

# A Preponderance of Politics: The Auténtico Governments and US–Cuban Economic Relations, 1945–1951

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*Abstract.* This article analyses the bilateral economic negotiations between Washington and Havana during the era of the Cuban PRCA (Auténtico) governments led by Ramón Grau San Martín and Carlos Prío Socarrás (1944–52). This work shows that, initially, the PRCA governments took advantage of the economic bargaining capacity that Cuba had developed with Washington during the Good Neighbor era, but after 1947 this declined as the Truman administration's Cold War foreign policy agenda assigned only a marginal position to Latin America and Cuba. Havana's inability to obtain further economic support from the United States had a powerful destabilising effect, complicating Cuba's economic governance and delegitimising the PRCA politically. The study of this episode enhances our comprehension of a period largely overlooked by the historiography on Cuba and our understanding of the demise of the Auténtico project, the last attempt to transform Cuba's social structures in a progressive and democratic manner.

*Keywords:* Cuba, Auténticos, Grau San Martín, Prío Socarrás, sugar, United States, Cold War

## *Introduction*

This article aims to provide a new analysis of the bilateral economic negotiations between Washington and Havana during the Partido

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Revolucionario Cubano Auténtico (Cuban Authentic Revolutionary Party, PRCA, also known as Auténtico) governments of Ramón Grau San Martín and Carlos Prío Socarrás (1944–52). Scholarship on Cuban history has largely overlooked the 1940s.<sup>1</sup> However, the relevance of this decade for understanding of the island's history is considerable, and studying the economic bilateral talks during this period offers an original perspective from which to look at it. The decade witnessed the ascent and collapse of the PRCA, the last Cuban political movement to envision a democratic and progressive transformation of the island's social structures. The PRCA's failure had far-reaching consequences, throwing the country into a long political crisis which endured throughout the 1950s and culminated in the 1959 revolution.

The PRCA's political experiment ended in March 1952 with Fulgencio Batista's bloodless coup, but the party had already begun to experience a dramatic erosion of its social and electoral support after 1948, during the presidency of Prío. Scholars have generally pointed to widespread corruption as the main cause of Autenticismo's crisis of legitimacy.<sup>2</sup> Though correct, a narrative focusing on corruption alone tends to simplify the nature of the PRCA's political experiment and neglects the presence of other variables that determined the party's loss of credibility, such as the evolution of its economic negotiations with the United States.

The PRCA had its roots in the 1933 revolutionary upheaval against the postcolonial republic, which had not fulfilled the expectations of equality, inclusiveness and sovereignty that had motivated a relevant part of the liberation movement against Spanish dominion. The republic had assumed a restricted oligarchic nature and, in addition, the inclusion of the Platt Amendment in the 1902 Constitution, giving the United States the right to intervene in Cuba's domestic affairs when its interests were under threat, significantly reduced Cuban sovereignty.<sup>3</sup>

In 1933, Ramón Grau San Martín, a physician, led an active student movement which played a decisive role in the overthrow of President Gerardo Machado, the last representative of the oligarchic system. After Machado's fall

<sup>1</sup> Exceptions to this are Charles D. Ameringer's groundbreaking work, *The Cuban Democratic Experience: The Auténtico Years, 1944–1952* (Gainesville, FL: University Press of Florida, 2000); Mario Morales Rodríguez, *La frustración nacional-reformista en la Cuba republicana* (Havana: Editorial Política, 1997); and Humberto Vázquez García, *El gobierno de la kubanidad* (Santiago de Cuba: Editorial Oriente, 2005).

<sup>2</sup> See, for example, Jorge I. Domínguez, *Cuba: Order and Revolution* (Cambridge, MA: Belknap Press, 1978); Hugh Thomas, *Cuba, or The Pursuit of Freedom* (New York: De Capo Press, 1998); Richard Gott, *Cuba: A New History* (New Haven, CT: Yale University Press, 2004); and Vázquez García, *El gobierno de la kubanidad*.

<sup>3</sup> Oscar Zanetti Lecuona, *La república: notas sobre economía y sociedad* (Havana: Editorial de Ciencias Sociales, 2006); Juan Pérez de la Riva et al., *La república neocolonial*, 2 vols. (Havana: Instituto Cubano del Libro, 1975 and 1979).

and a short administration led by Carlos Manuel de Céspedes y Quesada, Grau became provisional president of a revolutionary executive, which lasted 100 days and enacted an important series of decrees aimed at a radical transformation of the postcolonial system and the reduction of US interference. Only the combination of inner divisions within his heterogeneous coalition, the personal opposition of Washington's special envoy, Sumner Welles, and, eventually, Batista's betrayal forced Grau to resign in January 1934.<sup>4</sup>

Grau did not abandon the fight during the 1930s, when Batista's authoritarian populism established a firm grip on Cuba's political life, and, with the official foundation of the PRCA in 1934, he created the strongest bulwark against the former sergeant's overwhelming power. Although the PRCA evolved, abandoning its revolutionary approach and embracing electoral democracy, its programme remained strongly reformist. By the end of the 1930s it had become a decisive force and played a crucial role in shaping the strong social-democratic complexion of the new Constitution approved in 1940. A large amount of the PRCA's political capital and legitimacy during the 1940s was based on expectations of structural social and economic change that the movement had been able to generate since 1933.

Analysis of the bilateral economic negotiations with the United States provides important new elements for understanding the process leading to the crisis of legitimacy that the PRCA eventually faced. This article shows that, initially, Cuba took advantage of the bargaining capacity it had developed when negotiating economic issues with the United States, but it then lost this power between 1948 and 1952, hampering the party's reformist capacity. This contributed to a deep feeling of economic uncertainty on the island and played a role in increasing people's mistrust of the party.<sup>5</sup>

Between 1945 and 1947 the political centrality that Latin America and Cuba had acquired for Washington during the period of Good Neighbor diplomacy gave the Grau government powerful leverage when negotiating with the US government.<sup>6</sup> This permitted the first PRCA administration to achieve crucial concessions at the end of the Second World War, a very sensitive crossroads for both Cuba's economy and the sugar industry, the core

<sup>4</sup> Louis A. Pérez, *Cuba and the United States: Ties of Singular Intimacy* (Athens, GA: University of Georgia Press, 1990), pp. 197–209, 216.

<sup>5</sup> Proof of the extent to which this crucial turning point has been overlooked by historians is, for example, Lars Schoultz's statement that 'the bilateral agenda during the Prio years therefore consisted primarily of minor commercial disputes': Lars Schoultz, *That Infernal Little Cuban Republic: The United States and the Cuban Revolution* (Chapel Hill, NC: University of North Carolina Press, 2009), p. 47.

<sup>6</sup> On US–Latin American relations during the Good Neighbor era, see Warren F. Kimball, *The Juggler: Franklin Roosevelt as Wartime Statesman* (Princeton, NJ: Princeton University Press, 1991), chap. 6. See also Vanni Pettinà, *Cuba y Estados Unidos, 1933–1959: del compromiso nacionalista al conflicto* (Madrid: Los Libros de la Catarata, 2011), pp. 23–55.

of the island's production system since the eighteenth century. During the negotiations, Grau was in fact able to convince the Truman administration to reintroduce sugar quotas on favourable terms for the island. The quotas policy had initially been established in 1934 by President Roosevelt with the Jones-Costigan Act, but was suspended in 1941 due to the onset of the war. The 1934 act assigned Cuba a fixed quota of sugar equivalent to 29.4 per cent of US consumption, to be purchased by Washington under a reduced tariff, and underpinned Cuban economic stability during the 1930s.<sup>7</sup> For a country that depended so heavily on sugar exports, which had achieved their maximum level of insertion in international markets during the 1920s, the reintroduction of the quota offered a cushion following the wartime sugar boom. Moreover, the positive results that the negotiations produced provided Grau's government with the domestic social support and financial resources it needed to carry out and maintain its reformist programme. Eventually, despite widely known cases of corruption during Grau's administration, Prío still won the 1948 elections comfortably as the PRCA's candidate.

