is largely concentrated in the eastern end of the Island, suffered from lack of rainfall there to such an extent that exports to the United States declined from 8,217,582 bunches during the first ten months of 1937 to 3,651,674 bunches during the equivalent period of the current year.

5. While the reversal during the latter part of 1937 of the upward trend in Cuban business activity was partly a reflection of the business recession in the United States, our emergence last June from this adjustment period and the subsequent steady improvement in our economic situation was not, up to the end of 1938, similarly reflected in a quickening of business activity in Cuba. This is probably explained by the fact that the current improvement in the United States has not to date been followed by any sustained reversal in the downward trend of sugar prices.

6. Prior to Colonel Batista's trip to the United States in November, 1938, the outlook was considered in business circles to be encouraging.

From M.A., Havana Report No.5680 Date: February 20, 1939.

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NND 740058
By AMF NARS, Date 05/04/89

The proposed negotiation of a supplementary trade agreement with the United States under which Cuba is expected to obtain further tariff concessions, together with reports that the United States would extend to Cuba substantial credits for the execution of a program of public works (the fifty millian dollar loan from the Export-Import Bank) had improved business sentiment. However, at the present time, since neither of these expected events have come to pass, and it has been found that the Export-Import Bank is not going to grant credit without sound guarantees, a natural reaction of disappoinement has set in. In addition to this, Colonel Batista's continued support of legislation for the revaluation of mortgages and other credits, and recent speeches of his delivered during his trip to Mexico and upon his return to Cuba, which are considered to have socialistic characteristics, have further shaken the confidence of business men in Cuba. The large banker, the big sugar mill owner, and the small native business men - such as filling-station owners and restaurant owners - all take a very gloomy view of the situation. Credit is difficult to obtain and capital, in general, is hesitant to commit itself to any new ventures.

7. It is the opinion of the Military Attache that the situation in general is decidedly worse than it was a year ago

Henry A. Barber, Jr.,
Major, GS., Infantry,
Military Attache.

Source: Commercial Attache.
Personal Observation.

HAB:vm

From M.A.,Havana Report No. 5680 Date: February 20,1939

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G-2 Report

CUBA (Economic)

Subject: FOOD (Sugar)

Review of 1937-1938 Sugar Season

RECEIVED G/2 W. D. FEB 28 1939

1. The Cuban Government authorized quotas to the various mills which totalled 2,950,000 long tons.

2. 158 mills ground sugar -- 15 did not grind. The total output was 2,975,948 long tons -- an excess of 25,948 long tons over government authorization. The average price per pound of raw sugar was .145¢. The period for grinding was January 16 to May 31,1938.

3. Disposition of the crop may be analyzed as follows:

Exported to U.S.....	1,653,161	long tons	(U.S.quota for Cuba was 1,752,478 long tons
" " Other countries...	872,280	"	"
Local consumption.....	151,459		
Total.....	2,676,900	"	"
Surplus 1938 Crop.....	299,048	"	"
Total.....	2,975,948	"	"

Surplus, previous crops...	430,124	long tons	
Surplus, 1938 crop	299,048	"	"
On hand, Dec. 31,1938.....	729,172	"	"

4. Figures are not yet available as to the total value of sugar exported during the 1938 season. For the 1937 season it was $146,594,278 of which the United States took $122,424,550.00 worth. The value will be less for 1938.

5. The following table gives certain data for the 1938 crop and previous years:

Year	Mills Grinding	Crop	Price per Lb. Cents
1933	124	1,994,236	.97¢
1934	135	2,255,869	1.19¢
1935	133	2,537,948	1.58¢
1936	147	2,556,935	1.73¢
1937	157	2,974,584	1.75¢
1938	158	2,975,948	1.45¢

6. For the present season, the grinding period is from January 15th to May 31, 1939. The crop authorized by the Cuban Government is 2,696,517 long tons, as against 2,950,000 for 1938. The United States quota granted Cuba is 1,744,910 long tons, as compared to 1,752,478 for 1938. It is expected that about 150 mills will grind.

7. The season is already one-fourth complete. Sugar mills are hoarding sugar, hoping that the rumored reduction of the U.S. tariff by 15¢ per 100 lbs. will be effected. The banks are pressing the mills for repayment of loans on the present crop. The mills will have to sell soon. If the 15¢ reduction goes through, all mills will scramble to dump this sugar on the market, and the price will go down, so that the effect of the 15¢ reduction in duty will largely be lost. If the 15¢ reduction does not go through, the mills must eventually sell anyway at the present prevailing low price.

From M.A., Havana Report No.5681 Date: February 21,1939.

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NND 740058
By AMF NARS, Date 05/04/89

8. The 1938 season was worse than the 1937, and it is the opinion of the Military Attache that the 1939 season will be worse than the 1938.

Henry A. Barber, Jr.,
Major, GS., Infantry,
Military Attache.

Source: Official records,
Commercial Attache
Personal contacts.

HAB:vm

From M.A., Havana Report No. 5681 Date: February 21, 1939

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NND 740058
By AMF NARS, Date 05/04/89

No Objection to Publication in Service Journals.

MAR 30 1939
OFFICE CHIEF OF STAFF
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G-2 Report

CUBA (Economic)

Subject: Agriculture.

(c) Food - SUGAR.

2655-Q-81/91

RECEIVED G-2 W. D. MAR 28 1939

Value of Exports during 1938

1. Reference report No. 5681 (paragraph 4), index as above, dated February 21, 1939, figures are now available as to the total value of sugar exports during the 1938 season. It was $111,323,161.00, which was a drop of over $34,000,000.00 from that exported in the 1937 season.

Henry A. Barber, Jr.,
Major, GS., Infantry,
Military Attache.

Source: Commercial Attache.

HAB:vm

From M.A., Havana Report No.5690 Date: March 22, 1939.

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By AMF NARS, Date 05/04/89

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G-2 Report

CUBA (Economic)

Subject: Agriculture
FOOD.

RECEIVED G/2 W. D. JAN 23 1940

Sugar Quota for 1940

1. President Laredo Bru has signed a decree ordaining a quota of 2,753,903 long tons , as recommended to him by the Sugar Stabilization Institute, for Cuba's production of sugar in the year 1940.

2. This is a continuation of the well-established policy of controlling the production of sugar in Cuba. The island could easily produce three times as much sugar as it could sell in any one year, and, in consequence, the Government controls it by the quota system.

3. At the present time, sugar dealers are optimistic with respect to the sugar industry for the year 1940.

4. It has also been decreed that the 1940 grinding season shall start on January 20,1940.

Henry A. Barber, Jr.,
Major, GS Infantry,
Military Attache

Source: Press and
Personal Observation

HAB:vm

From M.A., Havana Report No.5814 Date: January 16,1940

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G-2 Report CUBA (Economic) Foreign Trade : Value and Distribution

RECEIVED G-2 W. D. OCT 22 1928

CUBAN TRADE EXPORTS : SHOWN IN THOUSANDS OF DOLLARS

	1913		1923		1924		1925		1926		1927	
United States	$131,572	80.0%	367,346	87.2%	361,468	83.3%	262,614	74.5%	242,881	80.5%	255,192	79.1%
United Kingdom	18,427	11.1%	32,408	7.7%	49,216	11.3%	56,222	15.9%	29,481	9.8%	32,001	9.9%
Germany	4,707	2.9%	630	.2%	1,408	.3	2,187	.6%	1,676	.5%	2,270	.8%
France	1,684	1.0%	2,584	.6%	4,248	1.0%	5,848	1.6%	5,975	2.0%	4,284	1.3%
All other	8,221	5.0%	18,107	4.3%	15,726	4.1%	26,235	7.4%	21,695	7.2%	28,957	8.9%
TOTAL	$164,611		$421,075		$434,066		$353,106		$301,708		$322,704	

IMPORTS

United States	$75,288	53.7%	$181,616	67.6%	$192,113	66.2%	$165,617	62.9%	$160,051	61.4%	$139,910	54.4%
United Kingdom	16,066	11.5%	12,972	4.8%	12,085	4.2%	11,715	4.0%	12,422	4.8%	11,696	4.6%
Germany	9,674	6.9%	7,937	3.0%	9,846	3.4%	9,363	3.3%	7,742	2.9%	7,762	3.0%
Spain	10,033	7.2%	13,213	4.9%	14,521	5.0%	12,937	4.4%	11,520	4.5%	8,832	3.4%
France	7,322	5.2%	9,390	3.5%	9,508	3.2%	11,331	3.8%	11,873	4.6%	12,459	4.8%
All other	21,750	15.5%	43,122	16.2%	52,299	18.0%	77,014	26.0%	57,218	21.8%	76,725	29.8%
TOTAL	$140,133		$268,850		$290,372		$295,040		$260,826		$257,384	

SOURCE; 1927 figures just issued by Hacienda.

M/A Report
October 15, 1928

No.3018

James C.R. Schwenck
JAMES C.R. SCHWENCK
MAJOR GS MA.

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By AMF NARS, Date 05/04/89

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G-2 Report

4-1

MAY 28 1932
4800-b
OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
22655-g-82
2
WAR DEPARTMENT

3

CUBA (Combat)

Subject: Foreign Trade: Monetary Valuation and Distribution.

RECEIVED G/2 W. D. MAY 28 1932

1. Cuba's imports for 1931 were valued at $80,215,071, as compared with $162,452,268 in 1930, and $216,215,113 in 1929.

2. The following table shows the value of these imports by principal countries as compared with 1930:

	1931	1930
United States	$ 46,016,907	$ 91,872,214
Other American Countries	5,504,141	12,290,703
Spain	4,183,392	7,583,587
United Kingdom	3,995,244	8,860,142
Germany	3,023,015	6,102,925
France	2,850,883	5,464,805
Other European Countries	5,560,736	10,904,629
All Others	9,080,753	18,773,263
	$ 80,215,071	$162,452,268

3. The above table shows that in spite of Cuba's purchases from the United States, the percentage of imports to Cuba shows a slight increase over the 1930 figures. The United States supplied Cuba with 57.36% of her 1931 imports in 1931, as compared with 56.55% in 1930.

4. The leading European competitors did not fare so well. England's participation dropped from 5.5% in 1930 to 4.9% in 1931. France supplied only 3.7% in 1931 as compared with 4.3% in 1930. Germany had the same percentage figure (3.7%) in 1931 as in 1930. Spain showed an actual increase, accounting for 5.2% in 1931 as against 4.7% in 1930. The advantageous rate of exchange of the Spanish peseta accounts, in part at least, for this increase.

J. J. O'Hare,
Major, General Staff,
Military Attache.

Source: Embassy

From M. A., Havana No. 3781 Date: May 23, 1932.

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WAR DEPARTMENT

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G-2 Report

4-1

CUBA (Economic)

Subject: Foreign Trade: Monetary Valuation and Distribution.

RECEIVED G/2 W. D. JUN 27 1932

Cuba's Principal Imports for 1930:

1. The following table shows the total value of Cuba's principal imports, together with countries of origin, for the year 1930. (1931 figures not available).

Principal Imports	Country of Origin	Value	Percent
Food Products	United States.	$24,436,550	42.4
	Other American Countries.	7,027,108	12.2
Total Value	Spain	5,195,594	9.0
$57,615,583.00	United Kingdom	3,505,730	6.1
	Other European Countries	4,723,126	8.2
Textiles and Textile manufactures	United States	$14,367,421	49.7
	United Kingdom	3,494,518	11.8
Total Value	France	1,691,294	5.9
$28,960,815.00	Other European Countries	4,103,957	14.2
Machinery, Instruments and Apparatus	United States	$12,603,850	89.4
	Germany	645,393	4.6
Total Value	United Kingdom	198,714	1.4
$14,084,587	Other European Countries	574,401	4.1

J. J. O'Hare,
Major, General Staff,
Military Attache.

Source: Official Documents.

From M. A., Havana No. 3829 Date: June 23, 1932

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G-2 Report

4800-b
OFFICE CHIEF OF STAFF
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FEB 2 1933
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WAR DEPARTMENT

CUBA (Economic)

Subject: Foreign Trade: Monetary Valuation and Distribution.

RECEIVED G/2 W. D. FEB 1 1933

1. Unofficial estimates place Cuba's foreign trade during the calendar year 1932 at approximately $111,000,000.00, of which $49,600,000 consisted of imports and $61,300,000 of exports. The following table shows the estimated value of Cuba's imports and exports during 1933 compared with preceding periods:

Year	Imports	Exports	Total
1899	$ 66,783,000	$ 45,068,000	$111,851,000
1899-1903(average)	64,815,000	59,768,000	124,583,000
1926	260,826,000	301,708,000	562,534.000
1931	80,205,000	118,866,000	199,081,000
1932 (estimated)	49,600,000	61,300,000	110,900,000

2. The above figures indicate that Cuba's foreign trade during 1932 was almost on a level with 1899, at the close of the Spanish-American War, when it totalled $111,851,000. In fact, imports during 1932 were $17,183,000 or 23.5 per cent lower than in 1899, although exports in 1932 exceeded those of 1899 by $16,212,000 or about 36 per cent.

3. Compared with 1926, the year Cuba's decline in prosperity began, 1932 estimates indicate a drop in the Island's foreign trade of $451,635,000 or 80 per cent. Imports during 1932 were $211,226,000 or 81 per cent below those of 1926, while exports declined by $240,409,000 or 79.6 per cent. This drastic decline in Cuba's foreign trade is obviously the result of the sharp decline in both volume and value of Cuba's chief exports, sugar and tobacco, and the resultant reduction in the purchasing power of the Cuban people.

4. The following table shows Cuba's foreign trade during the first ten months of 1932 (according to figures compiled by the Cuban Treasury Department) compared with the four preceding years:

Year	Imports	Exports	Total	Bal. in Favor of Exports
1928	$175,183,000	$242,476,000	$417,660,000	$ 67,293,000
1929	181,190,000	246,334,000	427,524,000	65,144,000
1930	140,787,000	143,486,000	284,274,000	2,699,000
1931	69,609,000	103,429,000	173,038,000	33,821,000
1932	43,126,000	60,414,000	103,539,000	17,288,000

5. The above table shows that Cuba's foreign trade during the first ten months of 1932 was only 24.2 per cent of that for the equivalent 1929 period and that it decreased 63.6 per cent and 40.2 per cent, respectively, compared with the first ten months of 1930 and 1931.

From M. A., Havana No. 3990 Date: January 27,1933

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6. Imports during the first ten months of 1932 totalled only $43,126,000, representing a decline of $132,057,000 or $75.4 per cent compared with the equivalent 1928 period, while exports dropped from $242,476,000 during the first ten months of 1928 to $60,414,000 during the equivalent 1932 period, a reduction of about 75.1 per cent.

7. The United States exported to Cuba during the first ten months of 1932 merchandise valued at $24,069,178, a drop of $15,724,225 or 39.5 per cent compared with the same period of the preceding year when our exports to Cuba totalled $39,793,403. Our participation in Cuba's total imports for the periods mentioned dropped from 57.2 per cent for 1931 to 55.8 per cent for 1932, a decline of 1.4 per cent.

J. J. O'HARE,
Major, General Staff,
Military Attache

Source: Embassy

From M. A., Havana No.3990 Date: January 27,1933

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By AMF NARS, Date 05/04/89

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G-2 Report

4800-b
OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
AUG 5 1933
2655-J-82
WAR DEPARTMENT

CUBA (Economic) 4-1

Subject: Foreign Trade: Monetary Valuation and Distribution.

RECEIVED G/2 W. D. AUG 4 1933

Cuban Imports and Exports for 1933.

1. Cuba's foreign trade, which has been declining uninterruptedly since October 1929, totalled $35,550,000 during the first four months of 1933. This is approximately 15.91 per cent of Cuba's foreign trade during the same period of 1927 and 48.6 per cent of that of the same period in 1931. Compared with the first four months of 1932, this year's figure represents a decline of $13,799,000 or 27.94 per cent.

2. In spite of the substantial advance in raw sugar prices this spring, the drop has been heaviest in exports. Compared with the four months ended April 30, 1932, exports declined $8,014,000 or 28.16 per cent while imports dropped by $5,765,000 or 27.62 per cent. The following table shows the value of Cuba's foreign trade by four month periods during the years 1925 to date:

Years	Four Months Ending April 30	Four Months Ending August 31	Four Months Ending December 31.
1925	$260,167,000	$203,655,000	$ 187,486,000
1926	202,277,000	176,013,000	184,245,000
1927	223,385,000	191,199,000	165,505,000
1928	186,101,000	150,328,000	154,457,000
1929	193,414,000	161,998,000	133,243,000
1930	119,397,000	113,174,000	97,292,000
1931	73,153,000	71,333,000	54,492,000
1932	49,329,000	44,893,000	37,473,000
1933	35,550,000		

3. Analyzing the import and export figures separately, however, it appears that compared with those of the four months ending December 31, 1932, there has been an increase in the value of imports during the first four months of 1933. This increase, amounting to $1,345,000, or 9.78 per cent, is an encouraging factor. The following table shows the value of imports into Cuba by four month periods during 1925 to date:

Year	Four Months Ending April 30	Four Months Ending August 31	Four Months Ending December 31
1925	$ 106,039,000	$ 90,278,000	$ 101,007,000
1926	99,618,000	79,147,000	82,062,000
1927	95,060,000	82,001,000	80,323,000
1928	75,999,000	63,450,000	73,368,000
1929	78,267,000	67,542,000	70,406,000
1930	63,932,000	52,584,000	45,936,000
1931	35,890,000	23,752,000	20,470,000
1932	20,868,000	16,398,000	13,758,000
1933	15,103,000		

From M. A., Havana No. 4165 Date: August 1,1933

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

4. There is a noticeable increase in imports from the United States during the four months ended April 1933 compared with those of the preceding four months period. These totalled $7,492,281 during the first four months of this year or $705,754, equivalent to 10.4 per cent above those of the preceding four months when they amounted to $6,786,527. As a result, imports from the United States during the first four months of this year accounted for 49.61 per cent of the total as against 49.33 per cent during the four months ended December 31, 1932. Our participation would have shown a much greater increase if imports from Asia had remained on the same level as during the preceding four months. These latter increased sharply, however, due to heavy shipments of Oriental rice to Cuba. Cuban exports during the first four months of 1933 showed a decline of 5.13 per cent compared with the preceding four months period.

5. The 1933 sugar crop began very late and this fact, together with the absence of sales pressure on the part of Cuban sugar producers in the hopes of securing better prices for their sugar at a later date, has been the cause of this decline. The following table shows the value of Cuban exports by four month periods from 1925 to date:

Year:	Four Months Ending April 30	Four Months Ending August 31	Four Months Ending December 31.
1925	$154,128,000	$113,377,000	$ 86,479,000
1926	102,659,000	96,866,000	102,183,000
1927	128,325,000	109,198,000	85,182,000
1928	110,102,000	86,878,000	81,089,000
1929	115,147,000	94,456,000	62,837,000
1930	55,465,000	60,590,000	51,356,000
1931	37,263,000	47,581,000	34,022,000
1932	28,461,000	28,495,000	23,715,000
1933	20,447,000		

6. During the first four months of this year 75.56 per cent of Cuba's exports were shipped to the United States as against 70.02 per cent during the preceding four months period. The attached table shows the percentage of participation in Cuba's foreign trade of principal countries during the four months periods ended April 30, 1932, August 31, 1932, December 31, 1932 and April 30, 1933.

T. N. Gimperling.
Lieut. Colonel, Infantry,
Military Attache.

Source: Embassy

From M. A., Havana No. 4165 Date: August 1,1933

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NND 740058
By AMF NARS, Date 05/04/89

AUG 5 1933
OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
WAR DEPARTMENT

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PERCENTAGE OF THE FOREIGN TRADE OF CUBA

Countries	IMPORTS				EXPORTS			
	4 months Ending April 30, 1932	4 months Ending August 31,1932	4 months Ending December 31,1932	4 months Ending April 30,1933	4 months Ending April 30,1932	4 months Ending August 31, 1932	4 months Ending December 31,1932	4 months Ending April 30 1933
Total America	62.78	62.40	57.98	54.85	82.87	69.85	73.29	79.19
United States	56.99	54.73	49.33	49.61	77.54	66.01	70.02	75.56
Canada	2.06	1.63	2.74	1.68	0.75	1.04	0.38	0.27
Other countries	3.73	6.04	5.91	3.56	4.58	2.80	2.89	3.36
Total Europe	23.48	28,53	27.86	25.61	16.28	27.79	25.68	20.12
United Kingdom	5.69	5.96	5.96	6.42	11.48	17.99	17.08	12.28
Spain	4.87	6.93	5.98	5.66	0.39	2.48	2.83	2.38
Germany	3.42	4.32	5.19	3.83	0.63	0.94	0.88	1.22
France	2.91	3.60	3.56	2.85	1.25	3.32	3.10	2.92
Netherlands	1.52	1.73	1.18	1.60	1.34	0.54	0.49	0.86
Belgium	1.26	1.60	1.51	1.47	0.48	0.30	0.60	0.08
Other countries	3.81	4.39	4.48	3.78	0.71	2.22	0.70	0.38
Total Africa	0.10	0.33	0.04	0.01	0.30	0.72	0.78	0.52
Total Asia	13.60	8.73	14.11	19.46	0.52	0.70	0.03	0.02
British East Indies	10.06	5.98	10.67	12.32	0	0	0	0
Other countries	3.54	2.75	3.44	7.14	0.52	0.70	0.03	0.02
Total Oceania	0.04	0.01	0.01	0.07	0.03	0.94	0.22	0.15
TOTAL -	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

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NND 740058
By AMF NARS, Date 05/04/89

MIL. INTEL. DIV.
SEP 23 1929
WAR DEPARTMENT

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G-2 Report

CUBA (Economic)

Subject: Government Interest in Agriculture.

RECEIVED G/2 W. D SEP 23 1929

1. Presidential Decree No. 1224, establishing a new sugar sales agency known as "Agencia Co-operativa de Exportacion," was signed by President Machado on July 26, 1929. The purpose of the establishment of this agency is to have it assume exclusive control of the sale of Cuban sugar for the coming crop and to dispose of all the unsold sugar of the 1928-29 crop. Briefly, the working of this agency will be that all sugar producers will turn over their sugar, for which they will receive receipts. The agency will then conduct the sales of sugar on a pro-rata basis to buyers.

2. Prior to the creation of the agency, a questionnaire was submitted to the principal sugar mill owners of Cuba in order to ascertain their views on this method of disposing of their crops. An overwhelming majority of them was in favor of the proposed procedure. In signing the bill President Machado stated that he believed that the present critical economic condition of Cuba made the measure most imperative.

3. The press throughout the country without exception has commented from time to time on the creation of this agency in most laudable terms, and while in general, it is thought to be an experimental piece of legislation induced by a desperate condition of the sugar industry, most of the operators seem to feel that it will greatly benefit the sugar industry in Cuba.

4. Enclosed herewith is translation of the text of the above referred to decree.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Consulate General.

From: M.A., Havana. Report No. 3109. Date: Sept. 17, 1929.

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NND 740058
By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
SEP 24 1929
2655-g-83
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WAR DEPARTMENT

TRANSLATION 4-1

PRESIDENTIAL DECREE NO. 1224

WHEREAS, the national commission for the protection of sugar, at its session July 22, and in compliance with the duty imposed upon it by article IV of the law of October 4, 1927, adopted the resolutions which were approved by the executive on the 25th of the same month as deemed proper for solution of the evident damage which the lack of regulation and concerted action in sales of our sugars have been causing injury to planters, colonos, banking, commerce and workers in general, especially to those engaged in agricultural labor and the manufacture of sugar, damages which affect the whole nation and which compel the executive as general administrator of the state, to dictate provisions conducing to the operation and regulation of said resolutions;

WHEREAS, The reality imposes the urgent necessity that the measures which may be adopted should be prompt and efficacious to avert as soon as possible the evils which have been increasingly accentuated during the past months, due to the crisis in the sugar industry and which are reflected in the entire national economy;

WHEREAS, In order to remedy such evils the executive, on its part, has been compelled to take its bearings internationally, with the object of stabilizing the world sugar market, in the common interest and through a policy inspired by lofty principles of mutual benefit;

WHEREAS, The reality of all the foregoing premises is known by the interested parties, national and foreign, who directly represent or in some form are connected with the Cuban sugar industry, such as the National Association of Colonas, it is a fact that all have shown their willingness to join in the constructive work which the executive is trying to carry forward in order to safeguard and protect the common interest, as is its duty in representing the state;

WHEREAS, Having heard the views of the national commission for the protection of sugar, in exercise of the powers granted me by the constitution of the republic and the law of October 4, 1927, and upon recommendation of the secretary of agriculture, commerce and labor, decide:

FIRST: Commencing with the coming crop of 1929-1930, there shall be proceeded to sell all the sugar production of the republic intended for exportation and without any exception, in the manner and by the organization in the following articles.

