CUBA

COOPERATION BETWEEN THE UNITED STATES AND CUBA REGARDING CERTAIN MILITARY MEASURES FOR HEMISPHERE DEFENSE

810.20 Defense/1913

The Cuban Secretary of State (Cortina) to the American Chargé in Cuba (Briggs)

[Translation]

HABANA, January 14, 1942.

MR. CHARGÉ D’AFFAIRES: I have the honor to refer to the Embassy’s notes dated the 15th and 29th of December last, in the first of which, pursuant to Resolution XV of the Second Meeting of Ministers of Foreign Affairs of the American Republics, concerning reciprocal aid and cooperation for the defense of the Nations of America, which established that the signatory countries would negotiate complementary agreements for the organization of cooperation for defense, the Embassy states that your Government would like to negotiate forthwith concerning certain aspects of military cooperation, to wit:

1. The stationing of detachments of the Aviation Corps of the United States, each one of which consisting of technicians (seven sub-officers and eight soldiers), in certain establishments of separate airfields. The object of these service detachments would be to facilitate the operation of aircraft.

2. The extension of the permit, without any limitation as to the number or type of the aircraft or the personnel transported, for the aircraft which may fly over and land on Cuban territory. In connection with this, there would not be the usual notice served through the diplomatic channels, but only the notification required for technical reasons, probably directly to the airport in question, except in cases of emergency or in cases of military need.

3. Permission is sought for the use of Cuban landing fields, together with their facilities, such as repair shops, radio, telephone, service installations, et cetera.

4. Permission to the military personnel, armed and uniformed, or otherwise required, to circulate without any restriction in connection with the personnel of rationing and shelter, aircraft service, and the

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2 Copy transmitted to the Department by the Chargé in his despatch No. 3276, January 15; received January 17.
3 Held at Habana July 21-30, 1940; for correspondence, see Foreign Relations, 1940, vol. v, pp. 180 ff.; for text of Resolution XV, see Department of State Bulletin, August 24, 1940, p. 136.
receiving and sending of necessary communications. This would include permission for the use of the roads adjacent to the ports, and for making arrangements for the shelter, work and rationing of the personnel for account of the Government of the United States, as may be necessary, when it is required that the flights stop at any given airport.

5. Permission to take photographs of Cuban territory in connection with the compilation of aerial navigation charts.

The second note states the airports in which it is desired to station the above-mentioned air forces, to wit: La Fé, in the Province of Piñar del Rio; Rancho Boyeros, in the Province of Habana; and in Camagüey.

I take pleasure in advising you that the Government of Cuba, inspired by the lofty sentiments of cooperation and alliance which joins the Cuban Nation with the United States of America in the present war, engaged in the territorial defense of America and of every one of the American nations, as well as of the principles of democracy and of the liberty of the peoples, has accepted the suggestions of your Government which were transmitted by the Embassy in the above-mentioned notes.

In this connection, in order to facilitate the cooperation required, we believe it advisable that your Embassy designate a representative to call at the Ministry of National Defense, and get in touch with the representative of said Ministry, for the purpose of carrying out the agreement for cooperation\(^4\) requested in the notes under reference, which my Government is disposed to conclude on the terms proposed.

I avail myself [etc.]

José Manuel Cortina

837.20/200a

The Liaison Officer (Wilson) to the Ambassador in Cuba (Messersmith)

Washington, January 19, 1942.

Dear George: During my last conversation with you, I gathered that you felt that it would be advisable to abandon the plan to send a joint Army, Navy and Marine Corps Mission to Cuba, provided a Cuban-United States defense commission were set up on which General Embick\(^5\) and Admiral Johnson\(^6\) would be the United States members. I should be grateful if you would be good enough to tell me whether my understanding is correct as a memorandum has just been received.

\(^4\) The Military Attaché in Cuba indicated in a memorandum of January 14, 1942, that there did “not appear to be any arrangements to discuss with the Minister of National Defense”. (810.20 Defense/1913)


\(^6\) Vice Adm. Alfred W. Johnson.
from the Navy Department containing a tentative plan for a Navy and Marine Corps Mission. If you believe that this should now be abandoned and the Navy Department so informed, will you please let me know.

I have been told that the War and Navy Departments have been giving consideration to your recommendation for the establishment of the joint Cuban-United States defense commission. In so far, however, as I have been able to ascertain, the President has not yet mentioned this matter to General Marshall. You intimated to me that the President intended to do this.

Walmsley and I would be glad to handle such aspects of these matters as you may suggest.

With best wishes to Marion and you,

Sincerely yours,

Orme Wilson

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811.34537/355

The Ambassador in Cuba (Messersmith) to the Secretary of State

No. 3355

Habana, January 28, 1942.

[Received January 30.]

Sir: I have the honor to inform the Department that during a conversation this morning with the Minister of State, Dr. Cortina, we discussed the establishment of the Cuban military zone complementary to our naval base at Guantánamo. The Minister said that he had the last draft before him, and it had had his study and he was about to clear it with President Batista. He expressed the hope that it would be possible to complete the arrangements for the establishment of the Cuban zone before my departure on February 7. I took this occasion to impress upon the Minister the desirability of progress on this matter. The Minister said that he had not been pressing the matter himself as he felt that we had not shown much interest therein recently, or at least that our Navy Department had not shown much interest therein. He said that he and I had given considerable study to this matter with the desire to reach a conclusion, but that the Navy Department had always been slower than the Cuban Government in acting on the various drafts. I told the Minister that I thought he was under a misapprehension with regard to the degree of interest of our Government and of the Navy Department, and that I hoped he would clear this matter with President Batista and his colleagues in the Cabinet before my departure for my new post. He said that he would make every effort to do so.

Respectfully yours,

George S. Messersmith

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* Walter N. Walmsley, Jr., Assistant Chief, Division of the American Republics.
The Adviser on Political Relations (Duggan) to the Ambassador in Cuba (Messersmith)

WASHINGTON, February 5, 1942.

DEAR MR. MESSERSMITH: I refer to your letter of January 30th with regard to military cooperation with Cuba.

Orme Wilson has been kind enough to secure from the War and Navy Departments indications of their intentions regarding the delivery of military and naval matériel to Cuba. There are attached hereto copies of the pertinent section of a memorandum prepared by Orme Wilson regarding the Navy's intentions as well as a memorandum from the War Department regarding its proposals.

In addition, I believe it will be feasible to make available to Cuba some of the coast defense guns which Admiral Johnson and General Embick mentioned to you when you were here. We will work this out and let Ellis Briggs know what can be offered.

We will press with the Navy Department for the possibility that the President mentioned to you of taking over some cabin cruisers in the 100-foot class and giving at least ten of them to Cuba.

Mr. Welles is taking up at the next meeting of the Liaison Committee the question of whether a Defense Commission similar to the Mexican one should be established or whether it would be preferable to send to Cuba a Military, Naval, and Marine Commission to assist in the Cuban Army and Navy.

I suppose that this will be my last letter to you on Cuban subjects so I take the opportunity of telling you once again how much I have enjoyed our association on Cuban matters as well as how much I am looking forward to continuing them with regard to Mexico.

With very best regards,

Yours as ever,

LAURENCE DUGGAN

The Liaison Officer (Wilson) to the Chargé in Cuba (Briggs)

WASHINGTON, March 4, 1942.

DEAR ELLIS: Larry Duggan has referred to Bonsal and me your letter of February 16 in which you state that Colonel Boyden, the

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9 Not printed.
10 Ellis O. Briggs became Chargé in Cuba when Ambassador Messersmith terminated his duties in Cuba on February 8, 1942, to become Ambassador to Mexico.
11 Sumner Welles, Under Secretary of State.
12 A high level committee of representatives of the War, Navy, and State Departments.
13 Philip W. Bonsal became Chief of the Division of the American Republics March 13.
Naval Attaché, has some difficulty in reconciling two memoranda on airplanes for Cuba prepared by Colonel Barber 14 and Captain Spears.15 An inquiry which has been made reveals that there is no conflict between the six observation planes mentioned by Captain Spears and the seven Army planes mentioned by Colonel Barber. The six observation planes are Amphibians, Model G21B, and have no connection with the five SNC-1’s and the two JRF-5’s referred to by Colonel Barber. With reference to the dates of delivery, Captain Spears tells me that in all probability only two of the G21B’s could be delivered this calendar year owing to lack of funds. The remainder will be delivered later.

We have consulted the Navy Department on the subject of cabin cruisers and other matters to which you referred in your telegram of February 21.16 We have been told that, although there are no cabin cruisers capable of being used as patrol boats available at present, the Bureau of Ships has been requested to expedite the delivery of the 83-foot coast guard patrol boats which are under construction for Cuba under the Lend-Lease agreement.17 It is hoped that the ships will be delivered during the course of the present calendar year. Furthermore, Cuba is now being detached from the Tenth Naval District at San Juan and transferred to the Seventh Naval District at Key West. This will enable the maintenance of a permanent communication by radio which it is believed will be of considerable assistance in case of emergency. The Commandant of the Seventh Naval District has been requested to communicate with your Naval Attaché in order to provide close liaison between his district and the Cuban Navy. With reference to the dispatch of destroyers, patrol boats and aircraft to Habana, the Office of the Commander-in-Chief of the Fleet is giving this matter consideration. This office points out, however, the difficulty of detaching vessels or aircraft, in view of the critical situation which exists in the southern part of the Caribbean. We understand, of course, the alarm felt by the Cuban people and will do everything possible to assist them consistent with the vital necessity of keeping our fighting fronts adequately reinforced. In the long run, this policy should be the best protection for the Cubans.

The advisability of establishing a Defense Commission or some similar organization has been again brought to the attention of the War and Navy Departments. Both of these Departments are now considering the question sympathetically so that I believe we will bring

14 Col. Henry A. Barber, War Plans Division of the General Staff.
15 Capt. W. O. Spears, Pan American Division, Navy Department.
16 Not printed.
17 For text of agreement, signed November 7, 1941, see Foreign Relations, 1941, vol. vii, p. 122.
the matter to a satisfactory conclusion very soon. We shall, of course, let you know as soon as plans have been sufficiently completed.

Sincerely yours,

ORME WILSON

811.34587/362

The Chargé in Cuba (Briggs) to the Secretary of State

No. 3603

HABANA, March 5, 1942.

[Received March 7.]

Sir: Referring to Ambassador Messersmith’s despatch No. 3355 of January 28, 1942, and previous correspondence concerning the proposed supplementary zone at Guantánamo, I have the honor to report that I took occasion to remind the Minister of State of this matter during a conversation yesterday, and to express the hope that his Government would shortly be in a position to make known its views concerning its most recent draft (Draft G). I referred to the fact that the latest draft was delivered to the Minister over two months ago and that my Government is hopeful of early conclusion of the negotiations.

Dr. Cortina said that he has now completed his own study of the draft and that he finds it “in general satisfactory”. He said that final clearance of the text on behalf of his Government must, however, be approved by President Batista, and he proposed to seek an early opportunity to bring the matter to the President’s attention. He again referred to delays running into several months during which our Government “had the file”, but concluded by stating that he realizes the desirability of an early conclusion of the matter. He added that the signed agreement will have to be submitted to the Cuban Senate for approval.

I doubt whether the Cuban Government will desire to conclude the agreement prior to the elections scheduled for March 15. I perceive no reason, however, why the matter should be delayed subsequent to that date, assuming that the Cuban Government does not desire to introduce any further modifications.

Respectfully yours,

ELLIS O. BRIGGS

811.34587/372: Telegram

The Chargé in Cuba (Briggs) to the Secretary of State

HABANA, April 4, 1942—noon.

[Received 7: 55 p. m.]

175. Commander Naval District, Key West, recommended the establishment of certain air-plane patrol activities based on San Julián near
the extreme western tip of the Island and not far from landing field at La Fé where there is already a small army detachment. The establishment of a base at San Julián will obviously greatly facilitate patrol of Yucatán channel and area off northwest coast.

No discussion of this has been undertaken thus far with the Cuban Government which will unquestionably assent. Please inform me by telegraph however in advance of establishment of base in order that I may clear the matter with the Cuban Government before it becomes fait accompli.

BRIGGS

811.34537/372 : Telegram

The Acting Secretary of State to the Chargé in Cuba (Briggs)

WASHINGTON, April 8, 1942—10 p.m.

181. Your 175, April 4, noon. The Navy Department feels that since the proposed base at San Julián constitutes one of several measures which are being taken pursuant to Cuban requests for additional naval assistance and since the staff conversations provide, inter alia, for close liaison between the Seventh Naval District at Key West and Cuban Naval Headquarters, it is preferable that, in the interests of promptness and decentralization of command, matters of this kind should be handled by the Naval Attaché in consultation with you, without reference to Washington unless, in your judgment, special factors render the latter course desirable.

The Navy Department agrees to instruct the Commander, Seventh Naval District, to give your Naval Attaché advance notice to meet the request in the second paragraph of your telegram.

The Department concurs in the foregoing but desires that you keep it promptly informed of all important developments.

WELLES

810.20 Defense/2422 : Telegram

The Chargé in Cuba (Briggs) to the Secretary of State

HABANA, April 9, 1942—6 p.m.
[Received 11:17 p.m.]

184. Department’s 181, April 8, 10 p.m. The Prime Minister \(^{19}\) enthusiastically endorses the establishment of patrols based on San

\(^{19}\) Carlos Saladrigas.
Julían "or at any other point in Cuba from which we desire to operate".

BRIGGS

837.24/858

The Cuban Ambassador (Concheso) to the Acting Secretary of State

[Translation]

WASHINGTON, April 13, 1942.

EXCELLENCY: I have the honor to advise Your Excellency that I have received instructions from my Government with respect to requesting of Your Excellency the expansion of the $7,500,000 credit which was granted in the Agreement signed between the United States and Cuba by another like amount of $7,500,000 which would make a total of $15,000,000 to be charged to the Lend-Lease Act of March 11, 1941.20

In our note of December 15 of last year,21 we explained the estimates for the construction work in which the Government of Cuba desires to invest the new $7,500,000 in the event that the expansion of the original loan is agreed to by Your Government.

In addition, I have the honor to enclose for Your Excellency a new Memorandum 21 treating in a concise way, of the camps which it is necessary to build in Cuba for the war emergency, as well as of the possibility of acquiring coast artillery, composed of 8", 10", and 12" cannon, which has generously been offered by Your Government.

I wish to make it a matter of record that, with regard to the National Air Field which is described in the accompanying Memorandum, the President of my country is happy to consent that, as an objective proof of close cooperation in the present war, an Aviation School be constructed at the said field, if the Government of the United States so desires, for the American Air Forces to be used for training of citizens of this country, for the entire duration of the present conflict in which both of our countries find themselves involved, with the sole request that training opportunities in the said School be given to Cuban youth and members of the Armed Forces of Cuba.

The present Air Field of the Military City of Columbia, the reconstruction of which is requested, will remain as a Military Air Field for Cubans.

Please accept [etc.]

AURELIO F. CONCHESO

20 55 Stat. 31.
21 Not printed.
The American Chargé in Cuba (Briggs) to the Cuban Secretary of State (Cortina)\textsuperscript{22}

No. 198

HABANA, April 21, 1942.

Excellency: I have the honor to refer to previous correspondence and conversations concerning defense measures of interest to the Governments of Cuba and the United States and to inform Your Excellency that recent developments in the Caribbean area have suggested to my Government certain additional measures of an urgent character to meet the problem of enemy activities. I have accordingly been instructed by my Government to state that the Government of the United States would appreciate the cooperation of Your Excellency's Government in connection with the following matters:

(1) Development of emergency airplane landing facilities in Oriente Province. Permission is sought for a small group of officers from the Naval Station at Guantánamo to make the necessary reconnaissance investigations of areas under consideration. Should suitable areas be found, authorization is requested from Your Excellency's Government to make arrangements for the use thereof, presumably on a lease basis, for the period of the war, as emergency landing fields. I need not add that should Your Excellency's Government desire to detail an official or officials to accompany these survey groups, this would be highly gratifying to my Government.

Although definite selection of areas will await the making of the surveys, three such areas are tentatively under consideration at the present time: the first is approximately twenty-five miles to the west of the Naval Station on lands understood to be owned by Central Ermita, the second is in the vicinity of Cape Maisí about fifty miles east of the Naval Station, and the third at a point to be selected probably to the northeast of the city of Guantánamo.

(2) Permission is sought for torpedo patrol craft based at Guantánamo to utilize certain bays on the northeast coast of Cuba, for the primary purpose of extending the radius of operation of these craft in submarine patrol work. At the present time the necessity of returning to Guantánamo materially limits the radius of action, and it is hoped that the permission of the Cuban Government, in accordance with the understanding already existing between the General Staffs of Cuba and the United States, may be extended so that these vessels on patrol may put in at such places as Bahía Mata, Puerto Sama, and perhaps elsewhere on the northeastern littoral as far west as Nuevitas Bay. It would not be the present intention to station any shore detachments in connection with such patrols, although it would be appreciated if the permission in question can include authorization for the crews of the patrol vessels to proceed ashore with certain equipment, while the torpedo patrol craft are calling at or operating out of these ports.

\textsuperscript{22} Copy transmitted to the Department by the Chargé in his despatch No. 3896, April 24; received April 25.
(3) Installation of mobile coast artillery guns at Escondido Bay east of the Naval Station area, and at a point not yet selected approximately the same distance to the west of the western boundary of the Naval Station. In order that these guns may be manned constantly, it would be proposed to build temporary quarters for the gun crews, and to connect the gun emplacements by telephone with the Naval Station itself.

In bringing the above projects to the favorable attention of Your Excellency, I have the honor to state that my Government is deeply appreciative of the constant and effective cooperation which it is receiving from Your Excellency’s Government in matters pertaining to joint defense, which cooperation is of the highest value in coping successfully with enemy activity in this area.

With reference to the discussions which have been in progress during the past year relative to the establishment of a Cuban military zone for joint defense in the neighborhood of the Naval Station at Guantánamo, I may add that while this project has not been abandoned by the Government of the United States, certain changes in the general situation, as well as the withdrawal of a considerable proportion of the United States personnel previously based at the Naval Station, render it in the judgment of my Government unnecessary to complete these negotiations at this time. My Government recalls with sincere gratification Your Excellency’s high spirit of collaboration in connection with the proposed establishment of this military zone and believes that it may have occasion in the future to renew consideration of this project.

Please accept [etc.]

ELLIS O. BRIGGS

811.34537/386b: Telegram

The Secretary of State to the Chargé in Cuba (Briggs)

WASHINGTON, May 7, 1942—9 p. m.

239. The Department has been requested by the War Department to facilitate an exploratory and preliminary visit of inspection of certain sites in Cuba, particularly Camagüey, for the purpose of possibly locating and establishing one of several combined British-American bombardment operational training units, should the Cuban Government be favorably disposed towards its consideration.

The arrangements that may result contemplate the leasing of certain lands and the construction of facilities for the training of advanced pilots especially in over-water flight. The personnel might comprise between 2,500 and 4,000 U.S. operating personnel and British students. Under present plans the advanced nature of the training
would appear to preclude the possibility of making available instruction for the armed forces of Cuba.

Since the present mission is preliminary and exploratory, no definite commitments are to be undertaken until the results have been reviewed by the interested agencies of this Government.

The personnel of the mission will include: Brig. General William Ord Ryan, Group Captain R. H. S. Spaight, Royal Air Force, Lt. Col. Ray T. Middleton, and a crew of nine men. It is probable that General Ryan will wish to have technical engineering data secured by members of the mission in anticipation of successful negotiations.

You are requested to facilitate the visit of the mission, arriving at Habana late afternoon of May 8, and to assign a member of your staff to accompany it. You are likewise requested to make every effort to avoid publicity in connection therewith.

HULL

The Chargé in Cuba (Briggs) to the Secretary of State

No. 3975 Habana, May 7, 1942.

[Received May 9.]

Sir: Supplementing recent correspondence on defense matters, I have the honor to transmit a memorandum of a conversation between Dr. Cortina, the Minister of State, Mr. Walmsley, and me yesterday, in which the Minister proposed the negotiation of a general agreement on defense matters and the establishment in connection therewith of a small joint military-naval board, Cuba-United States.

The proposed agreement would supplement the agreements reached during the staff conversations in September, 1940. It is the Minister’s suggestion that it would be in general terms, each country agreeing to accord the other full use of its facilities. The agreement would be intended to obviate the necessity of requests for the use of such facilities (which requests have been somewhat numerous since last December), substituting therefor notification from one Government to the other.

As of interest in the foregoing connection, there is also enclosed a list of the requests made of the Cuban Government since the entry of the United States and Cuba into the war.

Respectfully yours,

Ellis O. Briggs

23 Not printed.
The Chargé in Cuba (Briggs) to the Secretary of State

HABANA, May 8, 1942—noon.
[Received 5:29 p.m.]

292. Department's No. 239, May 7, 3 [9] p.m., and my telephone conversation this morning with Ambassador Braden.26

The proposal outlined in the foregoing telegram is of such scope that I do not believe it would be desirable for any discussion thereof to be undertaken by General Ryan during his forthcoming preliminary survey but that if in the light of his findings and subsequent full consideration of all the implications by the interested agencies of our Government it is desired to go forward, the project then be broached officially. I shall accordingly suggest to General Ryan that he confine his statements to Cuban officials to the fact that he is making exploratory and preliminary investigation of certain air facilities.

In particular I believe it would be undesirable to include in the proposal the limitation mentioned in the last sentence of paragraph 2 of the above telegram. Numerous Cuban pilots are receiving instruction in the United States at the present time and to state at the outset that a project of this scope undertaken in Cuba and requiring for its successful development whole-hearted cooperation by the Cuban Government would not be available to any Cuban citizens would in my opinion cause the worst possible impression and even adversely affect future cooperation on other matters.

Briggs

The Secretary of State to the Chargé in Cuba (Briggs)

WASHINGTON, May 9, 1942—6 p.m.

246. Department's telegram no. 239, May 7, 9 p.m., and Briggs' telephone message of May 9. The War Department has informed this Department that it is cabling General Ryan, Care of the Military Attaché, to the following effect:

1. His visit to Cuba should be continued on an exploratory basis only;
2. No discussions whatsoever regarding an agreement should be undertaken with Cuban officials;
3. Prior to any discussions about an agreement with the Cuban officials there should be an exact understanding between the War Department and this Department regarding the nature of the project.

Hull

26 The appointment of Spruille Braden as Ambassador to Cuba was confirmed on December 19, 1941. He arrived in Havana to assume his duties May 15, 1942.
WASHINGTON, May 21, 1942—10 p.m.

286. Department's telegram no. 246 of May 9, 6 p.m., etc. You are requested to present to the Cuban Government a confidential memorandum setting forth along the following lines the proposal of the War Department discussed with you recently by General Ryan:

The United States War Department desires to establish with the least delay possible a heavy bombardment operational training unit under United States Army officers in the neighborhood of San Antonio de los Baños to perfect trained British Royal Air Force personnel in combat techniques preparatory to assignment to more active theaters of war. This unit would complete the chain of such training bases already being set up in southern sea-coast states and at Nassau. The combat teams completing their training in these bases will at the same time be available for effective anti-submarine and other war operations.

In the knowledge of the eagerness of the Cuban Government to contribute more actively in the prosecution of the war and its anxiety to expedite measures for protection of its coasts and shipping between Cuba and the United States, the United States Government desires urgently to know whether the Cuban Government agrees in principle to the establishment of the facilities in question under the military jurisdiction of United States officers. Details concerning the base would be worked out through negotiation between the Cuban Government and the United States Ambassador, assisted by Army technical officers of Cuba and the United States. In case of approval in principle by the Cuban Government the United States War Department would initiate surveys at once in order to indicate the specific areas it has in mind and would enter into arrangements with local contractors, wherever possible, for the preliminary work. It is contemplated that the Cuban Government would condemn the necessary lands, which it would make available for the War Department's use, and that the Cuban Government's reasonable expenses in this connection would be fully reimbursed. The agreement should be for the period of the war plus, say, 6 months after the termination of hostilities, and all fixed installations erected at the expense of this Government would of course revert to the Cuban Government.

As now envisaged by the War Department, there would be stationed at the base a maximum of 3,600 officers and enlisted men, including about 1,400 personnel of the British Royal Air Force preparing for active combat duty in war zones. Entire responsibility for administration, discipline, etc., would of course remain in the hands of the United States Commandant.

The establishment of such an operational training unit will result in very considerable movements of matériel and supplies for construction, operation, maintenance, and subsistence, and of personnel, through Habana, and between Habana and San Antonio de los Baños, mostly by highway. The United States Government is confident that the Cuban Government will be agreeable to cooperative arrangements for the expeditious handling in Cuban ports of ships and official cargo
in connection with the construction, maintenance and supply of the base and for the overland transit of matériel and supplies between the port and the base. The United States Government will be prepared to defray the costs of any necessary improvements and maintenance of, and repairs to, the highways it uses. The United States Government requests exemption from import duties, excise taxes and other fees on the official matériel and supplies imported solely for use at the base, and on the Government transports arriving at Cuban ports with official cargoes and personnel. Furthermore, the United States Government will hold itself responsible for the conduct and repatriation of the personnel, both military or civilian, which it will send to the base.