The beginning of the Cold War, however, changed the bilateral dynamics and undermined the PRCA's reformist, policy-making capacity. The Cold War diminished Cuba's political importance as the US foreign policy agenda became concentrated on the European and Asian contexts after 1947, leading to a drastic reduction of the island's leverage at a particularly difficult time for its economy. Indeed, although the reintroduction of the quota did mitigate the harmful impact that the end of the war had on the sugar industry (see Table 1), it did not fix such problems as high unemployment, inflation and scarcity. In particular, the end of the wartime sugar boom once again exposed all the constraints on stable and robust economic growth that Cuba's dependence on a fluctuating and mature single crop generated. The sustainability of this economic model was particularly problematic for a country which, like much of Latin America, was experiencing dramatic population growth.<sup>8</sup>

During the electoral campaign of 1948, Prío declared that only diversification and industrialisation could end Cuba's persistent social and

<sup>7</sup> Oscar Zanetti Lecuona, *Los cautivos de la reciprocidad: la burguesía Cubana y la dependencia comercial* (Havana: Ministerio de Educación Superior, 1989), p. 114; Santamaría García, *Sin azúcar no hay país: la industria azucarera y la economía cubana (1919–1939)* (Seville: Universidad de Sevilla, 2001), pp. 263–4.

<sup>8</sup> Havelock Brewster and Thomas Clyde, 'Industrialization of the West Indies: The Manufacturing Sector in the Total Economy', in Hilary Beckles and Verene Shepherd (eds.), *Caribbean Freedom: Economy and Society from Emancipation to the Present – A Student Reader* (Kingston: Randle, and London: James Curry, 1996), p. 394. Cuba's population rose from approximately 4.3 million in 1940 to 5.7 million in 1952: Base de Datos de Historia Económica de América Latina Montevideo–Oxford, available at <http://moxlad.fcs.edu.uy/es/basededatos.html>.

Table 1. *Cuba's Sugar Production, Export Value and Prices, 1944–53*

Year	Production (long Spanish tons)	Export value of sugar and sub-products	Sugar prices (FOB Cuba), world average US cents per lb
1944	4,971,149	US\$ 323,389,000	2.65
1945	3,456,031	US\$ 294,793,000	3.10
1946	3,940,728	US\$ 350,310,000	4.18
1947	5,677,238	US\$ 662,724,000	4.96
1948	5,876,761	US\$ 637,731,000	4.32
1949	5,073,968	US\$ 511,533,000	4.15
1950	5,393,541	US\$ 572,302,000	4.97
1951	5,589,232	US\$ 675,192,000	5.70
1952	7,011,393	US\$ 579,148,000	4.16
1953	5,006,960	US\$ 530.138.000	3.41

*Sources:* production and export values are the author's elaboration from *Anuario Azucarero de Cuba, 1954* (Havana: Editorial Mercantil Cubana, 1953), pp. 83, 21; prices are the author's elaboration from *Pocket Sugar Year Book, 1953* (London: International Sugar Council, 1953), p. 88.

economic problems.<sup>9</sup> However, during the bilateral negotiations undertaken between 1948 and 1951, Washington rejected Prío's requests to support his plan of state-led economic diversification. Moreover, in 1951 Washington decided to reduce the Cuban sugar quota. The beginning of the Korean War in June 1950 had briefly delayed decline, but by the end of 1951 sugar exports and prices had already begun to drop. In a report written at the peak of the Korean War boom, the World Bank noted: 'Few countries are so dependent on international trade as Cuba. In fact, unless it is realized to what extent the island is a one-crop export economy, it is impossible to understand the basic problems of further economic development.'<sup>10</sup>

This analysis does not imply that corruption was not a factor of illegitimacy for the PRCA's governments. However, the failure of the negotiations on diversification hindered the economic reform plans designed by Prío to reduce the structural economic and social distress evident in levels of unemployment, inflation and scarcity. Even though the economy had briefly recovered, the sources of its structural weakness, its instability and the country's social problems had re-emerged by the end of 1951, enhancing Cubans' political frustration and amplifying their mistrust of the government's reformist and

<sup>9</sup> On Cuba's economic diversification process, see Gonzalo M. Rodríguez, *El proceso de industrialización de la economía cubana* (Havana: Editorial de Ciencias Sociales, 1980).

<sup>10</sup> International Bank for Reconstruction and Development (IBRD), *Report on Cuba: Finding and Recommendations of an Economic and Technical Mission Organized by the International Bank for Reconstruction and Development in Collaboration with the Government of Cuba in 1950* (Washington: IBRD, 1951), p. 723. On the decline in sugar prices, see Oscar Zanetti Lecuona and Alejandro García, *Sugar and Railroads: A Cuban History, 1837–1959* (Chapel Hill, NC: University of North Carolina Press, 1998), p. 370.

management capacities. Political disappointment with the PRCA was boosted by Prío's failure to prevent the reduction of the sugar quota, which the opposition, especially, portrayed as a new economic setback. However, this was not directly a product of Prío's incompetence, as generally perceived by contemporary Cubans and denounced by the opposition; rather, it was provoked by the dramatic changes that the beginning of the Cold War engendered in Washington's policies after 1947.

*A Preponderance of Politics: US–Cuban Sugar Negotiations in 1945–6*

In spite of the expectations generated by his election as president in 1944, Grau's government produced mixed results. 'Rights and wrongs' was how Carlos Márquez Sterling, a renowned Cuban intellectual and former president of the 1940 Constitutional Convention, defined the results of the first PRCA executive.<sup>11</sup>

During his presidency Grau tolerated and supported the existence of numerous action groups born during the revolution against Machado and whose political violence had escalated during the 1940s to become almost criminal.<sup>12</sup> The president also accepted a dysfunctional enlargement of the public administration (*empleomanía*), fed by what Cubans called *botellas*, sinecure public posts assigned according to a clientelistic logic. Grau also failed to approve the creation of a court of accounts, a civil service law and a budget law, all aimed at controlling the government's abuses of the system.<sup>13</sup>

However, Grau also vigorously implemented the reformist programme designed by the PRCA in the mid-1930s. He strengthened labour rights, raised agricultural and non-agricultural salaries and implemented new legislation aimed at improving peasants' social conditions.<sup>14</sup> In February 1946 he approved the so-called Decreto del Diferencial Azucarero (Sugar Differential Decree), a direct tax on sugar profits generated from sales on the world market at higher prices than the sugar sold to the United States. The revenues from this tax gave the government extra resources to invest in projects such as the construction of public schools, food subsidies and additional pay for

<sup>11</sup> Carlos Márquez Sterling, 'Los partidos políticos, capítulo IV', *Bohemia*, 19 May 1946, p. 15.

<sup>12</sup> Ameringer, *The Cuban Democratic Experience*, p. 22; see also '¿Qué hacer con el pistolero?', *Bohemia*, 23 Jan. 1949, p. 61.

<sup>13</sup> Louis A. Pérez, *Cuba: Between Reform and Revolution* (New York: Oxford University Press, 2011), p. 216; William S. Stokes, 'The Cuban Parliamentary System in Action, 1940–1947', *Journal of Politics*, 11: 2 (1949), p. 356. On the problem of corruption and, especially, *empleomanía*, see Raul Roa, 'La isla de los empleados públicos', *Bohemia*, 20 March 1949, p. 53.

<sup>14</sup> Morales Rodríguez, *La frustración nacional-reformista*, pp. 47–8; Ameringer, *The Cuban Democratic Experience*, p. 128; see also 'Política de salarios, tabla de sueldos y jornales privados', *Cuba Económica y Financiera*, Aug. 1948, p. 14.

Table 2. *Cuba's Central Government Revenue, 1944–53*

	Million pesos
1944	148
1945	158
1946	201
1947	277
1948	242
1949	230
1950	286
1951	328
1952	309
1953	270

Source: Base de Datos de Historia Económica de América Latina Montevideo–Oxford, available at <http://moxlad.fcs.edu.uy/es/basededatos.html>.

government employees (see Table 2).<sup>15</sup> Finally, Grau launched a programme of public works leading to the construction of new infrastructure and the remodelling and refurbishment of numerous Cuban cities.<sup>16</sup>

Grau's ability to enact this legislation had relied on a huge expansion of the Cuban sugar industry during the Second World War. After December 1941 the loss of supplies from the Philippines, Java and Europe forced the Roosevelt administration to eliminate the quotas established under the Sugar Act and to purchase all the sugar that Cuba produced at a negotiated price.<sup>17</sup> Cuba's average production increased from 3.3 million tons per year between 1936 and 1940 to 4 million tons between 1942 and 1946. In 1942–3 the negotiated price was set at 2.65 cents per pound, and by 1945 it had increased to 3.10 cents.<sup>18</sup>

This prosperity came at a cost, however, further accelerating the marginalisation of other productive sectors, forcing Cuba to import most of its foodstuffs, machinery and consumer products and creating serious problems in terms of inflation, scarcity and the growth of a black market.<sup>19</sup> Moreover, following the normalisation of the sugar market that began in the summer of 1945, Grau faced the crucial problem of how to combine the economic

<sup>15</sup> Ameringer, *The Cuban Democratic Experience*, pp. 125–6.