SECOND: To place in charge of the manner of sale provided by the foregoing article, exclusively and as "Co-Operative Export Agency," the Sugar Exporting Company of Cuba, appointing as representative of the executive, the president of the national commission for the protection of sugar to be president, ex-official, of said "Co-Operative Export Agency." The president of the republic, at any time that the resolutions of the board of directors might affect the stability and proper functioning of the Co-Operative Export Agency or the international pledges and agreements which, for the benefit of the sugar industry, may be entered into by the executive with other bodies or representatives of industries, may suspend the execution of such resolutions.

THIRD: The "Co-Operative Export Agency" shall sell for account of all producers of Cuban sugar or their agents, and pro-rata, the total production of this article for exportation regardless of the country to which it may be destined.

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NND 740058
By AMF NARS, Date 05/04/89

FOURTH: For the purpose of verifying the destination of such sugars, they must be accompanied by proper certificates, when exported.

FIFTH: Shippers who export sugar must present certificates duly accrediting the final destination of such sugars (certificates of landing) within a period of not more than six months, and furnish bonds which the "Co-Operative Export Agency" may fix.

SIXTH: In case of limitation or restriction, for the distribution pro-rata, among the plantations of Cuba, of the crop which may at any time be authorized, the national commission for the protection of sugar shall make such recommendations to the executive as may be deemed proper, strictly conforming to the greatest equity and to the provisions already approved by the executive.

SEVENTH: For the purpose of aiding mercantile operations and movement of credit, there shall be issued by the "Co-Operative Export Agency" certificates of identity against the warehouse certificates exhibited by each producer, colono or agent, of one or the other, and in the proportion corresponding to each lot of sugar manufactured and placed in warehouse.

EIGHTH: The "Co-Operative Export Agency" may sell to refiners in the United States of North America raw sugar to be refined and re-exported, after verification and under bond or guarantee which the American refiner shall furnish in each case.

NINTH: The "Co-Operative Export Agency" is also charged with selling the remainder of the crop of 1928-1929 on hand in the republic August 31, of this year, honoring all operations in sales made up to and including that date, provided that the national commission for the protection of sugar verifies the legitimacy of such operations, for which purpose said commission is empowered to make such investigations as it may deem proper, requiring, when it considers it necessary, any documents in support of same. The national commission for the protection of sugar may, for purposes of aid or advice in this work, appoint persons of recognized moral solvency, although not connected with the same.

TENTH: Decree No. 2139, of December 27, 1928, and all other provisions conflicting with this decree are hereby revoked.

Given at Havana, palace of the President, July 26, 1929.

GERARDO MACHADO,
President.

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NND 740058
By AMF NARS, Date 05/04/89

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G-2 Report

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
4120-a
4120-b
MAY 14 1930
2655-g-84
WAR DEPARTMENT

CUBA (Economic)

Subject: Petroleum
Coal and Coke

RECEIVED G/2 W. D. MAY 14 1930

1. A bill has been introduced in the Cuban Senate by its President, Sr. Clemente Vasquez Bello, which embodies regulations for the exploitation of petroleum and coal deposits.

2. Some of the outstanding features of this proposed measure are:

a. Everything relating to the exploitation of coal and petroleum products is declared to be of public utility.

b. The direct ownership of all natural combustibles in the form of deposits is reserved to the State.

c. Concessions may be granted to foreign individuals and companies but they cannot be transferred in whole or in part to a foreign country or to another foreign company which does not have a legal domicile in Cuba.

d. All questions arising out of the execution and application of the law shall be settled exclusively by Cuban courts and competent authorities.

e. Any concessionaire is required to employ at least 80 per cent Cuban labor and the Cuban personnel so employed must receive at least 60 per cent of the total payroll.

f. Any concessionaire is limited in his exportation to that portion of his production which is not required for Cuban consumption.

g. There is created a 1½ per cent ad valorem export tax on petroleum and coal.

h. Any concessions which have already been issued in accordance with existing laws must, in order to remain effective, be confirmed in conformity with the proposed law upon application by the owner, and this must be done within a period of three years after the enactment of the law.

3. As far as can be ascertained, the only company which is now producing petroleum in Cuba is the Union Oil Company, an organization controlled entirely by Cubans. Its present production is estimated to be about ten barrels per day and, as a result of this low production, it is operating at a loss.

4. This bill is rather typical of the spirit of nationalism which is now governing Cuban legislation in economic matters and of which the author of this measure is one of the leading exponents.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy and Press.

From: M.A., Havana. Report No. 3288. Date: May 3, 1930.

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NND 740058
By AMF NARS, Date 05/04/89

G-2 Report

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OFFICE CHIEF OF STAFF
M.I. INTEL. DIV.
MAY 16 1930
WAR DEPARTMENT

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CUBA (Social)

Subject: Immigration.

RECEIVED G/2 W. D. MAY 16 1930

27

1. The press of Havana continues to devote much space in its columns to the close relationship of the Cuban labor problem - unemployment - and the rising radical tendency of organized labor, whose ranks are being swelled with other nationals, because of the failure of the authorities to deal with the immigration problem. General restriction of the entry of immigrants is urged with special emphasis on the so-called undesirables (Russians, Poles, South-eastern Europeans and Levantines) and particular attention is given to contract laborers from the Antilles, who are charged with the primary responsibility for low wages and low standard of living for Cuban laborers.

2. The Commissioner of Immigration at Santiago de Cuba recently stated that he believed that the entry of but 2,500 Antillean laborers for the Cuban sugar harvest of 1929-30 (permission had been granted for the importation of 9,000), in contrast to the importations of 21,500 of such laborers in each of the years 1925-26 and 1926-27, indicated the natural ending of the harvest migration. In addition to this, a bill was recently presented to the Cuban House of Representatives by Dr. Santiago Verdeja prohibiting all immigration into Cuba for the sole purpose of sugar crop work and for the immediate cancelation of all existing permits for such importations.

3. President Machado's attitude on this problem is shown by a statement of recent date to the effect that while he had previously favored immigration, he has now changed his opinion and in future he would not permit the entry of any alien whose admission would be prejudicial to Cuban labor.

4. As stated in report #3280 of April 28, 1930, Index No. 3850, considerable adverse editorial comment continues to appear in the Cuban press against that phase of the Cuban-Japanese agreement which permits the entry of a large number of Japanese into Cuba. Although the agreement does not provide any privilege under the title of immigration or residence that was not already in practice, the press took advantage of this treaty to publish further material in support of the now very popular anti-immigration campaign. 2655-g-321

5. The Cuban Secretary of State has drafted an immigration bill for presentation to the Congress after the President's approval. Although this bill has not been presented, nor has its contents been made public, some of its most important provisions have been learned and are as follows:

a. The number of immigrants admitted into Cuba in any one year shall not exceed 10,000.

b. An immigrant is defined as any person entering Cuba with the intention of remaining here for more than six months, the only exception being in favor of foreign experts engaged by the Cuban Government.

c. Some of the quotas in this proposed bill are:

(1)
Spain - - - - -	3,000
United States -	1,000
England - - - -	300
Japan - - - - -	100
China - - - - -	100

d. Nationalities are determined in accordance with actual citizenship rather than the birth place of the immigrants.

From: M.A., Havana. Report No. 3301. Date: May 13, 1930.

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NND 740058
By AMF NARS, Date 05/04/89

e. With respect to the assignment of a quota to the Chinese, it is explained that this is necessary to place the Chinese, all of whom are now excluded, on a basis of equality with other nations, in order to facilitate negotiations of a commercial treaty with China. Equality of treatment with respect to immigration is about the only thing that Cuba can offer in return for certain privileges which she hopes to obtain for her products in China.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy.

From: M.A., Havana. Report No. 3301. Date: May 13, 1930.

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By AMF NARS, Date 05/04/89

G-2 Report

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
SEP 9 1930
WAR DEPARTMENT

3850-a

4-1 2655-g-85

27

CUBA (Political)

Subject: Foreign Interests

RECEIVED G/2 W. D. SEP 9 1930

1. Reference is made to the evaluation report dated August 18, 1930, in which further information is requested concerning the reciprocal agreement between Japan and Cuba. At the time of this agreement, considerable adverse comment to it was made in the Cuban press. It was thought at that time that such an agreement would cause a large Japanese emigration to Cuba. Particular apprehension was felt lest Japanese labor replace Cuban labor in the sugar industry and that on account of the economic depression, the sugar industry might resort to this cheap labor in order to reduce the cost of production and thus be in a position to compete against the beet sugar industry and the "free" sugar coming in from the Philippine Islands and Hawaii.

2. To date, the apprehension that was felt at the time of the signing of this agreement has proven to be unfounded. While definite statistics are lacking, the most accurate ones available indicate that about twelve Japanese have emigrated to Cuba since the signing of this agreement. It is not known what type of work they are doing, but the number is so small as to be negligible. The actual number of Japanese in Cuba is estimated at about 200 and unless there is a decided change in the economic situation down here it is not believed that this number will be greatly increased. In a recent conversation with the Japanese Charge d'Affaires he told me that he was doing everything at the present time to discourage Japanese emigration to Cuba, due both to the lack of employment at the present time and also to the fact that the arrival of any great number of Japanese at this time would undoubtedly cause unfavorable press comment.

J. J. O'HARE,
Major, General Staff,
Military Attache.

From: M.A., Havana No. 3367 Date: September 4, 1930.

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G-2 Report

2050-a
OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
AUG 16 1932
WAR DEPARTMENT

4-1 2655-J-85

CUBA (Political)

Subject: Immigration.

RECEIVED G/2 W. D. AUG 16 1932

Immigration Restrictions:

1. A revision of immigration regulations as published in the Official Gazette of August 5, 1932, will affect all persons embarking for Cuba after August 15, 1932. These new regulations are briefly summarized as follows:

(a) Every immigrant proceeding to Cuba is required to deposit with the Master of the transporting vessel the sum of $500.00 in cash. This deposit is to be delivered by the transporting company to the Cuban Department of Immigration, and is to be held by this Department to the immigrant's credit for a period of one year. If, at the termination of this probatory year, the immigrant is self-supporting, provision is made for the return to him of the full deposit. If, however, through violation of the Cuban laws within the year, the immigrant shall have become liable to deportation, the deposit will be used to defray the cost of his passage to the country of his nationality, the balance being returned to him.

(b) If the immigrant arrives from a country other than that of his nationality, he will be required, as a condition of his admission into Cuba, to be in possession of a re-entry permit issued by the authorities of the country from which he proceeded to Cuba.

(c) Parents, minor children and wives of a resident alien are permitted to enter without the requirements of the above described cash deposit, provided that the resident alien has first proven his ability to properly support his immigrant relatives, and that he has not violated the laws of the Republic of Cuba during his residence.

(d) Resident aliens desiring to return to Cuba are required to obtain certificates of such residence prior to their departure from Cuba.

(e) Travelers in transit are required to present certificates issued by a Consular Officer of the country of their destination, stating that the passenger will be admitted thereto upon his arrival, and must also be in possession of passage to the port of final destination. Lacking such passage, a deposit of $300.00 with the Immigration Department is required to cover transportation to the port of destination. No exception is provided for in respect to the requirements for a certificate of admissibility at destination.

2. Since it has recently been published that only 2796 immigrants were admitted to Cuba during 1931, whereas the losses by emigration are said to have exceeded ten times that number, it

From M. A., Havana No. 3867 Date: August 11, 1932

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would appear that these new regulations are being put into effect not to control immigration, but more to act as a check on undesirable alines entering the country.

J. J. O'Hare,
Major, General Staff,
Military Attache.

Source: Embassy and
Official Documents.

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OFFICE OF THE CHIEF OF STAFF
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WAR DEPARTMENT

2050-a

4-1 2655-g-85
8 4

Cuba (Population and Social)

Subject: Immigration.

RECEIVED G/2 W. D. SEP 26 1932

2655-g-85/3

Suspension of Immigration Restrictions.

1. With reference to report No. 3867, index as above, dated August 11, 1932, reporting the publication of amendments to the Cuban immigration regulations which would require the posting of substantial cash bonds by immigrants and transit passengers , the Official Gazette of September 8, 1932, published an additional immigration circular which suspends *sine die* the application of the said amended regulations.

2, This suspension, which has the effect of cancellation, is announced to have been accorded out of deference to the interests of protesting transportation companies, but it is reported that the Spanish Embassy at Havana aldo lodged an energetic protest against the new regulations, on the ground that discrimination against Spanish nationals would result from the application of the restrictions.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy and Press

From M. A., Havana No. 3889 Date: Sept. 17, 1932

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G-2 Report

2050-a

CUBA (Social)

Subject: Immigration.

RECEIVED G/2 W. D. NOV 8 1932

Immigration Statistics for 1931.

1. Further substantial decline in immigration into Cuba is shown in statistics for the calendar year 1931 recently published by the Cuban Treasury. But 2,796 immigrants entered Cuba during 1931, as compared with the figure of 12,219 for the previous year. The decline from the peak of 85,288 immigrants during 1924 has been continuous.

2. Distribution of the 1931 immigration by nationalities was as follows:

Spaniards	1210
North Americans	470
English	202
Poles	162
Italians	83
Germans	73
South Americans	65
Jamacians	52

3. The same official source, speaking of the total passenger movement without distinction of classes and presumably including Cubans, states that departures from Cuba during 1931 exceeded arrivals by the record figure of 31,429.

J. J. O'HARE,
Major, General Staff,
Military Attache.

By: O. Moore
Clerk

Source: Official Documents.

From M. A., Havana No. 3922 Date: Nov. 4, 1932.

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By AMF NARS, Date 05/04/89

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By [illegible]
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WAR DEPARTMENT
2050-a

G-2 Report

CUBA (Population and Social)

Subject: Immigration.

RECEIVED G/2 W. D. JUN 12 1939

Immigration into Cuba of Jewish Refugees from Germany.

1. The influx of Jewish refugees from Germany to Cuba has given rise to both political and economic problems in this country.

2. Previous to about a month ago, the requirements for entrance consisted of a proper visa from a Cuban Consul in Germany, and the deposit of $500.00 with the Cuban Treasury - to be refunded to the refugee upon his departure from Cuba. Apparently this method of guaranteeing the solvency of the refugee did not appeal to Sr. Manuel Benitez, Director of Immigration, and he substituted therefor, unofficially, a direct payment of $300.00 (or as much as could be obtained from the refugee) to himself or his confidants - with no idea of reimbursement - after which payment the refugee was admitted with little attention being paid to his documents.

3. About a month ago, President Laredo Bru, through Secretary of State Remos, instituted new regulations whereby no immigrant would in future be admitted unless his visa had first been forwarded from Germany to Cuba and been approved by the Cuban Department of State. He also announced that immigration regulations must be strictly followed and that graft in connection therewith must stop. He warned Sr. Benitez to this effect, but he apparently did not take the warning seriously, and matters were brought to a head when on or about May 27th, the steamships "Orduna," "Flanders," and "St.Louis," arrived from Europe with over a thousand refugees. About 950 of these were on the SS "St.Louis" of the Hamburg-American Line. The American Consul General believes that practically all these refugees had fulfilled the entrance requirements as they understood them and as they were instructed by Cuban Consuls in Germany. However, all but about eighty were denied permission to land, on the objection that their visas had not been forwarded to Cuba for approval by the Cuban State Department.

4. Pressure was brought to bear on the American Embassy through the American Jewish Refugee Committee, and many other associations and individuals in the United States, with a view to obtaining permission for these refugees to land. However, in spite of all efforts, President Laredo Bru refused to allow the immigrants to land, and the SS "St.Louis" was forced to sail about Noon on June 2nd. As the refugees were offered asylum by the Government of Santo Domingo, it is probable that the "St.Louis" will proceed to that country, although it had cleared for Hamburg, Germany.

5. After conversations with the American Ambassador, the Consul General, and several prominent and long-time residents of Cuba, the Military Attache is of the opinion that the following is the correct estimate of what is going on behind the scenes. Sr. Benitez, an ex-officer of the old Cuban Army, who turned A.B.C. and Leftist before the revolution of 1933 (and who, by the way, is the father of Colonel Manuel Benitez, Commander of the 8th Regiment), obviously has been enjoying a most remunerative graft, milking the hundreds of refugees who have been arriving during the past year. However, he has failed to forward what might be considered a fair percentage of the proceeds to his superiors along the line, notably President Laredo Bru, and, as a result, the President, "morally outraged," has announced that he will break up this racket "though the fair name of Cuba stink to the Heavens." As stated above, Sr. Benitez was warned about a month ago to "behave," but he evidently did not believe that any action would be taken, especially when a matter of a thousand refugees was involved, and unofficially recommended the sending to Cuba of the three steamships mentioned above.

From M.A., Havana Report No.5720 Date: June 3, 1939

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By AMF NARS, Date 05/04/89

6. In some circles it is believed that Colonel Batista is backing Sr. Benitez, and that this constitutes a break between Colonel Batista and the President. This is a possibility, but the Military Attache is of the opinion that Colonel Batista has larger matters on hand and would be loath to meddle in this matter due to the adverse publicity involved.

7. There are also some who believe that Germany intentionally sent these immigrants to Cuba with a view to raising just such an issue as has occurred, and creating the impression abroad that Cuba (to Germany a part of the United States) refuses to take the very people that they want Germany to keep. The Military Attache has insufficient data to express an opinion on this particular idea.

8. There is little doubt but that the whole matter stinks - being the unscrupulous fleecing by Cuban officials in power of forlorn and desperate fugitives. The incident will undoubtedly have a great deal of unfavorable publicity throughout those countries which are anti-Nazi, and it is a further example of the all too common behavior of Cuban Government officials.

Henry A. Barber, Jr.,
Major, GS., Infantry,
Military Attache.

Source: Personal Contacts
and Press.

HAB:vm

R E S T R I C T E D

From M.A., Havana Report No.5720 Date: June 3, 1939.

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By AMF NARS, Date 05/04/89

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2655-9-85

G-2 Report

CUBA (Political)

Subject: Exercise of Governmental Power.

RECEIVED G/2 W. D. AUG 21 1939

Conduct of Director of Immigration.

1. In report No. 5720 (index 2050-a), dated June 3, 1939, the Military Attache reported the general circumstances surrounding the immigrants on the SS ST.LOUIS. Since that time, additional details have been obtained.

2. Sr. Manuel Benitez, Director of Immigration, was empowered some time ago by law to admit by permit signed by him, certain immigrants who could show that they would not become a public charge. He made up the permit in mimeographed form, and proceeded to supply it to the agents or relatives of German refugees desiring to come to Cuba, at a price of $130.00. His office was in the same building with that of the Hamburg-American Steamship Line, and the procedure was for the agent or relative of the immigrant to buy a round-trip ticket from the Steamship Company and then go into Benitez' office and pay the $130.00 for the permit in blank, on which any name desired could be entered.

3. Insofar as concerns immigrants whose agents or relatives did not avail themselves of this very handy service, Benitez or his agent met them on the ship when they arrived, and after having examined their papers - no matter how correctly made out they might be - assured them that there was some technical error in the documents and that unless they could pay $130.00, they would have to go to Tiscornia, the concentration center for immigrants, for an indefinite stay.

4. President Laredo Bru got wind of this arrangement, and whether because he was genuinely indignant at the procedure, or whether it was because he was receiving no percentage of the graft, he took the following steps: He passed a law requiring that all visas for Cuba must be sent to Cuba in advance to be approved by the State Department and by the Department of Labor. (2) He warned Benitez to stop this practice. (3) He warned the Hamburg-American Line that Benitez' permits would no longer be honored. This occurred when the SS ST.LOUIS was ready to sail for Havana and when the Hamburg-American Line already had in its possession approximately one thousand of Benitez' permits with names inserted for the passengers on the ST.LOUIS. Benitez assured the Hamburg-American Line that having received the money for the permits, he could make good and see that the passengers landed upon arrival. The Hamburg-American Line, therefore, had the ST.LOUIS sail for Havana.

5. The morning the ship came in, Benitez, armed with two pistols, went down to the dock to make good on his promise, but he was prevented by the Harbor police from even going near the ship. At this juncture, a man by the name of Berensen, President of the Cuban American Chamber of Commerce of New York, came down to Cuba with ample funds behind him, to endeavor to get the ST.LOUIS passengers ashore. He interviewed the President of Cuba and was told that if he would put up $500,000, that is to say the legally required deposit of $500.00 for each passenger, the President would permit the landing of the passengers. Mr. Berensen, unacquainted with the details of the situation, endeavored to bargain with the President and offered him $350,000, whereupon the President replied "that is exactly what I wished to hear you say." He then went on to state that he did not wish to have these refugees land, because the country could not take care of them, but that he would have done so had Berensen, or anyone else, been willing to comply with the legal requirements, but now that Berensen had "insulted" him by offering to bargain with him, he would insist upon carrying out the letter of the law and would break up once and for all the graft in the Department of Immigration. As a result, the passengers of the ST. LOUIS were not permitted to land.

From M.A., Havana Report No.5737 Date: August 8, 1939.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

6. During this whole affair, Colonel Batista did everything in his power to keep out of it and have absolutely nothing to do with it. Instead of taking a strong stand, he washed his hands completely of the matter. The only action on his part has been since this episode, when recently he has taken steps to oppose Sr. Benitez as a candidate for Senator from Pinar del Rio Province, and has also started operations for getting Lieut.Colonel Manuel Benitez (the son of Manuel Benitez, Director of Immigration) out of the Army. Benitez, Senior is now on leave of absence.

7. The reputation for graft among officials and members of the Cuban Government is well known, but it is difficult at times to obtain a specific and well-authenticated example of it. This particular set of circumstances is both specific and well-authenticated and, in the opinion of the Military Attache, indicates how little is to be expected from Cuba's public servants.

Henry A. Barber, Jr.,
Major, GS., Infantry,
Military Attache.

Source: Personal Contacts
Press.

HAB:vm

From M.A., Havana Report No. 5737 Date: August 8, 1939

R E S T R I C T E D.

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NND 740058
By AMF NARS, Date 05/04/89

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G-2 Report

2400

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
JUN 24
WAR DEPARTMENT

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2655-g-86

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CUBA (Social)

Subject: Public Health and Sanitation.

RECEIVED G/2 W. D. JUN 24 1930

1. A representative of J. G. White & Company, hydraulic engineers, has been in Cuba for some time for the purpose of interesting the Cuban Government in a concession for the construction and operation of water work systems in a number of towns which now lack such supplies. He expressed an opinion that there are about fifty localities in which conditions are such as to justify the investment of capital for this purpose. Should such a concession be granted, the engineers of this firm would examine into the source of water, cost of construction and operations and probable revenues before deciding upon the localities in which plants would be established.

2. This firm is not interested in acquiring existing water works systems but only in developing new ones and is not even interested in extending and modernizing the water system of Havana, although this project has been under consideration for several years and would involve an expenditure of about $25,000,000. The reason for his lack of interest in this project is that he considers the only security for a loan for this improvement would be the revenues of the system, which he considers inadequate.

3. While the government has not expressed an opinion on these proposed works, it is believed that it will be favorably disposed toward the granting of such a concession, providing the terms are reasonable for the construction. Such a concession to a reliable firm would not only greatly improve the sanitary conditions of many interior towns, but would also provide employment to a considerable number of Cubans at a time when employment is greatly needed.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy.

From: M.A., Havana. Report No. 3331. Date: June 16, 1930.

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NND 740058
By AMF NARS, Date 05/04/89

Report

OPNAV & CHINFO 23004b.
MIL. INTEL. DIV.

APR 1 1931

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WAR DEPARTMENT

CUBA (Social)

Subject: Important Labor Problems.

RECEIVED G/2 W. D. MAR 31 1931

1. The Cuban Federation of Labor, affiliated with the Pan-American Federation and thus with the American Federation of Labor, recently filed a memorandum with the Economic Commission recommending twenty measures for the relief of the present economic crisis. The most noteworthy of these recommendations were as follows:

(a) Tax modification (including certain modifications which were already provided for in the Emergency Tax Law).

(b) Establishment of special taxes upon uncultivated lands.

(c) Restriction of immigration.

(d) Repatriation of foreigners out of employment.

(e) Prohibition of the circulation over Cuban railways of cars brought by ferries from the United States.