Because of the urgent demands of the war fronts for ever-increasing numbers of trained air combat crews and the intensification of warfare on numerous fronts, and in view of the added protection the base will give to Cuba, the United States Government earnestly hopes that the Cuban Government will give this proposal, which will so materially aid in the war effort of the United Nations, immediate and sympathetic consideration. End of substance of memorandum.

If the above is acceptable in principle to the Cuban Government, you are requested to ascertain and report the form which the agreement should take. The Department is of the opinion that an executive agreement as between co-belligerents, in an exchange of notes, would be most expeditious and convenient. Further details of the proposal will be transmitted to you within a day or two in a War Department memorandum.

As soon as the Cuban Government notifies you of its acceptance in principle of the proposal, the War Department will send a representa¬tive (possibly Colonel Barber) to assist you in the ensuing negotiations, and will also send personnel to conduct the survey in the vicinity of San Antonio de los Baños.

Confidential for the Ambassador: While the establishments envisaged at San Antonio de los Baños and the other similar bases have no facilities for training individual aviation officers or men, the Department will if you deem it desirable explore the possibility of affording primary and advanced army training for selected Cuban members of the armed forces at suitable training centers.

HULL

811.34537/390 : Telegram

The Ambassador in Cuba (Braden) to the Secretary of State

HABANA, May 25, 1942—7 p.m.
[Received May 26—6:22 a.m.]

339. Department’s telegram No. 286, May 21, 10 p.m. A memorandum based on the above instruction was handed to President
Batista this afternoon and he readily agreed in principle to the establishment of the proposed training unit. He added that in view of his own forthcoming trip to Oriente Province, he would immediately direct the Minister of State to undertake with me the proposed negotiations. I see no reason, therefore, why a representative of the War Department should not proceed at once to Habana.

The only departure from the Department’s telegram No. 286 in my memorandum to President Batista is in regard to acquisition of land areas. My memorandum suggests that these be made available without expense (instead of on a reimbursement basis) in view of the Cuban Government’s keen interest in the development of San Antonio de los Baños and the extensive installations which will revert to the Cuban Government at the end of the arrangement. However, in order to insure all improvements being made by United States and not by the Cuban Government as Batista had planned, it may be desirable for United States to assume expropriation cost of the land required.

He [Wor] explained to the President the possible complications relative to giving this advanced instruction to Cuban trainees at the proposed center, adding however that we would hope to make such training available elsewhere, as indicated in the last paragraph of the Department’s telegram.

BRADEN

810.20 Defense/2878

Agreement Between the United States and Cuba for Military Cooperation, Signed at Habana, June 19, 1942

The Republic of Cuba and the United States of America, desiring to conclude an Agreement for Military Cooperation, have appointed for this purpose as their respective plenipotentiaries:

The President of the Republic of Cuba, José Manuel Cortina, Minister of State,

The President of the United States of America, Spruille Braden, Ambassador Extraordinary and Plenipotentiary of the United States of America in Cuba,

Who, after having exchanged their full powers, found to be in due form, have concluded the following Agreement for Military Cooperation.

WHEREAS: The American Republics have reaffirmed their complete solidarity and their determination to cooperate for their mutual protection;

WHEREAS: The Governments of Cuba and of the United States of America are co-belligerents in a war against the Axis nations;
WHEREAS: The Governments of Cuba and of the United States of America are desirous of cooperating to the utmost in the prosecution of the war effort;

WHEREAS: The advanced training of aviation bombardment combat units within Cuban territory would contribute to the effective prosecution of the war and should at the same time provide a substantial measure of protection, hitherto lacking, for ocean shipping in waters adjacent to Cuba;

WHEREAS: The Governments of Cuba and of the United States of America have agreed to establish a heavy bombardment Operational Training and Combat Unit in the vicinity of San Antonio de los Baños in the Province of Habana;

WHEREAS: The full sovereignty of Cuba over the areas mentioned in this Agreement is not impaired in any manner, but is recognized and maintained;

WHEREAS: All fixed installations and facilities mentioned in this Agreement will upon the termination thereof revert to the Cuban Government, thus contributing to the achievement of the objective concerning airport development referred to in the Fourth Resolution of the Third Meeting of Ministers of Foreign Affairs of the American Republics held in Rio de Janeiro, Brazil, in January 1942; 27

WHEREAS: For the establishment of the Operational Training and Combat Unit the Governments of Cuba and of the United States of America have agreed upon the following:

ARTICLE I

The Government of Cuba believes that certain areas in the vicinity of San Antonio de los Baños, in the Province of Habana, can be utilized for the establishment of a military zone for advanced aviation training, and to this end is disposed to make available (aportar) said lands to constitute a military war zone in which the Government of the United States is authorized to establish and operate a heavy bombardment Operational Training and Combat Unit, hereafter referred to as the Unit, with all its necessary equipment and facilities, to consist of American, and which may also include Royal Air Force (British), personnel. In accordance with this purpose areas of land shall be selected by studies undertaken by technical personnel of both Governments, and within said zone, for the duration of this Agreement, military jurisdiction shall be exercised, without prejudice to the sovereignty of Cuba, by the Government of the United States, and all services and base command in the zone shall be established and exercised by the Government of the United States, and all contact

27 For correspondence on this Meeting, see vol. v, pp. 6 ff.; for text of Resolution IV, see Department of State Bulletin, February 7, 1942, p. 122.
with the Cuban Government shall be maintained through channels of the Government of the United States directly or through the Embassy of the United States. Flying training standards and supervision may be British. The Cuban flag shall at all times be flown within said zone, in a principal place (en sitio principal), and the American and British flags may likewise be flown therein.

**Article II: Description of Unit**

The Unit is an institution which takes pilots, navigators, bombardiers, and flight engineers who have finished their individual training, and prepares them through final training for service on combat type aircraft. At the conclusion of this training they are immediately transferred to Units operating in combat areas. After completion of construction work in the zone, it is anticipated that the personnel of the Unit will total approximately 3,200. No personnel is given preliminary or other training in a Unit of this description, and untrained personnel therefore cannot be included in the advanced and final training activities of this Unit in Cuba.

Appreciating the desire of the Cuban Government and people to have Cuban pilots participate in the war effort, the Government of the United States declares its sympathy with this desire, and agrees that courses of training of this nature will be made available to Cuban pilots to the numerical extent that the Army Air Forces training command of the United States permits.

**Article III**

The Cuban Government will contribute and make available to the Government of the United States without cost the necessary land referred to in Article I, and moreover is disposed to contribute in addition, under the same conditions, one or two satellite fields that it may be necessary to establish in the general vicinity of the zone and which may be required in connection with the operations of the Unit, the land for these satellite fields being likewise contributed by the Government of Cuba without cost to the Government of the United States. Satellite fields are utilized in connection with the training and combat activities of the Unit and for emergency and instructional landings. The personnel to be stationed at the satellite fields of the Unit will total approximately thirty officers and men.

**Article IV: Free Entry**

Materials of all kinds, equipment, fuel, merchandise, and war supplies imported into the zone for exclusive use and consumption therein shall not be subject to payment of Cuban customs duties nor any other fees or charges. This privilege shall be extended to the per-
sonal effects of personnel of the United States Government attached to the zone and to goods consigned to United States authorities at the zone for the use of official institutions of said zone, under the control of said Government, such as post exchanges, commissaries, establishments and service clubs, for sale to the personnel of the zone. Appropriate administrative measures shall be taken by the United States authorities of the zone, in consultation with the Joint Military Commission for Coordination and Liaison hereinafter established, to prevent abuse of the privileges granted under this article.

**ARTICLE V: Taxation**

Members of the armed forces of the United States and civilian citizens of the United States attached to the zone and who serve it, relative to the construction and operation of the Unit by reason of such assignment shall be exempt from the payment of direct taxes to the Government of Cuba and its subdivisions, and also municipalities.

**ARTICLE VI: Shipping and Dock Facilities**

Vessels operated by the United States Government transporting material, equipment and supplies for the zone, as well as personnel of the Operational Training Unit, shall not be subject to payment of Cuban port, tonnage, anchorage or other fees, except that if a pilot is taken, pilotage shall be paid for at appropriate rates.

The Government of Cuba authorizes the Government of the United States to rent in its name suitable pier or dock facilities in Habana, together with storage space for cargo destined for or transported from the zone. The administration of such facilities may be undertaken by the Government of the United States, but in every case shall be subject to the existing laws and regulations of the Republic covering such piers, docks, and warehouses.

**ARTICLE VII: Use of Cuban Highways and Railroads**

Authorization is granted for the use of Cuban highways by United States Government transportation and the right to ship over existing railroads materials and supplies necessary for the construction, maintenance and supply of the zone.

The Government of the United States agrees to defray necessary expenses for the improvement and maintenance of roads mainly used by the United States forces, in an amount and form to be determined by mutual agreement.

No tax or fee shall be payable in respect of registration and licensing for use in Cuba of motor vehicles belonging to the Government of the United States or to the personnel of the Operational Training Unit.
ARTICLE VIII: Communications

Authorization is granted to the Unit by the Cuban Government for the establishment and operation of such military communications as may be essential solely for the functioning of the Unit.

ARTICLE IX: Fugitives from Justice; Offenses Committed Outside the Zone

Fugitives from justice charged with crimes or misdemeanors amenable to Cuban law taking refuge within the zone shall be delivered by the United States authorities on demand by duly authorized Cuban authorities. On the other hand, the Republic of Cuba agrees that fugitives from justice belonging to the personnel of the Unit who are charged with crimes or misdemeanors amenable to United States law committed within the said zone who are found or take refuge outside the zone, shall on demand be delivered up to the duly authorized United States authorities.

Any other case of a similar nature, not covered by this Agreement, shall be settled through consultation between the Ministry of State of Cuba and the Embassy of the United States in Habana.

ARTICLE X: Postoffice Facilities

The Government of the United States is authorized to establish a United States post office or offices within the zone for the exclusive use of personnel of the Unit.

ARTICLE XI: Rights and Privileges Extended to British Personnel

All rights and privileges authorized to personnel of the Unit who are citizens of the United States shall be likewise authorized with respect to British military personnel serving with the Unit and under the jurisdiction of the military authorities of the United States in the Unit.

ARTICLE XII: Claims for Damages

A joint commission of the Governments of Cuba and the United States shall be established to have jurisdiction over the settlement of all claims for damages to Cuban life or property which may result from aircraft or other accidents incident to the operation of the Unit.

ARTICLE XIII: Duration of Agreement

The authorizations contained in this Agreement for military wartime cooperation shall cover the period of the present war plus six months after the establishment of peace between the United States and the Axis powers.
ARTICLE XIV: Transfer of Equipment and Facilities to the Cuban Government at the Termination of this Agreement

At the termination of this Agreement, all the fixed installations and constructions of every kind placed by or on behalf of the United States Government during the life of this Agreement within the zone or within the satellite fields referred to in Article III shall be left in place and shall become the property of the Government of Cuba without cost.

ARTICLE XV: Conditional Clause

The Government of the United States agrees during the life of this Agreement not to sell, lend, lease or transfer material, articles, or property, use or possession of which has been obtained from the Government of Cuba through this Agreement, without the consent of the President of Cuba. Similarly, the Government of the United States agrees not to make available without the same consent to another nation the use of the information given or studies provided by the Government of Cuba (except to British officials or personnel who may be serving in the zone, when such information is pertinent to the necessary operations of the Unit).

The Government of the Republic of Cuba for its part agrees during the life of this Agreement not to sell, lend, lease or transfer materials, articles or property, use or possession of which has been obtained from the Government of the United States through this Agreement, without the consent of the President of the United States. It also agrees not to make available, without the same consent, to another nation the use of the information given or studies provided by the Government of the United States.

ARTICLE XVI: Secrecy of Agreement

Because of the military character of this Agreement it shall be considered secret until such time as the Governments of Cuba and of the United States may mutually agree otherwise.

ARTICLE XVII: General Provisions and Establishment of Joint Military Commission for Coordination and Liaison

The Governments of Cuba and the United States agree that they will act in mutual accord to adopt from time to time such supplementary revisions of this Agreement as may be necessary and indicated by experience to provide satisfactory procedure or regulations covering questions requiring further clarification or improvement, including matters pertaining to the protection of the rights and privileges of citizens of Cuba and of the personnel of the Unit.
In the above connection there shall be established a military commission for coordination and liaison to be composed of an equal number of officers of the Cuban and American Armies, the primary duties of which shall be the maintenance of necessary liaison and the facilitation of the most effective reciprocal cooperation between the Cuban Army and the United States Command in the Unit.

Signed at Habana, in duplicate, in the Spanish and English languages, this nineteenth day of June Nineteen Hundred and Forty-two.

J. M. Cortina
Minister of State of the Republic of Cuba

Spruille Braden
Ambassador of the United States of America

811.34537/408: Telegram

The Ambassador in Cuba (Braden) to the Secretary of State

Habana, July 2, 1942—10 p.m.
[Received July 3—4:39 a.m.]

495. For Duggan. Some weeks ago Cortina suggested that it would facilitate Cuban-American military and naval cooperation if we negotiated an executive agreement which would cover in general terms all of the various kinds of cooperation which have been the basis of a series of specific requests for the use of Cuban facilities, etc., during the past 6 months. I have accordingly prepared a draft agreement which I left with the Minister of State this morning as a [basis] for further discussion. In form it follows the airport training project agreement and includes:

(a) Blanket authorization for our service aircraft to fly over and land in Macao [sic] and take photographs. (This authorization has already been obtained by note.)

(b) General authorization for the establishment of United States service detachments at Cuban air ports and the utilization of their facilities. (We already have detachments at Camagüey and San Julián by special permissions.)

(c) (Authorization to establish additional airports and to improve existing airports and their facilities.) Camagüey has been improved and San Julián is about to be improved under the so-called airport development program. Additional locations are under study.

(d) Establishment of shore detachments irrespective of the necessary construction, communications facilities have been considered, etc., etc., etc. (Authorization is pending for the establishment of eight submarine detector stations at strategic points.)

(e) Authorization for patrol aircraft and surface craft to call without restriction at coastal points and utilize bays, harbors, etc., etc., etc.

Dated January 14, p. 253.
without prior notification. (Informal authorization to utilize certain bays was obtained several months ago.) (f) Covers certain matters of shells, the naval station in Guantánamo including the establishment of mobile guns outside the present boundaries.

With respect to the authorizations requested under [paragraphs? (c) and (d)] prior consultation to determine scope of proposed activities is provided for.

Other articles relate to free entry; to procedure regarding consultation (between the Embassy and the Minister of State); for secrecy of the text; and for the transfer of fixed installations to the Cuban Government without cost at the termination of the agreement, i.e., 6 months after peace between the United States and the Axis. The draft text will be sent by next courier.

BRADEN

811.34537/402: Telegram

The Secretary of State to the Ambassador in Cuba (Braden)

WASHINGTON, July 2, 1942—10 p.m.

407. Your 464, June 24, 10 p.m., and 492, July 1, 11 p.m. Without prejudice to the drafting of the Agreement referred to in your 492, the Department wishes your urgent opinion as to the feasibility of obtaining authority from the Government of Cuba for the prompt development and operation by the War Department of the base at San Julián. The War Department plan contains the following points:

(1) Acquisition by Pan American’s Cuban subsidiary of such additional land in the vicinity of San Julián as may be necessary.

(2) Provision of runways or the extension of existing runways to a total length of 7,000 feet.

(3) Construction of the necessary buildings, including hangars and shop facilities and provision for a dispensary, gasoline storage facilities, communication and weather facilities, necessary night lighting installations and bomb storage facilities. All of the buildings would be of a temporary character.

(4) Permission to station not over 500 officers and enlisted men with necessary airplanes and equipment at San Julián for the purpose of patrolling in the vicinity of the Yucatán Channel.

(5) Permission to construct the necessary temporary housing facilities for the above personnel.

(6) Permission to construct access roads to airfield and to improve existing roads, where necessary, for the purpose of supply and operation.

* Not printed.
* Neither printed.
War Department desires to obtain permission from the Cuban Government for Army engineers and survey parties to make necessary preliminary surveys pending the conclusion of an agreement with the Cuban Government for the necessary construction. Your views as to the necessity of a formal agreement concerning San Julián and also as to the most appropriate detailed approach to the several points of the War Department’s plan will be appreciated. You should not approach Cuban Government pending further advice.

Hull

S37.24/558

The Secretary of State to the Ambassador in Cuba (Braden)


Sir: On April 13 the Cuban Ambassador in Washington addressed a note to the Department in which, among other subjects, he conveyed his Government’s acceptance of an offer made previously by the War Department to supply the Cuban Government with coast defense artillery.

This matter has received the attentive consideration of the authorities of the War Department who have now informed this Department that there are available for transfer to the Cuban Government, under the provisions of the Lend-Lease Act, eight 8” guns and carriages together with the necessary fire-control equipment. This artillery and equipment can be delivered to the Cuban authorities at an American port at the following prices and within three to four months after the receipt of an official request from the Cuban Government:

8 guns at $17,000 ..... $136,000
4 fire-control units at $6,000 ...... 24,000
Estimated disassembling and cost of transporting to Port of 8 guns & carriages and 4 sets of fire-control equipment. (Guns & Carriages—$28,000, & Fire-control Equipment—$3,000) ...... 31,000

Total ..... $191,000

No munitions are included. The War Department states, however, that a reasonable amount could be supplied under conditions similar to those governing the delivery of the guns.

You are authorized in your discretion to convey this information to the Cuban authorities for their consideration.

Very truly yours, For the Secretary of State:

Sumner Welles
The Ambassador in Cuba (Braden) to the Secretary of State

HABANA, July 3, 1942—11 p. m.
[Received July 4—4:14 a. m.]

502. Department's 407, July 2, 10 p. m. With respect to paragraphs number 1, 2, 3, 5, and 6, I see no objection and believe Cubans would welcome their inclusion in tripartite agreement suggested to me by Minister of State and Mexican Ambassador. In fact, Cubans will prefer to have United States handle all construction aspects of this undertaking and these might even be covered in a separate agreement.

Likewise, I believe paragraph number 4 can readily be obtained. However, Cuba, in my opinion, will also wish to incorporate following provisions in proposed agreement:

(a) Such Mexican and/or Cuban military aviators and planes as might participate in Yucatán channel patrol to be housed and serviced at the San Julián Field.
(b) Fixed improvements exclusive of temporary or demountable buildings to become Cuban property upon termination of agreement.

Permission for preliminary surveys should be forthcoming promptly on request.

Since Mexican participation in this particular development has been raised by the Mexicans and ourselves I believe Cubans will now greatly prefer a formal tripartite agreement.

Braden

$37.24/885

Memorandum of Conversation, by the Adviser on Political Relations
(Duggan)

[WASHINGTON,] July 9, 1942.

The Ambassador stated that on April 13 he had presented a note to the Department requesting an increase in the lend-lease allocation for Cuba from $7,000,000 to $15,000,000. One of the purposes for which this increased allocation was desired was the construction of barracks for the Cuban Army, which will be augmented by the draft which will take place in Cuba early in August. The present Cuban Army consists of about 20,000 men. It is contemplated that an additional 25,000 to 35,000 men will be taken into the Army. As things stand today there are no barracks in which to house the new recruits. Moreover, the present Army is insufficiently equipped with rifles, machine guns, etcetera. There will be nothing with which to train the new Army.

* The Cuban Ambassador, Aurelio F. Concheso.
The Ambassador stated that he had not yet received any indication of the attitude of this Government with respect to an increased lend-lease allocation for Cuba. Since the note was presented, the situation has changed somewhat by the decision of the United States Government to construct and equip at its own expense a large airport for training purposes at San Antonio de los Baños. The Ambassador indicated that this might make possible the diminution of the additional assistance requested.

I asked the Ambassador whether it would not be possible to utilize a part of the existing lend-lease allocation for the construction of barracks, provided that both Governments were in agreement that this was an expenditure desirable and essential to the defense of the Western Hemisphere. The Ambassador replied that this was impossible, since the $7,000,000 had already been fully allocated and requisitions filed.

The Ambassador stated that the President was disturbed by the situation. He wanted to increase the Army in order to make troops available to the United States if desired. The Congress had passed a conscription law. Action in accordance with the law was about to be instituted. It would be very unfortunate to induct into the Army 25,000 to 35,000 men and then have no place to house them and nothing to train them with.

I told the Ambassador that I would look into the matter.

811.34557/407: Telegram

The Secretary of State to the Ambassador in Cuba (Braden)

WASHINGTON, July 10, 1942—6 p.m.

456. Your 502 of July 3, 11 p.m. As the urgency of inaugurating the anti-submarine operations is apparent, and the War Department wishes to send survey parties to Cuba at once, you should, without awaiting drafting of the tripartite agreement (your telegram 492 of July 1, 11 p.m.²) seek authority from the Cuban Government at once for the following, based on the plan contained in the Department’s 407 of July 2, 10 p.m.:

1. Permission for the Compañía Nacional Cubana de Aviación to acquire the necessary land at San Julián to construct and make available for our use one or more runways of 7,000 feet. This permission should include authority for United States Army personnel to supervise construction.

2. The Cuban Government to make available the necessary land in the vicinity of San Julián for the War Department to construct the necessary facilities for the operation of the field. (It would facili-

² Not printed.
tate matters if this land were Cuban Government-owned.) The construction contemplated includes the items mentioned in numbered paragraphs 3, 5 and 6 of the Department’s 407.

3. Permission to station not over 500 officers and men, together with their planes and equipment, at San Julián.

4. Authority for the United States Army Air Force to exercise complete operational and administrative control at the San Julián base. (Although the War Department will cooperate with the Cuban and Mexican aviation forces assigned to anti-submarine duty, the effectiveness of our operations requires complete United States control. Provision will be made for housing Cuban and Mexican personnel with our own personnel and, whenever possible, for servicing their airplanes. In the latter connection however the War Department emphasizes that its servicing facilities will necessarily be specially planned for the types of aircraft it intends to operate.)

For your information certain changes in joint Anglo-American plans have resulted in a change in plans for the use of San Antonio de los Baños for training RAF crews. This base will therefore become available primarily for operations against enemy sea raiders.

You may mention in taking the foregoing up with the Cuban authorities the satisfaction of the State and War Departments with Dr. Cortina’s constructive suggestion of an agreement for military-naval cooperation (your despatch 312 of July 2 24). The Department wishes to stress to you however the importance of obtaining the foregoing specific permissions without awaiting conclusion of either (1) the tripartite agreement, or (2) Dr. Cortina’s general cooperation agreement.

With reference to the tripartite agreement, the draft should provide that Mexico grants to the United States and Cuba at Mérida the same privileges granted at San Julián by Cuba to the United States and Mexico. The general cooperation agreement should greatly facilitate new arrangements, as they become necessary, similar to the one now sought. You may inform Dr. Cortina that the Department together with the War and Navy Departments is already studying his draft and that we shall endeavor to communicate with you on the matter very soon.

HULL

811.34537/419: Telegram

The Ambassador in Cuba (Braden) to the Secretary of State

HABANA, July 17, 1942—10 p.m.
[Received July 18—6:18 a.m.]

584. My telegram No. 573, July 16, 3 p.m. 24 Cortina has shown me his draft reply to my note 394, July 11 (transmitted to the Department

24 Not printed.
with despatch 408, July 13 \textsuperscript{35}) regarding proposed developments at San Julián. After relating the substance of my note the Minister's communication goes on to accept our proposal subject to the following conditions.

(1) Acceptance to be without prejudice to our pending general agreement for military and naval cooperation (despatch 312, July 2 \textsuperscript{35}).

(2) Reversion of facilities at the end of the agreement employing the same phraseology as the San Antonio de los Baños Agreement (article 14 \textsuperscript{36}).

(3) Arrangement for one or two officers from each side to serve as liaison.

I indicated my satisfaction with these terms which appear to me to be entirely acceptable.

Cortina then said he was extremely desirous of concluding the proposed general agreement at the earliest possible moment and that it should be a document enabling us to send into Cuba "one hundred to one hundred thousand men" and should obviate the necessity for our repeated requests for permission to act in such matters thus enabling us to take immediate action whenever we feel it desirable. Should the Department have any suggestions on this agreement I hope they can immediately be transmitted.

Cortina has now apparently abandoned the idea of a tripartite agreement and states that the question of use of facilities by Mexico on a reciprocal basis can be worked out after our signature of the general agreement. I see no objection to this course.

\textbf{Braden}

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811.34587/420: Telegram

\textit{The Ambassador in Cuba (Braden) to the Secretary of State}

\textbf{Habana, July 19, 1942—10 p.m.}

[Received July 20—1 a.m.]

