



EMBASSY OF THE
UNITED STATES OF AMERICA

Habana, June 10, 1947.

DC/R

CONFIDENTIAL

1947

main file

No. 4073

SUBJECT: Possible sale of EL MUNDO: alleged subsidies to
Habana newspapers: statements of Dr. Pedro Gué,

BY COURIER
LEAVING HABANA

The Honorable

The Secretary of State,
Washington, D. C.

Sir:

I have the honor to enclose as of possible interest to the Department a memorandum addressed to me by the Public Affairs Officer concerning a call made upon him by Dr. Pedro Gué, owner of the daily newspaper EL MUNDO.

The memorandum, in relating the statements of Dr. Gué, gives in some detail the alleged subsidies made to other newspapers in Habana by various political groups.

Respectfully yours,

L. D. Mallory
L. D. Mallory,
Chargé d'Affaires ad interim.

Enclosure: *MA*

Copy of memorandum to Mr. Mallory from Mr. Stewart, dated June 10, 1947.

Embassy file 891
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Original and hectograph to the Department of State

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Enclosure to despatch 4073 of June 10, 1947, from the American Embassy,
Habana, Cuba

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To: Mr. Mallory
From: CAS-OIC

June 10, 1947

SUBJECT: Visit of Dr. Pedro Cúe, owner of EL MUNDO

Dr. Pedro Cúe, owner of EL MUNDO, one of the leading morning newspapers in Habana, visited me today in the Embassy in an apparent effort to find out the United States' attitude toward the present administration, the forthcoming elections, and any subsequent administration.

I pointed out to him that our policy was definite — that we did not mix in the internal affairs of any country.

Dr. Cúe's newspaper is considered one of the few honest newspapers in this country, but he claims that being honest is placing him in an unfavorable position with other dailies and he is seriously considering selling out. His interest in the United States policy toward Cuba, he said, might determine his attitude toward selling. In other words, he believes that if the United States doesn't do something about the situation here he sees no hope of conditions improving.

He seemed to think that a remark made to him in the Department last year was indirectly intended as advice to sell. While he was waiting to see Mr. Braden, he engaged in conversation with a subordinate of the former Assistant Secretary. The conversation concerned Cuban affairs, lasted about thirty minutes, and when it was about over this subordinate said: "Now is the time to get out of Cuba." Dr. Cúe did not ask for a detailed explanation of this alleged statement, nor did he discuss it with Braden. However, the conversation wasn't forgotten, and the newspaper owner has come to believe that the subordinate meant the statement for him.

My impression is that Dr. Cúe is pursuing every possibility of a change for the better before offering his property for sale.

Dr. Cúe says the business manager of the DIARIO DE LA MARINA openly admitted at a recent meeting of the Bloque de Prensa Cubana that the newspaper received \$100,000 a year from Franco; \$50,000 a year from Trujillo, and \$10,000 a month from the Sugar Association in the form of subsidies. Cúe says these payments represent a large part of the \$400,000 a year profit the DIARIO is showing.

He says all the newspapers get payments from certain interests, or obtain cash by modified or outright blackmail. Trujillo pays INFORMACION \$50,000 a year, Cúe says, but adds that he knows of no other Cuban publication (aside from the DIARIO) that is subsidized by the Dominican dictator. I have noted that Informacion carries an occasional Dominican item with the identifying slug (SRI), which correspondents to the (Special) slug American newspapers place on stories not emanating from established news agencies. The (SRI) slug also is used on stories which the United States Information Service supplies the newspaper.

Dr. Cúe received wage increase demands from his shop and editorial employees, but he says he has convinced his workers that he cannot meet their figure, roughly 45% more pay. In fact, he believes his workers are worried because the union Artes Gráficas (shop employees) may force them

them out on strike in case of a showdown and bring about a folding of the newspaper. The Artes Gráficas union belongs to the Communist-dominated CTC, and this organization might well use Cué's own employees in a maneuver to close down the newspaper, which is strongly anti-Communist and anti-Grau.

He says the Communists have floated two rumors in an effort to turn his employees against him. One is that Cué plans to sell his plant to a newspaper in Peru, which would ship the machinery to Lima. The other is that Cué is receiving a subsidy from the American Federation of Labor to help him fight Communism. Cué says the stories are not true.

Cué says the reporters belong to a union called the Círculo de Reporters, which is not affiliated with the CTC, but which has a mutual support agreement with the Federation. He expects the reporters to work with the CTC in putting the heat on the newspapers for substantial increases in wages.

As a matter of fact, reporters on INFORMACION and PRENSA LIBRE already have asked for increases, and their demands are now before the Ministry of Labor, along with those of shop workers in the same newspapers and the DIARIO. Cué says these three newspapers are making the big money in Cuba at present. PRENSA LIBRE and INFORMACION are supposed to be past masters at the art of blackmail.

Finally, Cué asked whether he would have any difficulty in obtaining a permanent visa to the United States, in event he peddled EL MUNDO. I told him I wasn't too familiar with the immigration laws, but if he could support himself and wasn't a Communist he had a pretty good chance.

Cué is married to an American woman and has means other than the income from EL MUNDO, which he said amounted to \$10,000 last year. He mentioned a \$200,000 profit on the sale of the newspaper as about what he expected.

C.A.S.



EMBASSY OF THE
UNITED STATES OF AMERICA

CONFIDENTIAL

No. 4190

Habana, Cuba, July 21, 1947

Subject: Reports Regarding Offers to Buy
"El Mundo"

RECEIVED
DEPARTMENT OF STATE

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The Honorable
The Secretary of State,
Washington, D. C.