(f) Suppression of floating storate tanks for molasses.

(g) Suppression of sub-ports.

(h) Denunciation of the so-called "Rum Treaty" (Convention between the United States and Cuba to suppress smuggling, signed at Havana, March 11, 1926).

(i) Re-establishment of the railway freight rates of 1914.

(j) Repeal of the special order suspending work on public improvements.

(k) Strict enforcement of existing labor legislation.

(l) Establishment of a Price Regulating Commission which would cause the Customs authorities to publish the consular invoice values of imported merchandise and would permit retailers not more than thirty percent profit over wholesale prices on articles of prime necessity.

2. While the majority of the recommendations cited above will be observed to be economically unsound and would place special burdens on the already failing sugar industry, upon which the economic life of the Island so largely depends, they nevertheless deserve consideration because the Federation has been a loyal supporter of the Administration during the past year of political uncertainty and has begun to look for repayment for this support as against the more radical National Confederation of Labor and the Havana Federation.

J. J. O'HARE,
Major, General Staff,
Military Attache

Source: Embassy

From M. A., Havana No. 3500 Date: March 23, 1931.

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2300-a
MIL. INTEL. DIV.
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NOV 1932
WAR DEPARTMENT

CUBA (Population and Social)

Subject: Government's Attitude toward Labor.

RECEIVED G/2 W. D. NOV 15 1932

Relief of the Unemployed.

1. By Act of October 5, 1932, Congress gave legal effect to Presidential Decree No. 798, of June 13, 1931, which had established a National Commission for the Feeding and Protection of the Unemployed. The said Act conferred authority upon the President to modify or to amplify the statute as he might deem desirable and to establish regulations for its enforcement. By virtue of this authority, the President, by Decree No. 1465, of October 15, 1932, modified the previous Decree No. 798 in respect to the compulsory contributions required to be made by Government employees to the fund for the relief of the unemployed. Such "donations" are graduated from twenty-five cents per month for employees receiving a monthly salary of less than $50.00 to $1.00 per month for those receiving $100.00 per month or more. Contractors for supplies or public services are required by the Decree to contribute to the fund one per centum of amounts collected from the Government, but, should such contractors file objection in writing to making such "donations", stating reasons therefor, they may be relieved from such deductions from their collections.

2. The press on October 13th reported that the Department of Government had purchased a tract of 500 acres of agricultural land near Habana to be operated under military jurisdiction as a home for indigents. The amount involved was $39,000.

3. The Secretary of State's Committee, appointed for the purpose of drafting legislation to give legal effect to the several Conventions adopted by the International Labor Conference at Geneva and ratified by Cuba, has completed its principal task. The Committee has yet to give attention to the exceptions taken by the International Labor Office at Geneva to certain reservations made by the Cuban Senate in ratifying the said Conventions.

J. J. O'Hare,
Major, General Staff,
Military Attache.
By: J. J. O'Hare, Capt.

Source: Embassy and Press.

From M. A., Havana No. 3930 Date: Nov. 10, 1932.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

G-2 Report

2050-a

OFFICE CHIEF OF STAFF
M.I. INTEL. DIV.
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1931
WAR DEPARTMENT

CUBA (Social)

Subject: Immigration.

RECEIVED G/2 W. D. FEB 24 1931

1. In January the Spanish Government announced that, effective February 1, 1931, it would suspend the arrangement whereby its indigent nationals in Cuba have been repatriated at the rate of two hundred and fifty persons per month at the expense of that Government. This policy will necessarily act to decrease the emigration of Spaniards from Cuba, the rate of emigration having been reported to have substantially exceeded the rate of immigration during the past year, particularly during the last half of the year when restrictions curtailing the emigration of the laboring classes from Spain to Cuba were strictly enforced by the Spanish Government.

2. A bill whose purpose is to protect native musicians was recently introduced and passed in the House of Representatives, but action thereon has not yet been taken by the Senate. American dance orchestras would perhaps be principally affected by the provisions excluding foreign musicians, except concert artists and organizations, and requiring foreign musicians now here to leave the national territory. Inasmuch as it is not expected that further legislative action will be taken on this bill during the present winter season, and as the agitation for it would lack cause in other times, there appears slight possibility for its early promulgation. The measure may be considered as another political gesture designed to attract labor support to the Government.

3. Serious consideration must be given to the Immigration Quota Bill, which is a principal item on the Labor program for improvement of working conditions in Cuba and has the support of the responsible Press in Cuba. This bill was approved by the Senate on January 15, 1931, but as yet, no definite action has been taken on it by the House. The Bill in its present form reads as follows:

" Article I. From the enactment of this law the number of immigrants able to enter the national territory each year must not exceed the number specified in Article V.

" Article II. For the effect of this law an immigrant is understood to be any alien arriving in the national territory for the purpose of earning a living even if he or she should declare intentions of returning to their country of origin within a period of time not to exceed six months. Any alien entering the country under obligation of whatever business contracts in advance for his service shall be considered as an immigrant even if the contracting party obliges itself before the government to re-embark the alien at any specified time.

" Article III. Quotas established for European immigration may be revised by the executive in urgent cases, provided notification is given congress. Quotas and conditions specified for other countries will be revised, if necessary, by an act of Congress.

" Article IV. The provisions of this law will not apply to professionals or technicians whose services may be contracted by the government, or contracted for by private business with government consent, nor to the citizens of nations comprising continental America.

" All aliens not comprised in provisions of Article II and IV

From M. A., Havana No.3468 Date: February 16,1931.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

shall be considered as a tourist, providing declaration is made not to remain in the country for a period of time not exceeding six months.

" Article V. The following quota per year is to be applied to the nations listed below:

" Albania 10, Germany 200, French Antilles 10, Dutch Antilles 10, British Antilles 10, Arabia 10, Armania 10, Australia 100, Austria 100, Belgium 200, Bulgaria 10, Czechoslovakia 100, China 200, Denmark 100, Santo Domingo 100, Egypt 10, Spain no limitation, United States no limitation, Esthonia 10, Philippine Islands 10, Finland 50, France 200, Greece 10, Haiti 10.

" Holland 200, Hungary 50, Far East India 10, Great Britain 200, Ireland 100, Italy 200, Japan 200, Latvia 10, Lithuania 10, Liberia 10, Palestine 10, Norway 100, Persia 10, Poland 100, Portugal 200, Rumania 50, Russia 50, Syria 10, Switzerland 200, Turkey 10, Jugoslavia 10."

Should this Bill become law, the enforcement of its severe restrictions upon the immigration of nationals of countries shose quotas under the Immigration Act of 1924 of the United States are sufficient to accommodate but a small proportion of the registered demands for immigration visas would greatly benefit the United States, inasmuch as the admission into Cuba of immigrants alleging intent to reside in Cuba but who actually seek to enter the United States by evading the Immigration Laws would presumably be prevented.

4. A quota of two hundred is set for Chinese, where persons of this race are at present excluded. In exchange for this concession the Cuban Government apparently hopes to secure China's signature to a favorable commercial treaty which would open an oriental market for Cuban sugar and tobacco.

F. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy and Press.

From M. A., Havana No. 3468 Date: February 16, 1931.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

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APR 1 1931
WAR DEPARTMENT
M.I. INTEL. DIV.

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CUBA (Social)

Subject: Immigration.

2655-g-87

1. The Cuban Congress has as yet taken no action on the Immigration Quota Bill, reference to which was made in my report No. 3468, subject and Index number as above, dated February 16, 1931. Editorial comment favorable to the restriction of immigration has been noted in the responsible press during the past few weeks and was emphasized in a memorandum filed with the Economic Commission by the conservative Cuban Federation of Labor, which gave various measures which it believes necessary to relieve the situation of Cuban labor.

2. Press dispatch from Madrid recently published in the Havana press stated that a Royal Decree had abolished the former requirement that Spanish subjects would be permitted to emigrate to Cuba only when in possession of contracts guaranteeing employment at their destination. Since the provisions of the Cuban immigration laws with respect to contract labor are similar to those of the United States, the implication is that the former Spanish prohibition theoretically permitted the emigration to only those Spaniards who were inadmissible to Cuba, this conflict acting as a check to excessive Spanish immigration. The above referred to Royal Decree further facilitates the emigration of Spaniards to Cuba by reducing the sum to be deposited by each emigrant with the Spanish Government to two hundred and fifty pesetas. In a recent news item in the Diario de la Marina the Spanish Consulate in Havana stated that fifty applications were being received daily by that office from indigent nationals desiring to be repatriated at the expense of the Spanish Government.

3. The Bill presented in the United States Congress to restrict immigration into the United States of the present non-quota nationals under Section 4-c of the Immigration Act of 1924 to ten percent of the 1929 immigration failed to arouse any adverse comment in the Havana press; in fact, news items reporting the progress of this legislation were published without conspicuous attention.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source: Embassy and Press.

From M. A., Havana No. 3499 Date: March 23, 1931.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

G-2 Report

4-1

1 Encl
4300-d

OFFICE OF THE CHIEF OF STAFF
MIL. INTEL. DIV.
265-5-9-89
1931
WAR DEPARTMENT

CUBA (Economic)

Subject: Power Plants for the Production of Electric Current.

RECEIVED G/2 W. D. MAY 20 1931

1. Electric power in Cuba is controlled almost entirely by the Compania Cubana de Electricidad, a subsidiary of the Electric Bond and Share Company of New York. This Company, with plants located in the principal cities, would be able to supply power to the entire Island and is gradually taking over all the lesser companies now in operation. Its principal plant is in Havana, which, with a capacity of 94,500 Kilowatts, is able to furnish power to the provinces of Pinar del Rio and Havana. Its plant at Cardenas, with a capacity of 5000 Kilowatts, together with a plant at Matanzas with a capacity of 5500 Kilowatts, is able to supply power for the province of Matanzas. The principal plant in the Province of Santa Clara is at Cienfuegos. This plant has a capacity of 6100 Kilowatts and is able to furnish power for the entire province. In Camaguey the two principal plants are at Camaguey and Ciego de Avila, the former with a capacity of 5050 Kilowatts and the latter with a capacity of 4100 Kilowatts, supplying the necessary current for the province of Camaguey. Similarly, in the province of Oriente, plants at Santiago de Cuba and Manzanillo, the former with a capacity of 7000 Kilowatts and the latter with 1200 Kilowatts, are sufficient to supply power for the entire province.

2. The attached Table gives the location and characteristics of the electric power plants in Cuba, exclusive of those used in the various sugar properties.

J. J. O'HARE,
Major, General Staff,
Military Attache

Source: Official Documents
and Personal Contacts.

From M. A., Havana No. 3542 Date: May 13, 1931.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
MAY 22
WAR DEPARTMENT

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4-1
2655-Q-89

PROVINCE OF PINAR DEL RIO

City or Town	Owner	Capacity in Kilowatts	Voltage of Service	Type of Current	Generating Power.
Alonso Rojas	Juan Escobar	3.5	110	Direct	Gasoline
Arroyos de Manuta	Galdo y Compania	6.5	110	"	Petroleum
Bahia Honda	Manuel Gonzales	7.5	220	"	Petroleum
Candelaria	C.C. de Electricidad	14	110	"	Petroleum
Cayo Mason	Cuban Portland Cement	2000	220	Alternate	Steam
Consolacion del Norte	Braulio Morales y Hno	26	110	Direct	Petroleum
Limas	Manuel Montero Rodriguez	6	110	Direct	Gasoline
Guane	Hernandez y Hno.	30	220	Alternate	Petroleum
Palacios	C. C. de Electricidad	64	220-110	"	Petroleum
Pinar del Rio	Hernandez y Hermano	624	220-110	"	Hydraulic & Petroleum
Remates	Felix Garcia	5	110	Direct	Petroleum
San Cristobal	C. C. de Electricidad	68	220	Direct	Petroleum
Vinales	Cia.Hidro-Elec.Occidente	33	220	Alternate	Hydraulic
Las Martinas	Antonio Sabatier		110	Direct	Petroleum

PROVINCE OF HABANA

Hershey	Hershey Corporation	6000	220-110	Alternate	Steam
Habana	C.C. de Electricidad	94500	220-110	"	"
Nazareno	Francisco Solis	5	110	"	Petroleum
Playa de Baracoa	Antonia Barbazan	25	220	Direct	Petroleum
Playa de Santa Fe	Juan Antonio Gonzalez	12.5	110	"	"
S.Antonio de los Banos	C. C. de Electricidad	1.600	220-110	Alternate	Hydraulic & Steam
Santa Fe	Maristany y Cia.	36	220	Alternate	Steam

PROVINCE OF MATANZAS

Altamisal	Ramon Lefont	6	110	Direct	Petroleum
Banaguises	Juan G. Quian	12	220	"	"
Cardenas	C.C. de Electricidad	5000	220-110	Alternate	Steam
Ceiba Mocha	Jose Luis del Rosario		220-110	"	Petroleum

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By AMF NARS, Date 05/04/89

PROVINCE OF MATANZAS (Cont'd)

City or Town	Owner	Capacity in Kilowatts	Voltage of Service	Type of Current	Generating Power.
Itabo (Lacret)	Ricardo Triana	15	220	Direct	Petroleum
Jaguey Grande	C. C. de Electricidad	100	220	Direct	Petroleum
Limonar	Guamacaro Fabril S.A.	35	220	Alternate	"
Los Arabos	Pompilio Vega	23	220	Direct	"
Marti	Bienvenido Castillo	27	220	Direct	"
Matanxas	C. C. de Electricidad	550	110-220	Alternate	Hydraulic
Maximo Gomez	Marco Andreu y Cia	35	220	Direct	Petroleum
Perico	C. C. de Electricidad	75	220	Alternate	Petroleum
S.Jose de los Ramos	Santos Vera Reyes	25	220	Direct	Petroleum
Torriente	Felix de Armas	15	220	Direct	Petroleum
Varadero	C. C. de Electricidad	20	220	"	"

PROVINCE OF SANTA CLARA

Bellamonta (Perea)	Galvez y Alsola		220	Direct	Petroleum
Buena Vista	Pedro Poblador	12	110	Direct	"
Condado	Paulino Oliva Hdez	10	110	Direct	"
Cienfuegos	C. C. de Electricidad	6.100	220-110	Alternate	Hydraulic
Cumanayagua	Miguel Sanchez Rodriguez	145	220-110	"	Hydraulic
Fomenta y Baez	Felix Endemana	65	220	"	Steam
General Carrillo	Teodoro Meneses	20	220	Direct	Petroleum
Guinia de Miranda	Angel Cruz Bravo	6	110	Direct	Petroleum
Iguara	F.Delgado Cardenas	20	220	Alternate	"
Manicaragua y La Moza	C. C. de Electricidad	10	110-220	Alternate	"
Matagua	C. C. de Electricidad	16	110	Direct	"
Mayajigua	Jose Miguel Artze	37.5	220	Direct	"
Meneses	Meneses Spectacle Co.		220	Alternate	"
Potrerillo	Julian G. Jova	10	110	Direct	"

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NND 740058
By AMF NARS, Date 05/04/89

PROVINCE OF SANTA CLARA (Cont'd)

City or Town	Owner	Capacity in Kilowatts	Voltage of Service	Type of Current	Generating Power.
Rancho Veloz	Eloy Novoa	68	220-110	Direct	Petroleum
S.Diego del Valle	Labayen y Cia.		220	Direct	"
Guasimal	Rafael Meneses	3	110	Direct	Gasoline
Sierra Morena	Maria Noriega Perez	15	220	Direct	Petroleum
Taguasco	C. C. de Electricidad	45	220	Alternate	"
Trinidad	Hidro Elec.Trinitaria	257	220	"	Petroleum & Hydraulic
Tunas de Zaza	Placido Fernandez	2.5	110	Direct	Petroleum
Vueltas	C. C. de Electricidad	84	220	Alternate	Petroleum
Yaguajay	Pedro L. Martinez	149	220	Alternate	"

PROVINCE OF CAMAGUEY

Altagracia	Elpidio Moran	7.5	220	Direct	Petroleum
Camaguey	C. C. de Electricidad	5.050	220-110	Alternate	Steam
Cascorro	U.R. & P. Co.of Cuba	20	220-110	Direct	Petroleum
Chambas	Ezequiel de la Rosa	64	220	Direct	"
Ciego de Avila	C. C. de Electricidad	4.100	220-110	Alternate	"
Elia (Sta.Lucia)	Cia.Ind.Sta.Lucia	75	220	"	"
Esmeralda	Rogelio Arriete y Hno.	75	220-110	"	"
Falla	Cia Azucarera Adelaida	150	220	Direct	Steam
Florencia (Merino)	Benjamin Vinas	7.5	110	Direct	Petroleum
Guayacanes	Nunez y Cia.	2	220	"	Steam
Hatuey	Elpidio Moran	15	110	Direct	Petroleum
Marti	Saturnino Pagano Postigo	17	220	Direct	Petroleum
Minas	Julian Triana	37	220	Direct	Petroleum
Palo Seco	Enrique Hurtado	80	220-110	Alternate	"
Punta Alegre	Jose E.Bringuier Laredo	40	220	Alternate	"
Sta.Cruz del Sur	Jose Muñiz Blanch	125	220-110	"	"
Sibanicu	Elpidio Moran	10	110	Direct	"
Sola	Elpidio Moran	15	110	Direct	"
Tamarindo	F. Flores Moreno	17	110	Direct	"

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By AMF NARS, Date 05/04/89

PROVINCE OF ORIENTE.

City or Town	Owner	Capacity in Kilowatts	Voltage of Service	Type of Current	Generating Power.
Alto Cedro	Enriquez y Hijo	12	220	Direct	Petroleum
Antilla	Carlos Galvani	94	110	Alternate	"
Baire	Enrique Lora	10	220	Direct	"
Banes	Galvani y Doria	90	220	Alternate	"
Baracoa	Santiago Fernandez	100	220	Alternate	Hydraulic
Bartle	Cia Industrial de Bartle	25	110	Direct	Steam
Cacocum	Nicelio Medrano	7	220	Direct	Petroleum
Caimanera	C.C. de Electricidad	40	110	Direct	Petroleum
Campechuela	Diego Caso Bombi	75	220-110	Alternate	"
Contramaestre	C.C. de Electricidad	14	220-110	Alternate	"
Estrada	Jose Iglesias	3.5	110	Direct	"
Felton	Bethlehem Cuba Iron Mine	1500	240	Direct	Steam
Guantanamo	C.C. de Electricidad	3.5	220-110	Alternate	Hydraulic & Steam
Guisa	Teofilo Espinosa		110	Direct	Petroleum
Jobabo	Saiz y Vila	30	220-110	Direct	Petroleum
Jiguani	U.R.& P.Co.of Cuba	50	220	Alternate	"
Manzanillo	C. C. de Electricidad	1.200	220-110	Alternate	Steam & Petroleum
Mayari	J.Landa y Cia.	170	220-110	"	Petroleum
Media Luna	Cia de Hielo y Elec.	50	110	Direct	"
Mir	Basadre y Hermano	75	220	Alternate	"
Niquero	Cia de Hielo y Elec.	34	220	Direct	"
Omaja	Jose Ramon Bosch	12	110	Direct	"
Sagua de Tanamo	U.R. & P.Co.of Cuba	35	110	Direct	"
S.Agustin de Aguaras	Laureano Estevez	8	110	Direct	"
San German	U.R. & P.Co.of Cuba	25	220	Alternate	"
Santiago de Cuba	C.C. de Electricidad	7,000	220-110	Alternate	Steam
Veguita	C.C. de Electricidad	90	220-110	Alternate	Petroleum
Victoria las Tunas	Planta Elec.las Tunas	156	220-110	Alternate	Petroleum

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By AMF NARS, Date 05/04/89

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JUL 23 1932
OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
2655-G-89
4300-1
WAR DEPARTMENT

G-2 Report

CUBA (Economic)

Subject: Power Plants for the Production of Electric Current.

Discontinuance of Electric Service in Certain Municipalities in Cuba.

RECEIVED G/2 W. D. JUL 23 1932

1. After a preliminary warning, the Compania Cubana de Electricidad, an American-owned corporation, has discontinued the supply of electric current for public lighting purposes in a number of municipalities throughout the Island because of failure of the local governments to meet the payments due to the Company.

2. As a result of this action, there are now some twenty-three municipalities without light in Cuba, including the capitals of two provinces. The total amount claimed by the Electric Company from these municipalities is $613,326, and in some instances the charges have been accruing over a period of three years without any payments being made. The Company has threatened to cut off the light current in twenty-seven other municipalities unless these towns begin to pay the amounts due, which total $497,820. The electric light was turned off in the capital of Santa Clara Province and in four other towns of that Province, but it was re-connected at the personal request of President Machado, who, the manager stated, assured the latter that these accounts would be cared for. In a series of advertisements and statements explaining its position, the Electric Company pointed out that it has been trying to collect these debts for a long period of time, and that, in the face of the Company's pleas and warnings, the mayors of the municipalities have failed to take any action to see that these sums were liquidated. The Company further stated that it is not asking for a full payment of these debts, which would probably be impossible at this time, but merely the deposit of a percentage of the amount due as a gesture of good faith for the collection of the remainder. The Company filed a statement with the Secretary of Government, showing the amounts owed by the municipalities, and the terms under which light service would be continued or resumed. The Secretary of Government in turn sent telegrams to the mayors of the municipalities affected, asking them to report promptly to his department for the purpose of seeing what adjustment could be made.

3. The manager of the Electric Company stated that he was driven to take this action because the Company was in sore need of money, as the amounts owing to the Company by the federal and municipal governments had reached an enormous total, and because the Company had to pay the 8% profits tax on all the outstanding amounts. According to the manager, the federal and municipal governments owe the Company a total of $6,611,733, of which the Federal District of Havana owes about $4,000,000. While the Federal District is the worst offender, the Company does not feel warranted at this time in taking steps against it, except as a very last resort. Before undertaking to discontinue the current in the other municipalities beforementioned, the manager stated that the matter was discussed with the Department of the Interior, which not only agreed to the program, but has cooperated fully with the Company in its efforts to effect collection.

From M. A., Havana No. 3846 Date: July 18,1932.

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

4. The Company, therefore, does not fear reprisals on the part of the Government. From the standpoint of revenue, the manager was not prepared to state what the outcome of this action would be. The Company is willing to restore the service to the affected municipalities if it could collect 17% of the outstanding accounts; but even if it were forced to make this restoration without any payment at all, the Company feels that the measures already taken will probably have a good effect on future collections.

5. The Compania Cubana de Electricidad has not enjoyed the sympathy of the people for a long time, due to the popular opinion that their rates are excessive. In some of the municipalities, especially in Matanzas and Santiago de Cuba, efforts are being made to use other local light plants in place of the Cia. Cubana de Electricidad service. At the same time, there is a general feeling that the municipalities have been very lax in their administration and have made no serious effort to meet their just bills. One effect of the present problem has been to raise the question of municipal governments in general, and the Secretary of State is one of many who have recently announced that they do not favor the small municipal administrations. In the meantime, the obscurity to which the small towns have been subjected at night has resulted in some increase in petty thievery, but as yet in no violent outbreak of lawlessness.

J. J. O'Hare,
Major, General Staff,
Military Attache.

Source: Embassy, Press and
Personal Contacts.

From M. A., Havana No. 3846 Date: July 18, 1932.

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By AMF NARS, Date 05/04/89

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DEC 11 1933
OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
WAR DEPARTMENT

6-1 2655-9-89
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G-2 Report

4309-d

CUBA (Economic)
Subject: Manufacturing Industry
(d) Power Plants for the Production of Electric Current

RECEIVED G/2 W. D. DEC 11 1933

CUBAN GOVERNMENT DECREES LARGE REDUCTIONS IN RATES FOR ELECTRIC CURRENT

1. According to newspaper reports published December 6, Provisional President Ramon Grau signed the night before a decree which calls for the reduction of rates for electric current in Havana of 45%.

2. The decree is thought by the government to put an end to the conflict between the electric light company and a large number of consumers who have joined the consumers' strike movement, refusing to pay their light bills.

3. Declaring that the people who refused to pay their bills have now a heavy burden of debt on their hands which they would find hard to meet in one payment under existing conditions, the decree provides for a four months' moratorium for the liquidation of these debts.

4. Maximum rates for private consumers in other cities and towns on the island were set at 10¢ per kilowatt-hour for the first 100 kwh and at 9¢ for additional consumption. Maximum commercial rates for the rest of the island were set at 10¢ per kwh for the first 100 kwh and at 8¢ for all consumption in excess of that amount. Special rates have been fixed for industrial consumption and for newspapers, amusements, and public service firms.