<sup>16</sup> 'Habana Newspaper *El Mundo* Published Editorial Comments on the Principal Events of 1947 in Cuba', 5 Jan. 1948, US State Department National Archives, Record Group 59 (hereafter NARA RG59), US Embassy Havana, 837.00/1-548.

<sup>17</sup> US Department of Agriculture, *Special Study on Sugar: A Report of the Special Study Group on Sugar of the U. S. Department of Agriculture* (Washington, DC: Government Printing Office, 1961), p. 15.

<sup>18</sup> Pérez, *Cuba and the United States*, p. 205; Ameringer, *The Cuban Democratic Experience*, p. 27; Thomas, *Cuba*, pp. 732–3.

<sup>19</sup> Pérez, *Cuba and the United States*, pp. 206, 229; see also 'Resistencia inflacionista', *Cuba Económica y Financiera*, June 1949, p. 3.



sustainability of the system with the maintenance and further development of the social policies implemented after 1944.

The country had already experienced the pain of a post-war readjustment. In 1920, when European sugar production revived, sparking a dramatic decrease in international prices, the Cuban economy literally collapsed.<sup>20</sup> On the assumption that a similar readjustment would occur, the Grau government's main objective in the aftermath of the Second World War was to guarantee Cuba's prompt and favourable reintegration into the US sugar quota system that Washington seemed likely to re-establish. When Earl Wilson, manager of the US Commodity Credit Corporation (CCC), approached Grau's government in June 1945 in order to start negotiations for the purchase of the 1946 *zafra* (sugar harvest), the real issue at stake for Havana was the future of its sugar production under a new US Sugar Act.<sup>21</sup> From the beginning the main concern of Oscar Seiglie, Havana's chief negotiator, was to include the purchase of the 1947 crop in the negotiations, together with an assurance that Cuba's sugar would be granted fair treatment by the United States in future years.<sup>22</sup>

Oscar Zanetti has already described the details of the tough negotiations that lasted until July 1946.<sup>23</sup> It is worth remembering, however, that Washington accepted most of Cuba's conditions for the sale of its sugar crops. 'It is good for Cuba and the United States' and 'it consolidates the bases for the best relations between Cuba and the United States', José Manuel Casanova, president of the Asociación Nacional de Hacendados de Cuba (National Association of Sugar Mill Owners, ANHC) Cuba's National Sugar Producers Association, pointed out enthusiastically the day the agreement was made public.<sup>24</sup> First, the Truman administration agreed to buy two sugar harvests, as originally requested by Seiglie, with the final price for the 1946 *zafra* set at 4.37 cents per pound. Second, the Cuban delegation achieved the introduction of an escalator clause that tied the final price for the sale of the 1947 crop to food price increases in Cuba, resulting in an increase to 4.97 cents per pound. Third, and most importantly, Seiglie achieved a formal commitment from the US government to reintegrate Cuba into the quota system on favourable terms. Seiglie even tried to include a clause that would legally bind the Truman administration in the sugar purchase contracts, but the US negotiators explained that this would be unconstitutional,

<sup>20</sup> Thomas, *Cuba*, pp. 544–5; see also Santamaría García, *Sin azúcar no hay país*, p. 55.

<sup>21</sup> Memorandum of Conversation, 'Cuban Sugar', 7 Sep. 1945, NARA RG59, 837.61351/9-745.

<sup>22</sup> '1946 Cuban Sugar Negotiations, Meeting of October 17 1945', 17 Oct. 1945, NARA RG59, 837.61351/10-1745. <sup>23</sup> Zanetti, 'El comercio azucarero cubano', p. 67.

<sup>24</sup> 'Es buena para Cuba y E. U. la venta pactada', *Diario de la Marina*, 12 July 1946, p. 1.



since it was Congress, not the executive, that had the legal power to legislate on trade matters and assume international commitments in this field.<sup>25</sup>

Ramiro Guerra, a prestigious Cuban essayist and sugar expert, argued that the agreement created a horizon of economic stability for Cuba and represented a solid guarantee for the political strength of the Grau government in a country where 'sound economic conditions and a sound political situation have usually walked together in our history'. For Guerra, the revenues from the agreement would be crucial for the country's development because they would allow the government to maintain and expand its social and infrastructural projects.<sup>26</sup>

Zanetti has rightly argued that the Cuban delegation's success was the result of contingent reasons, linked to Washington's urgent need to feed millions of people in the zones of Europe and Asia under Allied occupation.<sup>27</sup> Cuba's capacity to tip the balance in its favour, however, also rested on the fact that from the very beginning the Truman administration had approached the sugar talks from a political, and not just an economic, perspective.

In a note sent to the State Department in August 1945 at the beginning of the sugar negotiations, the US ambassador in Havana, Henry Norweb, affirmed that if Washington 'could deal with Cuba on this sugar matter as we would do with a more distant and less closely associated country or if we could deal with it as we would with a domestic problem the solution would be infinitely easier'. Yet, according to Norweb, this was impossible because the political implications of the negotiations made Washington's position with regard to Cuba weak. In Norweb's view, 'the most important consideration' influencing the sugar talks was 'a political one', because the United States had historical responsibilities towards the island that could not and 'should not' be avoided. Cuba's economic and political stability were closely tied to a positive result. Therefore, Norweb concluded, 'every effort should be made to obtain the authority necessary to give Cuba the desired assurances regarding its future position in the United States sugar market'.<sup>28</sup>

Top policy-makers in Washington seemed perfectly aware of their political obligations towards the island and tried to act in consequence. According to Wilson of the CCC, Secretary of Agriculture Clinton P. Anderson explained to him, presumably in September 1945 at the beginning of negotiations over the 1946–7 crops, that he was well aware that Cuba had expanded its production during the war in order to meet Washington's and its allies' needs.

<sup>25</sup> Zanetti Lecuona, 'El comercio azucarero cubano', p. 69.

<sup>26</sup> Ramiro Guerra, 'Notas al margen', *Diario de la Marina*, 12 July 1946, p. 1; 'La historia en marcha', *Diario de la Marina: Revista de la Semana*, 14 July 1946, p. 1.

<sup>27</sup> Zanetti Lecuona, *Los cautivos*, p. 141.

<sup>28</sup> Ambassador in Cuba to secretary of state, 23 Aug. 1945, in *Foreign Relations of the United States, 1945*, vol. 9 (Washington, DC: Government Printing Office, 1969), p. 939.

He was therefore strongly in favour of reintegrating the island into the new Sugar Act and he agreed that 'larger imports' should be allowed in the post-war period to compensate Cuba.<sup>29</sup>

In January 1946, Dean Acheson, Truman's acting secretary of state, sent a note to the Grau government in which, after restating the constitutional constraints faced by his administration, he warmly acknowledged the 'historical position of Cuban sugar in the United States and the problems growing out of expanded war production by Cuba for United Nations use'. Because of this, US government policy was 'to support the Cuban sugar position in the United States market', and the 'best effort', he concluded, 'would have been used to give effect in practice to the policy under peacetime conditions'.<sup>30</sup>

These statements mirrored the impact that the peculiar centrality acquired by Cuba during the 1930s and 1940s still had on Washington's approach to economic negotiations with Havana. During these years US policy-makers had learnt a diplomatic language wherein political objectives linked to the country's stability were intertwined with, and seconded by, economic cooperation. The primacy of progressive political variables over economic considerations, typical of the Good Neighbor era, gave Cuba's negotiators and Auténtico politicians a strong advantage.

Cubans themselves seemed convinced that this logic guided the negotiations. Manuel Casanova pointed out in July 1946 that Cuba and the United States had practised cooperation at the highest level, both convinced that it represented the best way to guarantee 'social and political security, mutual respect and the wellbeing of the nations'.<sup>31</sup> The preponderance of this political reasoning in Washington became Cuba's best ally when the legislative process for the approval of the Sugar Act entered its final stages early in 1947.

### *Under a Sheltering Sky: The Final Debate on the Reintroduction of the Quota System*

By the spring of 1947 it had become clear that the main threat the new Sugar Act posed to Cuba was the possibility of being assigned a quota similar to that of 1937.<sup>32</sup> Havana had to face, in particular, the opposition of the US sugar

<sup>29</sup> Memorandum of Conversation, 'Cuban Sugar', 7 Sep. 1945, NARA RG59, 837.61351/9-745.