588. My telegram No. 584, July 17, 10 p.m. Cortina's note regarding development of the San Julián airport has now been received, in the form described in my telegram under reference and my acceptance note will constitute the agreement. Copies of the note will be sent Department by airmail tomorrow.\textsuperscript{37} The only additions introduced by Minister of State are:

(1) Reaffirmation Cuban sovereignty;

(2) Flying of Cuban flag in preferential position;

\textsuperscript{35} Not printed.

\textsuperscript{36} Ante, p. 272.

\textsuperscript{37} In despatch No. 482, July 20, 1942, not printed.
(3) United States jurisdiction in area to be purely military and endure until 6 months after end of war.

It is suggested that supplies and equipment in connection with San Julián be sent in the name of our Government to expedite free entry and handling on arrival (instead of consigned to Pan American Airways or its local subsidiary).

Has the War Department given consideration to subsequently using at San Julián machinery and equipment now arriving in substantial volume for San Antonio de los Baños project?

BRADEN

837.24/887

Memorandum of Conversation, by the Liaison Officer (Wilson)

[WASHINGTON,] July 21, 1942.

The Cuban Ambassador came in to see me this morning. I conveyed to him the substance of the information contained in the memorandum of conversation dated July 14, and explained that it would be impracticable to provide lend-lease funds to purchase the land mentioned in the Ambassador’s memorandum of April 13. With reference to the construction material and plumbing for the barracks, I said that these articles were very difficult to obtain in the United States, and inquired whether they could be procured locally in Cuba. If so, such funds could possibly be used in this connection as well as to purchase the necessary lighting equipment for the airfields.

The Ambassador expressed his disappointment. He said that he would communicate with President Batista with a view to ascertaining whether sufficient stocks of hardware exist in Cuba, in order that they could be “frozen” to provide the requisite amount for the barracks.

I then mentioned the great difficulty of providing the rifles for the recruits. The Ambassador expressed doubt whether it would be possible to induct the recruits and train them with dummy guns. He feared that this procedure would arouse ridicule and defeat the purpose of the recruiting.

He informed me that he had forwarded to Habana the War Department’s offer to sell the coast artillery and agreed that this material could be paid for by means of the existing lend-lease allotment.

During the conversation the Ambassador described the desire of the Cubans to be of real assistance in the war and not mere onlookers. He recalled that in the last war the Cuban Government had sent to Florida for military training about 25,000 recruits.

*Not printed.*
Transportation problems make such a procedure difficult at present, and the Cuban Government is therefore obliged to train its recruits locally.

ORME WILSON

811.34537/446: Afrgram

The Secretary of State to the Ambassador in Cuba (Braden)

WASHINGTON, August 24, 1942—4:45 p. m.

A—97. Reference Embassy’s No. 700 [705] of August 14, 7 p. m. 39

The following message has been received from the War Department:

"Since July 23, 1942, the War Department has withheld certain necessary construction at the airport at Camaguey pending negotiations towards the successful accomplishment of the General Military Cooperation Agreement between the United States and Cuba.

In telegram No. 700 [705] from the American Ambassador to Cuba, dated August 14, 1942, the Ambassador points out the fact that as a result of the present political situation in Cuba, it is not possible to state when negotiations concerning the General Agreement can be resumed. The Ambassador further stated that he was willing to attempt to obtain action from the Government of Cuba on the Camaguey construction as a separate project if this step were considered desirable.

In view of the above and of the fact that the War Department is desirous that this project should proceed with the least practicable delay, it is therefore requested that your Department take steps to obtain from the Cuban Government the following:

a. Permission to make such arrangements as are necessary whereby the War Department, through the Compañía Nacional Cubana de Aviación, the Cuba Consolidated Railroad, and/or contractor, may perform the following construction:

1. A railroad siding approximately 1000 feet long (Cuba Consolidated Railroad), adjacent to the airport, for the purpose of spotting cars of gasoline and other supplies.
2. A transfer pipeline from the railroad siding to the existing gasoline storage facilities on the airport at Camaguey.
3. Barracks and such auxiliary buildings as are necessary for a detachment of approximately 300 officers and men.
4. Approximately 3600 square feet of warehouse buildings.
5. Such additional minor construction as may be necessary for the use of the comparatively small Air Corps detachment of approximately 300 officers and men.

b. Permission for the stationing of a detachment of approximately 300 officers and men, at the airport at Camaguey, Cuba.

c. Permission to operate small units of military aircraft from the airport at Camaguey on anti-submarine patrol as may be necessary in combating the present submarine menace.

*Not printed.
d. Permission to use this airport for ferrying operations and as an auxiliary airport in Western Hemisphere Defense.

It is contemplated that such buildings and fixed installations as are constructed will revert to the Compañía Nacional Cubana de Aviación 6 months after the end of the present war. However, the War Department has no objection to such arrangements as may be made by the Government of Cuba with the Compañía Nacional Cubana de Aviación wherein these buildings and installations might instead revert to the Cuban Government.

It is requested that the War Department be informed at the earliest practicable date of any informal permission which may be obtained to accomplish the above construction."

You are requested, in your discretion, to place this matter at once before the appropriate Cuban authorities on the basis outlined by the War Department, meanwhile informing the Department of your opinion concerning title to the property after the war, mentioned in the penultimate paragraph of the War Department's message.

HULL

811.34537/482: Airgram

The Secretary of State to the Ambassador in Cuba (Braden)

WASHINGTON, September 8, 1942—3:45 p.m.

A-129. The Navy Department has informed the Department that it desires to obtain in the vicinity of the Guantánamo Naval Base two sites to be used as landing fields for the training of carrier based planes. Two sites have been selected as being most desirable for the purpose. The first of these consists of about 448 acres and is located on the lands of the Guantánamo Sugar Company adjoining the Central Los Canos Narrow Gauge Railroad in Los Canos. The second consists of about 300 acres and is situated on the La Verdad property of the Guantánamo Railroad near the railroad station and village of Novaliches. The Navy Department understands that the Guantánamo Sugar Company will be willing to lease the desired portion of its property at a nominal rent for an indefinite period.

It is assumed that this matter can be handled directly by your Naval Attaché with the appropriate Cuban officials under the provisions of the Joint Military and Naval Cooperation Agreement which will be signed on Monday. If this cannot be done, you are authorized to discuss it with the Cuban authorities with a view to obtaining their consent to the Navy Department's request."

HULL

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* The Ambassador presented a note to the Cuban Foreign Office dated August 26, 1942 (not printed); in its reply of September 12 (not printed) the Cuban Government granted all the authorizations requested (811.34537/487).

* In his telegram No. 870, September 23, 1942, 8 p.m., the Ambassador reported that consent had been given (811.34537/489).
Agreement Between the United States and Cuba for Military and Naval Cooperation, Signed at Habana, September 7, 1942

The Republic of Cuba and the United States of America, desiring to conclude an Agreement for Military and Naval Cooperation, have appointed for this purpose as their respective plenipotentiaries:

The President of the Republic of Cuba, José Agustín Martínez, Minister of State,

The President of the United States of America, Spruille Braden, Ambassador Extraordinary and Plenipotentiary of the United States of America in Cuba,

Who, after having exchanged their full powers, found to be in due form, have concluded the following Agreement for Military Cooperation.

WHEREAS: The American Republics have reaffirmed their complete solidarity and their determination to cooperate for their mutual protection.

WHEREAS: The Governments of Cuba and of the United States of America are co-belligerents in a war against the Axis aggressor nations.

WHEREAS: The Governments of Cuba and the United States of America are desirous of cooperating to the utmost in the prosecution of the joint war effort.

WHEREAS: The use of certain Cuban facilities by the armed forces of the United States on a cooperative basis would represent an important and substantial contribution to the success of the joint war effort.

THEREFORE: The undersigned plenipotentiaries, being duly authorized for the purpose, have agreed as follows:

ARTICLE I

Authorizations

As a contribution to the successful prosecution of the joint war effort, the Government of Cuba, without any prejudice to or impairment of the sovereignty of Cuba, has determined hereby to accord to the Government of the United States of America:

(a) An authorization of general character in favor of the service aircraft of the Government of the United States of America to fly over the territory of the Republic of Cuba and, when necessary, to land at any airport or landing field or, in the case of seaplanes, to land at any point within Cuban territorial waters. Prior notification
of such flights shall not be required, nor any permission to land on land or sea.\(^{43}\)

(b) An authorization to the Government of the United States to photograph Cuban territory and territorial waters, in connection with the compilation of military data and the preparation of military maps, which maps when completed shall be made available freely to the Government of Cuba.

(c) An authorization for the establishment of service detachments of the Government of the United States at Cuban airports and landing fields in connection with flights of the service aircraft referred to in (a) above, and the utilization by the personnel of these detachments, for the account of the Government of the United States, of every kind of facilities such as repair shops, communications installations and equipment. In each case, prior to the establishment of such a detachment, there shall be previous consultation in order to arrive at an agreement respecting the character, conditions and scope of the activities which are to be undertaken.

The personnel of such detachments may circulate in uniform within the Republic of Cuba, in connection with the rationing and sheltering of personnel, the servicing of aircraft, the receiving and sending of necessary military communications, and other necessary activities.

(d) An authorization, subject in each case to prior consultation and agreement between the two Governments, for the establishment of additional airports to be used in connection with joint military and naval cooperation or for the improvement of existing airports and their facilities.

(e) An authorization for the establishment of shore detachments of United States Army or Navy personnel at strategic points along the Cuban coast, to be selected by previous agreement between the two Governments. This authorization includes construction of necessary quarters and maintenance facilities for personnel, equipment and supplies; the establishment of military communications facilities; and the installation of detector and other special equipment in connection with activities of patrol or vigilance.

The personnel of such detachments may circulate in uniform within the Republic of Cuba, as outlined in paragraph (e), provided service activities are involved.

(f) An authorization for patrol aircraft and surface craft of the United States Navy to call without restriction at points where shore detachments have been established under this Agreement, and to

\(^{43}\) By an exchange of notes dated July 6 and August 27, 1942, the United States and Cuba agreed to extend for another year the reciprocal privilege for military and naval aircraft to fly over each other's territory without prior authorization (837.2311/82).
utilize bays, harbors, and coastal waters of Cuba without prior notification, in connection with their activities of vigilance and patrol.

(g) An authorization for the establishment of coast artillery guns at points to be selected by previous agreement between the two Governments in the vicinity of, and to the east and west respectively of, the boundaries of the Naval Station area at Guantánamo. This authorization extends to the construction of necessary temporary quarters for gun crews from the Naval Station, the establishment of such crews adjacent to the respective batteries, and the establishment of telephone facilities connecting each battery with the Naval Station area.

(h) An authorization for the establishment of a small detachment of uniformed personnel of the Naval Station at Guantánamo at the pumping installations on the Yateras River outside the Naval Station area, for the purpose of protecting these installations against possible damage from sabotage, together with an authorization for patrol and vigilance by Naval Station personnel of the pipe line between the intake equipment on the Yateras River and the points where the two systems enter the Naval Station area.

ARTICLE II

Free Entry

Materials of all kinds, equipment, fuel, merchandise, and war supplies imported into Cuba consigned to the Government of the United States or an official agency thereof, in connection with the activities of United States service detachments, provided these materials cannot be obtained in Cuba, shall not be subject, under this Agreement, to the payment of Cuban customs duties or any other fees or charges. Appropriate administrative measures shall be taken by the authorities of the United States concerned to prevent any misuse of privileges granted by this article.

ARTICLE III

Right of Use by the Cuban Government

The service aircraft of the Government of the Republic of Cuba may freely utilize all the installations and facilities to which this Agreement refers, and those which exist in the territory of the United States of America, without other restrictions than those established for service aircraft of the Government of the United States of America.

ARTICLE IV

Consultation

The Governments of Cuba and of the United States of America agree that they will act in mutual accord to adopt, from time to time,
such supplementary revisions of this Agreement as may be necessary or as may be indicated by experience to be equally needed, to provide satisfactory procedure or regulations covering questions which may require additional clarification or improvement, including agreement as to details relative to the relationship and cooperation between the armed forces of Cuba and of the United States, with respect to execution of the authorizations enumerated in Article I of this Agreement, and with respect to matters referring to the protection of the rights and privileges of citizens of Cuba and personnel of the armed forces of the Government of the United States temporarily stationed in the Republic of Cuba pursuant to the provisions of Article I.

Consultation undertaken pursuant to this Agreement shall be between His Excellency the Minister of State of Cuba, on behalf of Cuba, and the Ambassador of the United States of America at Habana, on behalf of the Government of the United States of America.

ARTICLE V

Transfer of Fixed Installations to the Cuban Government at the Termination of this Agreement

At the termination of this Agreement all the fixed installations and constructions of every kind placed within the Republic of Cuba by the Government of the United States, or in its name, during the life of this Agreement, shall be left in place and shall become without cost the property of the Government of Cuba.

ARTICLE VI

Secrecy of Agreement

Because of the military character of this Agreement, it shall be considered strictly confidential until such time as the Governments of Cuba and the United States may mutually agree otherwise.

ARTICLE VII

Duration of Agreement

This Agreement shall be in force from the day of signature. The authorizations and stipulations of this Agreement for military and naval wartime cooperation shall remain in force for the duration of the present war and until six months after the restoration of peace between the United States and all the foreign powers with which it is at war.
Signed and sealed in the English and Spanish languages, in duplicate, in Habana this seventh day of September, nineteen hundred and forty-two.

For the Government of the Republic of Cuba:

J. A. Martínez

Minister of State of the Republic of Cuba.

For the Government of the United States of America:

Spruille Braden

Ambassador Extraordinary and Plenipotentiary

of the United States of America at Habana.

837.20/261

The Ambassador in Cuba (Braden) to the Secretary of State

No. 1324

Habana, October 21, 1942.

[Received October 26.]

Sir: I have the honor to submit for the information of the Department the following list of military and naval projects which have been undertaken in Cuba since the beginning of 1942:

Army:

1. San Julián: Construction of Airport:

The War Department proposes to establish an airport at San Julián, with one or more runways the principal of which will probably be 7,000 feet long. This project has been delayed for various reasons having to do with the contractor and with consideration of a new site, which has now been agreed upon. Please see despatch No. 1321 of October 21.44

Since January, 1942 a service detachment of the Air Corps consisting of one officer and about twenty enlisted men has been established at the present Pan American Airways emergency landing field.

2. San Antonio de los Baños:

It is anticipated that this airport, a $10,000,000 project, will be completed by February, 1943. Ten thousand five hundred men are now employed, and the first runway was completed several days ago, the first landing thereon being made on October 17. An informal joint Cuban-American ceremony was held the following day during which the Cuban and the American flags were raised. It is planned to have a formal dedication on the field at a later date. Construction is now rapidly going forward.

44 Not printed.
3. Camagüey:

The installation of additional facilities and the establishment of additional personnel were agreed to by the Cuban Government last September (please see despatch No. 1023 of September 15, 1942 46). The Embassy is without detailed information concerning the progress of the work at Camagüey but is requesting the newly-appointed vice consul there to submit a report thereon.

Navy:

1. La Fé: Construction at La Fé, Pinar del Río:

This is a small port about ten miles west of San Julián where a ramp to handle seaplanes and accommodations for a detachment of approximately 100 men, together with communications facilities, are being established. Work on this project, together with a highway connecting La Fé with Mendoza, is being undertaken by the Frederick Snare Corporation. The project represents an investment of approximately $250,000 and when visited by a member of the Embassy staff last week appeared to be approximately 80 per cent completed.

2. San Julián:

The Navy maintains a patrol detachment of approximately 150 officers and men and 19 airplanes at the present San Julián field. The detachment has operated from San Julián since last June and appears to be performing an outstandingly good job, for which much credit is due to the commanding officer, Lieutenant John M. Ennis. The excellent relations existing between this detachment and the Cuban authorities in Pinar del Río have been a source of sincere gratification to the Embassy.

3. Santa Lucía:

The Navy has recently awarded a contract to the Frederick Snare Corporation for the extension and improvement of the small landing field at this port, which serves the Matahambre copper mines. Improvement of the Santa Lucía field will add to the security of operations from San Julián.

4. Santa Fé, Isle of Pines:

It is proposed to recondition the abandoned landing field near Santa Fé, since the Presidio field has several nearby hills which would add to the hazard of night flying. The present plan is to station one officer and approximately 15 enlisted men at Santa Fé for service communications and fuel, thus expanding the range of operations of the San Julián squadron. Consideration is also being given to the

46 Not printed.
erection of a mooring mast for a blimp. This matter was taken up with the Cuban Government on October 12, 1942, no reply having been received.46

5. Cayo Francés:
This is an island off the north coast near Caibarién where a small squadron of Navy planes on floats will be based. The establishment of this base is at present under way.

6. Two emergency landing fields northeast and northwest of Joa Bay near the Naval Base at Guantánamo:
Permission for the establishment of these fields was obtained last month, at the instance of Captain Weyler, Commandant of the Naval Base.

Respectfully yours,

SPRUILLE BRADEN

837.24/10—1942

The Secretary of State to the Counselor of Embassy in Cuba (Briggs)

WASHINGTON, November 11, 1942.

DEAR ELLIS: I have your letter of October 19, 1942,47 with its enclosed memorandum on Lend-Lease matériel for Cuba. You are particularly interested in the value of the various items which have been requested by the Cuban Government and approved by the Lend-Lease authorities here.

Orme Wilson has supplied the following data, with an indication that all of the figures are approximate:

(1) Total value of requisitions approved (ground, air, naval): $4,700,000. Of this $3,000,000 is for patrol boats.
(2) Delivery of ground material. Equipment already in Cuba or ready to proceed: $428,000.
(3) Aviation matériel delivered to Cuba. (a) Land planes: $196,000. (b) Naval planes: $107,000.

We will have an opportunity to look into this matter more fully when you are in Washington, that is unless you get bogged down in other important problems.

Sincerely yours,

[File copy not signed]

46 The Ambassador reported in despatch No. 1485, November 16, 1942, that Cuba had given permission (811.34537/530).
47 Not printed.
FINANCIAL ASSISTANCE BY THE UNITED STATES TO CUBA

837.51/2862: Telegram

The Chargé in Cuba (Briggs) to the Secretary of State

HABANA, March 3, 1942—6 p.m.
[Received 8:16 p.m.]

98. For Walmsley.43 The Minister of Hacienda,50 López Castro51 and Subsecretary of Defense, Perez Benitoa will leave Wednesday morning by airplane for Miami probably [apparent omission] the Cuban Embassy of the exact hour of arrival in Washington.

The Minister of Hacienda wishes to take up the various financial matters under study by our Treasury officials and also final conclusion of the 25 million dollars credit operation López Castro participating in the latter negotiation. According to the Minister of State52 the Cuban Government will seek certain changes in the current credit draft but Cortina expressed the opinion that no changes in principal are contemplated and that he hopes final agreement can be reached within a very few days.

López Castro has been instructed urgently to supplement Concheso's53 representation concerning shipping and will also desire to discuss sugar.

The Subsecretary of Defense has been directed by the President to endeavor to expedite delivery of at least some of the material now on order (please see my telegram No. 74, February 21, 3 a.m.54).

BRIGGS

837.51/2867

The Under Secretary of State (Welles) to the Mayor of Habana (Menocal)

WASHINGTON, March 18, 1942.

My Dear Dr. Menocal: I have studied with care the points regarding the strategic importance of the Habana waterworks which you list in your letter of March 2, 194255 and they have been brought to the attention of officials of the interested agencies of the United States.

44 Walter N. Walmsley, Jr., Assistant Chief, Division of the American Republics.
45 Oscar García Montes.
46 Cuban Secretary of the Presidency.
47 José Manuel Cortina.
48 Aurelio F. Concheso, Cuban Ambassador in the United States.
49 Not printed; for correspondence on the problems of hemisphere defense, see pp. 253 ff.
50 Not printed; in this letter the Mayor stressed the inefficiency of the existing waterworks in supplying merchant ships, and the vulnerability of Habana to bombing and epidemics.
As you are well aware, I have long been interested in the problem of the Habana waterworks and share your belief that its reconstruction and extension constitute a project of public works of great importance. There exist in the various agencies of the Government of the United States a full appreciation of the economic and social benefits to be derived from the project, and a sympathetic desire to cooperate to the fullest extent practicable with you in carrying it out.

There are two principal types of considerations involved in such cooperation. The first is of course the working out of satisfactory financial and technical arrangements for handling the project. I understand that you have discussed these at some length with the President of the Export-Import Bank, Mr. Warren Lee Pierson, and you are in broad general agreement with respect to the matter. I am informed by Mr. Pierson that upon the receipt from you of a letter regarding the form of financial cooperation he will be able to give you his specific suggestions and comments.

The other type of consideration is even more important in these days in which the decision to allocate materials to any project must be based upon the degree to which the project will contribute to our common major objective, the winning of the war. I refer of course to the priority rating which must be obtained from the War Production Board if the materials and equipment to complete the project are to be made available. The Department will make every effort to insure that the production agency gives appropriate consideration to the strategic and other aspects of the project. Preliminary consideration of the project has already taken place, and as additional detailed information regarding the materials required is received, the Department will be in a position to press for a decision.

It was a great pleasure for me to see you again on your recent visit and to have an opportunity to discuss matters of common interest.

With my kindest personal regards, believe me,

Yours very sincerely,

SUMNER WELLES

837.51 Cooperation Program/160

Memorandum of Conversation, by the Acting Secretary of State

[WASHINGTON,] April 6, 1942.

Participants: Señor Dr. Aurelio F. Concheso, Cuban Ambassador; Cuban Minister of Finance; Cuban Secretary of the Presidency, Dr. López Castro; Mr. Welles, Acting Secretary.

The Cuban Ambassador called this afternoon accompanied by the Minister of Finance and by the Secretary of the Presidency, Señor López Castro.
Señor López Castro said he was the bearer of a message of a personal character for me from President Batista. He said that President Batista had agreed to conclude negotiations for the $25,000,000 credit because of his belief that the various projects which would be carried out under the terms of this credit would be highly beneficial to the people of Cuba. He emphasized particularly the repair and the widening of the Central Highway, the construction of feeder roads by the Department of Agriculture, the new water systems in Santiago and Guantánamo, and finally the construction of four hospitals, two of them to be completed in the two cities last mentioned, upon which the heart of President Batista was particularly set. He said that he had only two years left of his presidential term and that he felt a moral obligation to the people of Cuba to complete these hospitals before he left the Presidency.

President Batista continued by saying that public opinion was overwhelmingly in favor of the conclusion of this credit arrangement but that, knowing the Cuban people as I did, I would realize the serious situation which would be created for him if after this credit arrangement had been concluded none of the material from the United States required for the construction of these projects was received because of the lack of the necessary priorities.

President Batista therefore wanted me to know that he did not consider that he could conclude the negotiations unless he felt that I was personally interested in seeing that the material required reached Cuba and unless because of my personal interest the question of the priorities involved would be dealt with in other than the ordinary routine way.

I asked Señor López Castro to reply in my name to President Batista in these terms: I said that as he knew, I had always been greatly interested in the extension of this credit to Cuba because of the fact that when the negotiations commenced Cuba appeared to be heading into a very serious economic situation and I felt that the assistance which would be given to Cuba’s national economy by this credit would be enough to relieve the situation almost entirely. I said that I believed that the projects the Cuban Government had in mind were all of them desirable and of long term, highly beneficial, permanent value. I said that consequently there was no question but that my own personal interest was involved and that for reasons of high policy, it would remain the desire of this Government to see that as much of the material called for was sent to Cuba as could be sent under our present situation in the United States.

I stated, however, that if the President’s message implied some commitment on my part that priorities would be granted for such material to be shipped, it was utterly impossible for me to give such
commitment. I said that this country was involved in the most desperate war in which we had ever been engaged and that the people and the Government of Cuba were at our side as our allies in that war. I said that obviously, if the material required for the carrying out of these projects in Cuba was required for our war effort or for military or naval purposes, it would be fantastic to assume that reasons of high policy, even a policy involving our Cuban ally, could dissuade the President and the military and naval authorities of the United States Government from utilizing these materials for our war needs rather than for the construction of these projects in Cuba.

I said I wanted to speak with complete clarity and with complete precision as I had always attempted to do in the past to my Cuban friends so that there would be no possible misunderstanding in the future: If our war needs and the needs of our general hemispheric policy made it possible, it would be the desire of this Government to see that the necessary priorities were granted but that I must emphasize the tremendous demands which were increasingly being made upon us for our war needs and for the requirements of our hemispheric policy and I could, therefore, give no assurances of a more positive character to the President of Cuba.

The Cuban Ambassador and the two cabinet ministers stated that this was all they expected to obtain from me in the way of assurances and the Cuban Ambassador asked if he could not also assume that Cuba would have some preferential position with regard to these priorities in connection with the requirements of the other American Republics.