5. The companies are forbidden to demand a guaranty or deposit exceeding an estimated two months' consumption and will not be allowed to discharge workers or reduce the salaries of the workers they now employ.

6. A maximum fine of one thousand dollars for each infraction of the decree is provided.

7. Following weeks of conference, the government was reported as ready to sign the decree to reduce the rates drastically some days ago. This decision caused the Cuban Electric Company to write the provisional president urging him to consult the results of a detailed study made by a previous government commission on the subject, wherein it was recommended that the rates be cut no more than an average of 20%.

8. The company contends that to compare the rates charged here with those charged in the United States is "manifestly unjust", on account of the different conditions

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NND 740058
By AMF NARS, Date 05/04/89

prevailing here, the unequal loads, the small amount of energy consumed, and the higher cost of production in Cuba.

9. COMMENT: Mr. Archer K. Jones, Vice-President and General Manager of the Compania Cubana de Electricidad (Cuban Electric Company), the resident head of the organization in Cuba, has informed the undersigned that he proposed to the Government that a reduction of 20% be made in the electric rates to consumers; that the company would be forced to operate at a financial loss if the reduction was greater than 20% and if compelled to furnish light and power at the rates imposed by the government, that is: at a reduction of 45% of present rates; that he would be compelled to reduce salaries and personnel. It will have been noted in paragraph 5 above that the company is forbidden to discharge employees or to reduce their salaries.

10. Mr. Jones further informed the undersigned that to comply with the Government's instructions as above quoted in the local press, simply means that the present Cuban Government intends to bankrupt the company for the purpose of taking over the properties. The company is a subsidiary of American and Foreign Power. It is the largest taxpayer to the Cuban Government, having paid last year about $1,000,000.00 on the basis of 10% of gross receipts.

11. The central and municipal governments owe the company something over $7,000,000.00 for electric light furnished to cities, towns, etc. and to government buildings. Much of this indebtedness has been carried over for many months and with certain municipalities for several years.

Source: Mr. A. K. Jones, V.P. and G.M.
of Cuban Electric Co. and
local press.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

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NND 740058
By AMF NARS, Date 05/04/89

P. 4

Report 4424, 1/16/34

M. A. Cuba

Removed temporarily.
from file in Gov
Data on Strike Control.
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10/19/34

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By AMF NARS, Date 05/04/89

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OFFICE CHIEF OF STAFF
JAN 25 1934
MIL. INTEL. DIV.

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WAR DEPARTMENT

G-2 Report 2340-a 7

CUBA (Population and Social)

Subject: Strikes.

Government Assumes Control of Electric Plants.

RECEIVED G/2 W. D. JAN 22 1934

1. Five provinces were plunged into darkness early on the morning of January 14th, when employees of the Compania Cubana de Electricidad throughout the Island staged a surprise walkout because the company refused to accept all of their demands. Several hours later all service had been reestablished throughout the Island following a decree signed by the provisional President, taking over the company's properties and placing them in the hands of employees.

2. The strike climaxed long standing negotiations with officials of the company to accept the forty-one demands which the employees presented over six weeks ago. The company claimed that the drastic decree of the Government limiting light rates had kept them from meeting the workers' demands. (See report No. 4360 (4300-d) dated December 6, 1933).

2655-g-89/3

3. A heavy guard of soldiers has been placed around the properties of the company to prevent any attack upon them.

4. Rafael Giraud has been appointed provisional governmental general manager of the company, by presidential decree, and has assumed his duties. All department heads of the company were informed on January 15th not to report back to work during the term of the provisional administration. Giraud, in announcing this measure, explained that it was necessary to avoid any possible violence during the provisional administration of the company. This action of the Government is considered to be the forerunner of confiscation of all public utility properties. The book value of the American-owned Compania Cubana de Electricidad is $198,000,000.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Press and Personal Contacts.

TNG:vm

From M.A., Havana No. 4424 January 16, 1934

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

Labor Situation.

* * * * * * * * * * *

4. Notwithstanding the fact that the Cuban Electric Company agreed to all of the forty-one demands presented by their employees, several additional demands have been presented by the workers. A summary of the additional demands is to the effect that: None of the suspended officials and employees can return to duty with the company; that only one American shall represent the company and that this American cannot be chosen from among the previous officials; that the present provisional general manager be made the permanent general manager.

(Excerpt from Report No. 4443, M/A, Cuba, February 1, 1934 - G-2/2736-Q-25/9.)

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NND 740058
By AMF NARS, Date 05/04/89

No Objection to Publication in Service Journals.

OFFICE CHIEF OF STAFF INTEL. DIV.
DEC 26 1934
WAR DEPARTMENT

G-1 2655-G-89 5

G-2 Report

4300-d

CUBA (Economic)

Subject: Power Plants for the Production of Electric Current.

Public Service Electric Plants of Cuba.

RECEIVED G/2 W. D. DEC 26 1934

1. There are attached hereto pamphlets in triplicate which this office has obtained from the Department of Public Works, listing the public service electric plants of Cuba by towns or cities and by province; also a pamphlet in triplicate obtained from the same source, listing the electric power plants in the sugar centrals and other industries in Cuba.

2. Due to the large number of electric lighting and power plants throughout the Island, it is considered impracticable to plot this information upon any map in this office, excepting the one large wall map which was procured by this office at a cost of $10.00. Although the data contained in these pamphlets is written in Spanish, it is so simple as to require no translation into English

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Dept.of Public Works.
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TNG:vm

From M.A., Havana No.4839 December 20, 1934.

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NND 740058
By AMF NARS, Date 05/04/89

DEC 22 1934
WAR DEPARTMENT
MIL. INTEL. DIV.
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7

REPUBLICA DE CUBA

SECRETARIA DE OBRAS PUBLICAS

DIRECCION GENERAL

NEGOCIADO DE ASUNTOS DE ELECTRICIDAD

ESTADISTICA DE LAS PLANTAS QUE SUMINISTRAN SERVICIO PUBLICO EN LA REPUBLICA

1934
IMP. P. FERNANDEZ Y CIA., S. EN C.
PI Y MARGALL NUM. 17
LA HABANA

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By AMF NARS, Date 05/04/89

ESTADISTICA DE LAS PLANTAS QUE SUMINISTRAN SERVICIO PUBLICO EN LA REPUBLICA

PROVINCIA DE PINAR DEL RIO

CIUDAD O PUEBLO	PROPIETARIO	Planta local o trasmisión	Capacidad en K. W.	Voltaje de servicio		Clase de corriente	Fuerza motriz	OBSERVACIONES
Artemisa	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Alonso Rojas	Juan Escobar	Local	3.5		110	Directa	Gasolina	
Arroyos de Mantua	Galdó y Compañía	Local	6.5		110	Directa	Petróleo	
Bahía Honda	Manuel González	Local	7.5	220		Directa	Petróleo	
Cabañas	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Candelaria	Cía. Cubana de Electricidad	Local			110	Alterna	Petróleo	
Cañas	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Consolación del Norte	Braulio Morales y Hno	Local y T.	26		110	Alterna	Petróleo	Corriente de S. Vicente.
Consolación del Sur	Hernández y Hermano	Trans.		220	110	Alterna		Corriente de P. del Río.
Dimas	Manuel Montero Rodríguez	Local	6		110	Directa	Gasolina	
Guanajay	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Guane	Hernández y Hermanos	Local	30	220		Alterna	Petróleo	
Las Martinas	Antonio Sabatier	Local	11		110	Directa	Petróleo	
Mariel	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Mendoza	Hernández y Hermanos	Trans.		220		Alterna		Corriente de Guane.
Ovas	Hernández y Hermano	Trans.		220		Alterna		Corriente de P. del Río.
Palacios	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Paso Real de S. Diego	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Pilotos	Hernández y Hermano	Trans.		220	110	Alterna		Corriente de P. del Río.
Pinar del Río	Hernández y Hermano	Local	1124	220	110	Alterna	Hidráulica y Petróleo	Estación Generatriz.
Puerta de Golpe	Hernández y Hermano	Trans.		220	110	Alterna		Corriente de P. del Río.
Puerto Esperanza	Cía. Hidro Eléctrica Occidente	Trans		220		Alterna		Corriente de S. Vicente.
Quiebra Hacha	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Remates	Félix García	Local	5		110	Directa	Petróleo	
Sta. Cruz de los Pinos	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
San Cristóbal	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
San Luis	Hernández y Hermano	Trans.		220	110	Alterna		Corriente de P. del Río.
S. Diego de los Baños	Del Municipio							
San Juan y Martínez	Hernández y Hermano	Trans		220		Alterna		Corriente de P. del Río.
San Vicente	Cía. Hidro-Electrica Occidente	Local y T.	33	220	110	Alterna	Hidráulica	Estación Generatriz.
Taco-Taco	Cía. Cubana de Electricidad	Trans		220		Alterna	Petróleo	
Viñales	Cía. Hidro-Eléctrica Occidente	Local		220		Alterna		Corriente de S. Vicente.

PROVINCIA DE LA HABANA

CIUDAD O PUEBLO	PROPIETARIO	Planta local o trasmisión	Capacidad en K. W.	Voltaje de servicio		Clase de corriente	Fuerza motriz	OBSERVACIONES
Aguacate	Cía. Servicios Públicos Aguacate	Trans		220		Alterna		Corriente de "Hershey"
Alquízar	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Arroyo Arenas	Cía. Cubana de Electricidad	Trans.		220		Alterna		
Arroyo Naranjo	Cía. Cubana de Electricidad	Trans		220		Alterna		
Bacuranao	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Bainoa	Jaruco, Luz y Fuerza	Trans.		220		Alterna		Corriente de "Hershey"
Barrera	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Batabanó	Cía. Cubana de Electricidad	Trans		220		Alterna		
Bejucal	Cía. Cubana de Electricidad	Trans.		220		Alterna		
Caimito	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Calabazar	Cía. Cubana de Electricidad	Trans		220		Alterna		
Calvario	Cía. Cubana de Electricidad	Trans.		220		Alterna		
Campo Florido	Cía. Cubana de Electricidad	Trans		220		Alterna		
Cano	Cía. Cubana de Electricidad	Trans		220		Alterna		
Casiguas	Jaruco, Luz y Fuerza	Trans.		220		Alterna		Corriente de "Hershey"
Caraballo	Jaruco, Luz y Fuerza	Trans.		220	110	Alterna		Corriente de "Hershey"
Casa Blanca	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Catalina de Güines	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Cojímar	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Ceiba del Agua	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Cotorro	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Cuatro Caminos	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Durán	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Gabriel	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Guanabacoa	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Güines	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Güira de Melena	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Güiro de Marrero	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Hershey	Hershey Corporation	Local y T.	6.000	220	110	Alterna	Vapor	Estación Generatriz.
Habana	Cía. Cubana de Electricidad	Local y T.	94.500	220	110	Alterna	Vapor	Estación Generatriz.
Hoyo Colorado	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Jaruco	S. A. Cía. Elect. de Jaruco	Trans.		220	110	Alterna		Corriente de "Hershey"
Jibacoa	Joaquín Cortes	Trans.		220	110	Alterna		Corriente de "Hershey"
La Salud	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Madruga	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Managua	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Marianao	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Mazorra	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Melena del Sur	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Minas	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Nazareno	Francisco Solís	Local	5		110	Alterna	Petróleo	
Nueva Gerona	Maristany y Compañía	Trans.		220		Alterna		Corriente de Sta. Fé
Nueva Paz	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Palos	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Pipian	Cía. Cubana de Electricidad	Trans		220		Alterna		
Playa de Baracoa	Antonia Barbazán de Jiménez	Local	25	220		Directa	Petróleo	
Playa de Guanabo	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Playa de Santa Fé	Juan Antonio González	Local	12.5		110	Directa	Petróleo	
Pozo Redondo	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Punta Brava	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Quintana	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Quivicán	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Rancho Boyeros	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Regla	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Rincón	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
S. Antonio de los Baños	Cía. Cubana de Electricidad	Local y T.	1.600	220	110	Alterna	Hidráulica y Vapor	Estación Generatriz.
S. Ant. de Río Blanco	Jaruco Luz y Fuerza	Trans.		220	110	Alterna		Corriente de "Hershey"
S. Antonio de las Vegas	Niceto del Valle	Trans.		220		Alterna		Corriente de la Cía. C.
San Felipe	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
S. Francisco de Paula	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
S. José de Las Lajas	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
San Nicolás	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Sta. Cruz del Norte	Jaruco Luz y Fuerza	Trans.		220		Alterna		Trans. C. Hershey.
Sta. Fe (Isla de Pinos)	Maristany y Cía.	Local y T.	36	220		Alterna	Vapor	Estación Generatriz.
Sta. María del Rosario	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Stgo. de las Vegas	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		
Surgidero de Batabanó	Cía. Cubana de Electricidad	Trans.		220	110	Alterna		

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Tapaste	Cía. Cubana de Electricidad	Trans		220		Alterna		
Vegas	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Vereda Nueva	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Wajay	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
PROVINCIA DE MATANZAS								
Agramonte	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Alacranes	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Altamisal	Ramón Lefont	Local	6		110	Directa	Petróleo	
Amarillas	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Arcos de Canasí	Otegui Hno. y Cía	Trans		220		Alterna		Trans. C. Hershey.
Banagüises	Juan G. Quian	Local	12	220		Directa	Petróleo	
Benavides	José Luis del Rosario	Trans		220	110	Alterna		Corriente de C. Mocha.
Bolondrón	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Cabezas	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Calimete	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Cárdenas	Cía. Cubana de Electricidad	Local	5.000	220	110	Alterna	Vapor	Estación Generatriz.
Carlos Rojas	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Ceiba Mocha	José Luis del Rosario	Local y T.	25	220	110	Alterna	Petróleo	Estación Generatriz.
Céspedes	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Cidra	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Coliseo	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Colón	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Guanábana	José Luis del Rosario	Trans		220	110	Alterna		Corriente de C. Mocha.
Guaniras	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Güira de Macurijes	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Itabo (Lacret)	Ricardo Triana	Local	15	220		Directa	Petróleo	
Jagüey Grande	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Jovellanos	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Limonar	Guamacaro Fabril S. A.	Local	35	220		Alterna	Petróleo	
Los Arabos	Pompilio Vega	Local	23	220		Directa	Petróleo	
Manguito	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Martí	Bienvenido Castillo	Local	27	220		Directa	Petróleo	
Matanzas	Cía. Cubana de Electricidad	Local	5500	220	110	Alterna	Hidráulica	Estación Generatriz.
Máximo Gómez	Marco Andreu y Cía	Local	35	220		Directa	Petróleo	
Navajas	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Pedro Betancourt	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Perico	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Rea. Campiña	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Sblla. del Encomendador	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
S. Francisco de Paula	José Luis del Rosario	Trans		220		Alterna		Corriente de C. Mocha.
S. José de los Ramos	Santos Vera Reyes	Local	25	220		Directa	Petróleo	
S. Miguel de los Baños	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Torriente	Félix de Armas	Local	15	220		Directa	Petróleo	
Unión de Reyes	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Varadero	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Vieja Bermeja	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Yaguaramas	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
PROVINCIA DE SANTA CLARA								
Abreus	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Aguada de Pasajeros	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Arriete	Cía. Cubana de Electricidad	Trans		220	110	Alterna		

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Baez	Félix Endemaño	Trans		220	110	Alterna		Corriente de Fomento.
Bellamota (Perea)	Gálvez y Alsola	Local		220		Directa	Petróleo	
Buena Vista	Pedro Poblador	Local	12		110	Directa	Petróleo	
Cabaiguán	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Caibarién	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Calabazar de Sagua	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Camajuaní	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Casilda	Hidro-Eléctrico Trinitaria	Trans		220	110	Alterna		Corriente de Trinidad.
C. Miguel de Céspedes	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Cartagena	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Condado	Paulino Oliva	Local	10		110	Directa		
Congojas	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Cienfuegos	Cía. Cubana de Electricidad	Local y T.	6 100	220	110	Alterna	Hidráuica y Vapor	Estación Generatriz.
Cifuentes	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Cruces	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Cumanayagua	Miguel Sánchez Rodríguez	Local	145	220	110	Alterna	Hidráulica y Vapor.	
Encrucijada	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Esperanza	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Fomento	Félix Endemaño	Local	65	220	110	Alterna	Vapor	
General Carrillo	Teodoro Meneses	Local	20	220		Directa	Petróleo	
Guayos	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Güinía de Miranda	Angel Cruz Bravo	Local	6		110	Directa	Petróleo	
Guasimal	Rafael Meneses	Local	3		110	Directa		
Horquita	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Isabela de Sagua	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Iguará	Francisco E. Delgado Cárdenas	Local	20	220		Alterna	Petróleo	
Jicotea	Labayen y Compañía	Trans			110	Alterna		
Lajas (Sta. Isabel de las	Cía. Cubana de Electricidad	Trans		220	110	Alterna		Cte. de S. Diego del V.
Manacas	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Manicaragua y La Moza	Cía. Cubana de Electricidad	Trans		220	110	Alterna	Petróleo	
Mata	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Mataguá	Cía. Cubana de Electricidad	Trans			110	Alterna		
Mayajigua	José Miguel Artzé	Local	37.5	220		Directa	Petróleo	
Meneses	The Meneses Spectacle Co	Local	15	220		Alterna	Petróleo	
Palmira	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Placetas	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Potrerillo	Cía. Cubana de Electricidad	Local			110	Alterna		
Quemados de Guines	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Rancho Veloz	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Remedios	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Rodas	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Ranchuelo	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Sagua la Grande	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Sancti-Spíritus	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
San Diego del Valle	Labayen y Cía	Local	25	220		Alterna	Petróleo	
S. Fdo. de Camarones	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
S. Juan de los Yeras	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Santa Clara	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Santo Domingo	Cía. Cubana de Electricidad	Trans		220	110	Alterna		
Sierra Morena	María Noriega Pérez	Local	15	220		Directa	Petróleo	
Taguasco	Cía. Cubana de Electricidad	Trans		220		Alterna		

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Trinidad	Hidro Eléctrica Trinitaria	Local	340	220	...	Alterna	Petróleo e Hidraúlica.	
Tunas de Zaza	Plácido Fernández	Local	2.5	...	110	Directa	Petróleo	
Vega Alta	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Vega de Palmas	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Vueltas	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Vueltas	Cía. Cubana de Electricidad	Trans.	...	220	...	Alterna	...	
Yaguajay	Pedro L. Martínez	Local	149	220	...	Alterna	Petróleo	
Zaza del Medio	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Zulueta	Cía. Cubana de Electricidad	Trans.	...	220	110			
PROVINCIA DE CAMAGUEY								
Altagracia	Elpidio Morán	Local	7.5	220	...	Directa	Petróleo	
Camagüey	Cía. Cubana de Electricidad	Local y T.	5.050	220	110	Alterna	Vapor	Estación Generatriz.
Cascorro	Unión Light and P. Co. of Cuba	Trans.	...	220	110	Alterna	Petróleo	Corriente de Sta. Lucía.
Céspedes	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Chambas	Ezequiel de la Rosa	Local	64	220	...	Directa	Petróleo	
Ciego de Avila	Cía. Cubana de Electricidad	Local	4.100	220	110	Alterna	Petróleo	Estación Generatriz.
Ceballos	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Esmeralda	Rogelio Arriete y Hno.	Local	75	220	110	Alterna	Petróleo	
Falla	Cía. Azucarera Adelaida	Local	150	220	...	Directa	Vapor	
Florencia (Merino)	Benjamín Viñas	Local	7.5	...	110	Directa	Petróleo	
Florida	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Gaspar	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Guáimaro	Unión Light and P. Co. of Cuba	Trans.	...	220	110	Alterna	...	Corriente de Sta. Lucía.
Guayacanes	Núñez y Compañía	Local	...	220	...	Directa	Vapor	
Hatuey	Elpidio Morán	Local y T.	15	...	110	Directa	Petróleo	Estación Generatriz.
José Miguel Gómez	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Jatibonico	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Jicotea	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Majagua	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Martí	Unión Light and P. Co. of Cuba	Trans.	...	220	110	Alterna	...	Corriente de Sta. Lucía.
Minas	Unión Light and P. Co. of Cuba	Local	37	220	...	Directa	Petróleo	
Morón	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Nuevitas	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Palo Seco	Unión Light and P Co. of Cuba	Trans.	...	220	110	Alterna	...	Corriente de Sta. Lucía.
Piedrecitas	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Pina	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Punta Alegre	José E. Bringuier Laredo	Local	40	220	...	Alterna	Petróleo	
Sta. Cruz del Sur	Luis de P. Doria	Local	125	220	110	Alterna	Petróleo	
Santa Lucía	Unión Light and Power Co. of Cuba	Local y T.	325	2300	110	Alterna	Petróleo	Estación Generatriz.
Sibanicú	Elpidio Morán	Trans.	...	...	110	Directa	Petróleo	Corriente de Hatuey.
Sola	Elpidio Morán	Local	15	...	110	Directa	Petróleo	
Tamarindo	F. Flores Moreno	Local	17	...	110	Directa	Petróleo	
Vertientes	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
PROVINCIA DE ORIENTE								
Alto Cedro	Enrique e Hijo	Local	12	220	...	Directa	Petróleo	
Antilla	Galvani y Núñez	Local	94	...	110	Alterna	Petróleo	
Alto Songo	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Auras	Chaparra Light and Power Co.	Trans.	...	220	110	Alterna	...	
Baire	Cía. Cubana de Electricidad	Trans.	10	220	...	Alterna	Petróleo	
Banes	Galvani y Doria	Local	90	220	...	Alterna	Petróleo	

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Baracoa	Unión Light and P. Co. of Cuba	Trans.	300	220	110	Alterna	Hidraúlica.	
Bartle	Cía. Industrial de Bartle	Local	25	...	110	Directa	Vapor	
Bayamo	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Cacocum	Unión Light P. Co. of Cuba	Local	7	220	...	Directa	Petróleo	
Caimanera	Cía. Cubana de Electricidad	Trans.	...	...	110	Alterna	...	
Campechuela	Diego Casó Bombí	Local	75	220	110	Alterna	Petróleo	
Candonga	Cía. Cubana de Electricidad	Trans.	...	...	110	Alterna	...	
Caney	Cía. Cubana de Electricidad	Trans.	...	220	...	Alterna	...	
Cayo Mambí	Cía. Frutera de Cuba	Trans.	...	220	...	Alterna	...	
Contramaestre	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Cobre	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Cristo	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Cueto	Cía Elect. de Alumbrado de Cueto	Trans.	...	...	110	Alterna	...	Corr. de "C. alto Cedro"
"Chaparra" "Delicias"	Chaparra Light and Power Co.	Local y T.	3.500	220	110	Alterna	...	Estación Generatriz.
Dos Caminos	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Estrada	Miguel Galdó	Local	3	...	110	Directa	Petróleo	
Gibara	Chaparra Light and Power Co.	Trans.	...	220	110	Alterna	...	Corr. de "Chaparra"
Guantánamo	Cía. Cubana de Electricidad	Local	1.752	220	110	Alterna	Hidraúlica y Vapor	Estación Generatriz.
Guisa	Teófilo Espinosa	Local	...	...	110	Directa	Petróleo	
Holguín	Chaparra Light and Power Co	Trans.	...	220	110	Alterna	...	Corr. de "Chaparra"
Jamaica	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Jobabo	Unión Light and P. Co. of Cuba	Trans.	...	220	110	Alterna	...	Corriente de S. Lucía.
Jiguaní	Cía. Cubana de Electricidad	Trans.	...	220	...	Alterna	Vapor	
La Maya	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Manzanillo	Cía. Cubana de Electricidad	Local	1.200	220	110	Alterna	Vapor y Petróleo	Estación Generatriz.
Mayarí	J. Landa y Cía	Local	170	220	110	Alterna	Petróleo.	
Media Luna	Cía. de Hielo y Electricidad	Local	50	...	110	Directa	Petróleo	
Maffo	Cía. Cubana de Electricidad	Trans.	...	...	110	Alterna	...	
Mir	Basadre y Hermano	Local	75	220	...	Alterna	Petróleo	
Niquero	Cía. de Hielo y Electricidad	Local	34	220	...	Directa	Petróleo	
Omaja	Unión Light and P. Co. of Cuba	Local	12	...	110	Directa	Petróleo	
Palma Soriano	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Puerto Padre	Chaparra Light and Power Co.	Trans.	...	220	110	Alterna	...	Corr. del C. Chaparra"
Sagua de Tánamo	Unión Light and P. Co. of Cuba	Local	35	...	110	Alterna	Petróleo	
S. Agustín de Aguarás	Laureano Estévez B.	Local	8	...	110	Directa	Petróleo	
San Germán	Unión Light and P. Co. of Cuba	Local	25	220	...	Alterna	Petróleo	
San Luis	Cía Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Santiago de Cuba	Cía. Cubana de Electricidad	Local y T.	7.000	220	110	Alterna	Vapor	Estación Generatriz.
Veguita	Cía. Cubana de Electricidad	Trans.	...	220	110	Alterna	...	
Victoria de las Tunas	Unión Light and P. Co. of Cuba	Local	195	220	110	Alterna	Petróleo	
Yarey de Vázquez	Antonio Díaz	Local	10	...	110	Directa	Petróleo	

NOTA:—Las Estaciones Centrales de la "Compañía Cubana de Electricidad" están interconectadas entre sí, en la forma siguiente:
Guantánamo–Santiago–Manzanillo.
Habana–Matanzas–Cárdenas–Cienfuegos–Ciego de Avila–Camagüey.