<sup>30</sup> Department of Agriculture, Washington, DC, 2 Jan. 1946, NARA RG59, 837.61351/1-246.

<sup>31</sup> José Manuel Casanova, 'Epílogo de la negociación azucarera', *Diario de la Marina*, 16 July 1946, p. 3.

<sup>32</sup> 'Significant Development on Sugar Legislation', 9 May 1947, NARA RG59, 837.61351/5-947.

beet industry, which considered any increase in Cuba's participation in the market to be harmful to its interests.<sup>33</sup>

The first problem for the Grau administration was that the legislative debate was a US domestic process and Cuba could not negotiate directly with Washington over it. Havana's representatives, however, found the State Department a committed defender of Cuba's sugar interests. Between March and July, Arturo Mañas, secretary of the ANHC, and Guillermo Belt, the Cuban ambassador in Washington, held long meetings with State Department officials such as Spruille Braden, assistant secretary of state for Latin America, Ellis Briggs, director of the State Department's American Republic Affairs (ARA) office, and William Walker, also from ARA. During these meetings Havana's representatives argued fiercely that the future well-being and stability of their country depended crucially on the allotment of a fair quota under the new Sugar Act, and they reminded their US counterparts that in January 1946 the Truman administration had committed itself to supporting the Cuban position.<sup>34</sup>

Most State Department officials showed themselves to be sympathetic. Of its own volition the department started to mobilise slowly in defence of the Cuban position from early 1947, recommending the use of a representative period as the basis for the calculation of the new Cuban quota<sup>35</sup>. As Paul Nitze, then deputy director for international trade policy, explained to the US Cuban Sugar Council, 'the use of any representative base for revision of the sugar quotas would of course materially improve Cuba's position in this market'.<sup>36</sup>

During the numerous meetings held with Braden and Briggs, Mañas and Belt agreed on this system for calculation. The Cubans claimed that the adoption of a representative base would grant the island a larger quota than the figure for 1937, which had been reduced by a decade of low exports due to the protectionist policies inaugurated by the Smoot-Hawley Tariff in June 1930.<sup>37</sup> The Cubans proposed that the basis for calculating the new quota

<sup>33</sup> Memorandum of Conversation, 'Sugar Legislation', 29 May 1947, NARA RG59, 837.61351/5-2947.

<sup>34</sup> Guillermo Belt (Cuban ambassador) to George C. Marshall (secretary of state), 20 May 1947, NARA RG59, 837.61351/5-2047; 'Cuban Embassy's Note to the State Department re Cuba's Share in the United States Sugar Quota: Conversation with Dr. Arturo Mañas', 26 May 1947, attached to Foreign Service of the United States of America, 'Ambassador Belt's Activities in Havana; and American Chamber of Commerce Resolution re United States Sugar Quota and Treaty of Friendship', 27 May 1947, NARA RG59, 837.61351/5-2747.

<sup>35</sup> Walker to Wright and Braden 20 May 1947, NARA RG59, 837.61351/5-1947.

<sup>36</sup> Paul Nitze to David M. Keiser, 11 March 1947, NARA RG59, 837.61351/2-1047.

<sup>37</sup> Belt to Marshall, 20 May 1947, NARA RG59, 837.61351/5-2047; Memorandum of Conversation, 'Cuban Note Expressing Apprehension Over Sugar Legislation Pending in U. S. Congress', 20 May 1947, NARA RG59 837.61351/5-2047.

should be the period between 1920 and 1929, when Cuba's exports to the United States averaged, according to a review of contemporary estimates, some 3.63 million tons per year.<sup>38</sup>

Fierce opposition from the sugar beet industry's lobbyists hampered the State Department's activities in defence of Cuban interests.<sup>39</sup> Between the end of May and mid-June, State Department officials had to intervene on at least three occasions to prevent the approval of legislation that would be detrimental to the island. Although they failed to have the representative period recognised as a basis for assigning a new quota, they nonetheless fought for and achieved the formulation of a final bill that took into account Cuba's needs.

The first of the three episodes took place at the beginning of May when, after a long consultation with State Department and ARA officials, Anderson personally wrote a letter to the speaker of Congress and the president of the Senate asking for a review of the quota established in 1937 and explicitly requesting them to grant Cuba greater participation.<sup>40</sup> Pushed by the national sugar industry, however, Congress threatened to extend the 1937 Sugar Act for one year rather than increasing the Cuban quota using representative base criteria.<sup>41</sup> Belt immediately opposed this proposal, asking Anderson and the State Department to mobilise and block it. The secretary of agriculture acted quickly and informed Earl Wilson, president of the California and Hawaiian Sugar Company, that Truman would veto a simple extension of the 1937 Sugar Act, thus forcing the national industry to start working on a compromise between its interests and those of Cuba.<sup>42</sup>

On 29 May, Briggs and Walker met with Wilson to discuss a first draft of the sugar bill prepared by the national industry. This would give Cuba a quota of 2.268 million tons, plus sugar deficits (the difference between a country's

<sup>38</sup> Personal elaboration based on data from 'Entries and Marketings of Sugar in Continental United States from All Areas, 1900 to Date', in *History and Operations of the U. S. Sugar Program*, US Congress, House Committee on Agriculture, 14 May 1962 (Washington, DC: U. S. Government Printing Office, 1962), p. 3. On Cuba's proposal, see Belt to Marshall, 20 May 1947, NARA RG59, 837.61351/5-2047.

<sup>39</sup> Congressional Hearings, Committee on Rules, House, 80 H. R. 4075, 'Promotion and Regulation of Sugar Industry', 7 July 1947, p. 16; see also William C. Pendleton, 'American Sugar Policy - 1948 Version', *Journal of Farm Economics*, 30: 2 (1948), p. 235-7.

<sup>40</sup> Walker to Briggs, 'Recent Meeting with Mr. James H. Marshall, Department of Agriculture', 6 May 1947, NARA RG59, 837.61351/5-647; 'Significant Development on Sugar Legislation', 1 May 1947, NARA RG59, 837.61351/5-947.

<sup>41</sup> Office Memorandum from Walker to Wright and Braden, A-BR, 'Ambassador Belt's Appointment to see Mr. Braden this Afternoon', 20 May 1947, NARA RG59, FW 837.61351/5-1947.

<sup>42</sup> On Bell's protests, see Memorandum of Conversation, 'Cuban Note Expressing Apprehension Over Sugar Legislation Pending in U. S. Congress', 20 May 1947, NARA RG59, 837.61351/5-2047. On Anderson's intervention, see Memorandum of Conversation, 'Sugar Legislation', 29 May 1947, NARA RG59, 837.61351/5-2947.

assigned quota and its real productive capacities) from all the other areas; any increase in US consumption over 7.5 million tons would be supplied jointly by Cuba and domestic producers. The bill did not adopt the representative period and fell short of meeting Cuba's requests, and thus found Briggs in firm opposition. Asked for his opinion, the ARA director affirmed that the bill 'by no means' gave 'Cuba a fair and equitable share of the US market' and that 'such a structure would assure Cuba no real stability'.<sup>43</sup> A State Department veto would have jeopardised the approval of the new legislation and, a few days later, Wilson returned with a new proposal which, he claimed, increased the benefits for Cuba, as requested by State Department officials. In reality, the plan did not improve Cuba's position: it established a basic quota that would vary according to US sugar consumption and other foreign countries' sugar deficits. Briggs being absent, it was Walker's turn to oppose the bill. He expressed 'doubts as to the adequacy of the basic quota allowed for Cuba in the plan presented by Wilson', and added that 'he felt that this would not provide the security which Cuba desired', making its share of the US market 'too dependent upon possible developments by way of [foreign countries'] deficiencies'.<sup>44</sup> The State Department received some help from Anderson, who told the national sugar industry that, if it could not agree to a plan that improved Cuba's quota, his department would submit its own bill including provisions favourable to the island.<sup>45</sup>

Domestic lobbies, at this point supported also by James Marshall, director of the Department of Agriculture's Sugar Branch, did not retreat, and a few weeks later, on 17 June, the State Department had to intervene a third time to avoid the adoption of a bill detrimental to Cuban interests.<sup>46</sup> This proposal, designed by the US sugar industry, substantially reduced the quota so as to give Cuba even less favourable treatment than under the 1937 act.<sup>47</sup> Briggs wrote a harsh memorandum to the sub-secretary of state for economic affairs, William L. Clayton, stating that he strongly opposed any discrimination against the Cuban position in the new quotas. Briggs' note resembled the memorandum that Norweb sent to Washington in 1946. He began by arguing that 'in addition to the overriding questions of good faith (our note of January 1946, sent to the Cubans at Secretary Anderson's request), and the tremendously important economic factors involved, our relations with Cuba are of prime political importance'. A negative agreement for Cuba would

<sup>43</sup> *Ibid.*

<sup>44</sup> Memorandum of Conversation, 'Sugar Legislation', 9 June 1947, NARA RG59, 837.61351/6-447.