I replied that it was impossible for me to give such assurances and that I had already indicated that the requirements of our hemispheric policy covered not only what we felt it necessary to give in a spirit of fairness on terms of equality in the way of export allocations to our neighbors in the rest of the hemisphere, but that also obviously some of these priorities granted the other American Republics had a direct and immediate connection with our war requirements and with the defense requirements of the rest of the hemisphere. For example, I said, it might well be that priorities for a governmental steel mill in Brazil would be regarded as having a more direct connection with hemispheric defense than the granting of priorities for the pipe required in the aqueduct in Santiago.

I reiterated that all that I could possibly say was that these priorities to Cuba were regarded with sympathy and with particular interest, but that no assurances whatever, for the reasons above stated, could be given that priorities would be forthcoming.

S[UMNER] W[ELLES]
The Acting Secretary of State to the Chargé in Cuba (Briggs)

WASHINGTON, April 8, 1942.

178. The agreement for the $25,000,000 credit 56 by the Export-Import Bank, was signed at 5:45 p.m. by the Ambassador on behalf of the Republic, and Doctors López Castro and García Montes on behalf of the Commission; and by the President of the Export-Import Bank.

WELLES

Memorandum of Conversation, by Mr. G. F. Scherer of the Division of the American Republics

[WASHINGTON,] May 12, 1942.

Participants: Dr. Raul Menocal, Mayor of Habana
Ing. J. Puente, Cuban Engineer
Lieutenant Dwight, Navy Department, War and Navy Munitions Board
Mr. Crenshaw, WPB 57
Mr. Warren L. Pierson, President, Export-Import Bank
Mr. Eugene LeBaron, Export-Import Bank
Mr. Malcolm Pirmie, New York Water Consultant
Mr. Collado, EO 58
Mr. Hooker, EO 59
G. F. Scherer, RA

At a meeting called by Mr. Pierson in his office on May 12, Señor Puente went over the plans he had prepared with Señor José García Montes for the rehabilitation of the Habana water system. His plan which has been drawn up over a period of years, contemplates the establishment of two new sources of water, in addition to the existing Albear Aqueduct. It is proposed to use no materials requiring priorities except a certain amount of reinforcing rods for the first 18 to

56 The agreement, not printed, between the Export-Import Bank, the Republic of Cuba, and the Comisión de Fomento Nacional provided for a line of credit of $25,000,000, repayable in 30 installments semi-annually with interest at 4 percent. The loan was to be used for public works and agricultural projects.
57 War Production Board.
58 Emilio G. Collado, Executive Secretary, Board of Economic Operations of the Department of State.
59 John S. Hooker, Assistant Executive Secretary of the Board of Economic Operations.
24 months of the project. This preliminary work might result in an increased supply to the system but this possibility was not made completely clear.

After the meeting Mr. Pierson mentioned that the Bank plans to send Mr. Pirnie to Habana in accordance with Item 2 of Page 1 of the attached copy of a draft letter to Dr. Menocal from the Bank. 50

Mr. Pirnie indicated a familiarity with the Habana water system, gathered, I judge, from a previous trip during the administration of Dr. Mendieta. 51 He spoke of the desirability of ascertaining what the distribution system in Habana could accomplish if sufficient water were made available. He mentioned that he knew of some eight or ten plans that had been prepared to rehabilitate the system, and suggested informally his own belief that a well field could be established to the east of the present source to bring to Palatino about 150,000,000 gallons of water. From that point a turbine pump system could carry the necessary quantity of water to a projected reservoir at Víbora, which, owing to its elevation, would provide sufficient pressure for the higher points in the City. Mr. Pirnie visualizes the new source of water as supplementary to existing supplies. 52

837.515/684a: Telegram

The Secretary of State to the Ambassador in Cuba (Braden)

WASHINGTON, July 3, 1942—midnight.

418. Treasury proposes to sign the gold purchase agreement with Cuba on July 6 at which time the following press release will be issued:

"The Secretary of the Treasury, Henry Morgenthau, Jr., and the Cuban Ambassador, Dr. Aurelio F. Concheso, today signed an agreement under which the Government of the United States undertakes to sell gold to the Government of the Republic of Cuba from time to time with payment to be made within 120 days after delivery of the gold provided that the unpaid-for amount of gold shall not at any time exceed $5,000,000.

"The details of the agreement were worked out between the Cuban and United States Treasuries on the occasion of a recent visit to this country by Dr. Oscar García Montes, the Minister of Finance of Cuba.

"This agreement evidencing the close cooperation that has existed between the Treasuries of the Republic of Cuba and the United States

50 Not printed.
51 Carlos Mendieta was President of Cuba, 1934–35.
52 No definite action was taken during 1942 with regard to this proposed Export-Import Bank loan for the Habana waterworks project. A source of delay was the choice of a consulting engineer by the Bank.
will enable the Cuban Treasury to carry out operations designed to stabilize the Cuban peso–United States dollar rate of exchange."

The foregoing is sent to you for your information and not for release to the press in Cuba.

HULL

837.515/683: Telegram

The Ambassador in Cuba (Braden) to the Secretary of State

HABANA, July 9, 1942—3 p.m.
[Received 4:38 p.m.]

528. Department's telegram No. 418 of July 2 [3], midnight. Ministry of Finance inquires whether arrangements could be made to deliver to local branch of any American bank which our Treasury may designate the United States currency required to pay for the first $5,000,000 of gold to be purchased provided the Treasury feels that additional United States currency is needed here for sugar loan and for expenses the several United States Government defense projects now being executed. Ministry of Finance officials point out that this procedure would save remittance charges both ways.

BRADEN

837.516/387

The Ambassador in Cuba (Braden) to the Secretary of State

No. 513

HABANA, July 20, 1942.
[Received July 29.]

SIR: I have the honor to enclose herewith a message directed by President Batista to the Special Session of Congress which convened today. This document discusses and presents a draft-law to create:

(1) A central bank of issue and rediscout, to be called "Banco de la República de Cuba";
(2) A stabilization fund;
(3) A bank examiner's office.

Also it proposes to reform Cuban monetary and banking laws with a view to eliminating the dollar as legal tender in this country within 180 days or less if the Government so elects.

It is my understanding that the enactment of legislation along these lines has been under consideration for some time and that finally the creation of a central bank was definitely provided for in Article 142 (d) of the 1940 Constitution. During these protracted discussions,

63 Not printed.
it has come to be accepted as well nigh axiomatic that reforms such as are contemplated in this draft legislation were required for the proper functioning of banking in Cuba. Irrespective of whether or not this be so, I understand and sympathize with Cuban ambitions to improve credit facilities and to have their own currency as the sole legal tender. On the other hand, in accomplishing these ends, the utmost care should be taken to insure against mistakes—either in the planning or carrying out of the desired measures—which might prove disastrous to this country and indirectly to our interests here and to our commercial and other relations with Cuba. Hence, it is of the utmost importance that the proposed legislation should only be enacted into law after the most exhaustive investigation possible of all the pertinent facts and influences and that, in particular, certain conditions and psychologies, peculiar to Cuba, be so thoroughly understood and such protection thereon be incorporated in the law as to insure the successful operation of the new system to be created.

The bill now presented, and which closely coincides with the recommendation made by the American Technical Mission to Cuba, headed by Mr. H. B. [D.] White of the United States Treasury Department, will probably become law unless:

(a) The present Congress becomes so involved in political bickering as to prevent any legislation;

(b) The Department deems it advisable to suggest discreetly that a deferment of this legislation appears desirable;

(c) Opposition thereto in public hearings be far stronger and more effective than presently seems likely.

Self-evidently, the American Technical Mission could not properly enter into those unfortunate features of Cuban character and malfeasance in public office, which, nevertheless, of necessity, must be entirely excluded from the new banking and monetary system if it is to function honestly and effectively. It is for this reason that, quite apart from the purely technical aspects of the pending legislation, I feel that the following observations merit the Department's careful consideration:

(1) There should be accurately determined just how much truth there is in the widespread allegations that the lack of commercial credit and rediscount facilities and the existing monetary system are responsible for the financial and economic difficulties which have arisen in this country during the last two decades. If these generalizations are not entirely factual, it would appear unwise to rush through the basic changes now under contemplation. But even if they are accurate, it does not necessarily follow that the only solutions are those outlined in the draft of law presented to Congress by President Batista. So far as I have been able to ascertain, a careful
analysis and report on this underlying situation has not been made. Therefore, it would seem logical for a meticulous study of all the facts to be concluded first so that, based thereon, the best possible solutions could be explored and then adopted.

(2) President Batista's statement that the present is the most propitious time for the enactment of this legislation is perhaps exact from the viewpoint that the financial and economic problems which will arise during the next few years will be so difficult as to require the best of talent and the most solid banking, credit and monetary structures for their proper solution. I am not convinced, however, that the present period, when the entire world is in a state of flux and uncertainty and so many unknown factors are appearing daily, is propitious for the inauguration of a new banking and monetary system. On the contrary, it might be preferable during the next few years to continue with the existing media rather than to attempt to change systems in midstream.

(3) Unless consummated with "superior skill", the elimination of the dollar as legal tender and the creation of the stabilization fund might complicate the Cuban financial structure and prejudice trade with the United States. Simplification in these matters would seem preferable rather than the enactment of measures which will probably involve the establishment of an exchange control, thus adding this country to the long list of those which now have the freedom of their international trade hampered by such measures. Finally, this would appear to be another step away from the ideal of, if not a common currency for the entire Hemisphere, at least complete stability of currencies between the American republics.

While the Prime Minister, in a conversation with me, stated that it was intended to tie the peso irrevocably to the dollar, it would not appear from the draft law that this has been accomplished. Pending the development of more definite plans to reach this very desirable end, it might be preferable to carry on under the existing media which at least in this particular have worked reasonably well until now. In fact, the outstanding weakness which appears to exist in Cuban currency is the extraction therefrom of large seigniorage profits during the last several years. In any case, to force such a momentous change within a 180-day period or less does seem precipitous.

(4) President Batista's message to Congress points out that the draft legislation is largely based on the report of the White Mission. Therefore, if, in the future, difficulties are encountered, irrespective of what may be their cause, the United States Government will in all probability be blamed.

(5) That Government should control banking and currency is a sound postulate providing it can furnish competent and honest man-
agement. If this cannot be done, then some other control should be created. As the report of the White Mission states: "A poorly administered central bank or stabilization fund would add greatly to the difficulties that already exist." When I informally mentioned to the Prime Minister, Dr. Saladrigas, that honest and competent management was a sine qua non for the successful operation of the proposed bank, the only assurance he could give me, that there would be such management, was that Dr. Oscar García Montes, until recently Minister of the Treasury, and Sr. Eduardo Durruthy, of that Ministry, would be the top executives of the new institution for at least five years. . . .

As the Department is aware, honest and competent administration in Government-controlled organizations has been and is a rarity in Cuba. The new system by law will be politically controlled throughout. Therefore, on this country's record, it would seem overly optimistic to hope for a "superior administration". Without such an administration there is at least an even chance that there will be costly mistakes, difficulties and possibly illicit practices which may be disastrous in many directions. To launch a fundamentally important new system under these conditions is, to say the least, hazardous.

(6) As the report of the White Mission states, "care should be taken to protect the (member) banks against loss of principal on their subscriptions to the central bank". Aside from the very serious problem involved in obtaining a competent and honest administration for the bank, the capital investment—and for that matter all other assets—might be imperiled by:

(a) Over borrowing by the Government in times of duress. Under strain, political influences have played havoc with central banks in such places as Chile, and the history of Cuba gives no encouragement that conditions would be any better here. For instance, here there are no really important national banks which could exercise a beneficial restraint on the central bank.

(b) The volume and potency of corruption in Cuba induces the fear that illicit influences will endeavor to milk the institution for selfish ends. So frequently do attempts of this nature arise here that the Embassy has to be eternally vigilant to protect our interests against the effects of these evil practices. A most recent example is the maneuver to alter the promedio price of sugar. (See my despatch No. 311 of July 3, 1942.\textsuperscript{64})

(c) The draft law limits the total amount of loans which the bank may have outstanding to the Government at any given time to 10 percent of the average of the current and the last preceding year's budgets. However, it is pertinent to observe that, based on the present budget of 89,000,000 pesos, the Government could borrow up to 8,900,000 or 78 per cent in excess of the paid-in capital of 5,000,000 pesos for the new institution. Moreover, the temptation would be

\textsuperscript{64} Not printed.
great for the Government, if hard pressed for cash, to force an expansion of the 10 per cent limitation.

(d) The central bank's liquidity may be adversely effected by the narrow market which exists for Cuban investments of the kind which would be appropriate for the bank's portfolio. Stabilization Fund operations also might be hampered by this condition.

(e) The authorization for the bank under emergency conditions to make loans to the general public offers another source of danger, particularly in a one major crop—one export and import market country, such as Cuba, where, for instance, the sugar interests from time to time can and do bring unusual pressure to bear.

(f) If the new institution takes over the present outstanding issues of Cuban silver backed currency, it would absorb at the outset a deficiency of some 50,000,000 pesos resulting from the seigniorage profits which have been extracted by previous administrations from the present 80,000,000 pesos of so-called silver circulation.

(7) This new legislation involves the enactment of additional taxation which seems especially unfortunate at a period such as the present, when the country's income may be reduced and other heavy taxation be imposed by reason of this country's participation in the war.

I heartily approve of inspiring people to accept responsibility, by giving them responsibility, but I question the wisdom of this policy being pursued in Cuba at this time on so vital a matter as this, on which depend the economy of the country and the happiness and well-being of its citizens. If there had been in recent years a reasonably long period of competent and honest administration by Governmental organizations in Cuba, then the experiment might be justified, but under existing circumstances, it seems perilous and, unfortunately, if it does not work out successfully, the Department of State, the White Mission and, therefore, the United States Government will probably be made the whipping boy.

It is to be hoped, therefore, that very careful consideration of the project will be given by the Cuban Congress and, in particular, that the public hearings thereon will lead to a thorough analysis of all factors, including the aforementioned.

The Department will observe that in my opinion the recommendations of the White Mission would prove most valuable under other conditions and with the guidance of experienced technicians. But since this talent is, unfortunately, unavailable here, I can only view with misgivings the inauguration of a new banking and monetary system at this difficult and uncertain period, in a country where practically all governmentally-dominated enterprises are saturated with self-seeking political influences which all too frequently lead to inefficiency and even corruption.

Respectfully yours,

Spruille Braden
CUBA

837.515/385: Telegram

The Secretary of State to the Ambassador in Cuba (Braden)

WASHINGTON, July 29, 1942—8 p. m.

562. Your 528, July 9, 3 p. m. The Treasury will accept spot delivery of United States currency at a Habana branch of an American bank in payment for $5,000,000 of gold to be earmarked for Cuba. Further instructions on delivery of the currency to an American bank will be sent as soon as arrangements for receiving the currency are completed by the Treasury. Please inform us when Cuban Ministry of Finance will be prepared to proceed with this transaction.

HULL

837.516/391

Memorandum by the Assistant Chief of the Financial Division (Luthringer) Concerning the Fourth Report of the American Technical Mission in Cuba

[WASHINGTON,] August 3, 1942.

The following comments are numbered to correspond with the numbered paragraphs in the Embassy’s despatch No. 513 of July 20, 1942:

(1) The implication of this paragraph is that the American Technical Mission did not devote sufficient study to whatever defects may exist in the Cuban monetary and banking system and did not sufficiently explore alternative solutions to these defects other than those recommended by the Mission in its report. I have heard Mr. Harry White state categorically that the mission was undertaken only on the specific understanding that the Mission would be free to report on Cuban monetary and banking needs as actual study disclosed them to the Mission and further that the Mission would not recommend a central bank for Cuba unless such an institution seemed to be required. I see little or no reason to believe that the personnel of the Mission, which is of unquestioned competence, did not make a thorough and conscientious study and did not recommend the specific institutions and reforms which represented the best judgment of the Mission as a whole. It seems a little unreal to assume that a more thorough investigation of Cuba’s needs in these matters would ever be undertaken by equally qualified personnel if the Department undertook to torpedo the Mission’s report and recommendations on a theory that a better report would be submitted if more thorough or realistic study went into its preparation.

(2) In spite of the flux and uncertainty existing throughout the world because of the war it would nevertheless appear that the present
is a propitious time for the institution of monetary and banking reforms. The Mission in its report specifically took cognizance of the probability that there would be a heavy net influx of dollar payments into Cuba and recommended measures to limit the inflationary repercussions of this on the Cuban economy. (See pages 62-63 of the Second Report to the Cuban Government) The Mission estimates that the favorable trade balance of Cuba during the coming year might exceed $100 million and mentions the $25 million Export-Import Bank credit and the $20 million Reconstruction Finance Corporation advance for the development of nickel deposits. In addition, as I understand it, Cuba may derive a large amount of dollars from various military projects which are getting under way in that area. From the point of view of anticipated dollar influx into Cuba it would be hard to envisage a more propitious time than the present for the institution of these reforms.

(3) In view of the considerations set forth in (2) there seems to be no reason to assume that the establishment of a stabilization fund and elimination of the dollar as legal tender will straightway plunge Cuba into an exchange control regime unless the Cuban Government blandly disregards the advice of the Technical Mission and attempts a rapid elimination of dollar deposits. The Mission has expressed its views on the latter in both its Second and Fourth reports and if its recommendations are followed apprehensions as to immediate adoption of exchange control simply do not seem to be justified by the facts. It is true that the Mission foresees certain contingencies under which an exchange control might be necessary or desirable. The chief of these contingencies would be an economic crisis which arose from a collapse of Cuban exports and acute disequilibrium in the Cuban balance of payments. I believe that many monetary authorities would agree that in such conditions an exchange control is a lesser evil than the extreme and uncontrolled deflation of the type experienced by Cuba during the depression. One of the principal reasons for suggesting a Cuban central bank and stabilization fund for Cuba is to provide Cuba with a mechanism for coping with such a situation by its own monetary credit and controls. Measures of this character obviously are doomed to failure so long as Cuba has a dual monetary system and must remain blindly tied to the dollar.

The Mission report clearly indicates an assumption that the peso will remain closely tied to the dollar for some time to come. The Mission, however, quite properly suggested mechanisms for dealing with emergency situations and envisaged certain circumstances in which the change in basic economic relations might make it inadvisable to continue to maintain the peso at its existing parity with the dollar. Whether or not the economic disadvantages and risks to Cuba of co-
tinuing a dual monetary system exceed the risks of the establishment in Cuba of mechanisms of currency and credit control to deal with crisis situations is perhaps a matter of opinion. It would not appear, however, that this Government could properly attempt to deny to Cuba the sovereignty over these matters which is enjoyed by all independent countries.

I do not believe that it can be sustained that an establishment of its own currency by Cuba conflicts in any way with our hemispheric monetary policies nor do I think it reasonable to criticize a monetary system because the government derives seigniorage profits from the issues of currency. Practically all other governments derive seigniorage profits directly or indirectly from the issue of money and it is little hard to see why Cuba should be deprived of this normal adjunct of sovereignty.

(4) The point that this Government may be blamed for future Cuban monetary difficulties because of the report of the Technical Mission cannot, I believe, be given much weight. If it were, this Government would refrain from offering advice to Cuba and this would appear definitely to be a greater evil than undertaking to advise Cuba through mechanisms such as the Technical Mission. Moreover, it should be readily discernible what difficulties arise from following the advice of the Mission and what difficulties follow from flat disregard of the Mission’s recommendations.

(5) This is perhaps the essence of the Embassy’s objection to the proposed central bank; namely that the new system will be politically controlled and that the Cuban Government is incapable of providing competent and honest management for the new system.

The trend of experience and developments during the past decade or so, both in this country and abroad, has been such that it is unlikely that any group not composed solely of private bankers or central bankers of the more conservative type would recommend the establishment of a central bank which would not be subject in major policy questions to considerable if not predominant governmental influence. The view that central banks should be above the government (i.e. “free from political influence”) though dominant in the 1920’s has been pretty well discredited during the 1930’s both by monetary theorists and the march of political and economic events. Few countries will now tolerate any large degree of central bank independence from basic policy determinations by treasuries. Central banks have almost everywhere become the tools or handmaiden of governments in the determination of monetary policy rather than independent policy makers or even co-equals in the making of policies. How governments can assume such a role without subjecting central banks to “undue political influence” is not easy to see. In any event
in view of the present minor role occupied by purely Cuban financial institutions the establishment of a central bank which would be controlled by private banking interests rather than the Government would appear to perpetuate in Cuba a degree of control over the banking system by foreign bankers which the Cubans can hardly be expected to accept.

In the circumstances and bearing in mind this Government's general policies with respect to the American republics it would appear difficult if not impossible for the Department to sustain against the recommendations of the Technical Mission and the desires of the Cuban Government the view that Cuba should continue indefinitely on a dual monetary basis or accept a central bank which would be conspicuous among its sister institutions by lack of government means to influence its basic policies. It may well be that Cuba may be forced to learn from bitter experience the consequences of ill-advised monetary and central banking policies or political interference with proper conduct of the bank. As against this, however, there is at least the possibility that the proposed reforms may remedy some of the outstanding defects of the present system which flow from the complete lack of any mechanism for centralized control of money and credit in Cuba. Moreover, I do not know that one can wholly dismiss the possibility that the creation of these new Cuban institutions may stimulate a greater sense of responsibility on the part of the Cuban Government and informed public than has existed under conditions of the past.

Regardless of this, however, from the fundamental policy point of view, fears of the possible incapacity of the Cuban Government in these matters would not, in my opinion, justify an attempt on the part of the Department to prevent Cuba joining the vast majority of her sister republics which have an independent currency and a central bank. In the light of Cuban desires in this regard it seems to me that this Government has followed the most proper policy; it has made available to Cuba competent experts to advise that Government as to the type of central bank and monetary system which it regards as most suited to Cuba's needs and will doubtless freely offer Cuba such technical advice and assistance as the Government of that country may request. This Government will also doubtless stand ready to assist the Cuban central bank and stabilization fund in more material ways should the need arise and the possibility of being able to justify requests for such material assistance should operate as a restraining factor of no mean proportions on Cuban management of these institutions.

There have doubtless been many errors and mistakes in the management and operations of many of the central banks of the American
Republics. However, I believe it would be very difficult to sustain the thesis that these countries would have been better off economically if they had been content to accept a dual monetary system or to use the dollar exclusively rather than make some attempt to control money and credit from the point of view of the particular social and economic needs of each. Although inflation and exchange control can be serious evils and bring serious abuses, it is not clear that these have exceeded the evils which would have followed abandonment of national efforts at control in favor of a blind linking of the local currency to the dollar and maintenance at all costs of freedom of exchange.

Finally, it is difficult to see why an exception should be made with respect to monetary and banking matters in the exercise of sovereignty by an American republic. The establishment of its own monetary system by Cuba is as much a prerogative of Cuban sovereignty as the establishment of its own army, police forces and courts. Perhaps Cuba would be better off if it used American armed forces and police and paid us therefor just as economically it pays us when it uses United States currency. I do not see how we could possibly object to the establishment by Cuba of its own independent monetary system without doing violence to our basic political policies toward Cuba. This is not to say that we should remain silent if Cuba goes about it in a way which will not only unreasonably damage American interests but will seriously injure Cuba as well. It is to say, however, that the Department should not attempt to dissuade Cuba from following the advice and recommendations of the Technical Mission merely because of the possibility of Cuban political incapacity.

(6) (a) The mere fact that the government may over-borrow from the bank in times of duress hardly seems sufficient reason for not having any central bank at all. In citing the experience of Chile in this regard or in citing experience of other Latin American countries one must always give consideration to the disastrous results that might have occurred in many instances had the central banks not taken action to counter extremely deflationary pressures. In many cases depreciation of the currency has doubtless provided a safety valve and means of adjustment for relieving intolerable social and economic pressure.

(b) This point appears to be a facet of the general discussion of political interference discussed at greater length in point (5) of the Embassy’s despatch.

(c) It is admittedly difficult to frame legal provisions which will prevent governments from using central bank credit as a convenient substitute for revenues from taxation and which will at the same time permit legitimate ordinary and crisis borrowing by the government
from the central bank. The Cuban legislation seems hardly as radical as our own emergency legislation which gave the President power to order the Federal Reserve banks to buy $5 billion of Government bonds. In any event too rigorous legal limitation on the ability of a central bank to extend credit to a government merely results in a change in the law when the need arises or the development of some convenient subterfuge which permits the government to walk right through such restraints. The Technical Mission very distinctly and forcefully points out the dangers of over-borrowing by the government. The various restraints and limitations suggested by the Mission are about all that can be reasonably expected in the circumstances, keeping in mind the predominantly agricultural character of Cuba and the lack of Cuban-owned financial institutions.

(d) In all probability the Cuban central bank for sometime will not be able to engage in important open market operations. Even without a broad open market, however, the bank and the stabilization fund should be able to function effectively and perform many useful functions.

(e) The mere fact that it may be abused would not seem adequate reason for depriving the central bank of this necessary emergency power.