Habana, 1 Septiembre de 1934.

Oscar C. Bacot.
Ingeniero Jefe del Negdo. de Asuntos de Electricidad.

EXAMINADO.
Ricardo Edelmann
DIRECTOR GENERAL INTERINO.

APROBADO.
Enrique Ruiz Williams,
SECRETARIO DE OBRAS PUBLICAS

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REPUBLICA DE CUBA

SECRETARIA DE OBRAS PUBLICAS

NEGOCIADO DE ASUNTOS DE ELECTRICIDAD

ESTADISTICA DE PLANTAS ELECTRICAS EN CENTRALES AZUCAREROS E INDUSTRIAS VARIAS

1934
IMP. P. FERNANDEZ Y CIA., S. EN C.
PI Y MARGALL NUM. 17
LA HABANA

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E INDUSTRIAS VARIAS

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BUY MARGALL NUM. 17
LA HABANA

PLANTAS ELECTRICAS DE CENTRALES AZUCAREROS E INDUSTRIAS VARIAS

NOMBRE DEL INGENIO	PROVINCIA	PROPIETARIO	CAPACIDAD EN K. W.	CLASE DE CORRIENTE	VOLTAJE DE SERVICIO			OBSERVACIONES
Adelaida	Camagüey	Adelaida Cía. Azucarera S. A.	600	Directa.	...	220	...	
Algodonal	Oriente	Cía. Azuc. C. Algodonal S. A.	....	Alterna.	...	220	110	
Algodones	Camagüey	Sugar Plantation O. Co.	1500	Alterna.	440	220	110	
Andreita	Santa Clara	C. Andreita Cía. Azuc. S. A.	1213	Alterna.	440	220	110	
Araujo	Matanzas	Cía. Azuc. Araujo S. A.	50	Directa.	...	...	110	
Australia	Matanzas	C. Australia S. A.	1000	Alterna.	440	220	110	
América	Oriente	C. América S. A.	2500	Alterna.	440	220	110	
Altagracia	Oriente	Sugar E. of Oriente Inc.	890	Alterna.	440	220	110	
Adela	Santa Clara	Cía. Zarraga S. A.	108	Directa.	...	...	110	
Alto Cedro	Oriente	Sugar E. of Oriente Inc.	2775	Alterna.	440	220	110	
Agramonte	Camagüey	Cía. Azuc. Vertientes.	1850	Alterna.	440	220	110	
Amistad	Habana	Cía. Azuc. A. Gómez Mena.	3125	Alterna.	440	220	110	
Alava	Matanzas	Cuba Cane Sugar Co.	118	Directa.	...	220	110	
Agabama	Santa Clara	C. Agabama S. A.	92	Directa.	...	220	...	
Andorra	Pinar del Río	C. Andorra S. A.	150	Alterna.	...	220	...	
Amazonas	Santa Clara	C. Amazonas S. A.	35	Directa.	...	...	110	
Almeida	Oriente	Cía. Azucarera Oriental S. A.	1455	Alterna.	440	220	110	
Baragua	Camagüey	Cía. Azucarera Baragua.	3638	Alterna.	440	220	110	
Báguanos	Oriente	Cía. Azucarera Antilla S. A.	1370	Alterna.	440	220	110	
Boston	Oriente	United Fruit Co.	4000	Alterna.	440	220	110	
Bahía Honda	Pinar del Río	Cía. Azuc. Bahía Honda S. A.	45	Directa.	...	220	...	
Borjita	Oriente	Cía. Azuc. Oriental S. A.	....	Alterna.	440	220	110	
Cunagua	Camagüey	C. Cunagua S. A.	8350	Alterna.	440	220	110	
Covadonga	Santa Clara	Manuel Carreño	1500	Alterna.	440	220	110	
Camagüey	Camagüey	Cía. Azuc. de Camagüey S. A.	1035	Alterna.	440	220	110	
Cupey	Oriente	Sugar E. of Oriente Inc.	1418	Alterna.	440	220	110	
Cuba	Matanzas	C. Cuba Sugar Co.	100	Directa.	...	...	110	
Cape Cruz	Oriente	Cape Cruz Co.	86	Directa.	...	...	110	
Ciego de Avila	Camagüey	Co. Azuc. Ciego de Avila	100	Directa.	...	220	...	
Conchita	Matanzas	Cuba Cane Sugar Co.	124	Directa.	...	...	110	
Constancia	Santa Clara	Co. Agrícola de Sagua.	50	Directa.	...	...	110	
Constancia	Santa Clara	Colonial Sugar Co	1350	Alterna.	440	220	110	
Carolina	Matanzas	Co. Azuc. Guamacaro S. A.	40	Directa.	...	...	110	
Caracas	Santa Clara	Co. Azucarera Caracas	215	Directa.	...	220	...	
Céspedes	Camagüey	Co. Azuc. Céspedes	4000	Alterna.	440	220	110	
Chaparra	Oriente	The Cuban A. Sugar Co	2000	Alterna.	440	220	110	
Corazón de Jesús	Santa Clara	Corazón de Jesús S. A.	40	Directa.	...	...	110	
Carmita	Santa Clara	Cía. Azuc. C. Carmita S. A.	30	Directa.	...	...	110	
Delicias	Oriente	The Cuban A. Sugar Co.	6500	Alterna.	440	220	110	
Dos Amigos	Oriente	Sucesores de N. Castaño.	50	Directa.	...	...	110	
Dos Rosas	Matanzas	The Hires Sugar Co.	37	Directa.	...	...	110	
Dos Hermanas	Santa Clara	Dos Hermanas Sugar Co.	39	Directa.	...	...	110	

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NOMBRE DEL INGENIO	PROVINCIA	PROPIETARIO	CAPACIDAD EN K. W.	CLASE DE CORRIENTE	VOLTAJE DE SERVICIO			OBSERVACIONES
Damují (Ferrer)	Santa Clara	Central Ferrer S. A.	38	Directa.	...	...	110	
Dolores	Matanzas	Ingenio Dolores S. A.	...	Alterna.	440	220	110	
Elena	Matanzas	Pedro Urquiza y Bea	25	Directa.	...	...	110	
Elia	Camagüey	Cuban Trading Co.	6750	Alterna.	440	220	110	
Esperanza	Oriente	Cía. Azuc. Oriental C. S. A.	1280	Alterna.	440	220	110	
España	Matanzas	Cía. Azuc. Matanzas S. A.	900	Alterna.	440	220	110	
Estrella	Camagüey	Cía. Azuc. de Camagüey S. A.	95	Directa.	...	...	110	
Ermita	Oriente	Cía. Azucarera Ermita	1800	Alterna.	440	220	110	
Estrada Palma	Oriente	Central Estrada Palma S. A.	115	Directa.	...	220	...	
El Pilar	Pinar del Río	Pedro Laborde	100	Alterna.	2300	440	110	
Fe	Santa Clara	Co. Azucarera Salamanca S. A.	195	Alterna.	440	220	110	
Florida	Camagüey	Co. Azucarera Florida	5175	Alterna.	440	220	110	
Francisco	Camagüey	Cuban Trading Co.	3300	Alterna.	440	220	110	
Fidencia	Santa Clara	Co. Azuc. Fidencia S. A.	50	Directa.	...	...	110	
Guipuzcoa	Matanzas	Ramón y Alejo Gurruchaga	850	Alterna.	440	220	110	
Gómez Mena	Habana	N. Co. Azuc. Gómez Mena	3917	Alterna.	440	220	110	
Galope	Pinar del Río	Co. Azuc. Pinareña S. A.	125	Directa.	...	220	...	
Hormiguero	Santa Clara	Central Hormiguero S. A.	240	Directa.	...	...	110	
Hershey	Habana	Hershey Corporation	8000	Alterna.	2300-440	220	110	
Habana	Habana	Central Habana S. A.	75	Directa.	...	220	...	
Hatillo	Oriente	Santa Ana Sugar Co	80	Directa.	...	220	...	
Isabel	Oriente	Beattie Sugar Co.	620	Alterna.	...	220	...	
Jagueyal	Camagüey	Cuban Cane Products Co. Inc.	2000	Alterna.	440	220	110	
Jatibonico	Camagüey	Cía. Cubana Ingenio Jatibonico	2400	Alterna.	440	220	110	
Jobabo	Oriente	Cía. Cubana Ingenio Jobabo	2550	Alterna.	440	220	110	
Jaronú	Camagüey	Central Cunagua S. A.	8680	Alterna.	440	220	110	
Josefita	Habana	Ricardo Martínez	75	Directa.	...	...	110	
Lugareño	Camagüey	Eastern Cuba Sugar Co.	2225	Alterna.	440	220	110	
La Francia	Pinar del Río	Cía. Azuc. San Juan S. A.	2050	Alterna.	...	220	...	
Los Caños	Oriente	Guantánamo Sugar Co.	15	Directa.	...	...	110	
Limones	Matanzas	Incautado por el Estado	75	Directa.	...	220	...	
La Vega	Santa Clara	Sugar Plantations C. Co.	75	Directa.	...	...	110	
Mercedes	Matanzas	Cuban Cane P. Co. Inc.	2150	Alterna.	440	220	110	
Mercedita	Habana	Nueva Cía. Azuc. Gómez Mena	50	Directa.	...	...	110	
Manuelita	Santa Clara	C. Manuelita Co. Azuc.	170	Alterna.	...	...	110	
Mabay	Oriente	Co. Azuc. Central Mabay	1250	Alterna.	440	210	110	
Miranda	Oriente	Co. Azuc. Central Miranda	5950	Alterna.	440	220	110	
Morón	Camagüey	Eastern Cuba Sugar Co.	5000	Alterna.	440	220	110	
Mercedita	Pinar del Río	Mercedita Sugar Co.	56	Directa.	...	...	110	
Manatí	Oriente	Manatí Sugar Co.	4750	Alterna.	440	220	110	
Maceo	Oriente	Co. Azucarera Luando	30	Directa.	...	...	110	
Macareño	Camagüey	Caribbean Sugar Co.	2500	Alterna.	440	220	110	
Macagua	Santa Clara	Domingo y Luis C. Belhart	50	Directa.	...	220	...	
María Antonia	Santa Clara	Co. Azucarera María Antonia	35	Directa.	...	...	110	

NOMBRE DEL INGENIO	PROVINCIA	PROPIETARIO	CAPACIDAD EN K. W.	CLASE DE CORRIENTE	VOLTAJE DE SERVICIO			OBSERVACIONES
Niagara	Pinar del Río	S. A. Central Niagara	92	Directa.	...	...	110	
Nela	Santa Clara	Patricio A. Sánchez Cordoves	30	Directa.	...	...	110	
Narcisa	Santa Clara	Cía. Azucarera de Yaguajay	2195	Alterna.	440	220	110	
Niquero	Oriente	New Niquero Sugar Co.	265	Directa.	...	...	110	
Natividad	Santa Clara	Ingenio Natividad S. A.	20	Directa.	...	...	110	
Najasa	Camagüey	Cía. Azucarera Najasa	70	Directa.	...	220	...	
Nazabal	Santa Clara	Sucesión de D. Nazabal	63	Alterna.	440	220	110	
Orozco	Pinar del Río	Orozco Sugar Co.	40	Directa.	...	...	110	
Occidente	Habana	Cía. Azuc. de Quivicán S. A.	615	Alterna.	...	220	110	
Puerto	Matanzas	José Avendaño	10	Directa.	...	...	110	
Palma	Oriente	Sgr. Estate of Oriente Inc.	6092	Alterna.	440	220	110	
Patria	Camagüey	Cía. Azuc. Central Patria	100	Directa.	110	110	110	
Purio	Santa Clara	Cía. Azuc. Comercial C. S. A.	62	Directa.	...	...	110	
Por-Fuerza	Matanzas	Cía. Azuc. de Calimete S. A.	2500	Alterna.	440	220	110	
Pilar	Camagüey	Cía. Azuc. de Camagüey S. A.	55	Directa.	...	...	110	
Punta Alegre	Camagüey	Punta Alegre Sugar Co.	3100	Alterna.	440	220	110	
Providencia	Habana	Cía. Azucarera de Güines S. A.	3500	Alterna.	440	220	110	
Pastora	Santa Clara	Sucesión N. Castaño	16	Directa.	...	...	110	
Preston	Oriente	United Fruit Co.	4750	Alterna.	440	220	110	
Portugalete	Habana	Banca López Bru.	22	Directa.	...	...	110	
Parque Alto	Santa Clara	Parque Alto Sugar Co.	40	Directa.	...	...	110	
Perseverancia	Santa Clara	Cuba Cane Sugar Corp.	2100	Alterna.	440	220	110	
Portugalete	Santa Clara	Cía. Azuc. C. Portugalete	40	Directa.	...	...	110	
Progreso	Matanzas	Cía. Azuc. del Norte S. A.	85	Directa.	...	220	...	
Reforma	Santa Clara	Cía. Ind. Agrí. Caibarién S. A.	80	Directa.	...	220	110	
Romelie	Oriente	Central Romelie	20	Directa.	...	...	110	
Resolución	Santa Clara	C. Resolución S. A.	45	Directa.	...	...	110	
Rosario	Habana	Rosario Sugar Co.	50	Alterna.	...	...	110	
Río Cauto	Oriente	C. Canadian Sugar Co. S. A.	1525	Alterna.	440	220	110	
Ramona	Santa Clara	Cía. Azuc. Sagua Placetas S. A.	62	Directa.	...	...	110	
Resulta	Santa Clara	Juan de Dios Oña	40	Directa.	...	...	110	
San Antonio	Habana	Co. Azuc. Gómez Mena	2000	Alterna.	440	220	110	
Santa Rita	Matanzas	C. Santa Rita S. A.	25	Directa.	...	...	110	
San Cristóbal	Pinar del Río	Co. Azuc. San Cristóbal S. A.	1250	Alterna.	440	220	110	
San Agustín	Zulueta	Co. Mercantil Azuc. S. Agustín.	70	Alterna.	440	220	110	
San Germán	Oriente	Co. Azuc. Fidelidad S. A.	3150	Alterna.	440	220	110	
San Antonio	Oriente	Sucesores de Luis Redox	70	Directa.	...	...	110	
San Agustín	Cruces	Sucesión de Nicolás Castaño	2000	Alterna.	440	220	110	
San Vicente	Matanzas	Cuban Trading Co.	75	Directa.	...	...	110	
Siboney	Camagüey	Co. Azuc. Najasa	1525	Alterna.	440	220	110	
Santa Isabel	Santa Clara	C. Santa Isabel S. A.	1003	Alterna.	440	220	110	
San José	Santa Clara	Ofelia Abreus de Morales	123	Directa.	...	220	...	
Santa Amalia	Matanzas	Co. Azuc. Santa Amalia S. A.	63	Directa.	...	...	110	
San Ignacio	Matanzas	C. San Ignacio S. A.	73	Directa.	...	...	110	

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NOMBRE DEL INGENIO	PROVINCIA	PROPIETARIO	CAPACIDAD EN K. W.	CLASE DE CORRIENTE	VOLTAJE DE SERVICIO			OBSERVACIONES
Soledad	Santa Clara	Co. Azucarera Soledad S. A.	115	Directa.	...	...	110	
Santa Lutgarda	Santa Clara	C. Santa Lutgarda S. A.	150	Alterna.	...	220	...	
Santa Teresa	Santa Clara	Co. Azucarera Santa Teresa	138	Alterna.	440	220	110	
Santa Gertrudis	Matanzas	Cuba Cane Sugar Corp.	80	Directa.	...	...	110	
Stewart	Camagüey	Eastern Cuba Sugar Corp.	2000	Alterna.	440	220	110	
San Agustín	Santa Clara	Sucesión de N. Castaño	2000	Alterna.	440	220	110	
Socorro	Matanzas	Cuban Cane Products Co. Inc.	15	Directa.	...	...	110	
San Francisco	Santa Clara	Pedro Estévez Abreu	45	Directa.	...	220	...	
Santa María	Santa Clara	Esteban Cacicedo	50	Alterna.	440	220	110	
Santa María	Camagüey	Cen ral Santa Marta S. A.	3555	Alterna.	440	220	110	
Soledad	Matanzas	Cuban Cane Products Co. Inc.	77	Directa.	...	...	110	
Soledad	Oriente	Guantánamo Sugar Co.	50	Directa.	...	...	110	
Senado	Camagüey	Central Senado S. A.	2800	Alterna.	440	220	110	
Santa Lucía	Oriente	Santa Lucía Cía. S. A.	2775	Alterna.	440	220	110	
San Isidro	Santa Clara	Santa Clara Operating Co.	3250	Alterna.	440	220	110	
Santa Cecilia	Oriente	Santa Cecilia Sugar Corp.	164	Directa.	...	220	...	
Santa Teresa	Santa Clara	Cía. Azuc. de Santa Teresa	122	Alterna.	440	220	110	
San Ramón	Pinar del Río	Central San Ramón S. A.	30	Directa.	...	...	110	
Santo Domingo	Matanzas	Cuban Sugar Co.	41	Directa.	...	...	110	
Santa Rosa	Santa Clara	Cía. Coperativa de Sta. Clara	1000	Alterna.	440	220	110	
Santa Catalina	Santa Clara	Cía. Azuc. C. S. Catalina S. A.	50	Directa.	...	...	110	
Salvador	Oriente	Codwal Maceo y Co.	23	Directa.	...	...	110	
San Antonio	Santa Clara	Vicente C. Abreu	16	Directa.	...	...	110	
San Pablo	Santa Clara	Central Tahon S. A.	52	Directa.	...	...	110	
Santa Ana	Oriente	Cuban Dominican Sales Corp.	667	Alterna.	440	220	110	
Tacajó	Oriente	Co. Azuc. Antilla S. A.	1610	Alterna.	440	220	110	
Toledo	Habana	Co. Azuc. Central Toledo	1000	Alterna.	440	220	110	
Trinidad	Santa Clara	Co. Azuc. Trinidad	127	Alterna.	440	220	110	
Tinguaro	Matanzas	The Tinguaro Sugar Co.	155	Directa.	...	...	110	
Teresa	Oriente	The C. Teresa Sugar Co.	1000	Alterna.	440	220	110	
Triunfo	Matanzas	Cía. Azuc. Central Triunfo S. A.	25	Directa.	...	...	110	
Tanamo	Oriente	Cía. A. Frutera y Azuc. de C.	3710	Alterna.	440	220	110	
Tuinucú	Santa Clara	The Tuinucú Sugar Co.	2125	Alterna.	440	220	110	
Unión	Oriente	José Rousseau	41	Directa.	...	...	110	
Unidad	Santa Clara	The Unidad Sugar Co	70	Directa.	...	...	110	
Ulacia	Santa Clara	Cía. Azuc. C. Ulacia S. A.	620	Alterna.	...	220	...	
Unión	Matanzas	Southern Sugar Co.	1340	Alterna.	...	220	110	
Vitoria	Santa Clara	Cía. Azuc. Central Vitoria	30	Directa.	...	...	110	
Violeta	Camagüey	Eastern Cuba Sugar Co.	3240	Alterna.	440	220	110	
Velasco	Camagüey	Eastern Cuba Sugar Co.	1392	Alterna.	440	220	110	
Vertientes	Camagüey	Cía. Azuc. Vertientes S. A.	3000	Alterna.	440	220	110	
Washington	Santa Clara	Central Washington S. A.	36	Directa.	...	...	110	
Zorrilla	Matanzas	Cía. Azuc. de los Arabos S. A.	35	Directa.	...	...	110	
Zaza	Santa Clara	Zulueta Hnos. S. A.	57	Directa.	...	...	110	

INDUSTRIAS DIVERSAS

CLASE DE INDUSTRIA	PUEBLO	PROVINCIA	PROPIETARIO	CAP. DE PLANTA EN K. W.	SISTEMA	VOLTAJE DE SERVICIO		
Leche y sus derivados	Bayamo	Oriente	Cía. Nacional de Alimentos	312	Alterna.	440	220	110
Mineral de hierro	Felton	Oriente	Bethleham Cuban Iron M. Co.	1500	Directa.	...	220	...
Mineral de hierro	Daiquirí	Oriente	Bethleham Cuban Iron M. Co.	32	Directa.	...	220	...
Mineral de cobre	Matahambre	Pinar del Río	Minas de Matahambre S. A.	4925	Alterna.	440	220	110
Papelería	Marianao	Habana	Cía. Papelera Nacional S. A.	3750	Alterna.	440	220	110
Ron y Cerveza	Santiago	Oriente	Cía. Ron Bacardí	120	Directa.	...	220	...
Mineral de asfalto	Mariel	Pinar del Río	Cía. Asfaltos de Cuba	15	Alterna.	...	220	...
Cemento	Mariel	Pinar del Río	Cía. de Cemento Portland	2000	Alterna.	550	220	110
Cerveza y Hielo	Habana	Habana	Nueva Fábrica de Hielo S. A.	6560	Alterna.	240	...	...
Mineral de Asfalto	Chambas	Camagüey	Cía. Mineras Chambas	200	Alterna.	440	...	...
Alfarería	Calabazar	Habana	Industrial Alfarera Cubana	79	Alterna.	...	220	...
Fábrica de Tejidos	Guanabacoa	Habana	Fábrica Cubana de Tejidos	45	Alterna.	...	220	...
Fábrica de Espejos	Habana	Habana	Cía. Nacional de Espejos	25	Alterna.	...	220	...
Agua Mineral y Gaseosa	Santiago de C.	Oriente	Ernesto Puig y Cía.	19	Alterna.	...	220	...
Agua Mineral	S. Franc. de P.	Habana	Cía. de Aguas M. "S. Franc."	37.5	Alterna.	240	...	...
Gaseosas y Refescos	Habana	Habana	La Paz, S. A.	85	Alterna.	240	...	...
Refinería y Destilería	Cárdenas	Matanzas	José Arechabala, S. A.	1275	Alterna.	440	220	110
Fábrica de Jarcia	Matanzas	Matanzas	Cía. de Jarcia Matanzas S. A.	860	Alterna.	...	230	...
Fábrica de Fósforos	Habana	Habana	J. Simón y Cía.	14.5	Alterna.	...	220	...
F. de Tac. y Contrafuert.	Habana	Habana	Havana Heel Company S. A.	85	Alterna.	...	220	...
Fábrica de Sebo	El Lucero	Habana	García y Rodríguez S. A.	165	Alterna.	...	220	110

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Habana, [illegible] de 1934.

Oscar C. Bacot.
Ingeniero Jefe del Ngdo. de Asuntos de Electricidad.

APROBADO
Enrique Ruiz Williams
SECRETARIO DE OBRAS PUBLICAS

EXAMINADO
Ricardo Edelmann
DIRECTOR GENERAL INTERINO

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By AMF NARS, Date 05/04/89

No Objection to Publication in Service Journals.

JAN 28 1936
WAR DEPARTMENT
4300-d

G-2 Report

CUBA (Economic)

Subject: Power Plants for the Production of Electric Current.

RECEIVED G/2 W. D. JAN 28 1936

Map Showing Power Plants and Transmission Lines.

1. The attached map of Cuba shows the Cia. Cubana de Electricidad (Cuban Electric Company) power plants and transmission lines, and also the Hershey transmission line, in deep blue.

2. This map was prepared in 1929, but is the latest one printed. However, the General Superintendent of the Electric Company has corrected this map to January, 1936. It will be noted that the corrections are shown in a darker shade of red than the original red of the printing.