<sup>45</sup> *Ibid.*

<sup>46</sup> Memorandum of Conversation, 'Cuban Note Expressing Apprehension Over Sugar Legislation Pending in U. S. Congress', 20 May 1947, 837.61351/5-2047.

<sup>47</sup> Memorandum of Conversation, 'Notes on Proposed Sugar Legislation', 17 June 1947, NARA RG59, 837.61351/6-1747.

destroy Washington's credibility with other Latin American republics 'in detriment of our general Latin American relations', and, more importantly, would destabilise Cuba in a way that might favour local communists. Briggs concluded his memorandum by declaring that 'the prospect of a Communist Cuba 90 miles from our doorstep is one which I want no part in promoting'.<sup>48</sup> Briggs' words now sound highly prophetic, but in 1947 the communist threat seemed more like a bogeyman invoked by the ARA director in order to protect Havana's interests.

The State Department's support of the Cuban position achieved its climax the following day, during a meeting at which Belt and Mañas expressed their deep concerns regarding the sugar bill presented by the national industry. Mañas reminded State Department officials that Cuba, 'with a population of four million people could not live at levels of production below four million short tons of sugar'. Harry Turkel of the State Department 'agreed that a reduction below that level' would mean 'severe business depression and probably political unrest in Cuba'. Mañas then asked if it were possible to give Cuba, at minimum, 'a guaranteed market in the US for at least 2.6 million short tons'. Turkel replied that the department opposed 'minimum guarantees to any producers' and that, in agreement with the Department of Agriculture, it had tried to impose the use of a representative period as the basis for calculating the new quota.<sup>49</sup> However, the national industry had opposed this fiercely, eventually forcing the State Department to abandon the idea. Turkel then proposed that the Cubans coordinate their actions with the department, asking whether the Grau government preferred the department to 'exert its influence to prevent the introduction of the Act' – which, he explained, would probably mean a one-year extension of the 1937 legislation – 'or to seek revision of the industry bill'.<sup>50</sup> Mañas replied that the administration preferred no quotas at all to the reintroduction of the 1937 Act and asked the department to try to get an amended version of the bill revised according to Cuban objections.

Once the Cuban delegation withdrew, US officials assembled a plan to block the national sugar industry's bill and integrate Cuban objections into a new proposal. Nitze, who was also present, argued that if the idea of a representative period as a basis for the calculation of the new quota had no chance of being accepted, the State Department should communicate to the Department of Agriculture its resolute opposition to the domestic producers'

<sup>48</sup> Memorandum of the director of the Office of American Republic Affairs (Briggs) to the under-secretary of state for economic affairs (Clayton), 17 June 1947, in *Foreign Relations of the United States, 1947*, vol. 8 (Washington, DC: Government Printing Office, 1972), p. 614.

<sup>49</sup> Memorandum of Conversation, 'Industrial Proposal for the Revision of the Sugar Act of 1937', 18 June 1947, NARA RG59, 837.61351/6-1847. <sup>50</sup> *Ibid.*

proposals unless 'we could obtain a bill which would really offer Cuba some stability for its sugar industry'. Nitze then proposed recommending to Clayton that he inform Anderson that the department found the present bill unacceptable and that the 'State would be able to support the recommendation made by the Sugar Branch of the Department of Agriculture for a small percentage increase in the Cuban quota, and sharing of the Philippine deficit'.<sup>51</sup> Nitze concluded that 'if such legislation could not be obtained, the Department should be prepared to recommend a veto of the one-year extension of the present Act and allow the sugar quota to lapse'. Nitze then left the room, asking Jean Mulliken, from ARA, to prepare a veto message.<sup>52</sup> It would be impossible to find a clearer stand by a top US official in defence of Cuban interests.

By the end of June, pressure from the State Department, supported by Anderson, had started to produce results, forcing domestic producers to agree on a bill that substantially improved Cuba's position compared with the 1937 act or the plans that Wilson had presented at the end of May. Under pressure from both agencies, the national industry's representatives met with top officials from the State Department and Department of Agriculture to discuss a final bill on 19 June. They again rejected the State Department's proposal of a representative period, but this time the plan elaborated by all US sectors involved in the production of sugar included substantial concessions to the island.

First, the proposal offered a floor for Cuba's quota no lower than the 1937 level and, in addition, established the principle of a fixed quota for US domestic production. Moreover, it allowed Cuba to cover the whole of the domestic and Philippine deficits. The general principles were a good compromise between US beet producers and Cuba's sugar interests. Indeed, through the allocation of a large but fixed quota, the US beet industry saw its economic stability assured, even though this clearly hampered any possible expansion of its production. With a minimum quota assured, plus the Philippines' deficit and the possibility of increasing production in the future thanks to the 'full deficit' clause, Cuba achieved a guarantee of its present economic stability and a possible expansion of production. The State Department informed the national industry representatives that although the proposal was not exactly what they had fought for, it regarded the proposal as a fair compromise and would neither endorse nor veto it.<sup>53</sup> This showed the extent to which State Department officials had become involved in the defence of Cuban interests.

<sup>51</sup> The Philippine deficit indicates the difference between the country's assigned quota and its real productive capacities.

<sup>52</sup> *Ibid.*

<sup>53</sup> *Ibid.*



In July 1947 Congress finally passed a bill that followed the principles established on 19 June, giving Cuba the largest quota granted to any non-US producer. It established that, every year, the US secretary of agriculture would determine national consumption and that the domestic industry would provide a fixed amount of 4.268 million tons of sugar. Cuba had 98.64 per cent of the remainder of consumption requirements and a guarantee that its quota would not be less than 28.6 per cent of total US consumption. The new act also allowed Cuba to supply the full amount of the deficit of domestic and foreign areas when consumption fell below 7 million short tons and 95 per cent when it exceeded this figure. Finally, Congress assigned to Cuba 95 per cent of the Philippines deficit. Since the war had completely destroyed the Philippines economy, Cuba could count, at least for a couple of years, on filling the entire Philippines quota of 952,000 tons.<sup>54</sup> As the accompanying report explained: 'Permitting Cuba to supply the principal portion of the Philippine deficit at a time when its production is at an all-time high will, in effect, substantially continue the pattern established during the war and enable Cuba to gradually adjust its production downward to a sound level with a minimum of economic depression.'<sup>55</sup> In addition, the norm that established Cuba's participation in the deficit over 7 million tons gave the island an opportunity for the future growth of its industry, since US sugar demand would probably expand over the next few years. According to the US Department of Agriculture, Cuba's quota averaged 3.155 million tons between 1948 and 1951 thanks to the new Sugar Act. This was less than the country would have obtained had the 1920–9 period been accepted as a basis for the calculation of the quota, as proposed by Belt. It was a reasonable quantity, however – close to Cuba's exports between 1942 and 1947, which had been approximately 3.2365 million tons per year.<sup>56</sup> On the whole, the new legislation represented a fair compromise.<sup>57</sup>

### *The End of the 'Special Relationship'*

The new Sugar Act did not dispel all the shadows surrounding Cuba's economic future. In the medium term it did not solve the problem of economic sustainability or the island's dramatic dependence on sugar,

<sup>54</sup> US Congress, House Committee on Agriculture, 'Sugar Act of 1948: Report to Accompany', 3 July 1947, pp. 4–7.

<sup>55</sup> Thomas J. Heston, 'Cuba, the United States and the Sugar Act of 1948: The Failure of Economic Coercion', *Diplomatic History*, 6: 1 (1982), p. 2.

<sup>56</sup> Personal elaboration based on data from 'Entries and Marketings of Sugar in Continental United States', p. 3.

<sup>57</sup> 'Memorandum Concerning the Legislation to Extend the Sugar Act of 1948 with Minor Revision', 20 June 1951, Harry S. Truman Library, OF 237, Byrnes James F. to OF 242, Federal Securities Act, OF 241 (Sugar 1947–1953), Box 983.

which had negative consequences in terms of recurrent economic instability, inflation, and a scarcity of resources for further social improvements and infrastructural projects.