(f) There is no compelling reason for maintaining a 100 per cent reserve behind money. The fiduciary issue of the Bank of England is a case in point. The legal maximum of notes regarded as the fiduciary issue has been raised again and again as Great Britain has become more or less permanently adjusted to a larger monetary circulation. The Mission’s report is, as I understand it, based on the theory that Cuba should in all probability in no event permit a deflation which would reduce the monetary circulation below the quantity of peso currency now outstanding. Based on this assumption it suggests that no reserves be required for such currency but that reserves be required only against increases in circulation above this amount. An approach of this type is perhaps more widely acceptable to students of monetary matters than the more archaic and conservative banking idea that all currency should be backed 100 per cent by reserves.

(7) The fact that the new central bank may occasion some increase in Cuban taxation would appear to be a valid objection to the establishment of the central bank only if it is assumed that the central bank would not benefit Cuba sufficiently to justify its cost. It is clearly the assumption of the Technical Mission that this is not the case, and I believe that the Department would agree with the Technical Mission on this point.
The Secretary of State to the Ambassador in Cuba (Braden)

No. 499

WASHINGTON, August 15, 1942.

Sir: Reference is made to your despatch No. 513, dated July 20, 1942, concerning the establishment of a central bank and stabilization fund in Cuba.

As you are aware the Cuban Government has long been interested in terminating the dependence of Cuba on dollar currency and in establishing in Cuba an independent monetary system and appropriate institutions for the control of money and credit. The Department has recognized not only the need for such institutions in Cuba but also that the wishes of the Cuban Government with respect to these matters represented the legitimate aspirations of an independent country. In response to the request of the Cuban Government, the Department was accordingly glad to use its good offices in obtaining for Cuba the services of highly competent experts of the Treasury Department and the Federal Reserve System to study Cuba's monetary and credit needs and to make appropriate recommendations to the Cuban Government.

The report of the American Technical Mission to Cuba has been carefully studied in the Department and the Department was given an opportunity to express its views to the members of the Technical Mission before the report was submitted in final form to the Cuban Government. As the Embassy knows the report was transmitted through this Department to the Cuban Government and presumably therefore had the general approval of the Department.

The basic policy of this Government toward the establishment of the Cuban central bank and stabilization fund has thus already been determined; namely, to assist Cuba in every appropriate way, particularly by the providing of technical advice and assistance. It would not be in accordance with the fundamental policies of the Department with respect to Cuba and to the other American republics in general to attempt to delay the establishment of the Cuban central bank and stabilization fund merely because of the possibility that such institutions, however well designed, might not be properly managed. Were this not the case it should be apparent that the Department would have long since advanced its objections rather than wait to make such objections until a technical mission composed of officials of other agencies of this Government had submitted their report through the Department to the Cuban Government and that Government had prepared draft legislation on the basis of the recommendations contained therein.

It is the view of the Department that the appropriate course for the Embassy to follow with respect to the legislation under reference
would be for the Embassy to support informally and as occasion may arise the basic recommendations of the American Technical Mission, particularly when the proposed legislation is in conflict with the specific recommendations of the Technical Mission and where such departures from the Mission’s recommendations would appear likely to work undue hardships on American banks and indirectly on Cuba’s own basic interests. In this connection the Department refers you specifically to the Fourth Report to the Cuban Government under date of July 15, 1942, “Comments on the Draft Banking Legislation.” The Embassy might on suitable occasion, for example, draw the attention of appropriate Cuban officials to the views of the Mission with respect to the powers granted to the Inspector General of Private Banking in Titles 4 and 5, (see page 19), and to the comments of the Mission with respect to Title 5, chapter 2, article 16, requiring 40 per cent of the profits of commercial banks to be turned into a contingent reserve, (page 21). Similarly, your attention is called to the provisions discussed on pages 22 and 23 relating to restrictions on investment abroad and measures which in the opinion of the Mission would impede unduly the use of dollar deposits.

The Department shares your hope that the proposed legislation will be carefully considered by the Cuban Congress and that opportunity will be given by public hearings for interested parties to express their views.

There is enclosed for your information a copy of a memorandum prepared in the Financial Division of the Department 65 commenting point by point on the views expressed in the Embassy’s despatch under reference.

Very truly yours,

For the Secretary of State:

SUMNER WELLES

837.516/404

Memorandum of Conversation, by the Assistant Chief of the Financial Division (Luthringer)

[WASHINGTOH,] September 8, 1942.

Participants: Lieutenant Southard, U.S.N. 66
FD, Mr. Livesey 67
Mr. Luthringer

Lieutenant Southard called on Mr. Livesey to discuss with him the former’s brief sojourn in Habana during which he was prepared to

65 Supra.
66 Frank Southard, member of the American Technical Mission to Cuba.
67 Frederick Livesey, Chief of the Financial Division.
discuss with Cuban officials, the Embassy or other interested parties the pending Cuban central bank and monetary legislation.

Lieutenant Southard said that for no particular reason consideration of the central bank project by the Cuban Congress had been deferred until legislation relating to elections and the draft had been dealt with. He estimated that the central bank legislation would not be considered sooner than in ten days, probably not until a month or six weeks elapsed. He remarked that there seemed to be a good deal of interest in the central bank and that many Cuban groups and organizations had prepared memoranda and briefs to be presented at the hearings which the Cuban Congress had decided to hold on the legislation.

Lieutenant Southard said that he found that he could do very little at Habana but talk with the Embassy, various private citizens, and a few members of the Congress who belong to the opposition. He said that apparently the Cuban Minister of Finance did not have a very clear idea of the higher politics involved in the banking legislation and consequently had played safe by suggesting to Mr. Durruthy ⁶⁵ and Mr. Pérez ⁶⁶ that perhaps they had better not discuss these matters with Lieutenant Southard.

Lieutenant Southard said that the present banking and monetary bills had been drafted before the Cuban Government had received the Technical Mission's Fourth Report expressing strong opposition to many features of the bill. The Cuban experts who had been working with the Technical Mission had wished to defer submitting a bill to the Cuban Congress until the Technical Mission's Report had been received, but unfortunately Batista had informed them late in June that they must have a bill ready within twenty-four hours. We agreed that this was unfortunate since the Cuban Government would probably have found it much easier to accept the Mission's recommendations before it had presented the bill than it would to accept the same suggestions at the apparent instance of groups in Cuba who are on the whole unfavorable to the central bank plan.

Lieutenant Southard said that he had talked with Mr. White of the Treasury Department and that Mr. White had asked his advice as to what should be done. Lieutenant Southard said that he had told Mr. White that he thought there was nothing that could be done at this time. He said that the Cuban Government might or might not ask for someone from the Technical Mission to come to Habana for the proposed hearings on the legislation and that he felt very strongly that no one from the Technical Mission should go except in

⁶⁵ Official of the Cuban Ministry of the Treasury.
⁶⁶ Presumably the Cuban Sub-Secretary of Defense.
response to a definite request by the Cuban Government which had originated with that Government and had not been promoted or stimulated by us. He also expressed some doubt as to how much good it would do to send a member of the Mission even if a request should be received. Such a person could actually do little but stand on the Mission's reports. The Cubans, however, might try to maneuver him into acquiescing in serious departures from the Mission's recommendations.

837.516/399

The Ambassador in Cuba (Braden) to the Secretary of State

No. 961

HABANA, September 9, 1942. [Received September 16.]

Sir: I have the honor to refer to my despatch no. 515 of July 20, 1942, and to acknowledge the Department's instruction no. 499 of August 15, 1942, on the subject of proposed banking and monetary legislation for Cuba.

The Department's instructions have been noted and will, of course, as always, be meticulously followed.

Hearings in Congress on the proposed legislation are scheduled to begin shortly. The Habana Clearing House has submitted to the appropriate Senate Committee a 26 1/2 page objection to several fundamental aspects of the draft law and has suggested alternative procedures. Two copies of this document are enclosed herewith.

I very much appreciated the opportunity afforded me to discuss this matter with Lieutenant Southard during his visit to Habana, and since he and I, in airgrams nos. A-87 and A-90 of August 19, fully outlined what my thoughts have been and are with respect to the proposed legislation, it appears unnecessary for me now to extend my views to any great length. Moreover, I trust that on Lieutenant Southard's arrival in Washington, his more detailed verbal account of my opinions and my conversations with him may clarify both the Department's and the Technical Mission's understandings in the premises. I do wish to emphasize, however, that my despatch under reference was entirely in consonance with the Department's instructions—"to assist Cuba in every appropriate way".

As Lieutenant Southard informed me here, the Technical Mission did not study the political aspects of this matter, and therefore it did not go into the repercussions which the widespread prevalence of

70 Not printed.
71 Neither printed.
corruption in Cuba might have on the proposed banking and monetary reforms. These unique conditions of corruption must inevitably have an important bearing on the success or failure of the pending legislation. Hence, I would have been delinquent in my duties had I not warned the Department as I did in my despatch no. 513.

In order that the record may be perfectly clear, the following additional observations appear pertinent:

1. Never have I even implied that the Department "undertake to torpedo the Mission's report". On the contrary, my ideas were submitted with a view to insuring the successful operation of the program which was recommended by the Mission.

2. With reference to numbered paragraph "1" of my despatch under reference, and of the memorandum 72 attached to the Department's instruction, I am glad to learn that the "underlying situation" referred to by me was carefully studied by the Technical Mission and I only regret that a detailed written report thereon does not appear to have been prepared, since such an analysis, I know, would have greatly assisted me to a better comprehension of the entire matter and, no doubt, would be a valuable addition to the Department's and this Embassy's files.

3. Whether or not the present time is propitious for the initiation of monetary and banking reforms in Cuba, is a question of opinion. As Lieutenant Southard has reported, I still feel that the inauguration of these measures may advantageously be deferred, but I, of course, respect and will follow the Department's views in the premises. However, it should be noted that Lieutenant Southard agreed with me that, under the circumstances, this is a difficult decision to make. Therefore, I doubt that he would so unreservedly express the opinion given in Article 2 of the Department's memorandum when it states that "the present is a propitious time for the institution of monetary and banking reforms". In this connection, the memorandum in the same paragraph speaks of the "heavy net influx of dollar payments into Cuba" and "the inflationary repercussions of this on the Cuban economy". The measure of inflation which may or may not occur here would seem to depend more on the amount of sugar which we purchase from Cuba than on the receipt of dollars from our military projects, Nicaro Nickel, etc. If, as now seems likely, sugar purchases are to be materially reduced for 1943 the "repercussions" here might be deflationary since the flow of dollars into Cuba on construction projects related to the war might not offset the lesser amount of sugar purchased.

72 Dated August 3, p. 301.
454238—63—21
4. The Department's memorandum, in Article 3, holds that there would seem

"to be no reason to assume that the establishment of a stabilization fund and elimination of the dollar as legal tender will straightway plunge Cuba into an exchange control régime unless the Cuban Government blandly disregards the advice of the Technical Mission and attempts a rapid elimination of dollar deposits."

The "rapid elimination of dollar deposits" apparently is contemplated by the draft law, when it provides that dollar currency will cease to be legal tender 180 days after the law's promulgation or sooner if the President deems it advisable. Moreover, the taxes provided in the draft law, if enacted, would tend further to force the withdrawal of dollar deposits. Thus, these two stipulations might be influences working towards the establishment of "an exchange control régime" in Cuba.

5. Admittedly, practically all, if not all, Governments derive seigniorage profits from their issues of currency. The only question which I wished to raise in my despatch under reference was the degree to which this procedure may be carried safely in Cuba. I am glad to note that the Department is entirely satisfied in this particular.

6. The observations made in Article 4 of the Department's memorandum are entirely accurate from a purely factual aspect, but the point, which I should perhaps have made clearer in my despatch, was that in matters of this kind, public and press discussions instead of being based on lucid, honest expositions of fact are not infrequently characterized by prejudice, and attempts to find a scapegoat which, in this instance, I fear might be the Technical Mission and the Department.

7. There appears to be no fundamental difference in principle between the views of Article 5 of the memorandum and of my despatch, wherein I began with the statement: "That Government should control banking and currency is a sound postulate providing it can furnish honest and competent management". As the memorandum accurately observes, the essence of my objections to the proposed legislation is that I doubt whether the Cubans presently are competent to furnish honest and able management and that, as the Technical Mission reported, "a poorly administrated central bank or stabilization fund would add greatly to the difficulties that already exist".

8. At the end of paragraph 2 of Article 3 of the Department's memorandum, the statement is made:

"It would not appear, however, that this Government could properly attempt to deny to Cuba the sovereignty over these matters which is enjoyed by all independent countries".
The last paragraph of Article 5 of the memorandum reads:

"Finally, it is difficult to see why an exception should be made with respect to monetary and banking matters in the exercise of sovereignty by an American republic. . . ."

By these and other commentaries, the memorandum would seem to imply that I have made suggestions which, if put into effect, would be detrimental to Cuban sovereignty. I am astonished that any such inference could have been drawn from my words. I am dedicated to the principles and policies of our Government in these particulars. I believe my record has always been forthright and clear on this and I can see nothing I repeat nothing, in my despatch under reference which in the slightest could justify the memorandum’s misinterpretation of my stand.

My thought that we might discreetly suggest to the Cuban Government that the central bank-monetary legislation could be deferred to a more propitious time is no more an impairment of this country’s sovereignty than are any or all of the recommendations made in the several memoranda prepared by the Technical Mission and in particular the Fourth Report commenting on the draft law. Similarly my suggestion is no more an infringement of Cuban sovereignty than is the antepenultimate paragraph of the Department’s instruction no. 499

"to support informally and as occasion may arise the basic recommendations of the American Technical Mission, particularly when the proposed legislation is in conflict with the specific recommendations of the Technical Mission and where such departures from the Mission’s recommendations would appear likely to work undue hardships on American banks and indirectly on Cuba’s own basic interests."

The Cuban Government obviously is free to accept or to disregard these and the many other suggestions on a myriad of subjects which are from time to time made by our Government with a view to propagating our mutual advantage, friendship and respect.

9. In article 6 of my despatch No. 513, I wished merely to indicate some of the conditions which might be contrary to the Technical Mission’s admonition, “care should be taken to protect the (member) banks against loss of principal on their subscriptions to the central bank”. For instance, in paragraph (a) of this article I desired to bring out that no really important national banks existed here to exercise a beneficial restraint on the central bank. Also, in sub paragraph (f), the author of the memorandum seems to labor under the erroneous impression that I favor a 100 percent reserve behind money, whereas the question of what constitutes appropriate reserves was not raised by me.

Respectfully yours,

SPRUILLE BRADEN
Memorandum by Mr. George F. Scherer of the Division of the American Republics

[WASHINGTON,] September 19, 1942.

Three Cuban Projects
$25,000,000 Loan

Mr. Edgar of AE informs me that he and Mr. Ravndal have had several conversations with Ambassador Concheso concerning the following three projects evidently submitted to the Cuban Embassy by the National Development Commission:

1. Repair of the Central Highway
2. Water and sanitation project in Santiago de Cuba
3. Water and sanitation project in Guantánamo

The last two would appear to require 7,000 tons of scarce materials, including pipe, valves, etc. At their first meeting with the Ambassador Mr. Ravndal convinced him that it would be preferable at the start to ascertain informally from the interested agencies of this Government of the decision that might be expected if project applications were received on a formal basis. This was done and it was indicated that all three projects would be rejected, in view of the critical scarcity of the necessary materials.

The Ambassador was, of course, deeply disappointed to learn of the certain rejections. Mr. Ravndal and Mr. Edgar subsequently considered the possibility of the Department's backing the Guantánamo project on the basis of a definite contribution to health and sanitation in the area near the United States Naval Base. This was suggested as a possibility to Ambassador Concheso with the indication that no definite assurances could be given but that the Department would be glad to cooperate with Cuba in working up the case on the basis of a revision of the material requirements at first presented.

The Adviser on Political Relations (Duggan) to the Ambassador in Cuba (Braden)

WASHINGTON, September 24, 1942.

DEAR SPRUILL: I was very glad to receive your personal letters of August 27 and of September 9 with the latter of which you en-

75 Addressed to the Chief of the Division of the American Republics (Bonsal) and to the Assistant Chief of that Division (Walmsley).
76 Donald A. Edgar, Chief of the American Hemisphere Exports Office of the Department of State.
77 Christian M. Ravnadal, Chief, American Hemisphere Exports Office.
78 Neither printed.
closed a copy of airmail despatch no. 961 with further reference to the proposed banking and monetary legislation for Cuba. I appreciate your desire that the Department understand clearly your position on these matters. I believe that your last despatch together with Lieutenant Southard’s visit and the subsequent correspondence has resulted in a clear understanding by the Department of the position which you took in your despatch no. 513 of July 20. I am also sure that you understand clearly the Department’s policy with regard to the monetary and banking legislation and, in the circumstances, I think you will agree that formal reply by the Department to your 961 would not appear to be required.

With best wishes,

Yours very sincerely,

LAURENCE DUGGAN

DISCUSSIONS AND AGREEMENTS RELATING TO THE 1942 AND 1943 CUBAN SUGAR CROPS

837.61351/2830 : Telegram

The Chargé in Cuba (Briggs) to the Secretary of State

HABANA, February 13, 1942—midnight.

[Received February 14—5:44 a.m.]

54. The Cuban Government is faced with a difficult situation because of the shortage of low grade alcohol for local consumption and the press is filled with allegations that the Government in selling the sugar crop to us failed to protect the interests of the Cuban people; alcohol being “the poor man’s fuel”.

As the Department is aware 34,000,000 gallons of high test are reserved in crop contract for domestic use and while the 9,000,000 gallons of blackstrap also reserved would be approximately sufficient to produce all Cuba’s 1942 alcohol requirements, the Cuban Government is reluctant to reduce domestic blackstrap prices to a figure which would permit sale of alcohol at around heretofore prevailing prices as it fears that any reduction in molasses prices below the official sales price might cause an unfavorable reaction in the United States. The 9,000,000 gallon blackstrap volume is moreover reportedly not sufficient to permit profitable operation of local distilleries.

I have been told therefore to place the following suggestion urgently before our Government: Cuba is prepared to convert its 34,-000,000 gallons of high test into approximately 20,000,000 gallons of

*For correspondence concerning negotiations for the purchase of the 1942 Cuban sugar crop by the United States, see Foreign Relations, 1941, vol. vii, pp. 287 ff.*
190 proof industrial alcohol (presumably at prevailing market prices and with a waiver of existing United States duties). Local capacity is 1½ to 2 million gallons of such alcohol per month and capacity could be reached in approximately 30 days.

While I am not unaware of the possible connection between this project and previous efforts on the part of Cuban distillers to [apparent omission] alcohol in the United States Mañas informs me that by processing the 34,000,000 gallons of high test plus the 9,000,000 gallons of blackstrap economical operation of local distilleries would permit production of fuel and other alcohol for domestic use at prices low enough to solve existing acute fuel alcohol problem. Mañas states that even on above basis plants would operate at only 50% of capacity.

A telegraphic reply would be appreciated.

Briggs

837.61351/2830: Telegram

The Secretary of State to the Chargé in Cuba (Briggs)

WASHINGTON, February 18, 1942—7 p. m.

80. The question you raise in your 54, February 13, midnight, appears to the Department to be an internal one stemming from the sale of Cuban molasses at the price of the sugar content.

Nevertheless the Department is referring the question to the appropriate agencies, including the Treasury, the Defense Supplies Corporation and the War Production Board.

You may however be interested to know that the question of imported foreign alcohol has recently been examined by the Department at the instance of the Dominican Minister, under instructions, and of persons describing themselves as representing Cuban distilling interests. The Department has in the face of these approaches stated that the problem is within the jurisdiction of the Treasury which has informed the Department that foreign alcohol may not be withdrawn from bond for denaturing without payment of the internal revenue tax.

It has been learned furthermore that persons allegedly speaking for Cuban distillers who have discussed the possibility of selling Cuban alcohol in the United States with other Government agencies have been informed that the United States distilling industry is capable of manufacturing our total requirements of alcohol provided raw materials are available in a regular and adequate flow. In this connection you are informed that distillers of beverage alcohol em-

Arturo Manuel Mañas, representative of the sugar mill owners.
ploying domestic grains as raw material are beginning to convert to industrial alcohol production. (Can you obtain an accurate indication of Cuban alcohol capacity without new equipment?)

Hull

837.61351/2873: Telegram

The Chargé in Cuba (Briggs) to the Secretary of State

HABANA, March 4, 1942—noon.
[Received 5:56 p.m.]

102. My telegram No. 98, March 3, 6 p.m. In reply to López Castro’s inquiry this morning whether I had received any news concerning the views of our Government on the sugar problem, I told him that although definite word had not thus far been forthcoming I know the matter is under very serious study by the various agencies of our Government now concerned and that he will find an understanding attitude when he reaches Washington.

Commenting on the general sugar situation here López Castro said that although the grinding of the crop is proceeding satisfactorily hacendados are beginning to complain that payment by the Defense Supplies Corporation is not forthcoming which in turn results from the fact that relatively little sugar is being transported and hence little paid for. He said this has already begun to create an unfavorable atmosphere among mill owners whose problem is complicated because of the increase in wages and colono payments which cannot be deferred. Many hacendados are accordingly having to obtain advances from the banks which are charging from 6 to 8 percent “against the certainty of Defense Supplies Corporation payments” which rates López Castro considers indefensible. He added that the matter had been taken up with the Habana clearing house with no success whatever and that he proposed to bring it to the attention of the Acting Secretary.

He went on to say that the Cuban Government and the hacendados sold the crop at a reasonable price to our Government not in the expectation of large profits to producers but in furtherance of the war effort; that being the case he fails to see why the banks should be demanding “inordinate profits” from a situation resulting from the shipping problem, over which Cuba has no control.

Briggs

79 Ante, p. 290.
80 Cuban Secretary of the Presidency and Representative of the Cuban Sugar Stabilization Institute.
81 United States Purchasing Agency of the 1942 Cuban sugar crop.
No. 3638

HABANA, March 11, 1942.

[Received March 12.]

SIR: With reference to previous correspondence concerning the 1942 Cuban sugar crop, and in particular to my telegram no. 102 of March 4, 12 noon, I have the honor to enclose for the confidential information of the Department a copy of the memorandum of the conversation on March 10 with Mr. Peter Schellens, Vice President of the National City Bank of New York, and Mr. Carter, Manager of the Habana Branch of that bank. Mr. Schellens has apparently come to Habana following receipt of an intimation by the head office in New York that the Cuban Government is dissatisfied with the high rates allegedly charged by the banks for advances to assist in financing the grinding of the crop.

It will be noted that my callers denied that rates higher than six percent are being asked by the National City Bank, but admitted that amounts charged certain Cuban mills may be twice as large as the interest which American companies are having to pay (i.e. 3%). This factor alone would seem to be sufficient to explain the attitude shown last week by Señor Amadeo López Castro, reported in my telegram mentioned above.

The Department will also note that the National City Bank is apparently considering the possibility of offering credit accommodation for crop financing to the Cuban Sugar Stabilization Institute, for use by the latter with individual mills. Should anything come of this possibility, I shall report further.

Respectfully yours,

ELLIS O. BRIGGS

837.61351/2891: Telegram

The Chargé in Cuba (Briggs) to the Secretary of State

HABANA, March 14, 1942—11 a.m.

[Received 1:54 p. m.]

127. My telegram No. 102, March 4, noon, and despatch No. 3638, March 10 [11]. Investigation reveals that at least one of the three American banks here is in fact charging up to 8% on advances in conjunction with the present sugar crop notwithstanding the security provided by the crop sale contract with the American Government.

*2 Not printed.

*2 A government agency established to supervise the production and export of sugar.
It also seems established that the mills paying the lowest rate (3% to 4%) include many American owned mills (and those with special bank relationships such as General Sugar Estates with National City Bank; Atlántica del Golfo and Punta Alegre with Chase, et cetera) whereas mills paying highest rates are mostly Cuban. Representative of Boston bank states that most of his clients are being accommodated at 4% to 5% he having only one loan above the latter figure and that at 6%.

Admitting that there are various factors involved including the absence of war risk insurance on sugar in Cuba, nevertheless I do not find convincing the explanation made by the bankers and the impression persists that at least two of the American banks are trying to charge all the traffic will bear. In any case the attitude of López Castro described in my telegram No. 102 and reflected since then in various conversations with other officials would appear to have considerable justification.

BRIGGS

337.61351/2925

The Chargé in Cuba (Briggs) to the Secretary of State

No. 3716

HABANA, March 24, 1942.

[Received March 25.]