3. Most of the power is generated in the various power plants by fuel oil, although the main power plant in Havana and the plant in Santiago de Cuba, and several of the smaller plants, use coal as fuel.

4. It is suggested that this map be used in connection with the pamphlets forwarded with report No.4839, index as above, dated December 20, 1934. The pamphlets were issued by the Secretary of Public Works and they give the statistics of the power plants that furnish general electric power, and also the power plants in sugar mills and various industries throughout the Island.

5. It is regretted that this office is unable to furnish additional copies of the map.

T. N. Gimperling,
Colonel, Infantry,
Military Attache.

Source: Personal Contacts.

encl. 1

TNG:vm

From M.A., Havana Report No.5129 Date: January 22,1936

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

No Objection to Publication in Service Journals.
6-1
NOV 18 1937
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G-2 Report

CUBA (Economic)

Subject: Power Plants for Production of Electric Current.

RECEIVED G-2 W. D. NOV 18 1937

1. In general, the operating control of power plants for the production of electric current in Cuba is in the hands of the Compania Cubana de Electricidad. The following towns and municipalities adjacent thereto are served by the Cia. Cubana de Electricidad:

Pinar del Rio	Cienfuegos	Florida
Artemisa	Santa Clara	Holguin
Havana	Caibarien	Bayamo
Mariel	Nuevitas	Palma Soriano
Matanzas	Batabano	Santiago de Cuba.
Jovellanos	Moron	
Cardenas	Sancti Spiritus	
Colon	Ciego de Avila	

The service given is 60 cycle - 3 phase - A.C. - 110/220 V.

2. Of the above communities, Pinar del Rio, Havana, Mariel, Cardenas, Caibarion, Batabano, Cienfuegos, Jovellanos, Colon, Santa Clara, Sancti Spiritus/and Ciego de Avila are served by the central system of the Cia. Moron Cubana de Electricidad of which the principal and most important plant is Havana - which is steam operated. Nuevitas and Camaguey are served by an independent plant located at Nuevitas, and which is operated by both steam and Diesel engines.

3. Santiago de Cuba, Palma Soriano, Bayamo, Manzanillo, and Holguin are served from the Cia. Cubana de Electricidad's Oriente transmission system - the principal plants of which are the Santiago de Cuba steam plant and the Guaso Hydro plant. At Manzanillo the Cia. Cubana de Electricidad have both steam and Diesel plants, which are used only occasionally for standby service.

4. The following towns are not served by the Cia. Cubana de Electricidad:

Bahia Honda - Independent plant - DC - 220 V - Fuel used-petroleum.
Antilla - Independent plant - service 60 cycle - 3 phase AC - 110/220 V - Petroleum.
Santa Cruz del Sur - Independent plant - single phase - 50 cycle AC - 110 V - petroleum.
Puerto Padre and Gibara - Served by Chaparra Light and Power Co. (Cuban American Sugar Co.) - 60 cycle - 3 phase - AC - 110/220 V - steam.

5. The military posts throughout the Island are served by the nearest commercial system, with the exception of Camp Columbia which has in addition to its commercial service tie in with Havana, an independent plant located within the walled Ciudad Militar (Camp Columbia). This plant produces 60 cycle - 3 phase - A.C. - 110/220 V. - Petroleum.

6. All machinery and installations used by the Cia. Cubana de Electricidad is supplied from the United States and is about equally divided

From M.A., Havana Report No.5484 Date: Nov. 11, 1937

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between General Electric and Westinghouse products. This machinery and installations are in excellent condition. The above facts also hold true, in general, regarding the machinery and installations mentioned in paragraph 4. However, the maintenance is not up to the standard of the Cia. Cubana de Electricidad.

7. Map of transmission lines is attached hereto.

E. W. Timberlake,
Major, GS., CAC.,
Military Attache.

Incl. 1

Source: Personal Contacts

EWT:vm

No Objection to Publication in Service

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

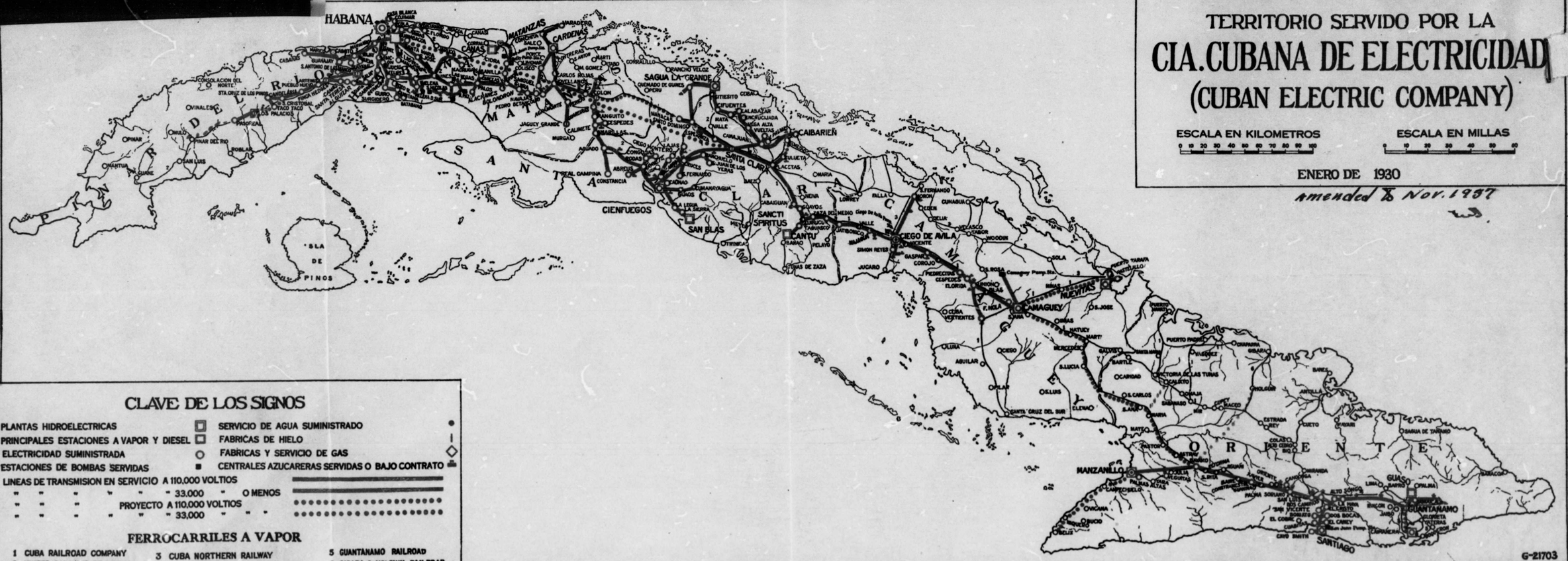
TERRITORIO SERVIDO POR LA
CIA. CUBANA DE ELECTRICIDAD
(CUBAN ELECTRIC COMPANY)

ESCALA EN KILOMETROS 0 10 20 30 40 50 60 70 80 90 100

ESCALA EN MILLAS 0 10 20 30 40 50

ENERO DE 1930

amended to Nov. 1937



CLAVE DE LOS SIGNOS

PLANTAS HIDROELECTRICAS	▣	SERVICIO DE AGUA SUMINISTRADO	●
PRINCIPALES ESTACIONES A VAPOR Y DIESEL	□	FABRICAS DE HIELO	|
ELECTRICIDAD SUMINISTRADA	○	FABRICAS Y SERVICIO DE GAS	◇
ESTACIONES DE BOMBAS SERVIDAS	■	CENTRALES AZUCARERAS SERVIDAS O BAJO CONTRATO	

LINEAS DE TRANSMISION EN SERVICIO A 110,000 VOLTIOS
" " " " " " 33,000 " O MENOS
PROYECTO A 110,000 VOLTIOS
" " " " " " 33,000 " " "

FERROCARRILES A VAPOR

1 CUBA RAILROAD COMPANY
2 UNITED RAILWAYS OF HAVANA
3 CUBA NORTHERN RAILWAY
4 GUANTANAMO & WESTERN RAILROAD
5 GUANTANAMO RAILROAD
6 GIBARA & HOLGUIN RAILROAD

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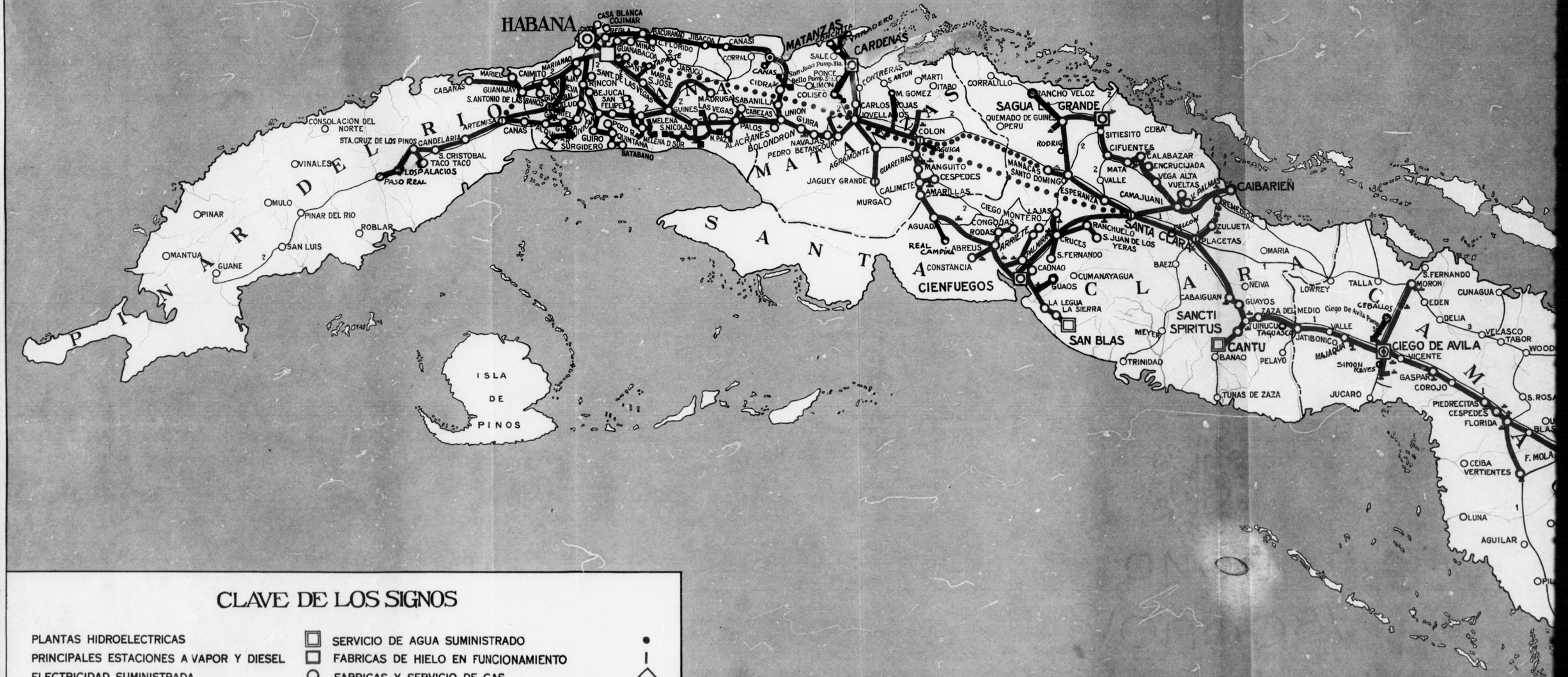
NND 740058
By AMF NARS, Date 05/04/89



CLAVE DE LOS SIGNOS

PLANTAS HIDROELECTRICAS	SERVICIO DE AGUA SUMINISTRADO	●
PRINCIPALES ESTACIONES A VAPOR Y DIESEL	FABRICAS DE HIELO EN FUNCIONAMIENTO	I
ELECTRICIDAD SUMINISTRADA	FABRICAS Y SERVICIO DE GAS	◇
ESTACIONES DE BOMBAS SERVIDAS	CENTRALES AZUCAREROS SERVIDOS O BAJO CONTRATO	

LINEAS DE TRANSMISION EN SERVICIO A 110,000 VOLTIOS
" " " " " " 33,000 " O MENOS
" " " " PROYECTO A 110,000 VOLTIOS
" " " " " " 33,000 " " "
HERSHEY TRANSMISSION (Property Hershey Cuban R.R. Co)

FERROCARRILES A VAPOR

1 CUBA RAILROAD COMPANY
2 UNITED RAILWAYS OF HAVANA
3 CUBA NORTHERN RAILWAY
4 GUANTANAMO & WESTERN RAILROAD
5 GUANTANAMO RAILROAD
6 GIBARA & HOLGUIN RAILROAD

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(Encl. to report no. 5129, 1/22/36, M.A. Cuban.) 1/27/36 O.N.I. ① Sig. Corps ② Engrs. Corps

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NND 740058
By AMF NARS, Date 05/04/89

TERRITORIO SERVIDO POR LA
CIA. CUBANA DE ELECTRICIDAD
(CUBAN ELECTRIC COMPANY)

ESCALA EN KILOMETROS 0 10 20 30 40 50 60 70 80 90 100

ESCALA EN MILLAS 0 10 20 30 40 50 60

ENERO DE 1929 CORRECTED JANUARY 1936



G-21703

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NND 740058
By AMF NARS, Date 05/04/89

G-2 Report

3850-a

OFFICE OF CHIEF OF STAFF
MIL. INTEL. DIV.
NOV 19 1931
WAR DEPARTMENT
RECEIVED G/2 W. D. NOV 18 1931

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CUBA (Political)

Subject: Foreign Interests.

1. While in the past, Cuba's economic ills have usually been attributed to the failure to get a fair return for its sugar in the American market, press comment attacking the American Government's policy has been practically non-existent during the past year. However, during the month of October comment on this subject took a very definite turn against the United States, in which its tariff policy was subjected to a very scathing criticism. While the exact causes of these outbursts are not known, it must be borne in mind that Cuba's sad economic condition has recently been aggravated by the following named factors:

(a) A $6,000,000 reduction in Government expenditures.

(b) President Machado's request that Congress enact legislation increasing existing taxes.

(c) The failure of Senator Viriato Gutierrez to complete negotiations with the New York bankers favorable to the Cuban Government.

2. The declarations on the subject made by Senator Gutierrez to the Associated Press were given wide publicity both here and in the United States. The comments of other persons less qualified to express the views of the Cuban Government are important chiefly because of their volume and persistence. Without exception, they stress the so-called moral duty of the United States to maintain Cuba's economic as well as her political independence, and many allusions have been made as to our alleged inconsistency of policy toward Cuba and the Philippines, inspired by President Hoover's recent announcement that the Philippines would not be granted their political independence until their economic independence had been thoroughly established.

3. An expression of President Machado's views regarding the effects of the United States tariff on the Cuban economic situation was contained in a speech which he made on October 10, 1931, when he received the Organizing Committee of the new National Chamber of Merchants and Industrials, and in which he was quoted as having said: "The economic problem is greater than the political problem and, getting down to figures, it may be affirmed that 80% of our crisis is due to the North American tariff barrier".

4. On November 4, 1931, President Machado issued a public statement in the form of an interview with a representative of the Heraldo de Cuba in which he very firmly asserted that the American tariff was in no way responsible for Cuba's present economic crisis and that any statements to the contrary attributed to him in the past were without foundation. He further stated that not only had the United States not discriminated against Cuba but had at all times showed by its actions a very deep affection for Cuba ever since the time that they aided her in gaining her independence. He then reviewed the many friendly relations between the two countries with special emphasis on those Americans who had, as representatives of the American Government, worked untiringly for Cuba's welfare. Personal tributes were paid to Theodore Roosevelt, General Wood, Elihu Root, General Crowder, ex-President Coolidge, and the present American Ambassador, Harry F. Guggenheim.

From M. A., Havana No.3621 Dated: November 13, 1931

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By AMF NARS, Date 05/04/89

5. Press comment on the President's statement was most favorable and it is believed that it has put to a definite end the unfriendly comment on the tariff policy of the United States which was so prevalent last month.

J. J. O'HARE,
Major, General Staff,
Military Attache.

Source:
Embassy and Press.

From M. A., Havana No. 3621 Dated: November 13, 1931

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By AMF NARS, Date 05/04/89

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G-2 Report

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
MAR 22 1932
WAR DEPARTMENT
RECEIVED G/2 W. D. MAR 21 1932

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CUBA (Economic)

Subject: Animal Industry.

1. The Cuban National Statistical Commission has released figures showing the amount of livestock on the Island as of December 31, 1930.

2. The following table gives these figures compared with December 31, 1929:

	1930	1929
CATTLE		
Bulls	2,039,684	1,965,891
Cows	2,299,135	2,305,990
Total	4,338,819	4,271,881
HORSES		
Males	368,450	367,073
Females	260,662	267,114
Total	629,112	634,187
MULES		
Males	51,114	50,754
Females	38,235	36,135
Total	89,389	86,889
DONKEYS		
Males	1,412	1,497
Females	1,513	1,497
Total	2,925	2,994

3. The eastern provinces of Oriente and Camaguey have the largest number of livestock, their combined totals being greater than those of the remaining four provinces.

J. J. O'Hare,
Major, General Staff,
Military Attache.

Source: Official Documents
and Embassy.

From M. A., Havana No.3713 Date: March 14, 1932.

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WAR DEPARTMENT

2655-9-91

G-2 Report

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CUBA (Economic)

Subject: Animal Industry

RECEIVED G/2 W. D. FEB 18 1936

Census of Important Livestock

1. On June 1, 1935, according to statistics issued by the Cuban Department of Agriculture, the census of principal livestock in Cuba was as follows:

Cattle	4,650,566
Horses	602,081
Mules	67,617
Donkeys	2,698

2. The principal area of production of cattle is in eastern Camaguey Province and western Oriente. This section is covered with nutritious grass highly suitable for cattle and horses. Many large cattle ranches are located within this area, and the large dairies in and around the vicinity of Bayamo, the largest of which is owned by an American. Cattle, however, are raised throughout the entire Island.

3. Most of the horses in Cuba are saddle ponies, but so far as is known, there are no large farms or ranches devoted to the raising of horses or ponies, most of them being raised and owned by the inhabitants of rural districts. The saddle ponies constitute the chief means of transportation not only for these persons, but for the minor farm products and supplies between the farms and small towns, particularly in localities where the roads are not suitable for wagons or motor transportation.

4. Mules are raised largely in Camaguey and Oriente Provinces, and donkeys are raised generally throughout Cuba.

T. N. Gimperling,
Colonel, Infantry,
Military Attache

Source: Embassy files and
Personal Observation.

TNG:vm

From M.A., Havana Report No. 5142 Date: Feb. 11, 1936.

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By AMF NARS, Date 05/04/89

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JUN 22 1932
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MIL. INTEL. DIV.
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WAR DEPARTMENT

G-2 Report

CUBA (Economic)

Subject: Metal Products.

RECEIVED G/2 W. D. JUN 21 1932

1. The following table shows Cuba's exports of metal products for the years 1930 and 1931:

ASPHALT

Country of Destination	1931 Weight (Kilos)	1931 Value	1930 Weight (Kilos)	1930 Value
United States	10,969,921	$181,345	6,564,796	$ 88,457
United Kingdon	2,650,000	5,300	2,692,400	17,225
Germany	23,560	452	4,614	113
Other Countries	970	10	20,718	425
TOTALS	$13,644,451	$187,104	$9,282,528	$106,220

COPPER

United States	$51,857,710	$1,415,311	$61,089,522	$1,931,793
Germany	----	----	43,833	2,050
TOTALS	$51,857,710	$1,415,311	$61,133,405	$1,933,843

IRON

United States	$116,126,438	$ 372,730	$25,001,082	$ 96,260

MANGANESE

United States	$ 6,595,606	$ 41,107	$ 2,040,174	$ 32,357
Germany	---	$ ---	$ 108,080	$ 2,472
TOTALS	$ 6,595,606	$ 41,107	$ 2,148,254	$ 34,829

OTHER METALS
(Principally Chromite)

United States	$ 3,001,982	$ 38,784	$183,858,536	$ 711,931
Other Countries	114	4	44	45
TOTALS	$ 3,002,096	$ 38,788	$183,858,580	$ 711,976

J. J. O'Hare,
Major, General Staff,
Military Attache.

Source: Official Documents.
From M. A., Havana No. 3818 Date: June 15, 1932.

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By AMF NARS, Date 05/04/89

No Objection to Publication in Service Journals.

APR 29 1938
MIL. INTEL. DIV
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WAR DEPARTMENT
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G-2 Report

CUBA (Economic)

Subject: Metal Products.

RECEIVED G/2 W.D. APR 29 1938

Foreign Purchasers of Cast Iron and Scrap Steel.

1. Because Cuba exported 66,000 metric tons of cast iron and 26,000 metric tons of scrap steel in 1937, exceeding the total amount exported during the preceding six years, President Laredo Bru on March 31, 1938, promulgated Decree No. 654, forbidding further exportation of these metals for the next eighteen months. This was done to protect the local foundaries which were running short of the metals.

2. Inasmuch as the last report on this subject from this office covered the year 1934, the following information, secured from Sr. Ruben Ortiz Lamadrid, Chief of the Cuban Foreign Commerce Bureau, is for the years 1935, 1936 and 1937:

Cast Iron and Scrap Steel Exports from Cuba (In Metric Tons).

1935

	Cast Iron	Scrap Steel.
Japan	9,580	4,400
United Kingdom	3,600	1,800
Italy	1,380	1,500
Belgium	1,000	1,000
Total for 1935	15,560 metric tons	8,700 metric tons.

1936

Japan	23,492	6,850
United Kingdom	6,025	2,260
Poland	3,424	
Yugo Slavia	3,000	
United States	1,657	
Belgium	834	
Italy	400	3,800
Total for 1936.	38,832 M.T.	12,910 metric tons

1937

Italy	23,246	3,400
Belgium	11,103	1,030
Poland	12,147	3,454
Japan	10,267	11,492
United Kingdom	4,009	6,005
Spain	3,123	
Holland	1,105	
United States	1,000	1,057
Total for 1937.	66,000	26,438

E. W. Timberlake,
Major, GS., CAC.,
Military Attache.

Source: Official Documents and Consular Records.

EWT:vm
From M.A., Havana No. 5569 Date: April 23,1938

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By AMF NARS, Date 05/04/89

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G-2 Report

OFFICE OF THE CHIEF OF STAFF
MIL. INTEL. DIV.
JUN 28 1932
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WAR DEPARTMENT
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CUBA (Economic)

Subject: Food.

RECEIVED G/2 W. D. JUN 27 1932

1. **Rice:**

During 1931, Cuba produced 12,000 tons of rice, a marked increase over previous years. However, that the Island is far from being self-sustaining in this important factor of the Cuban diet is indicated by the following import figures for the years 1929, 1930 and 1931:

	1929		1930		1931	
	Amount (in Kilos)	Value	Amount (in Kilos)	Value	Amount (in Kilos)	Value
Cleaned Rice	200,180,211	$14,299,741	193,172,077	$13,622,581	142,506,990	$6,808,654
Rough Rice	8,058,878	443,095	12,493,144	715,135	18,497,974	729,518
TOTAL	208,239,089	$14,742,836	205,665,221	$14,337,716	161,004,964	$7,538,172

2. **Beans:**

Beans, next to rice, is the most important of Cuban foods. While the local production is steadily increasing, it will be many years before enough will be produced for Cuba's consumption. The following table shows importation of this product for the years 1930 and 1931:

	1930		1931	
	Wt.(in Kilos)	Value	Wt.(in Kilos)	Value
Black Beans	472,842	$ 57,556	13,306	$ 913
Red Beans	8,528,313	903,477	4,930,870	288,376
White Beans	1,199,192	98,269	5,795,989	304,219
Other Beans	11,900,768	1,230,340	2,834,235	188,896
TOTAL	22,101,115	2,289,642	13,574,400	$782,404

3. **Coffee:**

Cuba continues to devote more soil each year to the growth of coffee. Nevertheless, it is still necessary to import this necessity in great quantities. The following table gives the coffee importation for the years 1929, 1930 and 1931:

1929		1930		1931	
Wt.(in Kilos)	Value	Wt.(in Kilos)	Value	Wt.(in Kilos)	Value
8,398,788	$3,556,116	5,526,616	$1,734,387	842,952	$298,299

4. **Potatoes:**

Despite the fact that Cuba has two annual crops of potatoes, and the acreage for this necessity in constantly increasing, potatoes, principally of the seeded variety, have been imported in the following amounts

From M. A., Havana No. 3830 Date: June 23, 1932

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By AMF NARS, Date 05/04/89

during the past three years:

1929		1930		1931	
Wt. (in Kilos)	Value	Wt. (in Kilos)	Value	Wt.(in Kilos)	Value
93,789,329	$3,591,453	65,128,589	$2,693,243	31,273,741	$850,146

J. J. O'Hare,
Major, General Staff,
Military Attache.

Source: Official Documents
and Personal Contacts.