In September 1947 Norweb reported from Havana that a large new crop was expected, estimated at between 5.7 and 6.3 million tons.<sup>58</sup> In May 1948 Ramiro Guerra warned that because of overproduction sugar prices had taken such a downward trend that 'with no need for raising a premature and disheartening alarm, we should however get ready, as when our meteorologists warn us about signals of potential cyclones or hurricanes, even when these look weak and still far away'.<sup>59</sup> Cuba did not face an economic collapse like that of the 1920s; rather, the task of completing economic readjustment was a legacy Grau would hand over to his successor, Prío Socarrás.<sup>60</sup>

Prío was elected president of Cuba on 1 June 1948. Along with the moralisation of the island's political life, at the centre of his electoral programme he placed the end of dependence on sugar, the diversification of the economy and the industrialisation of the country.<sup>61</sup> During his electoral campaign, he stated: 'I keep saying, in disagreement with those who argue that Cuba is and should remain an agricultural country, that the way to overcome our economic problems is to convert our nation into an industrial country.'<sup>62</sup>

At least in terms of the moralisation of political life, Prío's opening gambit was promising. The new president assembled a team composed of members of proven integrity, which enacted aggressive legislation against the problem of *gangsterismo* and acted with resolution against the *botellas*.<sup>63</sup> Prío also subtly facilitated an investigation into Grau's mismanagement between 1944 and 1948 and enacted an Organic Law of the Budget, which made public spending accountable to the nation for the first time in Cuban history.<sup>64</sup> Finally, with the creation of the Cuban National Bank, Prío established a tool that along with improved economic governance, as argued by Charles Ameringer, also 'helped to keep money out of the hands of would-be grafters'.<sup>65</sup>

<sup>58</sup> US Embassy Havana, 'Cuba's 1948 Sugar Crop Problems', 30 Sep. 1947, NARA RG59, 837.61351/9-3047.

<sup>59</sup> Ramiro Guerra, 'Actualidad económica', *Diario de la Marina*, 7 May 1948, p. 18.

<sup>60</sup> 'Nuestro momento económico y financiero; la cuestión presupuestal bajo el nuevo Gobierno', *Cuba Económica y Financiera*, Sep. 1948, p. 5.

<sup>61</sup> 'Additional Information Regarding the Platform of Carlos Prío, Presidential Candidate', 17 May 1948, NARA RG59, 837.00/5-1748; US Embassy Havana, 'President Carlos Prío's Message to the Congress, October 10, 1948', 18 Oct. 1948, NARA, RG59, 837.032/10-1848. See also Morales Rodríguez, *La frustración nacional-reformista*, pp. 93–4.

<sup>62</sup> 'Detalló ampliamente su programa de gobierno en el Club Atenas anoche el candidato de la alianza, Dr. C. Prío', *Diario de la Marina*, 6 May 1948, pp. 1, 28.

<sup>63</sup> Ameringer, *The Cuban Democratic Experience*, pp. 74–5.

<sup>64</sup> *Ibid.*, pp. 76–7, 78–9. <sup>65</sup> *Ibid.*, p. 107.

Prío's strategy of economic reform, however, immediately became hampered by the new policies that Washington was gradually adopting toward Latin America and Cuba as a consequence of the strategic reassessment fostered by the Cold War.

Prío, who had been forced by declining sugar prices to freeze sugar workers' salaries in December 1948, planned an official visit to Washington at the beginning of that month to help launch a vast plan for economic diversification.<sup>66</sup> In a meeting with the new American ambassador in Havana, Robert Butler, the Cuban foreign minister, Carlos Hevia, had anticipated that during his visit Prío would wish to discuss possible expansion of the Cuban quota, the concession of economic and technical aid and his country's cooperation in case of war by treaty or alliance.<sup>67</sup> As the CIA commented in a memorandum briefing Truman on the purpose of Prío's trip, the new president was worried about the stagnation of the international sugar market and was planning to use the expansion of the quota, along with 'economic and technical aid', for the 'diversification of industry and in the construction of public works ... to cushion the shock that might be occasioned by reduced production and marketing of the sugar'. According to the CIA, Prío intended to offer, as quid pro quo for the expected aid, Cuban 'willingness to cooperate in US plans for hemispheric defence'.<sup>68</sup>

The meeting between the two presidents was apparently cordial. The Cuban president announced that the administration had shown a disposition 'to give us the assistance we need in order further to develop all our economic resources', a full understanding of all the problems stemming from sugar dependency, and that it was firm in its support for Cuba's economic diversification.<sup>69</sup>

This Good Neighbor rhetoric concealed a rather different reality, however. In the memorandum in which Butler had briefed Truman on his forthcoming meeting with Prío, he suggested rejecting any requests for an increase of the sugar quota and exercising prudence with regard to economic aid and

<sup>66</sup> 'El Dr. Prío notificó personalmente a los trabajadores azucareros de la congelación de su salario', *Diario de la Marina*, 1 Dec. 1948, p. 1.

<sup>67</sup> US Embassy Havana to secretary of state, 'Foreign Minister Today Stated President Prío Desires Discuss During the Visit', 29 Nov. 1948, NARA, RG59, 837.001, Prío Socarrás Carlos/11-2948.

<sup>68</sup> 'Matters of Possible Interest with Reference to the Visit of President Prío of Cuba', 8 Dec. 1948, Harry S. Truman Library, PSF: Intelligence File, 1952-53, Central Intelligence File, Box 212, Memoranda, 1945-1948, Central Intelligence Agency, Intelligence Memorandum no. 94.

<sup>69</sup> 'Habrá abastecimientos en abundancia, dijo el Dr. Prío desde palacio', *Diario de la Marina*, 14 Dec. 1948, p. 1; 'Drafts of Remarks of President Truman to President Prío upon Arrival at Washington Airport', 7 Dec. 1948, Harry S. Truman Library, OF 159, Box 769; US Embassy Havana, 'President Prío's New Year Message: Repercussions and Comments', 12 Jan. 1949, NARA, RG59, 837.00/1-1249.

technical cooperation. What was particularly striking was the absence of any political consideration related to the economic requests by Prío. Whereas Braden, Norweb and Briggs had constantly weighed the impact of the bilateral economic negotiations against the political stability of the country, for Butler this aspect seemed absolutely secondary. Furthermore, the US ambassador also explicitly recommended that Truman link Prío's request for aid with the establishment 'of a more favourable atmosphere for the investment of the United States capital by eliminating some existing measures which tend to discourage such investments'. Thus he advised the president, during his meeting with Prío, to raise the possibility of a new Treaty of Friendship, Commerce and Navigation, a long-term objective of US diplomacy aimed at facilitating investment in a country where it was felt that labour and business regulations threatened the activities of US firms. Finally, Butler suggested that Truman should urge Prío to address the problem of the debts that the Cuban government owed to the citizens and government of the United States (approximately US\$ 9 million), some dating from unpaid wartime credits.<sup>70</sup> The State Department had tried to convince the Grau government to address the questions of a new trade treaty and unpaid debts during the 1947 negotiations but had not used them as a condition for the concession of economic aid or the allocation of a new sugar quota. Indeed, Cuba had rejected negotiations over a treaty and delayed the solution of the claims during Grau's presidency, yet still obtained favourable treatment. Moreover, as Thomas J. Heston has argued, the introduction of section 202(e) into the Sugar Act, which in principle allowed the secretary of agriculture to reduce the quota of countries that maintained a hostile attitude towards US 'nationals, commerce, navigation and industry', was a paper tiger, never enforced and eventually abrogated unilaterally by the United States in 1951 due to its ineffectiveness.<sup>71</sup>

Times had changed, though, and Butler's hard line regarding economic negotiations with Cuba was restated by Embassy Counsellor Mallory in a memorandum sent to Marshall at the end of November to acquaint him with possible issues related to Prío's visit to Washington. Although Mallory acknowledged that Prío 'had taken office under conditions somewhat less favorable than those of his predecessor' and declared sympathy for his plans to diversify the economy, he also stressed that 'many of Cuba's problems could be solved and much of her development assured by the creation of a propitious climate for business'. Mallory added that 'in recent years we have not pressed

<sup>70</sup> 'Possible Topics for Discussion with Dr. Carlos Prío Socarrás, President of Cuba', 7 Dec. 1948, Memorandum for the President, Harry S. Truman Library, PSF 1940-1953, Foreign Affairs File, Box 150, 'C'. On the claims and the Treaty of Friendship, Commerce and Navigation, see Heston, 'Cuba, the United States and the Sugar Act', pp. 1, 9.