Sir: With reference to the pending request of Defense Supplies Corporation that the proportion of the sugar crop to be produced as invert be reduced from the equivalent of 1,200,000 tons to the equivalent of 700,000 tons, I have the honor to report that a number of mills have inquired whether there is any penalty involved at present for failing to produce the proportions indicated in the contract (two-thirds raw sugar, one-third invert). In this connection the Institute has informed the Hacendados Association as follows:

That there is no penalty against a mill which fails to make part of its crop in the form of invert molasses;

That the mill which makes more than the corresponding amount of invert “may be penalized or may encounter difficulties”;

That a company which controls two or more mills cannot produce a smaller proportion of invert in one mill in order to make a larger proportion in another. (This decision is of considerable importance to a number of companies, including Hershey and Compañía Azucarera Atlántica del Golfo, which asserts that it would be more efficient and more economical for them to make their entire amount of invert in one mill and to devote the others exclusively to the production of raw sugar and blackstrap.)
The question of reducing the proportion of invert is already becoming of urgent importance to many mills which are approaching the 67% mark, at which, under the original crop sale contract and under existing Cuban decrees promulgated pursuant thereto, they should switch to invert production. Although the request of Defense Supplies Corporation is of course now known by all producers, the delay in reaching final agreement as to the amendment of the contract has similarly delayed the issue of a new decree changing the proportions to 80%-20%. It is not improbable that some mills may switch to the production of invert, whereas others, taking it for granted that the contract will be amended as above, may continue with the production of raw sugar up to the anticipated 80% limit. Still others, such as Senator Casanova’s 84 Central Orozco, are understood to have produced no raw sugar whatever thus far; should they continue with invert production, some adjustments will subsequently have to be made. There are of course certain unfortunate possibilities inherent in such a situation, and it is accordingly of the utmost importance that an agreement as to the amendment of the contract be reached at the earliest possible moment.

Respectfully yours,

ELLIS O. BRIGGS

837.81351/2328: Telegram

The Chargé in Cuba (Briggs) to the Secretary of State

HABANA, March 25, 1942—8 p.m.
[Received 10:46 p.m.]

154. For Walmsley. 85 The Institute has accepted the modifications of the crop contract (as clarified) and the President will probably this evening issue a press release describing the amendments. A decree will be necessary to give formal effect thereto but in the meantime the Institute will of course continue the necessary steps to limit invert production, et cetera.

Casanova will probably announce tonight that the 1942 crop will be 3,950,000 Spanish long tons instead of the 3,000,000 previously estimated. Mañas tells me that growers’ estimates now compiled total 4,115,000 tons.

BRIGGS

84 Jose M. Casanova, president, Cuban Sugar Stabilization Institute.
85 Walter N. Walmsley, Jr., Assistant Chief, Division of the American Republics.
The Secretary of State to the Chargé in Cuba (Briggs)

No. 1394

WASHINGTON, March 30, 1942.

The Secretary of State refers to the Chargé d’Affaires’ various despatches and telegrams, particularly despatches 3638 and 3639 of March 10 and 11, 1942, and telegrams 102 and 127 of March 4 and 14, with respect to the problems involved in reducing the invert molasses production to 700,000 Spanish long tons sugar equivalent and to the cost of carrying sugar in Cuba, which is not being shipped as contemplated under the sugar purchase contract.

For the purposes of the record there is enclosed a copy of the agreement reached between Dr. Amadeo López Castro as representative of the Institute and the Defense Supplies Corporation. There is also enclosed copy of the final agreement as approved, it is understood, by the Institute and accepted by the Defense Supplies Corporation which will be given effect by Cuban Government decree.

The Department is sending the various Embassy despatches and telegrams to file on the understanding that the matters raised in the foregoing connection have been satisfactorily disposed of.

837.61351/2891: Telegram

The Chargé in Cuba (Briggs) to the Secretary of State

HABANA, April 25, 1942—10 p. m.

[Received April 26—1:42 a. m.]

245. My telegram No. 244, April 25, 9 p. m. It is obviously going to be difficult to induce the Cuban Government to agree to extensive use of Habana for sugar shipments on any basis except “war necessity” (not “convenience”).

It was not until the immediate problem had been placed before the Minister of State, and Saladrigas in the strongest possible way that authorization for the two ships to be loaded here was granted. During a meeting this afternoon with the latter, Mañas and the

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80 Despatch No. 3639, March 10, not printed.
81 Not printed.
82 Not printed; it provided that the Institute act to limit to 700,000 long tons the sugar produced in the form of invert molasses. The Defense Supplies Corporation, in its turn, was to accept molasses as soon as stored and make payment, expedite the shipment of sugar, and make settlement according to certain specified provisions pertaining to the refinery locations, transshipment, and loss of weight. The Corporation agreed further to provide financing of all warehoused raw sugar of the 1942 crop up to 90 percent of the value of the sugar.
83 José Manuel Cortina.
84 Carlos Saladrigas, Prime Minister and Minister of Defense.
Secretary of Labor,\textsuperscript{93} likewise present, the reluctance of the Government was based on allegedly inevitable labor difficulties. The Prime Minister stated that while the large crop is benefiting hacendados, colonos and sugar laborers, relatively light exports to date have meant that port workers have not yet shared in those benefits. Furthermore the Government is promoting a full scale labor rally in the capital on May 1, and according to Saladrigas it is so fearful that if word of any plan to bring sugar regularly and in large amounts to Habana becomes current, agitation and disturbances will occur, that he has told the Institute to load the two arriving vessels with sugar already here or in the vicinity (even though earmarked and in hold for other purposes) rather than bringing it by rail from more distant ports. (While I do not fully share the Government's apprehensions, I get the same story from López Castro also, and as the Department is aware he is very close to the President. Moreover Batista's views towards labor are well known.)

I told the Prime Minister that while I sincerely appreciated the Government's prompt consideration of the problem placed before it by the Institute (my telegram no. 234, April 24, 10 a. m.\textsuperscript{94}) and especially the instructions given the Institute to get the two ships loaded here without delay, I did not regard the problem as settled thereby. I said that the Cuban Government should now squarely face the possibility that unless a much greater use of Habana can be agreed to and supported by the Cuban Government a substantial amount of sugar may have to be left in Cuba, with all that implies. I went on to say that a third ship (Department's telegram No. 201 \textsuperscript{94}) will be coming shortly after May 1, and that according to the information given me by the Naval Attaché \textsuperscript{95} that vessel also will probably have to come to Habana.

I emphasized that two considerations are involved in Habana loading: safety as dictated by the American Navy, and the quickest and most efficient utilization of the limited tonnage available—both objectives of the highest importance to the successful prosecution of the war and of equal interest to the United States—and all the United Nations. I said that the American Government is by no means unsympathetic to Cuban labor, as demonstrated on many occasions, but that I doubted very much indeed whether my Government no matter how favorably the matter might be presented would understand opposition to much less agitation against measures dictated by the war situation. I concluded by expressing confidence that the Cuban Gov-

\textsuperscript{93} Oscar Gans.
\textsuperscript{94} Not printed.
\textsuperscript{95} Maj. Hayne D. Boyden.
government would place the matter frankly before local labor leaders in that light, and that Cuban labor would respond favorably thereto.

(Privately I am not so sure.) Such incidents as sending away in ballast without explanation the vessel mentioned in my telegram no. 232, April 23, 5 p. m., with 8 million gallons of molasses now in Habana port terminal, do little to bolster our case. A rumor has already been started that the proposed use of Habana is designed to benefit American terminal owners (Ward Line and United Fruit) at the expense of Cuban interests, elsewhere. Finally the present administration here has shown itself from the start somewhat less than anxious to take a strong stand on a matter involving labor.

BRIGGS

837.61351/3006: Telegram
The Chargé in Cuba (Briggs) to the Secretary of State

HABANA, May 4, 1942—6 p. m.
[Received May 5—1:33 a.m.]

277. For Scherer. My telegram No. 271, May 3, 6 p. m. The following text has been agreed upon subject to endorsement by Defense Supplies Corporation covering shipment of sugar from Habana. Please inform me by telephone whether it will be acceptable to Corporation.

"(1st) In accordance with war requirements that part of article VI paragraphs O and P of the 1942 Cuban sugar crop purchase contract signed by the Institute and Defense Supplies Corporation which concerns the right of the Institute to designate ports of embarkation is suspended.

(2d) The Institute and Defense Supplies Corporation shall determine by mutual agreement which ports will be used for the embarkation of sugar and in any case the United States naval authorities shall have the right to designate through the Embassy the loading ports.

(3d) A substantial quantity of sugar which is estimated at not less than 6,000,000 bags shall be shipped through the Port of Habana using the terminals with the best and most rapid facilities for loading or when necessary using lighters. Equal distribution among the terminals with the above mentioned facilities shall be sought, but in any case it shall be for the United States naval authorities to indicate through the Embassy the terminal to be used and the Embassy shall so notify the Institute with respect to each shipment.

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98 Not printed.
99 The Chargé was advised by telegram No. 236, May 6, 1942, 6 p. m., that the Defense Supplies Corporation was in substantial agreement with these terms.
(4th) The Embassy jointly with the Institute shall draw up a plan with respect to shipment of sugar through the Port of Habana but until the plan is adopted the Embassy may ask for the shipment of sugar through Habana in accordance with the conditions set forth in the previous paragraph advising the Institute which dock will be used in order that the Institute may place the sugar at the dock in sufficient time.

(5th) The net difference in cost of each shipment of sugar as between the usual port and shipment in accordance with the four preceding paragraphs shall be for the account of Defense Supplies Corporation or any person or entity designated by it said Corporation being responsible for payment thereof.”

Briggs

837.61351/2962: Telegram

The Secretary of State to the Chargé in Cuba (Briggs)

WASHINGTON, May 7, 1942—5 p.m.

237. Your despatch no. 3805 of April 10, 1942, and other communications. The interested agencies of this Government, as you are aware, have been engaged in a careful examination of the supply, demand and distribution aspects of sugar and molasses. The number of variable and unpredictable factors which may affect sugar in 1943 make it extremely difficult to determine, with any degree of precision, the quantity of sugar which may be required by the United States from the next Cuban sugar crop.

Nevertheless, in view of the request of the Cuban Government for an indication of our probable requirements, and in recognition of the importance of the question to Cuba, an effort has been made to form an estimate which would be of assistance to the Cuban Government. After a careful evaluation of the determining factors including; (1) the extremely uncertain shipping situation; (2) the size of the 1942 Cuban crop and possible stocks remaining in Cuba at the end of this year; and (3) estimated requirements for consumption of United States and other United Nations; it has been concluded that, out of the 1943 Cuban crop, not more than 3,600,000 short tons of sugar (raw equivalent) will be needed to meet anticipated requirements of the United States and other United Nations to which supplies of sugar may be made available by the United States. This includes all forms of sugar (i.e., raw and direct-consumption sugars and molasses for human consumption and other uses) and does not of course include Cuban requirements for sugar and alcohol.

You are requested to communicate the foregoing officially to the Cuban Government.

* Not printed.
At the same time, you should say informally that, although it is of course even more difficult to appraise the possible requirements for sugar from the 1944 crop, at the present time it does not appear that the basic conditions affecting the requirements for sugar from that crop are likely to be substantially different from those affecting 1943 crop requirements.

HULL

837.61351/3036: Telegram
The Chargé in Cuba (Briggs) to the Secretary of State

HABANA, May 18, 1942—5 p.m.
(Received 11:38 p.m.)

320. For Walmsley confirming telephone conversation this morning. The following solution occurs to us with respect to the blackstrap problem facing the Price Control Commission:

(1) It appears highly probable that we will not be able to move the entire amount of blackstrap to the United States before the end of this year.

(2) Storage facilities at certain mills are close to capacity and there exists a possibility that some ditching may occur because of our failure to maintain original transportation schedule.

(3) The Cuban Government through the Institute would propose in view of the foregoing that we defer until after January 1 next acceptance at port terminal for shipment of not exceeding 10,000,000 gallons of blackstrap, this amount to be transported by us subsequent to that date.

No “loan” would therefore be involved; we would merely be transporting subsequent to next January 1 an amount which in all probability we could not in any case transport before that date.

BRIGGS

837.61351/3036: Telegram
The Secretary of State to the Ambassador in Cuba (Braden)

WASHINGTON, May 28, 1942—8 p.m.

292. For Briggs from Walmsley. Your 313 and 320, May 14 and 18. I understand the BEW has written the DSC approving the proposed delivery of up to 10,000,000 gallons of this year’s blackstrap production after January 1, 1943, according to the formula suggested in your 320. I expect that the DSC would like to write

1 Cuban counterpart of the Office of Price Administration.
2 Telegram No. 313, May 14, not printed.
3 Board of Economic Warfare.
in a latest delivery date, say about February 15, 1943. I further
expect a letter from Goodloe 4 Monday on the basis of which I shall
telephone you; but in the meantime Sabin 5 assures me the DSC
will be pleased to hear from the Institute on the subject.

The DSC's acquiescence is neither a commitment nor a guide with
regard to next year's blackstrap price; so please dispel any optimistic
assumption which may be made in this regard. [Walmsley.]

HULL

837.61351/3071

The Counselor of the American Embassy (Briggs) to the President
of the Cuban Sugar Stabilization Institute (Gody) 6

HABANA, June 5, 1942.

My Dear Mr. Gody: I refer to your courteous communication of
May 27 7 addressed to Defense Supplies Corporation, officially re-
questing deferment until after January 1, 1943, of delivery at port
terminal for shipment of not exceeding 10,000,000 gallons of black-
strap molasses purchased by Defense Supplies Corporation under the
contract of January 28, 1942.

The Embassy has received authorization from Defense Supplies
Corporation to accept the foregoing proposal of the Institute. De-
fense Supplies Corporation has expressed the hope that delivery can
be effected by February 15, 1943.

With cordial personal good wishes [etc.]  

ELLIS O. BRIGGS

837.61351/3036 : Telegram

The Secretary of State to the Ambassador in Cuba (Braden)

WASHINGTON, June 10, 1942—6 p. m.

339. For Briggs from Walmsley: With reference to our telephone
conversation this afternoon Sabin points to the last paragraph of your
320 of May 18 in which you say that in accordance with your suggested
formula "no 'loan' would therefore be involved". He also points to
that portion of the DSC's letter of May 23, of which a copy was sent
to you with instruction no. 10 of May 26, 7 reading "as we understand
it, the Corporation would defer the purchase and acceptance of not
more than 10,000,000 gallons of blackstrap molasses. The quantity

5 S. H. Sabin, a vice president of the Defense Supplies Corporation.
6 Copy transmitted to the Department by the Ambassador in Cuba in his
despatch No. 244, June 6; received June 8.
7 Not printed.
deferred would be delivered by the Institute after January 1, 1943, presumably from 1943 production”.

The DSC does not feel at liberty to interpret the Board of Economic Warfare’s “directive” in the sense in which you have understood the transaction; so in view of your representations I shall approach the BEW again tomorrow. [Walmsley.]

HULL

837.61351/3104 : Telegram

The Ambassador in Cuba (Braden) to the Secretary of State

HABANA, June 18, 1942—2 p.m.
[Received 5:12 p.m.]

436. For Duggan. I bespeak your urgent assistance in a matter in which further delay will bring into question our good faith:

A month ago following protracted consideration, Defense Supplies Corporation agreed to the delivery by the Institute after next January of not exceeding 10 million gallons of blackstrap. This arrangement costs us nothing for the reason that it is conceded that although we have bought the blackstrap along with the sugar crop, we will be unable to move the entire amount purchased before the end of this year. On the other hand, it represents a valuable concession to Cuba in that it would permit the new price-fixing organization (which is having a difficult time getting started) to use the blackstrap now for conversion to cooking alcohol, the principal fuel of the lower classes at a reasonable price, the amount of blackstrap taken to be returned early in 1943 from next year’s production at a time when it is hoped we can transport it. I repeat that this arrangement will cost us nothing but would be of important present assistance to Cuba.

On May 25, the Cuban Government and Institute were informed pursuant to authorization from Defense Supplies Corporation that we agreed to the arrangement whereupon the local price-fixing agency made commitments which it cannot now fulfill because the Corporation declines to release the molasses, alleging that the matter requires further considerations, et cetera. The price-fixing agency now finds itself in a very difficult and increasingly embarrassing position and notwithstanding considerable patience on its part, the point has now been reached where further delay will only result in misunderstanding and ill will.

Walmsley who has been most helpful is fully informed of details.

Braden

*Laurence Duggan, Adviser on Political Relations.
The Secretary of State to the Ambassador in Cuba (Braden)

No. 169

WASHINGTON, June 25, 1942.

The Secretary of State refers to a telephone conversation this afternoon between the Counselor and an officer of the Division of the American Republics with respect to the 10,000,000 gallon blackstrap transaction, and encloses original and signed copy of a letter of June 25 from the Defense Supplies Corporation to the Cuban Sugar Stabilization Institute. Also enclosed is a copy of the transmitting letter from the Corporation to the Department.

The Department hopes that the arrangement proposed by the Corporation at the request of the Cuban Price Control Commission will be found satisfactory by both the Commission and the Sugar Institute and that the Institute will confirm it by addressing a letter or returning the acceptance form to the Corporation without delay. The Department also hopes that there will be no difficulty in view of the real service this concession represents to the Cuban authorities in obtaining the Cuban Government's endorsement. The Ambassador will understand that the Corporation in outlining the terms of the arrangement has made the maximum concessions it considers feasible, and there can be no question of further negotiation or discussion of the terms.

837.61351/3150: Telegram

The Ambassador in Cuba (Braden) to the Secretary of State

HABANA, July 1, 1942—6 p.m. [Received July 2—12:20 a.m.]

489. For Walmsley. Department's instruction no. 169, June 25. The Institute has accepted without change Defense Supplies Corporation letter of June 25 relative to the 10,000,000 gallons of blackstrap. Moreover, at the Embassy's suggestion both the Prime Minister and Hevia have signed the acceptance. The letter will be returned by air mail tomorrow.

All the officials concerned have expressed their sincere appreciation of our Government's cooperation in this matter. I hope appropriate instructions to release the blackstrap will immediately be issued.

BRADEN

10 According to this letter the Defense Supplies Corporation agreed to release to the Institute 10,000,000 gallons of blackstrap from certain mills and under certain stipulations as to weight, freight and other charges, and sampling. The Institute agreed to deliver to the Corporation an equal quantity of molasses at specified port terminals prior to March 1, 1943, free of all charges.

11 Not printed.

12 Carlos Hevia, Chairman of the Cuban Price Control Commission.
WASHINGTON, August 10, 1942.

DEAR MR. AMBASSADOR: Since Newby Walmsley’s return from Cuba after Ellis delivered his note to the Cuban Government based on our telegram 237 of May 7, we have been endeavoring to obtain more definite estimates for next year from the appropriate agencies.

I want to give you the trend of thought in some quarters here, and to ask for your comments.

You have reported that on August 5 about 2,120,000 long tons of sugar remained to be shipped. The maximum shipping schedule of sugar for June–December, 1942, as the Embassy was informed, is 1,075,000 short tons or say 950,000 long (680,000 long tons for August–December), and this may be pared down by as much as 14 percent. Therefore, a carryover may be expected of 1,440,000 long tons or more in Cuba on December 31.

As for the molasses, the probable reduction of the shipping schedule for the rest of the year to 7½ million gallons per month (all from Cuba) will leave a balance there at the end of the year, according to your figures, of close to 175,000,000 gallons.

The statistical estimates which have been made of sugar needs from Cuba next year for the United States and for lend lease shipment, in which these carryovers have of course been considered, indicate that Cuba should not make more than 2,260,000 short tons, for all purposes, including domestic consumption.

Obviously the shipping situation dominates these calculations.

It is my impression that no matter how vigorously Cuba should press its diversification program, the time before the new grinding season is insufficient to develop sufficient alternate work programs for the mass of Cuban sugar workers.

In order to form an opinion what amount of sugar should be made next year above statistical requirements for both current consumption and reserves, your comment is urgently required with regard to the amount of alternate work which will be available under the diversification program. I confess that this resembles a quick-sand foundation on which we ask you to build, but I should like nevertheless to have your thoughts as soon as possible.

As you are aware, Cuban income from sugar this year will be well over $200,000,000. This large income, in the face of a decided shortage of imported supplies and a marked increase in their cost, may

Ellis O. Briggs, Counselor of Embassy.
set the stage for inflation; unless some means of diverting some of this income into other than consumption purchase channels is found. This aspect should receive careful attention.

I am looking forward to hearing from you soon.

Very sincerely yours,

PHILIP W. BONSAL

837.61361/3290

The Ambassador in Cuba (Braden) to the Secretary of State

No. 891

HABANA, September 2, 1942.

[Received September 10.]

SIR: I have the honor to report that the past few days have witnessed the inauguration of a local campaign for the apparent purpose of establishing a conviction in the mind of the Cuban people that Cuba has a vested right to a 1943 sugar crop of approximately the same size (4,000,000 long tons) as the 1942 safría. This campaign has taken the form of numerous editorials arguing that the wartime economy of the country demands a large crop, with the implication that the United States Government has some moral obligation to make such a crop possible, in order to maintain Cuban economy.

The hand of the Government in this campaign emerged yesterday when the Prime Minister, Dr. Ramón Zaydín, made an address at a luncheon at the Lions’ Club. The pertinent clipping from this morning’s Diario de la Marina is enclosed and it will be observed that Dr. Zaydín made the following statement:

“The basic triangle, of urgent interest to the Government, consists of maritime traffic, the sugar crop, and fuel. It is stated that the amount of the safría will be reduced, and in the name of the Government I declare that this cannot and will not be. A reduction of the sugar crop would bring about a civil war. With the misery existing in the fields, with the national economy battered, workers and the entire people would establish a protest based on reason . . .”

Also enclosed are clippings from the Diario de la Marina of August 30, 1942, containing an article written by Dr. Ramiro Guerra (now in Habana) in which he speaks optimistically of next year’s prospects, and an editorial from the same paper, (September 1) praising Dr. Guerra’s views. A few days earlier an editorial appeared in El Avance, the general purport of which was that the United States is in a position to purchase any amount of Cuban sugar that it decides to

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14 Not reprinted.
15 Omission indicated in the original despatch.
buy, the implication being that should we purchase less than in 1942, this would indicate a lack of friendly cooperation.

It is obvious that the purpose of this campaign is to endeavor to jockey our Government into a position in which, should our 1943 purchases fall substantially below those of 1942, Cuba can appear in the role of "injured party", entitled to "compensations." Obviously the Cuban Government is behaving somewhat recklessly in this matter since it should be apparent to the industry, and no less to the Government, that our 1943 purchases will be based on our consumption requirements, our transportation availabilities, and the size of the carry-over. Moreover, I have already taken occasion to warn President Batista against over-optimism, and I shall seek an early opportunity to make statements to the same effect to the Prime Minister and the Minister of State.\(^5\)

With the foregoing situation in mind, I consider it highly important that we convey to the Cuban Government at the earliest possible moment a revised estimate of our 1943 requirements, together with an indication of our views relative to purchase arrangements.

Respectfully yours,

SPRUILL BRADEN

837.61351/3303

The Ambassador in Cuba (Braden) to the Secretary of State

No. 966

HABANA, September 10, 1942.
[Received September 14.]

SIR: I have the honor to refer to my despatch No. 891 of September 2, 1942 concerning a number of over optimistic statements issued recently in Habana relative to 1943 sugar prospects, and to report that at a luncheon given by the Federación Nacional de la Industria Minera yesterday I made the following statement:

"We have been able to assist materially by purchasing the major portion of the 1942 crop, which totalled almost 4,000,000 long tons. Unfortunately, as I have said so many times, it is not so much the submarines as the necessity of using vessels elsewhere that creates the difficulties in maritime transportation. The fact is that during the first eight months of 1942 we have transported only approximately 30% of the raw sugar and only slightly more than 40% of the molasses purchased under the Crop Sale Contract. This fact is of paramount importance in considering the amount of sugar which my Government may be in a position to buy next year. The various statements which I have read recently in the press lead me to wonder whether their authors may be indulging in wishful thinking, instead of basing their expectations on realities, however uncomfortable the latter may be.

\(^5\) José Agustín Martínez.
Certainly you may rest assured that your Government and my Government are doing and will continue to do everything humanly possible in this matter, but simultaneously you must bear in mind all of the numerous and difficult obstacles which we will have to overcome, such as the enormous and pressing call upon our shipping facilities to transport the soldiers and equipment of the United States and the other United Nations to the far-flung fighting fronts all over the globe. It is my personal belief that the transportation problem will not be solved in this part of the world for many many months to come and that it will deteriorate before it gets better. It is for these reasons that we have been unable so far to move to the United States and to our sugar-hungry allies the stocks which have accumulated in Cuba and for which we have already paid. It would seem prudent to take all these facts which I have mentioned today into consideration when making estimates for 1943."

My hearers included in addition to Sr. Amadéo López Castro and the Secretary of Agriculture,18 Dr. Ramiro Guerra and Dr. Delio Nuñez Mesa.19 The last two mentioned have been responsible for two of the most unjustifiable statements which have appeared recently, each maintaining that our purchases next year will be in the neighborhood of 4,000,000 long tons of sugar.