From M. A., Havana No. 3830 Date: June 23, 1932

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By AMF NARS, Date 05/04/89

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OFFICE OF CHIEF OF STAFF
MIL. INTEL. DIV.
WAR DEPARTMENT

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G-2 Report 2050

CUBA (Social)
Subject: Immigration and Emigration

RECEIVED G/2 W.D. DEC 1 1933

1. In an effort to help the native Cuban laborers, the Government has ordered the deportation of all unemployed foreign laborers. This deportation is being carried out at present and affects mostly Haitians and Jamaicans. Following is a report concerning this measure, made by the American Consul at Santiago de Cuba, to the Embassy, dated November 23, which may be of interest:

2. Adverse comment on the deportation of Haitians continues in Santiago de Cuba and in the interior on account of the arbitrary and hasty procedure adopted. The question of solvency of the Haitians was disregarded and many were taken by force from their families and without being given an opportunity to settle their affairs. They say they were not given the two dollars, that is, the amount to be given each deportee as per orders given by the Cuban Government. Their Cuban money could be exchanged at Santiago only at usurious rates. On a single ship there were embarked over one thousand Haitians. The ship lacked adequate life-saving equipment, and no provision was made for food. Yet the Haitian Consul at Santiago interposed no strong objection but cleared the vessel and stated to the U. S. Consul that 95 per cent of the deportees were satisfied to leave Cuba. The French Consul at Santiago, as dean of the consular corps, severely criticized the procedure in an interview with a reporter printed in a newspaper of Santiago of November 23.

3. Jamaicans are being returned to their native land by the British Government. It is reported, that in view of the treatment accorded to the Haitians at Santiago de Cuba, the British representative there has taken charge of the repatriation of the Jamaicans.

Source: Consular report from Santiago de Cuba and Press

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

TNG/aem

M. A. Cuba Report No. 4342 November 25, 1933

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

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for subsequent entries see
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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.
WAR DEPARTMENT

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G-2 Report

Subject: CUBA (Economic)
Mineral Products
(a) Petroleum

RECEIVED G/2 W. D. DEC 15 1933

1. The only company producing petroleum in Cuba in commercial quantities is the UNION OIL COMPANY. It has nine wells in production from which it pumps about 20,000 gallons per month.

2. No developments of importance are expected in the near future.

Source: Report of U. S. Consulate at Havana to Commerce Dept.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

aem

M. A. Cuba Report No. 4364 December 9, 1933

DECLASSIFIED
NND 740058
By AMF NARS, Date 05/04/89

~~CONFIDENTIAL~~ WDJ 5/27/38

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G-2 Report

4120-a

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2655-B-85

CUBA (Economic)

Subject: Mineral Products.
(a) Petroleum.

JUN 8 1938 WAR DEPARTMENT
RECEIVED G/2 W. D. JUN 3 1938

1. After some five years of intensive effort and careful preparation by American and British oil companies, ably seconded by the diplomatic missions of these countries, the Cuban Government, on May 10, 1938, promulgated a petroleum law, under which suitable guarantees for operating companies were effected. This law was on the verge of passage in March of the present year, but due to the active subversive activities of Sr. Reyes Spindola, Mexican Charge d'Affaires, final passage was not secured until May 10th.

2. A quarter of a century ago, the oil possibilities of Cuba were regarded as extremely remote. In recent years more scientific geological studies have been made and a few wells have been put down. As a result, the situation has steadily appeared more hopeful. In the last ten years, when the leading American companies in Mexico recognized the trend of events in that country, they intensified exploratory work in Cuba, and became convinced in 1933 that Cuba was highly petroliferous and one of the best potential oil possibilities in Latin America. The Atlantic Refining Company has been particularly active in this work, having spent over one and a half million dollars, followed closely by the Shell-Mex Oil Company with an expenditure of over a million dollars. However, in 1933, the oil companies realized that the Cuban oil law then prevailing offered no guarantees at all for the producer, as it permitted the Cuban Government to assess such taxes as it saw fit. Consequently, having learned wisdom at the Mexican school, the oil companies suspended operations, camouflaged as best they could their activities, and set about securing an oil law under which they could operate commercially in Cuba.

3. With the passage of the law of May 10, 1938, the oil companies secured the guarantees they desired, and they intend to begin operations for opening up the oil possibilities of Cuba early in June of this year.

4. There are at present some 400 oil concessions held by the above mentioned companies, which cover a surface of approximately 600,000 hectares (a hectare is the standard surface unit in mining and is a hundred meter square about the size of a city block). Of this total, the Atlantic Refining Company holds approximately 380,000 hectares, the Shell-Mex approximately 200,000 hectares and the Sinclair Oil Company approximately 20,000 hectares. In the past a number of wells have been drilled in Cuba, principally in Taco-Taco, Province of Pinar del Rio; Madruga, Province of Habana; San Jose de las Lajas, Province of Habana; Managua, Province of Havana; Loma Candela, Province of Habana. Official files indicate that from 1916 to 1936, these wells produced six and a quarter million gallons. The naphtha wells of the Motembo (Province of Santa Clara) district are at present producing close to 150,000 gallons per month. From this, and the seismographic explorations of the oil companies, there would seem to be sound basis for the belief that Cuba will become a producer of petroleum in commercial quantities.

5. CONFIDENTIAL: Mr. Charles H. Ford, Superintendent of the Atlantic Refining Company in Cuba, informed the undersigned recently that his company would begin operations with three drilling outfits in July, 1938, and would eventually have from 2000 to 3000 men engaged in this work. Their equipment will permit them to drill to a depth of 8,000 feet, if necessary. Initial operations of the Atlantic Refining Company will be in the vicinity of the town of Guanajay, Province of Havana, just south of the Central Highway, where 72 core holes have been driven, and every prospect of oil being struck prevails. Their next region of probability is five miles south of the town of Colon, Province of Matanzas. Their third region of

From M.A., Havana Report No.5579 Date: May 27, 1938.

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probability is in the vicinity of Caibarien, Province of Santa Clara, and the shallow water immediately north thereof. Their fourth region of probability is in the vicinity of Cunagua, Province of Camaguey. The fifth region is near the town of Mariel, Province of Pinar del Rio, and their sixth region of probability is near the town of Cienfuegos, Province of Santa Clara. The Shell-Mex holdings are limited to the Provinces of Havana and Matanzas, with its most probably prolific area in the vicinity of Lake Ariguanabo. (See map attached hereto for important exploratory and development areas).

6. Before analyzing the present Cuban oil law, it is necessary to realize that the legal mining system in Cuba is entirely different from that which prevails in the United States. In the north, the owner of the surface of the land is also the owner of such minerals as may exist in the sub-soil, with certain exceptions, which are not important. Therefore, in the united States, owners of the land can freely contract with the miner and, in so doing, he agrees upon the payment of royalties and fixes the extent of the exploratory work, etc. The U.S. Government has a certain technical control over production. The only fiscal benefit which the Government receives is through the collection of consumption taxes, income taxes, etc. On the other hand, in Cuba, as in most Latin-American countries, the owner of the surface has no right whatever, as such owner, to the minerals which may exist in his sub-soil. These belong to the State, which may grant concessions to whomever applies for them. The concession, once it is granted, constitutes a form of property which is entirely different from the land to which it refers - a property which is recordable in the Property Register and subject to mortgage, sale, lease, etc, as any other real property. Therefore, when the State grants a mining concession, it is in a position to designate the conditions which will govern the exploitation of the mineral. Obviously, these conditions vitally affect the very life of the industry.

7. The Cuban Petroleum Law of May 10, 1938 contains provisions on four fundamental points: Taxation; Rights of the Concessionaire; Drilling obligations; National Reserves.

Regarding the taxes, the Law provides that all the Cuban taxes of a general character will be applicable to the oil industry. In addition, it will provide for a royalty of ten per cent, payable to the State, on the value of the oil at the mouth of the well, and for a progressive surface tax, which reaches 40 cents per hectare in the final years of the concession.

Among the Concessionaire's rights will be facilities for the extraction, transportation and exportation of the product, including the right to establish pipe lines. He will also have the right to expropriate surface lands for these purposes. The term of the concession (and therefore these rights) will be limited to 30 years, and this represents a fundamental change in the existing mining law, because at present, mining concessions are perpetual.

Regarding Drilling Obligations, the new Cuban Law is the first of its kind in the world which directly imposes such a condition. The great majority of the petroleum laws of other countries go no further than to impose taxes which are designed to stimulate drilling and exploration work. Under the Cuban law, the drilling obligation will depend on the size of the concession, or group of concessions. On the small concessions of less than 1,000 hectares, the concessionaire will be obligated to drill one well each 15 years. The drilling obligation increases, on a scale, depending upon the size of the area held under claim, until it reaches one well each five years for each area of 24,000 hectares in the big concessions. If the concessionaire does not comply with these obligations, the concession lapses, and he loses all his rights.

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Regarding State Reserves, the Cuban Law also goes much further than any other modern petroleum law. In addition to the usual system of providing for State Reserves in free lands, the law will establish a State Reserve equivalent to one-eighth of every concession which is surveyed, including those already in existence.

8. It is the opinion of the Military Attache that this law is of great importance in the economic development of Cuba, and if oil is found in commercial quantities, Cuba's economy will be completely revitalized. It is noteworthy that the passage of this petroleum law was secured without any bribes or monetary considerations to the Cuban Legislators, although various impecunious members made frequent requests on the oil companies.

9. Attached hereto is translation and analysis of the Law, which appeared in the Official Gazette of May 10, 1938.

E. W. Timberlake,
Major, GS., CAC.,
Military Attache.

Source: Official Gazette and
Personal Contacts.

Incl. translation and map.

EWT:vm

From M.A., Havana Report No. 5579 Date: May 27, 1938.

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TRANSLATION AND ANALYSIS OF THE PETROLEUM LAW, WHICH APPEARED IN OFFICIAL GAZETTE OF MAY 10, 1938.

1. Specifically included in the law are: petroleum, naptha, natural kerosene, hydrocarbon gas, helium, asphalt, resin, coal. All deposits of these minerals in Cuba will be considered the Government's property. However, the Government could grant concessions for their development in accordance with the Law's provisions.

2. Concessions will not entail ownership of the deposits, but only the right to explore and develop them for a specified period of time in accordance with the provisions of the law. Concessions will be granted to Cuban individuals or entities; also to foreign individuals or entities legally established in Cuba who are in a position to undertake the obligations entailed. Concessions will not be granted to foreign governments or agencies. The area of the concessions will comprise surface units of 40,000 square meters each, which will be denominated "pertenencias." Each concession will contain at least four "pertenencias." Concessions for exploration shall not cover more than 8,000 "pertenencias." Development concessions shall not cover more than 2000 "pertenencias," except in case of rights acquired prior to promulgation of this law. No one may hold concessions, direct or cumulative, covering a total area of more than 75,000 "pertenencias." Every concessionaire will have the right to request, at any time, reduction in the area of his concession.

3. The Government will establish "national combustible mineral reserves" in the following manner:- From each combustible mineral basin will be segregated one or more parcels of land not affected by concessions. When granting a development concession there will be segregated, upon agreement with the concessionaire, one-eighth of the area affected by the concession. The same provision will apply to concessions already granted, except when the area covered does not exceed 100 hectares. Also excepted will be concessions covering up to 200 hectares which have been actually developed for commercial production. During a period of ten years after promulgation of this measure the "national combustible mineral reserves" will not be developed. At the expiration of that period if the Government resolves to develop the "reserves," the development concessions will be granted to Cuban companies ("sociedades nacionales") upon public bidding, unless the Government should resolve that it would undertake the development. If the concession is granted to private enterprises, they will be subject to all taxes established in the law. Concessions for exploration will be valid for three years only. Those obtaining the concessions will be required to pay an annual surface tax of 15 cents for every hectare covered by the concession. During the three year period, only the holder of the exploration concession will have the right to request a concession for development of the area under exploration.

4. Concessions for development of combustible mineral deposits granted after promulgation of this law, and those which come under its provisions, will be subject to the following conditions: The concession will be valid for 30 years; in the case of concessions already granted the 30-year period will be counted from the date upon which the deed covering the concession is modified in accordance with this law. At the expiration of the 30-year period the concession will lapse, the concessionaire will lose all rights and the government will become owner of all buildings, wells, warehouses, tanks, etc., constructed by the concessionaire for development of the deposit. The concessionaire will receive no indemnification.

5. Development concessionaires will be required to pay an annual tax based on the area covered by the concession. During the first ten years from July 1, 1938 (in the case of concessions already granted) or from date of concessions to new holders, the annual tax will amount to $5.00 per hectare; during the succeeding ten years the annual tax will be $10.00 per hectare; and during the last ten years (thus completing the 30-year period) the annual tax will be $15.00 per hectare. In the case of perpetual concessions granted before promulgation of this law, the annual tax will be increased to $20.00 per hectare after expiration of the 30-year period mentioned above.

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6. The annual taxes described in the preceding paragraph will be reduced to 10 cents per hectare for the first ten years; 20 cents for the next ten years and 40 cents per hectare for the last ten years of the 30-year period (instead of $5.00, $10.00, and $15.00), if the concessionaires agree to certain provisions of the law (among them limitation of the concessions to 30 years and segregation of one-eighth of the total area of the concession for the "national combustible mineral reserves").

7. Holders of concessions for development of petroleum deposits will be required to pay to the Government a royalty of 10 percent of the gross output of each well. If the oil is destined for refining in a refinery located in Cuba, the royalty will be reduced to 9 percent.

8. Holders of concessions for development of naphtha deposits will be required to pay to the Government a royalty of 5 percent of the gross output. This royalty will be increased to 10 percent as soon as the total naphtha production in Cuba exceeds 2,500,000 gallons a year, or as soon as an oil well with a production of more than 122 barrels a day isdeveloped.

9. Holders of concessions for development of combustible mineral deposits will be required to pay a royalty of 10 percent upon all natural gas, or natural gasoline extracted from the deposit.

10. Holders of concessions for development of petroleum and naphtha deposits who do not own the land from which the product is being obtained will pay to the land owner a royalty of 1 percent of the gross output. This payment will be in addition to the rent agreed upon the land.

11. Holders of concessions for development of deposits of other combustible minerals will be exempted from payment of royalties.

12. A tax of 1½% will be exacted upon exportation of combustible minerals in natural state; exempted from this export tax will be naphtha, petroleum and products obtained from refining oil. If a petroleum, naphtha or natural gas well is covered by insurance of any class, the government will receive 10% of any indemnification paid in case of damage. The Government will inspect the development of combustible mineral deposits throughout the Island, both in order to prevent their premature exhaustion and to obtain data concerning production cost, amount of production, transportation cost and sales price of the product. Those who obtain development concessions will be compelled to actually develop the area included in the concession, otherwise the concession will be cancelled. Drilling obligations will be established, depending on the size of the concession. The drilling obligations will be on a scale, based on the size of the area held under concession. The Government will be authorized to grant concessions for installation of oil pipe lines. Oil refineries established, or which may be established in Cuba, will be subject to the following regulations: (1) Observation of hygiene, safety and police regulations. (2) The refinery must be located so that in case of fire there shall be no danger to cities or towns. (3) They must refine Government oil when requested. The price for this service should never exceed cost of operation plus a reasonable industrial profit.(4) Production, transportation and exportation of oil and other combustible minerals may not be burdened, directly or indirectly, by the Government through specific taxes, except those of a general character. (5) All concessionaires will pay the existing general taxes and those which may be established. However, the specific taxes established by this measure will be understood to be consolidated, wherefore concessionaires will not be required to pay at any time amounts larger than those specified in the concessions.

13. Concessions granted under this measure or adapted to its provisions may not be anmulled or limited except in accordance with this measure's provisions.

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Holders of concessions for development of petroleum, naphtha or natural gas deposits, or for installation of oil pipe lines, will be authorized to import, free of duty, all machinery, equipment, etc. necessary for the concession. Infractions of this measure or its regulations, whether or not they entail annulment of the concession, will be penalized with fines ranging from $50.00 to $5000.00. Those who obtain concessions will be required to comply with all existing labor legislation affecting the personnel employed. However, in each drilling group, positions considered technical will be: one foreman, one derrickman, one floorman, one driller and one circulating fluid and core expert. This technical personnel will be exempted from the 50 percent labor law for a period of ten years from date of initiation of drilling operations. However, the concessionaire will be required to employ a sufficient number of Cuban apprentices who will be qualified to replace all technicians at expiration of the ten-year period, excepting foreman and driller, both of whom will be exempted during the term of the concession.

14..Other technical positions (those designated with specific names in the oil industry) will be exempted for a period of ten years, provided the corresponding application is presented at the Labor Department. At the expiration of that period such technical positions must be filled with Cubans whenever possible, but the concessionaire will be permitted to retain sufficient foreign technicians to represent not more than 15 percent of the total personnel employed.

15. All laws, decree-laws, regulations, etc., are annulled, whereso ever they oppose compliance with this law. In accordance with article XIII and XIV of the existing Constitution, this law will be given retroactive effect when necessary for its strict compliance. Within a period of six months, the President of Cuba shall promulgate regulations for proper application of this law. In the meantime, all existing legal provisions which do not oppose compliance with the law will be considered in effect as supplemental legislation. This law become effective upon publication in the Official Gazette of May 10, 1938.

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Enclosure to report No.5579
May 27, 1938.
Havana, Cuba.

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G-2 Report

CUBA (Economic)
Subject: Mineral Products
(c) Metal Products

RECEIVED G/2 W. D. DEC 15 1933

1. The following is a digest of a report on CUBA'S MINING INDUSTRY covering the first ten months of 1933, that was submitted to the Department of Commerce by the U. S. Consulate at Havana on November 28, 1933.

2. MANGANESE. The CUBAN MINING COMPANY, operating manganese properties at Cristo in Oriente Province, has produced so far in 1933 -until August 8 when its mines were shut down- 27,200 metric tons of manganese ore concentrates. Its potential production under favorable conditions is 72,000 metric tons per year. When the mines were closed on August 8, the company was endeavoring to fill an order of an American concern for 10,000 tons, but was unable to do so, and the order was cancelled in Cuba and placed in Russia.

3. The COMPANIA DE MANGANESO DE VILLACLARA S. A. which operates manganese mines near Rodriguez in Santa Clara Province, was also compelled to suspend work, due to labor difficulties arising as an aftermath of the revolution. The output of this company is very small. It amounted during the last four months to only two carloads.

4. IRON ORE. The BETHLEHEM CUBA IRON MINES COMPANY, operating iron ore properties at Daiquiri in Oriente Province, was forced to suspend work September 9, 1933, as a result of the nation wide strike that penetrated that province early in August. Production up to September 1933 amounted to 16,000 metric tons per month. It is not likely that it will be possible to resume work at these mines during the present year.

5. CHROME ORE. The same Bethlehem Cuba Iron Mines Company owns chrome mines at Cromo in Camaguey Province which it ceased working September 6, 1933, due to labor troubles. Its production of chrome ore had averaged 2,500 metric tons per month. It does not look as if this mine will be reopened in the near future. The company has declared it can not pay the wages the miners demand.

6. COPPER. The chief copper producing mines in Cuba are the MINAS DE MATAHAMBRE at Matahambre in the province of Pinar del Rio. As per statements made by officials of this company, its activities have not suffered by the recent occurrences in other parts of the island, and they expect to maintain production and shipments at usual levels. The cost of production will be about 20% higher than heretofore, that is, figuring in dollars that have devaluated themselves,

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compared with gold, about 35% since March 1933; but this increase of cost, due to higher wages, is more than compensated by higher copper prices.

7. All copper ores and concentrates are being shipped to the U. S. Following are some comparative figures of shipments of copper ores and concentrates to the U. S.:

First seven months of:	Pounds	Value
1930	8,352,587	$770,508
1931	12,418,096	944,455
1932	5,576,767	357,216
1933	12,695,338	690,169

A large increase in exports for the year 1933 over 1932 may be expected, though the value will be much below that of the figures for 1927 when Cuba exported $3,695,823 worth of copper ore to the United States.

8. Exports of all minerals, but not including asphalt, amounted to
119,372 metric tons during the first semester of 1933 against
68,290 " " " " " " 1932.
The valuation was $639,992 and $304,618 respectively. Practically all of it was shipped to the United States, that is, 119,371 and 68,288 metric tons respectively.

Source: Report of U. S. Consulate at Havana to Commerce Dept.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

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G-2 Report

Subject: CUBA (Economic)
Mineral Products
(d) Non-metallic Products

RECEIVED G/2 W. D. DEC 15 1933

ASPHALT

1. The production of ASPHALT in Cuba is very small. The main producer is the CUBA ORES COMPANY S. A., operating not far from Havana. It produces asphalt from gilsonite. It is reported that its production in 1933, in spite of unfavorable economic and political conditions, will amount to about 5,000 metric tons against 1,000 tons in 1932.

2. Other plants of less importance expect their production for the year 1933 to hold up well with the figures for previous years.

3. Exports of asphalt during the first six months 1933 amounted to 3,626 metric tons valued at $67,274, against 1,889 metric tons for the same period of 1932, valued at $32,409. Practically all of it went to the United States, that is, 3,520 and 1,867 metric tons respectively.

Source: Report of U. S. Consulate at Havana to Commerce Dept.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

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M. A. Cuba Report No. 4366 December 9, 1933

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No Objection to Publication in Service Journals.

JAN 16 1935
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G-2 Report

2140-c

CUBA (Social)

Subject: Important Social Questions and Movements.

RECEIVED G/2 W. D. JAN 15 1935

Aliens' Registration Bureau to be Reorganized.

1. Decree-Law No. 778, published in the Official Gazette of December 31, 1934, sets forth the provisions for the reorganization of the Aliens' Registration Bureau. The important articles of the Decree-Law are as follows:

1. All foreigners residing in Cuba and those who enter Cuba after publication of this law are required to register. Exceptions are:

(a) Representatives of foreign nations and their families.

(b) Passengers in transit or tourists.

(c) Children under 16 under protection of parents or guardians.

2. The inscription, in addition to the information exacted in Article 8 of the Aliens' Law, shall include the following details: Height (in centimeters); color of skin; color and class of hair; color of eyes; special marks and defects; finger prints; a full face photograph (1/7 of the original); and signature of the applicant, or proof of inability to write, in which case the application shall be signed with a cross.

3. Four full face photographs, as well as identification documents, must accompany the application. If documents are lacking, the statements must be attested by two acceptable witnesses.

4. Applications for registration must be made with a sworn statement in triplicate on official printed forms. The applicant's finger prints shall appear on the original and his signature on the original and copies, together with the required data.

5. Aliens residing in Havana may present their applications directly at the Main Office of the Registry, located in the Department of the Interior, or in the Police Stations to be designated. Aliens residing throughout Cuba shall present their applications to the corresponding municipal authorities. A receipt will be issued to the applicant.

6. Registration of aliens shall be gratis and will be required once only. However, a postal money order, or certified check for $1.45 (payable to the order of the Secretary of Interior) to cover the value of tax stamps and fees upon the registration carnet must accompany the application. These carnets will be valid for one year from the date of application and are obligatory.

From M.A., Havana No. 4859 January 10,1935.

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By AMF NARS, Date 05/04/89

7. Unemployed resident aliens are obliged also to register even when unable to pay for tax stamps and fees. If able to prove that they are indigents (through certificate from the corresponding mayor, chief of police station or local rural guard), a provisional registration certificate valid for six months will be issued without charge. These certificates must be renewed at their expiration for a further period of six months. If, at the expiration of this second period, the condition of the unemployed alien has not changed sufficiently to permit him to pay tax stamps and fees, he may be expelled from Cuba in accordance with corresponding regulations.

8. Regular carnets must be renewed annually, within a period of thirty working days after their expiration. The application for renewal may be made by the applicant directly in the designated places, accompanying his application with a certified check or money order for $1.45 in payment of tax stamps and fees; or by registered mail addressed to the Main Office of the Aliens' Registration Bureau with check or money order and the original registration certificate enclosed. At the expiration of the fifth renewal, the applicant must also include a new photograph (full face, 1/7 of the original) to be affixed to the renewal for that year.