<sup>71</sup> *Ibid.*, pp. 15, 18.

vigorously for the payment of the claims', and suggested a new treaty to fix this problem and force Prío to create a more favourable environment for foreign investments.<sup>72</sup> Again, a US diplomat was now linking economic concessions to Cuba not with an evaluation of the country's political situation, but solely with mere economic considerations.

It is striking that whereas the Truman administration was preaching the necessity of adopting a development model based on private capital in Cuba, it was doing exactly the opposite in Europe and Asia. In the Old World the administration was directly financing the Marshall Plan, the biggest reconstruction project ever funded by US taxpayers. Washington was also pumping millions of dollars into Asian economies with the aim of foiling communist expansion through economic development.<sup>73</sup> As Nick Cullather explains, Washington was plainly projecting 'an idealized New Deal' in those regions – that is, a strategy wherein public finance and state economic support were central.<sup>74</sup>

Thus, the predominance suddenly acquired by economic over political factors in the US approach to Cuba was not caused by a sheer ideological shift. Rather, as noted by Leslie Bethell and Ian Roxborough, it represented an unexpected outcome produced by the impact of two parallel political processes on the US approach to Latin America: the abrupt globalisation of US foreign policy as a consequence of the rapid expansion of the Cold War to Mediterranean Europe and Asia between 1947 and 1951, and Washington's commitment to controlling and possibly reducing the amount of resources it used to contain the Soviet Union.<sup>75</sup>

Although Washington dramatically expanded the reach of its foreign policy, its resolution to limit the resources invested in this global struggle created, as argued by Melvyn Leffler, a gap between means and ends. This contradiction pushed Washington to establish strategic priorities and employ its resources accordingly. Since, according to US policy-makers, Asia possessed critical strategic industrial, natural and human resources and was, because of its

<sup>72</sup> US Embassy Havana, 'Conversation Respecting Cuban–American Problems during Visit of President Prío', 30 Nov. 1948, NARA RG59, 837.001, Prío Socarrás Carlos/11-3048.

<sup>73</sup> See the examples of the Philippines and India in Nick Cullather, *Illusions of Influence: The Political Economy of United States–Philippines Relations, 1942–1960* (Stanford, CA: Stanford University Press, 1994), pp. 86–9; Dennis Merrill, *Bread and the Ballot: The United States and India's Economic Development, 1947–1963* (Chapel Hill, NC: University of North Carolina Press, 1990), p. 48; and H. W. Brands, *The Specter of Neutralism: The United States and the Emergence of the Third World, 1947–1960* (New York: Columbia University Press, 1989), p. 13.

<sup>74</sup> Nick Cullather, *The Hungry World: America's Cold War Battle against Poverty in Asia* (London and Cambridge, MA: Harvard University Press, 2010), p. 76.

<sup>75</sup> Leslie Bethell and Ian Roxborough, 'The Impact of the Cold War on Latin America', in Melvyn P. Leffler and David S. Painter (eds.), *The Origins of the Cold War: An International History* (London: Routledge, 2002), pp. 313–14.

geographical contiguity with the Soviet Union, considered much more exposed to Moscow's alleged expansionism, it received top political and economic priority in Washington.<sup>76</sup>

In contrast, between 1947 and 1951, Latin America was considered to be safe from direct Soviet threat.<sup>77</sup> Washington constantly monitored the western hemisphere's communist parties' behaviours and numbers, especially in countries such as Cuba and Brazil, where these parties had grown larger during the 1940s.<sup>78</sup> Until the early to mid-1950s, however, the communist threat in Latin America was seen as more of a policing issue than a direct geopolitical challenge.

'No Latin American Communist Party can realistically look forward to success as a political party', a CIA paper jointly elaborated by army, air force, state and navy intelligence departments pointed out in November 1947.<sup>79</sup> During these early years of the Cold War, the CIA acknowledged the existence of what it called a 'comprehensive sociological problem' in Latin America – namely, the existence of a problematic socio-political context that might eventually offer Moscow a chance to expand its influence through contacts with local political leaders and individuals. Nonetheless, it also affirmed that 'Latin America and Africa south of the Sahara' lay outside 'the area of fundamental US-USSR power conflict' due to their remoteness from the influence of actual Soviet power, and that 'no basic security interest' was developing there.<sup>80</sup>

Latin America, and by extension Cuba, was therefore sidelined in the US agenda. The lack of political urgency made Washington, in part, less sensitive towards the continent's and the island's political and economic problems, and as a consequence, less eager to spend limited resources of public money to fix them, persuading the Truman administration to consider private capital as the main source of the continent's economic development.

In spring 1948, at the Ninth International Conference of American States, George Marshall pointed out that at the end of the war the United States had found itself facing 'humanitarian, political, financial, and military' responsibilities in 'western Europe, in Germany and Austria, in Greece and Turkey, in the Middle East, in China, Japan and Korea'. 'Meeting these unprecedented

<sup>76</sup> Melvyn P. Leffler, *A Preponderance of Power: National Security, the Truman Administration, and the Cold War* (Stanford, CA: Stanford University Press, 1992), pp. 60, 160.

<sup>77</sup> Bethell and Roxborough, 'The Impact of the Cold War', p. 311.

<sup>78</sup> Schoultz, *That Infernal Little Cuban Republic*, p. 47.

<sup>79</sup> 'Soviet Objectives in Latin America', ORE 16/1, 1 Nov. 1947, Harry S. Truman Library, PSF: Intelligence File 1946–1953, Central Intelligence Reports File, Box 215, ORE 1947: 15–39, p. 3.

<sup>80</sup> 'CIA Review of World Situation (Preface to CIA49 Series)', CIA-49, 19 Jan. 1949, Harry S. Truman Library, PSF: Intelligence File, 1946–1953, Central Intelligence Reports File, Central Intelligence Group, Box 213, p. 6.



responsibilities' had demanded 'tremendous drafts' on national resources and 'imposed burdensome taxes' on the US population. Marshall argued that Washington was 'prepared to increase the scale of assistance' for the economic development of Latin America, but warned that it was 'beyond the capacity of the United States Government itself to finance more than a small portion of the vast development needed'. 'The capital required through the years', he concluded, 'must come from private sources, both domestic and foreign.'<sup>81</sup>

Marshall's words might appear as mere rhetoric, aimed at appeasing a continent strongly disappointed by what it perceived as Washington's post-war reluctance to commit to help Latin America's economic development. This was, however, also the tone of many secret reports on Latin America written by top State Department officials. In October 1949, for example, a confidential report jointly produced by George Kennan's Policy Planning Staff and the Bureau of Inter-American Affairs recognised the troubles faced by many Latin American economies since the war, their right to industrialise and the disappointment that numerous governments felt regarding lack of support from the United States. But the report also genuinely acknowledged that 'a part of our difficulty in meeting the situation in Latin America arises from the demands of our vital interests in other parts of the world, and from the inevitable problems of transition from wartime conditions'.<sup>82</sup>

The echo of this reasoning also resounded in Mallory's report to Marshall, cited earlier, when the US embassy counsellor argued that Cubans had the mistaken impression that 'the United States is so large, so powerful and so rich that it can grant anything asked of it and that the reason it does not do so is because of some unreasonable attitude'.<sup>83</sup>

Prío's strategies of economic diversification constantly collided with the wall erected by the Truman administration's new global priorities and their impact on Washington's policies in Latin America, as became manifest during his attempts to obtain a loan to support economic diversification between 1948 and 1951. It is not clear whether or not Prío explicitly mentioned the possibility of a US loan during his meeting with Truman in December 1948. External funding, however, represented one of the main pillars of his plan to grapple with the problems of diversification and industrialisation of the economy.<sup>84</sup>

<sup>81</sup> 'Address by the Secretary of State before the Second Plenary Session of the Ninth International Conference of American States', Department of State, Division of Publications Office of Public Affairs, April 1948, pp. 4, 9.

<sup>82</sup> 'Basic Principles of U. S. Policies in Latin American Affairs', 13 Oct. 1949, NARA RG59, General Records of the Office of the Executive Secretariat, Position Papers and Reports for the Under-Secretary's Meetings (1947–1952), UM Documents, 56-113, 1949–50, p. 21.

<sup>83</sup> US Embassy Havana, 'Conversation Respecting Cuban–American Problems during Visit of President Prío', 30 Nov. 1948, NARA RG59, 837.001, Prío Socarrás Carlos/11-3048.