I shall further report on this matter as soon as the local industry has had an opportunity to consider my remarks on the subject.

Respectfully yours,

Spruille Braden

837.61351/2962

The Secretary of State to the Ambassador in Cuba (Braden)

No. 698

WASHINGTON, September 25, 1942.

SIR: Reference is made to the Department's telegram No. 237 of May 7, 1942 authorizing you to inform the Cuban Government that estimated needs for Cuban sugar in 1943 by the United States and the United Nations would not exceed 3,600,000 short tons, including invert molasses and excluding local consumption, to the Department's instruction No. 504 of August 18, 194220 relating to alternate work programs in Cuba, and to other exchanges concerning next year's sugar problem.

It is believed on the basis of considerations set forth below that the maximum amount of sugar which Cuba would be warranted in producing for export purposes next year would be 2,600,000 short tons. You are, therefore, requested to deliver a memorandum to the Cuban Government along the lines indicated in the enclosure.20

18 José M. Santos Burgo.
19 Member of the Cuban House of Representatives.
20 Not printed.
For your own information only, you are advised that the Food Requirements Committee has determined that “our requirements for sugar from the offshore areas should be established at the quantities permitted by the use of such shipping facilities as are available after providing for our shipping needs for more critical commodities”. On this basis, our shipping authorities estimate at the present time that from 2,000,000 to 2,240,000 short tons of sugar may be lifted in Cuba next year for the United States, including re-exports to other United Nations. It may be observed that the lower figure of 2,000,000 exceeds by about 800,000 short tons the quantity which could be moved on the basis of the shipping schedule for the remainder of this year and envisages, therefore, additional shipping facilities for sugar in 1943. Direct exports to countries other than the United States might range from none at all to possibly 448,000 short tons, the quantity which it is estimated by the British Food Mission may be taken by the United Kingdom, Canada, and other countries.

In presenting the attached memorandum to the Cuban Government, you are authorized to say orally that this Government appreciates the problems which may arise from the reduction in the crop. You may add that this Government stands ready to examine, with the appropriate Cuban authorities, measures of cooperation to maintain the amount of economic activity which may be considered necessary to take up this slack.

Very truly yours,

For the Secretary of State:

SUMNER WELLES

837.61351/3340

The Ambassador in Cuba (Braden) to the Secretary of State

No. 1156

HABANA, September 30, 1942.

[Received October 3.]

Sm: I have the honor to acknowledge the receipt of the Department’s instruction No. 698 of September 25, 1942 and to state that pursuant thereto the memorandum placing our maximum sugar requirements from Cuba in 1943 at 2,600,000 short tons was handed to the Minister of State by Mr. Briggs on September 29. (I was unable personally to deliver this document inasmuch as I was confined to my house with tonsilitis.)

As will be observed from the enclosed memorandum of Mr. Briggs’ conversation with Dr. Martínez, the Minister expressed himself in a

21 Not printed.
highly pessimistic vein, and it is obvious that we must anticipate, at
the least, great opposition on the part of the Cuban Government to the
sale to us of what they consider an inadequately small amount.

Likewise enclosed is a memorandum of a conversation yesterday
between Mr. Briggs and Dr. Mañas which throws further light on the
probable attitude of the Cuban Government, and in particular on the
difficult situation in which the Prime Minister has placed himself by
his recent public statements encouraging the Cuban people to believe
that another 4,000,000 long ton crop is a practical possibility.

Respectfully yours,

For the Ambassador:
ELLIS O. BRIGGS
Counselor of Embassy

837.61351/3417

The Ambassador in Cuba (Braden) to the Secretary of State

No. 1344

HABANA, October 23, 1942.
[Received October 27.]

Sir: I have the honor to enclose a memorandum of a three-hour
meeting yesterday evening with Prime Minister Zaydín, Minister of
State Martínez, Sr. Amadeo López Castro and Ambassador Concheso
during which I explained in some detail why I did not believe it would
be desirable for the Cuban Government to maintain its note of Oc-
tober 15 (please see despatch No. 1297 of October 17) as its official
statement relative to the 1943 crop. Although President Batista had
already volunteered to have the note withdrawn and had so informed
the ministers prior to the meeting, I am glad to say that all of the
Cubans present expressed themselves at the end of the meeting as
satisfied that in all the circumstances the maintenance of this note
could only impair the prospects for successful sugar negotiations in
Washington.

Unless he changes his mind, (which I regard as improbable) Prime
Minister Zaydín will head the Cuban delegation, which will also in-
clude Sr. Amadeo López Castro. I expect that Dr. Mañas will be
named and I shall take the occasion to express the hope that he is
a member of the group since I have found him unfailingly helpful
and practical in his approach to the problem.

* Not printed.
* Not printed; Ambassador Braden stated the position of the United States
and indicated his success in persuading the Cubans to withdraw their note
described as provocative and unsatisfactory.
I shall report further as developments occur. No date has thus far been mentioned for the departure of the delegation for Washington.

Respectfully yours,

SPRUILL BRADEN

837.61351/3342

The Secretary of State to the Ambassador in Cuba (Braden)

No. 851

WASHINGTON, October 26, 1942.

Sir: Reference is made to your despatch No. 1183 of October 3, 1942 25 in which you raise a number of questions with regard to the 1943 Cuban sugar crop.

"Purchase"

In the second paragraph of your despatch you raise the question whether it is necessary to negotiate a purchase. Instruction No. 698, September 25, 1942 authorized you to inform the Cuban Government that the maximum amount of sugar Cuba would be warranted in producing next year for export purposes would be 2,600,000 short tons. It did not say that “our probable maximum sugar purchase in 1943” would be 2,600,000 short tons (first paragraph of your despatch 1183), nor was mention made in the Department’s telegram No. 237 of May 7, 1942 of a 1943 “purchase”. While the purchase of next year’s crop has been discussed with other interested agencies of the Government as a possible procedure, no decision has been made, as you will observe from the second paragraph of our instruction 698 and the fourth paragraph of the memorandum enclosed with the instruction, which you were authorized to deliver to the Cuban Government.

Blackstrap

The Department and other agencies of the Government concerned have long been in full agreement with regard to blackstrap in 1943. There is no intention to make any commitment at this time with regard to 1943 molasses.

Consumption Estimates

The Department is pleased to furnish you for your own confidential information only the following tentative estimates and schedules: The estimate of United States consumption of sugar in 1943 reached by the responsible agencies of the Government, including rationing authorities, is 5,411,000 short tons. To supply this amount and to build up if possible the present stockpiles, the Government counts

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25 Not printed.
upon a continental crop of 2,100,000 to 2,400,000 short tons and shipping schedules from off-shore areas estimated very roughly and tentatively at this time as follows:

<table>
<thead>
<tr>
<th>Location</th>
<th>Short Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cuba</td>
<td>2,000,000 to 2,240,000</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>392,000 to 448,000</td>
</tr>
<tr>
<td>Hawaii</td>
<td>785,000 to 896,000</td>
</tr>
<tr>
<td>Other</td>
<td>34,000 to 56,000</td>
</tr>
<tr>
<td></td>
<td>3,211,000</td>
</tr>
<tr>
<td></td>
<td>3,640,000 short tons</td>
</tr>
</tbody>
</table>

It is highly possible, however, that war developments may dictate a very radical revision of these tentative shipping schedules.

Additional Production over Requirements

Officials in Washington are giving special attention to the economic problems which the Cuban Government alleges would arise from a crop restricted to estimated requirements alone. One of the possible solutions which has been examined is a financing arrangement wherein the risk for the production of additional sugar would be borne by the producers. In this connection, reference is made to the last paragraph of the Department's instruction 698 in which you were authorized to state orally to the Cuban Government that this Government is ready to examine with the appropriate Cuban authorities measures of economic cooperation.

Storage

The Department is in complete agreement with you with regard to the burden of the cost of storage of unshipped 1943 sugars. In this connection it may be of interest to you to know that Dr. Oscar Albertini,27 in speaking with officers of the Department on the alleged necessity for Cuba to produce a crop well in excess of that which is warranted by requirements, has stated very emphatically that the United States should have no misgivings about storage. The producers, he asserted, will find storage if that is the price for a larger crop.

Negotiations

The Department has reached the conclusion after giving the matter considerable thought that the negotiations should be handled in Washington. It is important that you give the Department at least two weeks' notice of the coming of the Cuban negotiators and of the make-up of the group.

Please also keep the Department currently informed of any problems such as the number of bags per sling and such items for which

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27 Representative of the Cuban Sugar Institute.
you believe the negotiations should furnish an opportune occasion to reach a solution.

Very truly yours,

For the Secretary of State:

SUMNER WELLES

837.61351/3439 : Telegram

The Secretary of State to the Ambassador in Cuba (Braden)

WASHINGTON, November 4, 1942—7 p. m.

1091. With reference to the proposal of the Cuban Government to send a group to Washington to discuss the 1943 crop, you are authorized to inform the Cuban Government that this Government will be prepared to initiate the conversations about November 12 or any time thereafter when it may be convenient for the Cuban officials to arrive.28

Please notify the Department as soon as possible of the composition of the group and their expected date of arrival.

HULL

837.61351/3536a

Proposal by the Department of State Concerning the 1943 Cuban Sugar Crop 29

On Saturday, December 5, representatives of the United States Commission submitted to the Cuban Commission, a price of 2.65 cents per pound of raw sugar delivered into ocean carrier, all charges paid, this figure to include all Cuban taxes. This price would be applicable to 2,500,000 short tons of Cuban raw sugar to be produced in 1943, and was submitted subject to certain basic terms, the principal of which are as follows:

Size of crop

(a) The size of the crop is to be limited to 2,225,000 short tons of raw sugar, of which 2,500,000 tons would be purchased by Commodity Credit Corporation; 500,000 tons would be held in Cuba for a United Nations stockpile, as outlined below and, 225,000 tons would be produced for local consumption in Cuba.

(b) The 500,000 tons for the United Nations stockpile would be produced by Cuban producers at a figure to be negotiated between the Cuban Government and the producers without any participation by the United States.

28 The conversations were begun in Washington on November 23 and continued through December; thereafter negotiations were continued in Cuba.

29 Handed to the Cuban Commission on December 8, 1942.
The United States Government will contribute 1 cent per pound, the balance to be contributed by the Cuban Government and the sugar industry. The 1 cent per pound would be payable against presentation of warehouse receipts. Title to this stockpile sugar would be vested in a joint United Nations instrumentality, which would exercise jurisdiction of its final disposition as a relief undertaking.

**Price**

(a) The price which Commodity Credit Corporation has agreed to pay the Cuban Sugar Institute for the 2,500,000 short tons of raw sugar has been fixed at 2.65 cents per pound, delivered into ocean carrier, all charges paid, basis northside ports, with existing differentials between north and southside ports to be seller’s account. This price includes all Cuban taxes.

(b) The 2.65 cents per pound price would be a firm price and would not be subject to change.

(c) Polarization allowances would be based on the contract price.

**Terms of Payment**

(a) On 1943 sugar that is shipped, payments would be made in the amount of 95 percent of the 2.65 cents price, against 10 day drafts on Commodity Credit Corporation or its assignees, with customary shipping documents attached, the documents to be drawn in such form and shall be forwarded in such manner as Commodity Credit Corporation may direct.

(b) On 1943 sugar that is not shipped, Commodity Credit Corporation would make an advance of 90 percent of the 2.65 cents price on sugar in port warehouses and 80 percent on sugar at batey or other points. This advance would be made on October 1, 1943. Sugar that may be moved from batey to port warehouses after October 1, 1943, but which remains unshipped, would receive an additional advance of 10 percent of the 2.65 cents price upon presentation of port warehouse receipts.

(c) Warehouse and other costs shall be included in the price until January 1, 1945. After January 1, 1945 warehouse charges shall be for the account of Commodity Credit Corporation.

**Shipping**

(a) Conversations between the Cuban Commission and the United States Commission have disclosed complete agreement regarding the urgency of facilitating rapid loading of vessels. It is recognized by both parties that any other procedure would simply perpetuate difficult problem regarding the movement of Cuban sugar and moreover, would not be compatible with the vital interests of the United Nations in their joint war effort. The War Shipping Administra-
tion, in order to accelerate the turnaround of vessels, is rewriting its charter party, copies of which will be provided the Cuban delegation within a few days. The charter party will require longer hours of loading and a higher rate of demurrage.

(b) The Cuban Government on its part will take the necessary action to expedite loading by removal of the limitation on the number of bags loaded per day per gang; and by suspending other practices which now tend to delay the loading of ships.

Because of the uncertainties in demands of the war, the United States Government must reserve the right to send ships to any port and the sugar is to be placed at that port by the sellers upon receiving instructions from Commodity Credit Corporation. Vessels arriving laden may discharge at any port, sub-port, or embarcadero which an agency of the United States Government may direct.

**General Terms**

(a) Raw sugar would be released by Commodity Credit Corporation under certain conditions to Cuban refiners who have received refining allocations from the Cuban Sugar Institute.

(b) The 1942 crop purchase sugars will be moved before 1943 crop shipments are made unless Commodity Credit Corporation, in order to facilitate shipments should direct in specific situations to the contrary.

(c) Certain changes will be necessary in the terms for shipment of sugar to other than United States destinations.

(d) If the 1944 Cuban sugar crop is not purchased by an agency of the United States Government, the Cuban Sugar Institute will agree that shipments to the United States of new crop free sugar shall not exceed one-third of the total raw and refined sugar exports to the United States until such time as sugars previously purchased by an agency of the United States Government shall have been shipped.

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**Proposal by the Department of State Concerning the 1943 Cuban Sugar Crop**

[WASHINGTON,] December 17, 1942.

A. Since the determination of the size of the 1943 crop, the discussions have revolved about the problem of price. The criteria of the Cuban and the United States Commissions have been similar; namely, that the grinding of a crop is to furnish labor income, not employer profit. The United States Commission on this basis made the offer of 2.65¢ f.o.b. in the ship's hold, certain charges previously borne by this Government to be borne by the industry. This price, together with
1.00¢ per pound for 500,000 tons of relief sugar, would provide Cuba an income from sugar production of $142,500,000.

B. The Cuban Commission, in its memorandum of December 11, set forth arguments designed to demonstrate the inadequacy of this price on the conditions stipulated. The United States Commission has been glad to re-examine the proposed terms in the light of the Cuban contentions and to set forth the following terms, which, after several days of exhaustive study, represent the final conclusions of the United States Government.

C. Certain modified and new conditions have been prepared, which are set forth hereafter. It is estimated that they will provide additional benefit to the Cuban sugar industry to the extent of at least $12,050,000.

**Modified and New Conditions**

(1) The total crop for export remains the same (i.e., 3,000,000 short tons), but 2,600,000 tons will be purchased by the United States at 2.65¢ subject to the provisions stated below:

(2) The price of 2.65¢ is for sugar placed within reach of ship's tackle, if the Cuban Government informs us now by note that the following conditions will obtain by January 15, 1943:

(a) The number of bags that a ship's captain or barge operator calls for per sling will be the rate for the loading of that particular ocean carrier.

(b) Any limitations on the rate of loading of a ship or barge, other than those governed by charter party or by mutual agreement between the ship or barge operator and the shipper of the sugar, will be eliminated.

(c) In the rotation of stevedores in the loading of ships and barges, there will be no men included who fail to do average work.

(d) These changes are to apply to all sugar now purchased or purchased in the future by an agency of the United States.

These changes, which represent a vital contribution of Cuba to the war effort, will be the equivalent of a considerable, although not precisely measurable, increase in merchant shipping, with corresponding effect on the ability of the United States to expedite movement of commodities and war materials among the United Nations.

If the changes in existing practice described under paragraphs 2(a), (b), and (c) above have not been effected by January 15, 1943, the 2.65¢ price will be on the basis of f.o.b. in ship's hold; and article 3, paragraph (a), of the new West Indies Sugar Charter Party, of which a copy will be furnished, will be modified accordingly.

(3) The United States will contribute 1.50¢ to the production of the remaining 400,000 short tons for relief.

*Not found in Department files.*
The changes under paragraphs (2) and (3) represent a minimum increase of income to Cuba of $7,300,000.

(4) The 2.65¢ price will be adjusted to changes in United States ceiling price for raw sugar, subject to the following conditions:

(a) The first 0.22¢ increase which may occur in the United States ceiling price will not be applied to the Cuban price;
(b) No increase in the ceiling price effective after May 31, 1943 will apply to the Cuban price.
(c) Any increase in the domestic ceiling price which may be applicable to the Cuban price will apply only to that portion of and sugar made subsequent to the effective date of the price ceiling change.

(5) The Commodity Credit Corporation will make the 80% and 90% advances on sugar at batey and port warehouses, respectively, as agreed to, on June 1, 1943 instead of on October 1, 1943. This will represent a net saving in interest on pignorated sugar, according to the Cuban memorandum of December 11, 1942, of about $1,500,000.

(6) The Defense Supplies Corporation will purchase up to 75,000,000 gallons of the exportable surplus of the 1943 production of blackstrap molasses at 1/4¢ per English pound of blackstrap molasses having a minimum sugar content of 52%, delivered f.o.b. ocean-going vessel at ports of shipment acceptable to an appropriate agency of the United States Government.

This purchase will increase the income from the crop by about $2,250,000.

(7) On March 1, 1943, the Commodity Credit Corporation will pay over to the Cuban Sugar Stabilization Institute $1,000,000 as a fund to defray excess cost of moving sugar from batey to ports other than natural shipping ports, which movement will be undertaken by the producer on direction of Commodity.

The Institute will draw on buyers for a portion of the value of each shipment (for example, 10 points). The proceeds will be placed in the same fund with the $1,000,000 and utilized for the same purpose.

If the extra transportation costs in connection with movements to other natural ports should exceed the fund, the producers will be expected to pay the excess. If these costs are less than the fund, the surplus funds may be prorated among the mills when all of the 1943 crop has been exported from Cuba.

The net increase of income to Cuba under this proposal is therefore at least $1,000,000.

(8) The Cuban producers will be expected to bear the cost of warehousing and insurance of unshipped sugars.

(9) The previously stipulated conditions for the sugar transaction, insofar as they are not affected by the foregoing modifications and conditions, remain as set forth in the memorandum delivered to the Cuban Commission on December 8, 1942, a copy of which is attached.\textsuperscript{30a}

\textsuperscript{30a} Supra.
The United States Commission has heard with pleasure from the Cuban Commission that the Cuban Government will maintain the same level of wages in the sugar industry throughout the grinding season except as affected by an increase in price which may result from the operation of the arrangement described under paragraph (4) above, since the United States Government has given its contribution of 1.50¢ per pound on the 400,000 ton stockpile for the payment of wages at the same levels previously prevailing.

837.61551/3536a: Telegram

The Secretary of State to the Ambassador in Cuba (Braden)

WASHINGTON, January 9, 1943—9 p.m.

50. Reference the Ambassador’s telephone conversation with Duggan and Walmsley. Our views may be summarized as follows:

1. On December 17 the United States Commission presented to the Cuban Commission a definite detailed proposal regarding the 1943 Cuban sugar crop. During the ensuing 2 weeks discussions occurred out of which emerged two modifications, which were communicated to the Cuban Commission on January 1. On the following day the Under Secretary reaffirmed the proposal as amended.

2. The Cuban Commission was clearly given to understand that this was the maximum arrangement that this Government was prepared to enter into.

3. The Cuban Commission returned to Habana after informing us that it was going to consult with its Government in order to obtain its Government’s decision concerning our final proposal.

4. Your conversations with the Prime Minister have been of the greatest help in the sense of bringing out the probable reaction of the Cuban Government to our proposal.

5. Consistent with our understandings with the other agencies, however, we do not feel that the provisions of our proposal are subject to continuing negotiation. It is believed that the Cuban Commission itself left Washington with the impression that our proposition was final after talking with the Under Secretary. What we now await, therefore, is the decision of the Cuban Government as to the acceptability of our final proposition. We are prepared to start the negotiation of the contract immediately upon advice by the Cuban Government that the proposal is accepted.

6. While the Department and the other cooperating agencies believe we have gone as far as we can to meet the undefined Cuban
desires, and are not disposed to enter into negotiations for modification of the proposal as finally presented, they do not, of course, exclude the possibility of rectifying any points of minor detail which may come up in the course of the discussion of the terms of the contract.

In résumé, what we would like to have now from the Cuban Government is a clear decision whether the proposal as presented is accepted, so that the drafting of the contract can be started at once.

For your strictly confidential information and not to be communicated to the Prime Minister, the Department is prepared to recommend to the other agencies the following modifications in our proposal:

(a) An agreement to carry warehousing costs and insurance costs of unshipped sugar after June 30, 1944. The other agencies will undoubtedly insist upon and the Department may feel obliged to agree to a date of December 31, 1944, since that date was in fact used in an earlier draft of the contract.

(b) A modification of point (d) of the General Terms in our memorandum of December 8, 1942 in the sense that the two Governments will consult together along the lines suggested by you in your telephone conversation.

The other two suggestions of the Prime Minister are not of a character which we would like to take up with the other agencies. With regard to inland transportation it would not be proper for this Government to be a party to an arrangement of possible prejudice to the interests of a legitimate United States interest in Cuba, namely, the Consolidated Railroads. The Cuban Government has the jurisdiction and faculties to adjust railroad freight rates at all times and is at complete liberty to act in this regard.

With regard to the proposal on the stockpile, the BEW has clearly and definitely indicated its unwillingness to increase the contribution to the stockpile. The Department perceives no reason why the proceeds from the purchase of molasses could not be dedicated to the cost of the stockpile, particularly since the purchase of this molasses represents to Cuba totally unexpected income.

HULL

DISCUSSIONS CONCERNING THE PROBLEMS ARISING FROM STRINGENCY IN SHIPPING BETWEEN THE UNITED STATES AND CUBA

800.8836/999a

The Secretary of State to President Roosevelt

WASHINGTON, January 22, 1942.

MY DEAR MR. PRESIDENT: During the summer of 1941 the Sea-train Lines, carrying freight cars in an ocean service between Gulf

454238—63—23
ports, Habana, and New York, placed two of its five vessels at the service of the Maritime Commission. The Seatrain service has for many years been an integral part of the transportation system between the United States and Cuba.

The importance of this service to Cuba is demonstrated by the fact that in December 1941 one-fifth of all imports by Cuba from this country and about one-third of the exports from Cuba to the United States were carried by Seatrains. Among the export cargoes from Cuba which move in this manner are strategically essential sugar, molasses, ores, minerals and scrap metals. The Seatrains are loading their capacity of about 90 to 105 American freight cars per trip. This means a very fast turn around and a considerable economy of relatively scarce labor.

The Department understands that the withdrawal of the remaining Seatrains is about to be recommended to you for approval. It may be that the exigencies of the national defense will require the use of these vessels for the specific purposes for which withdrawal will make them available. However, the service is not only vital to Cuban economy but is highly important to the United States. Defense ores and large quantities of sugar and molasses contracted for by the Federal Loan Agency and which cannot otherwise be transported are involved, as well as the distinct disturbance to the whole economy of Cuba.

Faithfully yours,

CORDELL HULL

800.8996/701

The Cuban Chargé (Barón) to the Secretary of State

[Translation]

WASHINGTON, January 26, 1942.

EXCELLENCY: Complying with instructions from my Government, I have the honor to write to Your Excellency, to refer to the withdrawal which has been made by the corresponding authorities of the steamship Florida of the Peninsular and Occidental S.S. Co., and of the steamship Shawnee, of the New York and Cuba Mail S.S. Co., from their respective runs—Miami–Habana and New York–Habana.

The steamship Florida has been replaced on the Miami–Habana run by the said Company’s steamship Cuba, which previously operated on the Habana–Key West–Tampa run, on which no steamer has been left. The result is that tourist traffic, as well as the Commercial traffic which this route maintained, chiefly for the transportation of tobacco and vegetables—very heavy at this time of year—is suffering greatly.
Also, the withdrawal of the steamship Shawnee limits the possibility of exporting Cuban vegetables to the port of New York.

Both the Association of Fruit and Vegetable Growers and Exporters of Cuba and the National Tourist Corporation of Cuba have written to the Government, requesting that it use its good offices with Your Excellency's Government to the end that the United States Maritime Commission may seek to obtain some vessel which can reestablish traffic on the Habana–Key West–Tampa run and that the steamship Shawnee be returned to the New York–Habana service as soon as possible.

Although I recognize the urgency of war needs, and that the withdrawal of the two vessels mentioned is due to that, I shall appreciate it if Your Excellency, should you consider it proper, would be good enough to recommend to the Maritime Commission that it do whatever is possible to remedy the situation created, in the manner it considers most advisable.  

Please accept [etc.]

José Barón

President Roosevelt to the Secretary of State

WASHINGTON, January 27, 1942.

My dear Mr. Secretary: Careful consideration has been given to your letter of January 22, 1942, with regard to the vessels operated by Seatrain Lines between Gulf ports, Havana and New York, there being five (5) special design of ships under operation by this company, two (2) of which were taken by the Maritime Commission and turned over to the Navy Department for the necessary conversion and use for essential national defense purposes.