9. Registered foreigners, holding registration certificates or carnets, shall be entitled to secure from the Registry a certificate of residence in Cuba. If the Registry's records do not show that the applicant has resided in Cuba during two years at least, the alien may prove it upon his sworn statement and that of two acceptable witnesses, or through certificate issued by the Immigration Department, stating the date of his arrival and name of the ship. The applicant must include 20¢ in tax stamps to be affixed to the certificate of residence. Aliens holding these residence certificates may be absent from Cuba for a period of two years without losing their status of residents, if proper notice is given to the Immigration Department. Registration certificates and yearly renewals will be sent by registered mail to the applicants at the address given.

10. Registration in the Aliens' Registry may be attested only by means of the registration certificate and renewals. These certificates must be presented by the alien whenever requested by the authorities or their agents and will identify the holder in any governmental department. Every foreigner calling at governmental offices will be required to present his certificate in order to identify himself. This rule will be observed also in private offices when those in charge of the offices are appointed by the Government.

11. Authorities or their agents shall advise the Aliens' Registry of any foreigner who they know is not registered. Any proprietor, manager or any employer in charge of work or labor of any class, who does not exact registration of all aliens under his orders will incur a fine of between $5.00 and $20.00. Fines of $3.00 each will be imposed for infractions of any of the provisions in this measure, either by those who should register or renew their registration certificates, or by authorities in charge of compliance with this decree.

From M.A., Havana No. 4859 January 10, 1935.

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General and Provisional Regulations.

Foreign residents not registered at the present time, or those who have not renewed their registration certificates, must register or renew within thirty days after promulgation of this measure, paying, in either case, $1.45 a year.

Registration certificates (carnets) issued to foreign residents who were registered in accordance with Presidential Decree #3091 of December 1, 1933 (last registration ordered) will be valid until their expiration.

Aliens arriving in Cuba after promulgation of this measure, with the purpose of residing here, shall file application for registration within ten days after arrival, accompanying their application with their passports or other identification documents. Lacking these documents, a statement made by two acceptable witnesses must be submitted before the corresponding Consul.

Aliens entering Cuba as tourists or passengers in transit will lose their status as such and shall be considered as intending to reside in Cuba if they remain for more than three months.

Article V. of the existing Aliens' Law is modified to read:
"Any alien who does not register in the Aliens' Registry within 90 days after his arrival in Cuba will be considered an immigrant."

The Isle of Pines is designated as the place where immigrants must reside, in accordance with Article 21 of the Aliens' Law. Registered foreign residents who have left the country temporarily and voluntarily shall renew their registration certificates within a period of 30 days after their return, provided they present certificates of absence issued by the Immigration Department as previously provided. In case of loss, a duplicate of the registration certificate will be issued by the Registry Department at the request of the interested alien upon payment of $1.45 for fees and stamps. A new photograph would be required.

This new measure further provides that aliens shall be required to present their registration certificates in identification before they may be given accommodations in hotels, boarding houses, inns, etc., and before consummating any negotiations in pawn-shops, where the number and date of the carnet must be recorded.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

Source: Official Documents.
TNG:vm

From M.A., Havana No.4859 January 10, 1935.

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No Objection to Publication in Service Journals.

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WAR DEPARTMENT
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G-2 Report

CUBA (Population and Social)

Subject: Immigration and Emigration.

Trend of Migratory Movements in Cuba.

RECEIVED G/2 W. D. JAN 23 1935

1. Attached hereto are four copies typed in this office of a study entitled "Trend of Migratory Movements in Cuba", prepared by Mr. C. R. Cameron, American Consul-General of Havana, assisted by several members of his staff. Mr. Cameron furnished the Embassy with one copy, retaining one copy in his office.

2. This study has involved a very considerable amount of historical research as will be noted by the bibliography referred to on pages 19 to 22, inclusive. Mr. Cameron very kindly permitted me to make copies of this study for the purpose of forwarding them to the War Department.

T. N. Gimperling,
Lieut. Colonel, Infantry,
Military Attache.

TNG:vm

From M.A., Havana No. 4864 January 18, 1935.

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By AMF NARS, Date 05/04/89

JAN 21 1935
WAR DEPARTMENT
MIL. INTEL. DIV.
OFFICE CHIEF OF STAFF

4-3 2655-J-99

TREND OF MIGRATORY MOVEMENTS IN CUBA.

FROM:

C. R. Cameron,
American Consul General.

Havana, Cuba.
September 29, 1934.

Submitted by the
Military Attache,
Havana, Cuba.

January 18, 1935.

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By AMF NARS, Date 05/04/89

INTRODUCTION

When discovered by Columbus on his first voyage in 1492, Cuba was estimated to have a population of 200,000 or 300,000 Indians, but they soon died out and left little trace except place names and names of some common objects. Spanish immigration was slight at first, but refugees from Jamaica, Florida and elsewhere increased the Spanish population. At the same time, the importation of negro slaves grew rapidly with the development of the Cuban sugar and tobacco plantations, so that, as shown by official censuses, between 1817 and 1841 the blacks outnumbered the whites, the latter then slowly gaining the ascendancy. In view of the restrictions on the slave trade, Cuban planters between 1847 and 1873 imported indentured Chinese and there has been some recent Chinese immigration, but the Chinese have had little real influence on Cuba. The Census of 1899, taken just prior to the establishment of the Republic, showed a population of 1,572,797, of which 32.1 per cent were colored; 63.9 were unable to read or write, only 11 per cent being foreign-born.

The prosperity of the Republic attracted immigrants from every country of the world and from 1902-03 to 1933, 1,283,792 immigrants entered Cuba, of which 60.497 per cent were Spanish and 24.234 per cent were Jamaican and Haitian, practically all negroes. American immigration during this period was not large (35,269, only about one-fifth remaining), but extraordinarily important, as almost one and one-half billions of dollars were invested here by the United States. Moreover, the expenditures of American tourists and excursionists were a notable factor in Cuban economy, representing, in 1932, a national income second only to the sugar crop.

Cuban immigration laws, originating with the first American military occupation, still resemble United States laws in force at that time, although on account of the need for plantation laborers the restrictions on Chinese and contract laborers were relaxed from 1917 to 1920. Recent economic and political difficulties, coupled with labor legislation requiring 50 per cent of all persons employed in any concern to be native-born Cubans, has caused the departure of many recently arrived immigrants.

When the United States imposed a quota upon immigration in 1921, with quota privileges granted to alien residents in neighboring countries including Cuba, the latter, because of its convenient proximity, attracted a heavy immigration of persons desiring eventually to migrate to the United States, especially from Eastern European countries. Such immigration into Cuba has languished, but the residue still remains and constitutes a floating population living usually a parasitic life as peddlers, touts, newsboys, bootblacks, etc. The strict application of the legal provisions regarding immigrant applicants likely to become a public charge has reduced the number of visas granted since 1930, while on the other hand, recent changes in law and policy have operated to increase somewhat the visas granted to relatives.

Up to this time, it is believed that the Cuban-born immigrants to the United States have proven to be, in general, sober, industrious, and to constitute an element of value. As regards the alien residents in Cuba, however, it has been a constant struggle to withstand the pressure of friends and relatives in the United States, and to maintain the moral, physical and economic standards which should characterize an acceptable immigrant.

(END OF INTRODUCTION)

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PART I - CUBAN INDIANS

First Spanish Settlements

Columbus reached the north coast of Cuba on his first voyage in 1492, and in 1511 Diego Velasquez led from Santo Domingo an expedition of 300 Spaniards for the conquest of the Island. In 1512, Baracoa, the first Spanish colony on the Island, was founded near the eastern extremity, and other colonies were soon established, for the most part along the southern coast. The capital of Cuba was first at Baracoa, later at Santiago de Cuba, and was finally fixed at Habana in 1552 (1).

Municipalities

These first settlements were roughly organized municipalities, the Alcalde (Mayor) being sometimes appointed by the Adelantado (Governor of Cuba), later called Capitan General (Captain General). The Church was, of course, prominent in the governmental organizations, receiving its tithe in taxes and endeavoring to convert the Indians. The famous Bartolomo de las Casas, the "Protector of the Indians", began his work in Cuba in 1512 (2).

Aboriginals

The population of Cuba, when discovered by Columbus, was estimated at from 200,000 to one million, the figure favored in the Diccionario, (Article POPLACION) by Pezuela, one of the principal authorities on Cuban history, being 200,000 or 300,000. The Cuban Indians, called Tainas (accent on the "i") or Siboneys (accent on the last syllable), appear to have been especially friendly and gentle, being organized under a considerable number of chiefs, living in villages, using gold ornaments and cotton garments, and cultivating various varieties of fruit, cotton, and indigo, besides corn, potatoes, yuca, yams, tobacco, etc. The Indians were early divided by the Spaniards into fiefs called encomiendas (or repartimientos), making the Indians practically slaves, and they rapidly died out, due to the wars of conquest, oppression, disease, and self-destruction caused by desperation (3).

Indian Slavery Abolished

Indian slavery was abolished by Royal Decree in 1542 (4) but the law was evaded and in any case the number of Indians had decreased greatly. The effective abolition in the Spanish colonies of the encomiendas, and the practical Indian slavery which they represented, apparently occurred only during the reign of Charles III, i.e., between 1759 and 1788, and by that date the Indians of Cuba had practically disappeared (5). During the early days the Spaniards occasionally sent out expeditions to hunt for Indians, some such expeditions being directed against Yucatan (6). As late as 1854, at the same time that experiments were made in importing indentured Chinese to Cuba, 2,000 Yucatan Indians were brought to the Island under a Royal Decree (7).

(1) Historia De Cuba, pp. 81-83.
(2) Census, 1899, pp. 65-66
(3) Census, 1899 p. 66 (4) Census, 1899, p. 67.
(5) History of Cuba, p.3 (6) Census, 1899
(7) The Crime of Cuba, p. 26.

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Disappearance of Indians

In Cuba, as elsewhere in the New World, few Spanish women accompanied the conquistadores, and there was some miscegenation with Indian women (5). Some Indians are reported still to exist in the mountains of Oriente Province. Moreover, Indian features are still said to be recognizable among the native population in various parts of Cuba, especially in the villages established during the 16th Century for the last remnants of the aborigines . One of these villages was Guanabacoa, near Habana, on the hills at the head of the Bay. Here, Indian families began to be concentrated about 1556, but they seem to have been absorbed by the other population, since at the beginning of the 19th century only one family with obviously Indian characteristics was to be found there. The census enumerators of 1899 returned only one Indian, a woman. She was living in Zapata swamp on the south coast of Matanzas, and was of Yucatan origin.

Cultural Influence of Indians

The early disappearance of the Siboneys prevented any influence of the latter on Cuban culture and psychology at all comparable with that taking place in those Latin-American countries where the native element entered more largely into the racial blend and where the contact of the early colonists with the native people extended over a longer period and permitted a deeper absorption into the national consciousness, of the language, habits, and ideas of the aboriginos. Indian influence on Cuban culture is largely limited to certain practices pertaining to hunting, fishing, and forest craft, geographical names, and names for some of the common things of life, including local species of the animal and vegetable kingdoms.

END OF PART I.

PART II - COLONIAL IMMIGRATION

Early Spanish Immigration

The lack of gold in Cuba caused the earliest stress of Spanish immigrants to seek the mainland of Mexico and Peru rather than Cuba and even induced to emigrate to those countries many Spaniards who had already settled in Cuba. The expedition of Francisco Hernandez in 1517, which explored Yucatan; that of Hernando de Soto in 1538, which marched for four years through the Southern United States from Florida to the Mississippi, and many others less famous, were largely recruited in Cuba, and greatly reduced the numbers of the Spanish population. In 1532 there were only 300 Spaniards on the Island. Moreover, the monopoly of trade established by Spain, which continued to the end of the 18th century, as well as the severe restrictions on immigration, caused the Spanish population of the Island to grow slowly.

Character of Immigrants

The early conquistadores were largely from the South of Spain, with an admixture of Moorish blood. During the entire period of colonial government, the Army afforded an avenue of Spanish immigration into Cuba, not always of acceptable quality. The later civilian immigration attracted by agricultural developments was largely from the Canaries, these being usually designated as islenos. Later on, Galacia, Cantabria and Catalonia contributed business, artisans and laborers. The capture of Jamaica by the British in 1658 and the cession of Florida to England in 1763 sent numbers of Spanish residents of those countries to Cuba.

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Trade and Immigration

The Spanish trade monopoly was, of course, broken during the short occupation of Habana in 1762-63 by the British who threw that port open to the trade of the world and this naturally stimulated immigration. The former restrictions on trade could not be reimposed by the Spaniards in their entirety, and were practically abolished in 1801, although tariff discrimination against other than Spanish merchandise was maintained. In 1775, according to the Census as reported by Humboldt, there were 96,440 white persons in the Island against 75,180 colored, showing the already heavy importation of negroes owing to the growing sugar and tobacco plantations and cattle ranges. Governor General Las Casas 1790-96 made a special effort to promote the immigration of Spanish subjects from the Canary Islands.

French and Spanish Refugees

Up to about the end of the 18th century the immigration of whites was limited almost entirely to Spaniards. In 1791, however, a race war between whites and negroes broke out in Santo Domingo and lasted until the victory of the Negro, Dessalines, in 1803, who forced the evacuation of the French Army and slaughtered many of the surviving whites in the Island. During this period French refugees, especially from western Santo Domingo, estimated to number 30,000, established themselves in Cuba, mostly in Oriente and Camaguey Provinces, bringing with them the habit of industry and new farming ideas, especially as regards coffee and tobacco culture, which rapidly extended throughout the Island. The acquisition of Louisiana and Florida by the United States (1803 and 1819 respectively), sent another wave of whites, mostly Spaniards, from these territories to Cuba. The Census of 1817, according to Humboldt, gave a total population of 572,363, of which 257,380 were whites and 314,983 were colored, the latter having increased much more rapidly than the whites. About this time, also, began the agitation for Cuban independence which was to continue until the American Intervention in 1898. Many Spaniards came to Cuba from Mexico to escape the persecutions to which they were subjected about 1829; and from Spain to escape the Civil War of 1833-1840.

Spaniards vs. Other Foreigners

The Census of 1861 affords the first available figures dividing Spanish white from other white residents of the Island, giving a total population of 1,396,530 of which 793,484 were whites, the latter being divided into 748,318 Spaniards, 9,285 foreigners, 34,834 Asiatics, and 1,407 Mexicans. The Asiatics here mentioned were probably almost in their entirety Chinese which in Cuban censuses are uniformly classified with the whites when comparing white and colored populations. The 1861 figures, therefore, showed non-Spanish white Europeans a negligible number. The Census of 1899, just after the cessation of Spanish sovereignty, showed a total population of 1,572,797, which 1,067,354 whites (including, of course, Chinese), of which only 13,053 were white, non-Spanish foreign-born. These figures show how successful Spain was in guarding Colonial Cuba against other European and American immigration.

Negro Slaves

Negro slavery was introduced into Cuba by the early conquistadores and was effectively suppressed in the Island only in 1887, in spite of numerous laws and decrees to that effect of earlier dates. In 1517 license was given by Charles I (of Spain) for the importation of 8,000 slaves into the West Indies of which 1,000 were to come to Cuba. According to Johnson, in his HISTORY OF CUBA (Vol.II, pp.288-290), 640,513 negro slaves had been imported into Cuba from 1521 up to and including the first six months of 1853, these figures being based upon Humboldt's estimates for the period 1521 to 1789; and for the period 1790 to 1853 upon Spanish records, the

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estimates of the British Consul in Habana, and those of British authorities interested in putting down slave trade. The CENSUS of 1899 (p.69) gives much the same figures and estimates, further, that 200,000 slaves were smuggled into Cuba from the so-called suppression of the slave trade in 1853 to its effective suppression in 1880; and that enough contraband negroes had entered at various times, over and above the quoted figures, to bring the grand total of negro slaves introduced into the Island up to 950,000 or 1,000,000. LOS NEGROS ESCLAVOS also estimates that the total number of slaves imported into Cuba approximated 1,000,000.

African Tribes Represented.

The African tribes furnishing slaves for Cuba were numerous, mostly located near the Gulf of Guinea, but including some from Portuguese East Africa where Christianity had already penetrated, and from all parts of Equatorial Africa to the borders of Sudan where Mohammedanism influence was already strong. The character of the slaves varied greatly, some being gentle and tractable and other untamed and warlike. The Yolufes, black Senegalese, were warlike and difficult to manage; the Fulas were ruddy brown, handsome and intelligent; the Mandingas, brown and gentle as well as rubust, were preferred as laborers. LOS NEGROS ESCLAVOS (p.57) enumerates scores of tribes represented among the Cuban slave population.

Importation of Chinese

The pressure of England on Spain, looking toward the abolition of the negro slave trade, and the various laws promulgated by the Spanish government to that end and looking toward the abolition of slavery itself, alarmed the planters of Cuba who feared a shortage of labor. Accordingly it was decided to experiment with indentured Chinese, the first shipment of coolies, under an eight-year contract, arriving in Habana in 1847. The Chinese were sickly in the Cuban climate; many died enroute or shortly after arrival, and although the importation of indentured labor was regulated by Royal Decree in 1854 and by treaty with China in 1864, such importation practically ceased in 1873 because of the competition of contraband slaves. Most of the Chinese remained in the vicinity of Habana. Up to 1870, all Chinese were required to leave Cuba upon the termination of their contract or be re-indentured, but after that date they were permitted to remain; but again, in 1878, the Chinese whose contracts had terminated were required to re-contract or leave the Island. Practically all Chinese coming to Cuba at this time were from Macao and, of course, of the coolie class.

Number of Chinese

From 1853 to 1873, 132,435 Chinese were shipped from China to Cuba. The Census of 1877 showed 43,811 Chinese in Cuba, but the 1899 Census showed but 14,863 foreign-born Chinese. As a matter of fact, Chinese immigration into Cuba, the colony, had practically terminated when the traffic in indentured Chinese was abandoned about 1877.

Population on Foundation of Republic

Upon the transfer of the government of Cuba by the Spaniards to the Americans in 1899, one of its first cares was to take a census of the Island, taken in 1899 and published in 1900. This census showed a total of 1,572,797 inhabitants of which 32.1 per cent were classed colored (including mestizos). Of a total of 1,215,810 inhabitants over ten years of age, 57 per cent were unable to read or write while, based on the total population, the percentage unable to read or write was 63.9 per cent. Of the total population, but 172,535, or 11.0 per cent, were foreign-born, most of these being residents of the larger cities. Considering the foreign-

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born only, by far the greatest part, i.e., 129,240, or 74.9 per cent were, as might be expected, born in Spain; 14,863, or 8.6 per cent, were born in China; 12,953, or 7.5 per cent, were born in Africa, mostly former slaves; 6,444, or 3.7 per cent, were born in the United States; 4,788 or less than three per cent, in the West Indies, Mexico, Central and South America; and 3,568, or about two per cent, in Europe other than Spain. This was the population which was to undertake the administration of the Cuban Republic upon the foundations laid by the American Military Governors.

(END OF PART II)

PART III - REPUBLICAN IMMIGRATION

The Republic and Immigration

The American Military occupation of Cuba ended at noon on May 20,1902, the government being transferred at this time to the first administration of the Cuban Republic, that of President Tomas Estrada Palma. The detailed record of immigration into the Republic of Cuba begins only with the fiscal year 1902-03, there being no available records of immigration by nationalities for the years 1899, 1900, 1901 and the first six months of 1902. The Cuban immigration authorities consider to be an immigrant any foreigner who has qualified as an immigrant under the Cuban law andcomes to Cuba with the intention of residing therein.

Immigration Increases

The freedom of commerce, the eradication of yellow fever and many other tropical diseases, the heavy investment of American and some other capital in Cuba consequent upon the American occupation and the establishment of the Republic, together with improved and extended roads, railroads, harbors, the opening of banks, etc., greatly stimulated the production of the Island, especially of those crops which the climate of Cuba especially favored. Plantations of sugar cane, tobacco, tropical fruits, vegetables, cattle ranges, etc., were rapidly extended and created a demand for immigration and labor of all kinds, from bankers, architects, plantation managers, engineers and technical advisers, to artisans and field laborers.

General Aspects

1,283,792 immigrants entered the Republic of Cuba from 1902-3 to 1933, inclusive, beginning with 12,651 in 1902-03 and swelling to 174,221 in 1920, the year of maximum immigration. Since that year the trend has been downward, reaching a minimum of 1,892 in 1932 and being 2,837 in 1933. There is, unfortunately, no record of <u>immigrants leaving</u> Cuba, the existing record being confined to the departures of <u>passengers by countries to which they went</u>. This, of course, gives no clue as to what immigrants have left Cuba, or the percentage of fixation of the various nationalities.

Balance of Passenger Movement.

Nevertheless, the balances of arrivals and departures of passengers reveal the total variation of the Cuban population due to migratory movements. An examination of records shows that the total balance in favor of arrivals from 1902 to 1933, inclusive, was 524,985. The advance figures of the 1931 Census showed 512,212 persons of foreign birth to be residing in Cuba. Apparently the balance of 524,985 of passenger movement is approximately correct as indicating the number of immigrants who remained in Cuba.

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Compared with the total number of arrivals of immigrants (1,283,792) this would give a fixation of about 41 per cent. With the one exception of 1902 when the departures exceeded the arrivals by 1,020, the yearly balances were invariably in favor of Cuba up to 1921. In 1921 and 1922, apparently due to economic conditions, the balance was against Cuba and, excepting the year 1928, the same was true from 1927 to 1933, doubtless reflecting economic depression as well as political occurrences in Cuba.

Spaniards

It has been seen that with the exception of slaves, indentured Chinese, and certain French refugees from Haiti, almost the sole immigration into Cuba during the colonial period was Spanish. In 1899 the Census showed that there were in Cuba only 13,053 foreign-born whites who were not Spanish, and of these 5,645 were Americans who had doubtless almost all come in after the War. During the Republic, by far the most important element of immigration has been Spanish, the number of the latter entering Cuba from 1902-03 to 1933, inclusive, having been 776, 650, constituting, therefore, 60.497 per cent of the total number of immigrants who entered Cuba during that period. The peak of the Spanish immigration occurred in 1920 when it reached 94,294, but the stream dwindled to 976 in 1932 and 1,55, in 1933. The CENSUS of 1931 showed 312,033 Spanish-born residents of Cuba which may be compared with the 129,240 revealed by the Census of 1899, showing that during the 32 years intervening between the two censuses the Spanish-born population of the Island had increased by 182,793, or about 141 per cent. In 1899, natives of Spain formed 8.2 per cent of the total population of Cuba, and 7.9 per cent in 1931. Undoubtedly, however, the economic depression, the political events, and the recent legislation requiring that 50 per cent of all employees be Cubans, have caused a considerable number of Spaniards to leave Cuba.

Fixation Percentage

Moreover, this increase of 182,793 in comparison with the immigration of 776,650 from 1902-03 to 1933 (the record of immigration is lacking for 1900, 1901, and the first half of 1902), and allowing for depletion of numbers by death, shows a probable fixation percentage of from 25 to 30 per cent. The seasonal movement of Spaniards to and from Cuba is notable.

Spanish Element Desirable

Spanish immigrants are found everywhere, even in the cane fields, but predominate especially as employees of commerce, small shopkeepers, and artisans of all kinds, such as carpenters, masons, mechanics, chauffeurs, et cetera. Of all the white immigrants, the Spaniard, on account of language, religion, customs and traditions, is the most assimilable in Cuba and despite occasional outbursts of anti-Spanish feeling, due to economic competition, is the immigrant who, on the whole, receives the warmest welcome on the part of Cubans.

Negroes

The immigration (importation) of African negroes stopped short with the abolition of the slave trade in 1880 and since that year negro immigrants have come almost wholly from Haiti and Jamaica. The Census of 1899 (the earliest figures available) showed but 799 colored persons born in the United States to be residing in Cuba. No figures are available for West Indian immigration during the colonial period, but the Census of 1899 shows but 1,043 colored persons born in the West Indies to be residing in Cuba. However, after the Spanish, the next most important element of immigration into Cuba during the Republican period has been the Haitian which, from 1902-03 to 1933, furnished 190,070 immigrants, or 14.805 per cent of the total immigration during that period, followed in the third place by the Jamaicans which furnished 121,051 immigrants, or 9.429 per cent of the total. These two elements are practically all