I have the honor to enclose herewith the text of a memorandum prepared by the Public Affairs Officer assigned to the Embassy, with respect to rumors which have been current as to the possible sale of the Habana daily newspaper "El Mundo". The information given herewith, received for the most part from the editor of that paper, Dr. Pedro CUE, may be regarded as a reliable clarification of the amounts and origins of the offers received. There is also furnished some further data regarding the subsidies paid to "Diario de la Marina" and "Información" by various foreign governments.

Dr. Cué has informed the Public Affairs Officer that he owns 55% of "El Mundo", and that the GOVIN family owns the other 45%.

Respectfully yours,

For the Ambassador:

H. Bartlett Wells

H. Bartlett Wells
Second Secretary of Embassy

Enclosure:
No. 1-Confidential Memorandum
dated July 17, 1947.

File No. 891
HBWells/mrf
To the Department in original
and photograph

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American Embassy, Habana CONFIDENTIAL
Enclosure No. 1 to
Despatch No. 4190,
July 21, 1947

MEMORANDUM

To: H. B. Wells July 17, 1947
From: C. Allan Stewart, O.I.C.
Subject: Rumors of Sale of El Mundo, and General
Press Situation.

El Mundo, the morning newspaper headed by Dr. Pedro CUS, saw fit to publish a box on page one yesterday denying it had been sold, or that its sale was contemplated.

The story was published to put at rest rumors that the anti-administration paper was on the block. As a matter of fact, three offers to buy were made Dr. Cus, but the one definite cash offer was too low, and besides, it appears that El Mundo's labor troubles may be resolved for the time being.

According to an employee of El Mundo, Alfredo HORNEDO, owner of El Pais, offered Cus \$1,250,000 for the paper, but this proved to be a slightly exaggerated figure.

Actually, a representative of Hornedo offered Dr. Cus \$400,000 in cash with a promise to pay an additional \$270,000 "cuando Dios quiera", or, in other words, without any written security. The El Mundo publisher felt that Hornedo was fronting for some other interested party, either Batista or President Grau. He inclined to the belief that it was Grau, since he claims Hornedo belongs to a sector of the Liberal Party which is in favor of lining up with the Grau Auténticos. He felt that the \$270,000 balance would never be paid, and believed, moreover, that his property was worth, at the minimum, \$800,000.

The other two offers were made by emissaries of wealthy businessmen. One of these was Julio LOBO and the name of the other sounded like CASTELLEJO, although I am not certain of the spelling and am not acquainted with anybody by that name. In any event, the publisher considered them unworthy of owning his property, so the matter of price was never discussed.

Cus is apparently on the way to solving his labor problems. His shop workers, belonging to the Artes Gráficas union, have asked for a 40 per cent blanket wage increase, but after looking over El Mundo's books, have agreed to a 5 per cent increase, which would cost

Cus

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Cu\$ \$500 additional per month. The workers have agreed to this small increase in order to save face, but the proposal must be approved by the master union. If the government wants to force Cu\$ to the wall, it may pressure the union to reject the offer, even though the El Mundo local is in favor of the modest increase. Cu\$ thinks, however, that his workers will be able to convince the members of other locals that the move is wise. They apparently realize that there is a possibility Cu\$ might close down for good if the paper were struck.

The demands of the editorial workers call for classification of employees, shorter hours, and higher pay, which would cost Cu\$ \$700 per week. The workers have told Cu\$ they do not want to precipitate a strike if the Ministry of Labor tribunal reviewing the case rules in their favor. They are willing that he appeal to the regular courts from the expected Ministry ruling, which would tie the demands in litigation for about three years, at which time the publisher hopes to have better sailing.

In any event, Cu\$ thinks his labor problems can be settled. His employees know the financial standing of the newspaper, which is about \$6,000 in the red so far this year, and want to go along with him. Up to this point, the workers have staged no slow-down, as in the case of Diario de la Marina, Información and Prensa Libre.

Some interesting details on the government's pay-off to Diario of \$15,000 monthly to cover recent wage increases made to workers have been uncovered.

The administrator of Diario himself, Eliseo GUZMAN, is quoted as saying that the payoff comes from the office of the Minister of Education, José Manuel ALEMÁN. An employee of the Ministry meets a Diario representative at a bank. The former exchanges large denomination bills for smaller ones and passes them to the newspaper representative, so there can be no possibility of marked money. Just why this procedure is necessary when the knowledge of the payoff is public property was not made clear.

Cu\$ was offered \$10,000 a month by Guzman, acting for the government, to defray the wage increase demands made by his workers. Actually, the shop workers demanded increases totaling \$4,000 a month; editorial employees about \$3,000. The remaining \$3,000 would be Cu\$'s out. Cu\$ rejected the offer.

Another interesting sidelight attributed to Guzman

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is the fact that the Dominican Minister goes to the office of Diario to hand over the monthly payments by which Trujillo bribes the paper to print news favorable to the present government in power in the Dominican Republic. Guzman takes the money without even the formality of giving a receipt.

Guzman also jokes about the battle with Información when the latter newspaper learned Trujillo was paying Diario \$50,000 a year for favorable publicity. Información wanted its cut, and the unhappy minister was forced to make a similar payment to Información when Diario bridled at splitting its windfall.

Guzman has not hesitated to state before more than one person that in addition to the \$50,000 Diario receives from Trujillo, another \$100,000 comes from Franco, and \$50,000 from Perón. The latter "account" is fairly recent. Details of payments by Franco and Perón are not available.

Cuè claims El Mundo could double its circulation with more newsprint. It now receives 300,000 pounds a month, at about \$125 a ton, or 6.25 cents a pound. Its source will not allocate any more. Información and Diario are supplementing their regular quotas with black market newsprint which costs \$280 a ton, which Cuè cannot afford to pay.

However, Cuè can get along on his present quota, and feels that with his labor troubles clearing up, he will continue operating as an independent newspaper publisher.

C. A. S.

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