You, of course, are aware that this subject is a matter falling under the statutory cognizance of the Maritime Commission in accordance with Section 902 of the Merchant Marine Act of 1936, as amended.

I am advised that voluminous correspondence has already taken place between the Owner of the Line and the Maritime Commission so that all of the facts are available and these in turn have been made available to both the Navy Department and the War Department. During the past six months the question has been repeatedly considered by the Maritime Commission and the Navy Department of taking over either one, two or three of the remaining vessels. After

The Chairman of the United States Maritime Commission, Emory S. Land, in a letter of February 12, 1942, in reply to a communication of February 7, 1942, from the Department of State (neither printed), held out little hope for any alleviation of these difficulties (800.8850/722).
repeated investigations and discussion of the subject, the Navy Department finally relinquished its claims to these three (3) vessels, not because they could not utilize them satisfactorily but because of the commercial conditions existing which made it appear more desirable to retain them in commercial use rather than divert them to special Naval use.

In the meantime, December 7th occurred and the necessity of additional ships far beyond those available either under American flag or under American control became more and more evident. Specifically, the War Department has definite military uses for these three (3) vessels but in order not to seriously hamper commercial activities whenever and wherever it can be avoided, the present general status of the matter is to take these remaining three (3) vessels one at a time and then only if urgent military requirements necessitate such action.

It is of interest to note that this design of ship has many advantages for both commercial and military work but unfortunately some of the important advantages are entirely dependent upon shore installations, and the commercial operations of these vessels require primary utilization at those ports only where exist the particular port facilities essential to efficient handling of the cargo containers primarily utilized in their operations. This being true, it is necessary for the Navy to install cargo-handling devices on the ships themselves which the Navy took over and some similar modifications and installations will have to be made if and when any of the remaining three (3) vessels are taken over by the Army. Present investigations indicate that less elaborate conversions and installations will be necessary for Army purposes than have obtained for Navy purposes.

In conclusion, please be assured that full consideration has been and will be given to this matter and it is my understanding that final action will not be taken with regard to the remaining three (3) vessels until it is evident that the necessities of national defense require such action.

Very sincerely yours,

FRANKLIN D. ROOSEVELT

800.8836/740

Memorandum of Conversation, by the Adviser on Political Relations (Duggan)

[WASHINGTON,] February 12, 1942.

The Ambassador 32 informed me that the service of the United Fruit Company between New York, Habana, and Central America

32 The Cuban Ambassador, Aurello F. Concheso.
had been totally suspended; also that the sailings of two of the four ships of the Fred Olsen Line from the north Pacific to Cuba via the Panama Canal had been discontinued. Moreover, it was rumored that the last ship in the service between Miami, Habana, and Tampa was to be removed. He said that this situation was going to create havoc in the movement of Cuban products, particularly fresh vegetables.

I telephoned Mr. Wilcox in the Maritime Commission who confirmed the foregoing and added that the two remaining ships of the Seatrain Line were going to be put into service between New Orleans and Habana in lieu of New York and Habana. In this way they could make more sailings. He said that to move the sugar crop arrangements had been made for 75 to 80 thousand tons of shipping of which 50% would move to the east coast and 50% via New Orleans. On the southbound trips these ships would be available to carry cargo to Cuba. With regard to the carriage of Cuban vegetables, he admitted that the situation was going to be bad. He explained to me once again the reasons for the withdrawal of this shipping.

I told the Ambassador frankly that it had been necessary to remove the ships for military reasons; that Cuba, however, was not suffering any more than the other American countries; and that everything that could be done would be done to insure sufficient ships to move Cuba's imports and exports.

The Ambassador took the information as well as might be expected but naturally left very unhappy over the prospective situation.

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800.8886/738: Telegram

The Chargé in Cuba (Briggs) to the Secretary of State

HABANA, March 3, 1942—10 p.m.
[Received March 4—1:08 a.m.]

100. My telegram No. 95, February 28, noon. The Minister of State has expressed great concern over the maritime transportation problem. During a lengthy conversation this morning he made the following points:

1. That reports from Concheso are "altogether discouraging" notwithstanding sympathy with which the Ambassador has been

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*A marginal notation at this point reads: "Not withdrawal of ship in Habana–Miami run."

*Not printed; in this telegram the Chargé reported that the Ward Line had no vessels for the southbound trade and suggested that the sugar ships bring cargo on their return trips to Cuba (800.8886/737).

José Manuel Cortina.
received and the good faith of our Government which Cortina emphasized he did not for a moment question.

2. Because of Cuba’s nearness to the United States and the traditional relationship between the two countries special consideration of Cuba’s minimum requirements ought not [sic] to be accorded. Cuba has virtually no merchant marine and has always confidently depended on the United States.

3. The Cuban people cannot understand why if vessels can be sent for our requirements (sugars and scrap for example) Cuba’s requirements should receive less attention.

4. Cuba has cooperated to the fullest extent possible as witness the delivery to us of the former Finnish vessel KOU “which is now not even being used in Cuban-American trade”.

5. Unless Cuba’s vegetable crop (peak this month) can be moved, hundreds of small Cuban producers will suffer disastrous losses.

6. Public opinion is becoming very difficult to control and our enemies are capitalizing the situation (in conjunction with the general military situation) and saying that if the United States is unable even to provide adequate transportation between Cuba and the United States this proves our inability in other directions, et cetera.

I, of course, endeavored to pacify the Minister but it is obvious that he feels very strongly on the subject and not improbable that López Castro has been instructed to express these views during his forthcoming visit to Washington.

While the situation from the point of view of Cuba is far from satisfactory, I doubt whether any substantial losses have yet occurred through failure to move Cuban products (such losses will however become inevitable this month unless relief is afforded). The passenger situation is extremely difficult, present facilities being confined to Pan American Airways. Inadequacy of southbound freight service has thus far caused inconvenience rather than loss. I do not believe, however, that the Minister exaggerated the extent of public feeling or the capital which our enemies here are attempting to make of the situation. The Habana newspapers are clamouring daily for more shipping.

If it is possible to do so, I think it would be helpful if a statement could be made to Concheso or López Castro in sympathetic terms outlining what we may be in a position to do in the immediate future and in particular making some assurance with regard to moving the March vegetable crop.

BRIGGS

*36 Cuban Secretary of the Presidency.
CUBA

800.8836/745 : Telegram

The Chargé in Cuba (Briggs) to the Secretary of State

HABANA, March 9, 1942—1 p. m.
[Received 3:13 p. m.]

115. My telegram No. 100, March 3, 10 p. m. The Embassy has carefully investigated the Habana maritime shipping situation alleged by the Ministry of State and has ascertained that while facilities for winter vegetables were inadequate during the week ended February 28 when from 10,000 to 15,000 crates were short shipped of which a part had to be dumped, facilities last week, when the Ward Line had two and the car ferry four northbound sailings, were not only adequate but the Ward Line steamer which sailed on March 5 had refrigerator space for 14,000 more crates of tomatoes than were actually shipped. (The Embassy has been informed that failure to use all the space available last week was due to unfavorable New York tomato market.)

The Ward Line expects to have one and the car ferry six weekly northbound sailings during the remainder of March so that the balance of Cuba’s winter vegetable crop, whose peak season terminates this month, should apparently be moved without further serious difficulties.37

A memorandum setting forth the above was transmitted to the Foreign Office today. Copy by airmail.38

Briggs

811.20(D) Regulations/6224 : Telegram

The Chargé in Cuba (Briggs) to the Secretary of State

HABANA, April 1, 1942—11 a. m.
[Received 3:45 p. m.]

163. For Scherer.39 Unless a supply of newsprint reaches Habana early next week most of the newspapers in Cuba will be forced to cease publication. With the exception of Marina, all Habana papers have drastically reduced the number of pages. Mundo now publishes only one edition greatly reduced in size and has stopped its circulation in the eastern half of Cuba. The Reciprocal Trading Company here which sells newsprint to all of the large Habana newspapers and to the principal papers in the interior has supplied the following

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37 In telegram No. 135, March 17, 1 p. m., the Chargé reported continued improvement in the northbound shipping situation (800.8836/752).
38 Not printed.
39 George F. Scherer of the Division of the American Republics.
information which the Embassy considers accurate and which checks with estimates obtained from other sources:

(1) Fourteen Habana newspapers consume a total of 77 rolls of newsprint per day. As of yesterday their combined stocks consisted of about 362 rolls. Some newspapers have no newsprint whatever and are maintaining restricted publication by the purchase of a few rolls on a daily basis from other newspapers still possessing small stocks.

(2) Of the four principal provincial newspapers, three are now without newsprint and the fourth has a supply for about one week.

(3) Of the three largest weekly magazines published in Habana, two have no paper whatever and one has enough for only two more issues.

Publishers and editors are naturally greatly concerned and many believe that our Government is not making a serious effort to help them. Ships continue to arrive in Habana from New York with general cargo but no newsprint and publishers cannot understand why, if no space for newsprint is available on vessels from New York, it cannot be arranged to transport supplies of newsprint by railroad freight to a Florida port for transshipment by car, ferry, or otherwise; it is, of course, highly important in terms of our good offices in Cuba that local newspapers not be forced to suspend publication due to our inability to arrange shipment of minimum necessities of newsprint from the United States. Publishers have exercised considerable patience thus far but always on the assumption their minimum needs will be met.

Briggs

800.8836/777

The Chargé in Cuba (Briggs) to the Secretary of State

No. 3904

Habana, April 25, 1942.

[Received April 27.]

Sir: I have the honor to enclose a copy of a memorandum dated April 25, 1942, prepared by the Commercial Attaché, regarding certain difficulties which had arisen in connection with the shipment to the United States of this year’s Cuban pineapple crop.

It will be noted that complaints had been made against the Florida East Coast Car Ferry Company on the ground that certain shippers were not being supplied with adequate shipping space, and that this matter appears to have been satisfactorily settled by the allocation of additional cars to the shippers in question.

It is encouraging to note that in spite of the scarcity of shipping facilities, Car Ferry officials estimate that barring unforeseen con-

* Not printed.
tingencies, their line, together with the Seatrain Lines, Incorporated, will be able to move roughly 880,000 crates of pineapples this season, which would be only slightly less than the 843,392 crates which they state were shipped via all lines during the 1941 season.

Respectfully yours,

ELLIS O. BRIGGS

800.8835/329

Memorandum of Conversation, by Mr. George F. Scherer of the Division of the American Republics

[WASHINGTON,] May 1, 1942.

Participants: Mr. Morse, War Shipping Administration
            Mr. Acheson, Assistant Secretary
            Mr. Duggan
            Mr. Collado 41
            Mr. Corbett 42
            Mr. Scherer

Mr. Morse stated that he had come to the Department to give a complete picture of a situation that is about to arise with regard to shipping to Cuba.

According to Mr. Morse, the Navy has requested and will obtain in the very near future the two car ferries plying between Port Everglades and Habana, and carrying 26 cars on a six-day per week schedule. These vessels appear to be ideally suited for work as mine layers.

The remaining service by which railroad cars are carried between the two countries, consists of two vessels of the Seatrain Lines, Inc., at present running on a one-trip per week schedule between New Orleans and Habana. The President of these lines has proposed that the New York terminal facilities be transferred to Boca Grande, Florida, and that one of the remaining vessels be transferred to a route between that city and Habana. Mr. Morse stated that this possibility had been carefully investigated by the Seatrain Lines, and that it appears entirely practicable. It was estimated, for example, that some 710,000 tons of sugar alone could be moved to the United States annually, by means of one Seatrain of this route.

Mr. Morse spoke of the request made by the War Department for the two remaining vessels.

41 Emilho G. Collado, Executive Secretary, Board of Economic Operations of the Department of State.
42 Jack O. Corbett, Assistant Executive Secretary, Board of Economic Operations.
The unfortunate effect on Cuba was touched upon and it was determined that the Department would present its views to the War Shipping Administration for use in discussing the matter further with the War Department. The approach would be to determine, if possible, the minimum import tonnage to Cuba from the United States, covering her essential needs, below which minimum it would be difficult to go without serious repercussions.

Shipping facilities to move this minimum tonnage would probably require either the retention of a car ferry or Seatrain service, or the substitution of other adequate service.

A telephone request was made of the Embassy at Habana for an estimate of minimum tonnage requirements on an annual basis.

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800.8836/790: Telegram

The Chargé in Cuba (Briggs) to the Secretary of State

HABANA, May 14, 1942—8 p.m.

[Received 11:50 p.m.]

312. Pineapple shipping situation described in Embassy's airmail despatch no. 3982 of May 9 43 has become increasingly serious as car ferries are still immobilized and as agent has been notified that Navy proposes to take over the two vessels immediately.

As car ferries are only remaining means of shipping perishables their loss would make it impossible to ship balance of Cuban pineapple crop, the approaching avocado and the grapefruit crops, the next winter vegetable crop not to mention chilled beef and other perishables. This would spell ruin to many hundred of small Cuban growers who are dependent upon the American market, and the adverse effect on Cuba's economic structure and morale would be difficult to overestimate.

In addition to perishables car ferry has been handling large and increasing percentage of north and south bound general cargo as well as mail and express shipments.

BRIGGS

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800.8836/797: Telegram

The Ambassador in Cuba (Braden) to the Secretary of State

HABANA, May 23, 1942—4 p.m.

[Received 7:32 p.m.]

336. Embassy's telegram No. 312, May 14, 8 p.m. Local agent of car ferry has just been notified that ferries will be delivered to Navy

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43 Not printed.
on arrival at Port Everglades and will make no further trips. This
of course is very serious blow to Cuba's economy and in my opinion
renders it imperative that the sea service not only be maintained but
the transfer of its operations to Boca Grande, Florida, be urgently
undertaken. Also if possible return by War Department of sea-
trains to this latter service now becomes of utmost importance.

BRADEN

800.8836/856a: Airgram

The Secretary of State to the Ambassador in Cuba (Braden)

WASHINGTON, July 20, 1942—5:10 p.m.

A-21. The Department is informed that the War Department now
contemplates the removal of the Seatrain New Jersey from United
States-Cuban service.

However, arrangements are being completed for the transfer at
the expense and risk of the Seatrain Lines of the Seatrain terminal
facilities from Hoboken to Port Everglades, Florida, to accommodate
the Seatrain New Orleans, which will inaugurate a service to Cuba,
from that port. This transfer would not, of course, preclude the
removal of the Seatrain New Orleans for use by the armed forces
should circumstances warrant.

HULL

800.8836/872: Telegram

The Ambassador in Cuba (Braden) to the Secretary of State

HABANA, July 28, 1942—6 p.m.
[Received 7:47 p.m.]

617. I received a visit today from the Governor of Habana and
the Mayor of the Isle of Pines regarding the difficult situation con-
fronted by Isle of Pines grapefruit growers who have been informed
that the United States Government has refused to authorize further
importations of fresh fruit from Cuba.

These growers, many of whom are Americans, had, the Governor
stated, just succeeded after considerable difficulty and on their own
initiative in making arrangements for the shipment of the crop by
schooner to Florida and inability to effect shipment will spell ruin
to many of them who are dependent upon the crop for their
livelihood.
I would appreciate it if the Department would inform me whether the above reports are correct and whether any remedial action is possible.

Braden

800.8383/872: Telegram

The Secretary of State to the Ambassador in Cuba (Braden)

WASHINGTON, August 7, 1942—11 p. m.

606. Refer your 617, July 28. War Production Board advise that upon application they will grant exemptions from M-63 to import Isle of Pines grapefruit. It is expected that grapefruit will be removed from the M-63 List when next amendment is printed.

Hull

800.8383/933: Agram

The Ambassador in Cuba (Braden) to the Secretary of State

HABANA, August 19, 1942—1 p. m.
[Received August 21—1:45 p. m.]

A-84. Referring to Department’s telegram no. 606 of August 7, 11 p. m. and instruction no. 494 of August 15 regarding shipments of Isle of Pines grapefruit it is desired that War Production Board grant exemption from Order M-63 immediately for 8,000 crates to leave Habana August 26 on last voyage of one SeaTRAIN vessel. Refrigerator cars for this purpose already are in Habana. Prompt action essential in order that fruit may be in Habana for loading before date mentioned. Cuba Representative War Shipping Administration concurs in this recommendation.

Braden

800.8383/933: Telegram

The Secretary of State to the Ambassador in Cuba (Braden)

WASHINGTON, August 24, 1942—11 p. m.

716. Your A-84, August 19, 1 p. m. An exemption to General Imports Order M-63 will not be granted for the importation of grapefruit on one of the SeaTRAIN vessels. The War Production Board does not want grapefruit to move by seaTRAIN since it believes that such movement would prevent the shipment of more important com-

*General Imports Order M-63; 6 Federal Register 6796.*

*Later not printed.*

*W. S. Loudermilk.*
modities. The Board would give more sympathetic consideration to applications for exemptions permitting the importation of grapefruit if shipment were to be made on small steamers.

Since it is now evident that if grapefruit were removed from the lists of commodities covered by General Imports Order M–63 their movement would probably not be confined to small steamers, it appears likely that they will continue to be subject to the Order.

HULL

800.8836/946 : Airgram

The Ambassador in Cuba (Braden) to the Secretary of State

HABANA, August 26, 1942—1 p. m.
[Received August 28—10:10 a. m.]

A–112. Referring to Department’s telegram No. 716 of August 24, 11 p. m., local office War Shipping Administration advises next Sea-train vessel will leave Habana with four cars canned pineapple instead of grapefruit in order to fill available space. Remaining 16 refrigerator cars here will carry canned pineapple if other products not available. Recommend exemption of grapefruit from Order M–63 for shipment on vessels of 1,000 deadweight tons or less.

BRADEN

800.8836/958a : Airgram

The Acting Secretary of State to the Ambassador in Cuba (Braden)

WASHINGTON, August 31, 1942—7:05 p. m.

A–113. The normal imports of newsprint for Cuba have been approximately 1300 tons per month for all purposes, 300 tons of which have been used as wrapping paper. Due to the critical shipping situation, it is proposed that 700 tons be shipped monthly, which represents a 30 per cent reduction from normal imports for newspapers and magazines. The Department requests the Embassy to urge a curtailment in the number of editions and size of newspapers by 30 per cent. The Embassy’s comments are requested.

WELLES

800.8836/946 : Airgram

The Secretary of State to the Ambassador in Cuba (Braden)

WASHINGTON, September 5, 1942—4:10 p. m.

A–130. Your A–112, August 26. If higher priority cargo such as scrap, chrome, manganese, etc. is not available, the Stockpile and Ship-
ping Branch of the War Production Board would prefer having sugar rather than canned pineapple or grapefruit shipped on the Seatrain even in refrigerator cars. For your confidential information, the War Production Board is preparing an amendment which will place canned pineapple under General Imports Order M–63 so that imports of this product as well as of grapefruit will be controlled.

The War Production Board is prepared to grant exemptions to M–63 permitting the importation of grapefruit on vessels of 1,000 dead-weight tons or less.

HULL

800.8836/961

The Ambassador in Cuba (Braden) to the Secretary of State

No. 1024

HABANA, September 15, 1942.
[Received September 19.]

Sir: I have the honor to refer to my despatch No. 707 of August 13, 1942, 4 relative to certain suggestions made to the Cuban Government, at the instance of the Department, for more economic utilization and handling of vessels engaged in Cuban-American commerce, and to report that I took up this problem during a conversation with President Batista on September 11.

While I believe that the President is well disposed in principle, there is considerable reluctance to take action in matters which may involve opposition of Labor elements, such as increasing the per-sling load of sugar bags or abandoning the newly established system of rotation for port workers in Habana. I again pointed out that not only was more efficient and expeditious handling of vessels necessary for our mutual war effort, but I said that a continuance of existing conditions would discourage authorities elsewhere from sending ships to Cuba when a quick turn around was required, thus labor was prejudicing itself.

I shall continue to press for favorable action on these proposals, but I anticipate that the Government may be somewhat reluctant to adopt our suggestions because of its unwillingness thus far squarely to meet the Labor issue.

Respectfully yours,

Spruille Braden
The Ambassador in Cuba (Braden) to the Secretary of State

No. 1432

Habana, November 4, 1942.

[Received November 6.]

Sr.: I have the honor to report that according to statistics compiled by the Reporting Section of the Embassy, exports from the Port of Habana to the United States, including shipments in transit to Canada, the United Kingdom, Mexico and Venezuela, totalled 74,657 long tons during the period October 14 to October 30, 1942, as against 25,272 long tons and 38,988 long tons, respectively, during the periods September 15 to September 29 and September 30 to October 13, 1942.

While the heavier shipments are, of course, partly due to an increase in available tonnage and to improved escort service, they are to a large extent the result of the well-directed and successful efforts of Mr. M. L. Wilcox, the Agent for the Caribbean Area of the War Shipping Administration, toward expediting the handling of vessels at this end and thereby speeding up their turn-around. As the Department is aware, Mr. Wilcox, who is ably assisted by Mr. W. S. Loudermilk, the Cuban representative of the War Shipping Administration, entered upon his duties here on October 1, 1942, succeeding Mr. Charles H. C. Pearsall.

Respectfully yours,

Spruille Braden

The Ambassador in Cuba (Braden) to the Secretary of State

Habana, November 4, 1942—8 p.m.

[Received 10:42 p.m.]

933. Personal for the Under Secretary of State. A decision appears to be imminent whether the Seatrian New Orleans will remain in service between Port Everglades and Habana or whether it will be withdrawn by the Army. The Seatrian New Orleans has recently made two voyages within 16 days handling virtually no southbound cargo; they have removed 978 American railway cars from Habana loaded with sugar and other merchandise. American cars in Cuba have thereby been reduced to minimum needed for continued service. If permitted to continue in the Port Everglades-Habana trade the Seatrian could if especially escorted by the Navy handle from 15,000 to 20,000 tons of cargo loaded in cars per month in each direction.
According to our information more barge and similar equipment is being assigned to the Florida Habana service which will result in the withdrawal of vessels suitable for handling northbound perishable commodities especially tomatoes, pineapples and other fruits and winter vegetables the exportation of which is essential to Cuba's economy. In addition the services of the Seatrain are particularly important in connection with southbound shipments of certain essential products which must be shipped in bulk in tank cars.

The Seatrain is a specially built vessel which is of doubtful utility for purposes other than those for which it is designed as was evidenced by the difficulties experienced here in its attempts to convert the Seatrain Texas to its uses (please see my letter to George Scherer of April 28 and subsequent correspondence regarding the Seatrain Texas).

According to my information the New Orleans is even less suitable for long voyages than the Texas due to overbearing fuel capacity, high fuel consumption and lack of speed.

In view of the above mentioned factors I feel justified in enlisting your personal intercession with the War Department and with the War Shipping Administration in favor of retaining the New Orleans in the Port Everglades-Habana service.

BRADEN

800.8836/1013: Telegram

The Secretary of State to the Ambassador in Cuba (Braden)

WASHINGTON, November 6, 1942—6 p.m.

1101. From the Under Secretary. Your 933, November 4, 8 p.m. I too appreciate the utility of the seatrain to Cuba. Nevertheless, the Army's experience with the seatrains, particularly in the movement of tanks, has been very good. The War Shipping Administration confirms this. It is true that these good results have been obtained with the faster seatrains. However, the War Department believes that it will have relatively good success with the seatrain New Orleans and in this the War Shipping Administration concurs.

Consequently, the War Department has warned the War Shipping Administration that the withdrawal of the New Orleans is imminent and has advised that agency to utilize the remaining time of this vessel in returning American railroad cars presently in Cuba to the United States. Once the total of these cars in Cuba has been reduced to a workable minimum and as long as the seatrain is permitted

*Not found in Department files.*
to stay in the Port Everglades–Habana service, goods will be moved from the United States to Cuba by this vessel.\textsuperscript{46}

The War Shipping Administration is fully prepared to move the minimum Cuban import requirements. Thus far, the movement to Cuba has not been affected to nearly the same extent as has the movement of United States products to other American republics, which have been affected by a reduction in the northbound movement as well as by their distance from the United States.

In general, this Government has taken the position that the only reason for maintaining shipping to another area is to move the minimum import requirements and the strategic materials of that area. Non-essential imports from all areas have been stopped or reduced to a point where they present no real shipping problem. Where absolutely necessary, steps not involving the use of shipping have been taken to alleviate conditions in the areas most severely affected, but the over-all position of the economy of the country involved is considered carefully.

At present the Department is making known its views, which are readily recognized, that the seatrain \textit{New Orleans} is an extremely useful vessel from Cuba’s point of view, but I believe our guiding consideration in this case must be the opinion of the War Department as to the utility of this vessel from a military standpoint. [Welles.]

\textbf{Hull}

\textsuperscript{46}The Seatrain \textit{New Orleans} apparently continued to operate in the Cuban trade for some time.