<sup>84</sup> US Embassy to secretary of state, no. 344, 11 Oct. 1949, NARA RG59, 837.51/10-1149.



Prío's first thoughts had been for Export/Import Bank credits to finance public works, diversification and the promotion of new industries. At the beginning of December, some ARA officials in the State Department had already begun to speculate whether or not it was possible to use the concession of such a loan by the Export/Import Bank as a 'quid pro quo for the settlement of the claims against the Cuban government'.<sup>85</sup>

In February 1949 Prío approached Butler directly and tried to discuss the issue with him. The Cuban president, 'pale and tired', according to the US ambassador, due to his exhausting schedule, first sounded Butler out regarding a possible loan by the Export/Import Bank or the World Bank. He then added that certain US private banks had 'indicated a willingness to make a loan to the Cuban Government'. Prío argued that private credit might perhaps be easier and quicker to obtain than a public loan and also that while the World Bank approved loan applications only for specific projects, private credits could be made available 'globally for use by the Cuban Government as the need arises'. Prío also explained that, given the budgetary problems created by Cuba's declining exports, it would be impossible to repay US private citizens' claims without the loan.

Butler's attitude was quite cold. He replied to Prío's remarks by pointing out that the Export/Import Bank and the World Bank operated 'on the premise that private capital is not available for a particular project', thus insinuating that this option was not available for Cuba. The US ambassador then introduced the issue of the claims, arguing that the prosperity of Cuba was 'a matter of direct interest' to the United States but that 'the credit position of the Cuban government would be greatly advanced if the government immediately took steps to meet obligations incurred with the United States nationals which have been pending for years'. The message was clear: Washington was not going to offer any public aid and, in order to obtain private money, Havana would have to give concrete guarantees with regard to the claims and create a business-friendly environment. Believing that he had no chance of obtaining a public loan, Prío decided to bet everything on the private option.<sup>86</sup>

A private foreign loan posed several problems for the Auténtico administration, however. First, interest rates and commissions exceeded those payable to the Export/Import Bank and the World Bank, and the sum requested by the Cuban government, US\$ 200 million, would not be obtained easily from a private institution given the country's decreasing revenues.

<sup>85</sup> Office Memorandum, 6 Dec. 1958, NARA RG59, 837.51/11-2648; Office Memorandum, 'A-1347 of Nov. 26 from Havana', 1 Dec. 1948, NARA RG59, 837.51/11-2648.

<sup>86</sup> US Embassy, 'Conversation with President Prío', 17 Feb. 1949, NARA RG59, 837.51/3-149.

In the months following his meeting with Butler, Prío's government contacted the First Boston Corporation Bank and came to an informal agreement for a US\$ 100 million loan at 3 per cent commission. The US credit institution considered it too risky to make a loan exceeding that amount. In November, however, the Cuban parliament authorised Prío to negotiate a US\$ 200 million loan at a maximum commission of 1.5 per cent. The Cuban government explained to the First Boston representative, Oscar Muller, that it found it 'politically inexpedient to provide for a higher commission', a decision that compelled the bank to withdraw from the agreement.<sup>87</sup>

The need to keep the commission rate so low was due to the fact that Prío's decision to apply for a foreign loan had already triggered an outburst of protests led by the opposition parties. The Cuban communists and the Partido del Pueblo Cubano Ortodoxo (Orthodox Party of the Cuban People, PPC), which had been born from an internal split in the PRCA and was led by the charismatic figure of Eduardo Chibás, accused Prío of compromising national sovereignty with credit, the real aim of which, they argued, was not the modernisation of the economy but the oiling of the PRCA's patronage. Batista and Grau – the latter of whom started attacking his successor due to his annoyance at Prío's attempts to moralise the country's politics and blame him for Cuba's ethical problems – also participated in demonstrations against the loan in October 1949.<sup>88</sup>

With no political support from Washington, and under pressure from the opposition and even from his own party, Prío reverted to the idea of a World Bank loan and, at the same time, started to negotiate credit with Cuban domestic institutions. The World Bank's procedures, however, were long and, in the event, tricky. Through its vice-president, Robert L. Garner, the bank warned Prío in early November 1949 that Cuba's 'financial and economic situation' did not meet the requirements for the granting of a loan, and, at the end of the month, he confirmed that in order to start the procedures for credit a special commission from the bank would first have to analyse the country's macro-economic data and economic development needs.<sup>89</sup>

The World Bank's commission, led by Francis Adams Truslow, arrived in Cuba in summer 1950 and concluded its work a year later with a 1,502-page

<sup>87</sup> US Embassy Havana, 'Latest Developments Respecting Cuban Public Works Loan Project: Memorandum of Conversation with Mr. Oscar Muller', 4 Nov. 1949, NARA RG59, 837.51/11-449.

<sup>88</sup> US Embassy, 'Opposition Parties Parade in Protest against Proposed 200 Million Dollar Loan: No Disorder', 1 Nov. 1949, NARA RG59, 837.51/11-149; Ameringer, *The Cuban Democratic Experience*, p. 107.

<sup>89</sup> US Embassy Havana, 'Latest Developments Respecting Cuban Public Works Loan Project: Memorandum of Conversation with Mr. Oscar Muller', 4 Nov. 1949, NARA RG59, 837.51/11-449; Department of State, outgoing telegram to US Embassy Havana, 24 Nov. 1949, NARA RG59, 837.51/11-1549.

report that restated Cuba's dependence on sugar and declared that the country's economy was over-regulated and its labour force too powerful.<sup>90</sup> Its recommendations closely resembled the contents of the Treaty of Friendship rejected by Cuba in 1947, which had once again become a central point of Washington's bilateral agenda with Cuba.<sup>91</sup>

Prío was luckier in his dealings with Cuban national banks and, on 21 August 1950, an internal loan of 120 million pesos (between 1914 and 1960 the Cuban peso was pegged to the US dollar) was brokered with five domestic institutions: the Banco Gelats, Banco del Comercio, Banco Nuñez, Trust Company of Cuba and Banco Continental Cubano. The credit was less than Prío had originally expected. Moreover the government only obtained US\$ 45 million immediately, leaving the other US\$ 75 million for future subscriptions if the money proved to be really necessary and subscribers were available.<sup>92</sup> It was better than nothing, but it clearly fell short of Prío's original hopes.

The outbreak of the Korean War in June 1950, with a consequent temporary increase in demand and prices for sugar, fixed some of Prío's immediate budgetary problems but certainly did not resolve Cuba's future economic sustainability and issues related to cost of living, scarcity and unemployment. In June 1951, as Raul Cepero Bonilla, an economist and journalist, noted, rumours of peace negotiations caused a sharp fall in sugar prices. Bonilla warned that, despite the war, Cuban sugar and thus the Cuban economy would continue to face dramatic swings. The international sugar market, he argued, was characterised by tremendous overproduction and accumulation of stocks which the war temporarily concealed but which created a gloomy perspective for Cuba.<sup>93</sup> In March 1952, only a few days before Batista's coup, the US embassy in Havana confirmed Bonilla's concerns and, highlighting Cuba's economic volatility once more, reported that, due to the fall of sugar demand and prices, 'on all sides there are predictions that there may be a serious recession in the local industry unless fortune should pay this country another favour'.<sup>94</sup>

One year after the outbreak of the Korean War, at the peak of the alleged economic boom that the war had triggered on the island, a national survey published by *Bohemia* clearly showed the Cuban people's frustration with

<sup>90</sup> Ismael Zuaznabar, *La economía cubana en la década del 50* (Havana: Editorial de Ciencias Sociales, 1986), p. 26.

<sup>91</sup> Ameringer, *The Cuban Democratic Experience*, pp. 121, 130.

<sup>92</sup> US Embassy Havana, 'Cuban Government Concerts 120,000,000 Loan; 45,000,000 Subscribed by Five Cuban Banks', 22 Aug. 1950, NARA RG59, 837.10/8-2250.

<sup>93</sup> Raul Cepero Bonilla, 'Motivos económicos: perspectivas inquietantes', *Prensa Libre*, 30 June 1951, p. 7.

<sup>94</sup> US Embassy Havana, 'Week No. 10', 7 March 1952, NARA RG59, 737.00(W)/3-752.

Prío's government and their concerns for what was perceived as the president's inability to deal with structural problems affecting the economy. Asked to give their opinion on the presidency, the poll revealed that 35 per cent of Cubans judged the Prío's government's record as poor, 25 per cent viewed it as reasonable and only 23 per cent regarded it as good. In the province of Havana, where most of Cuba's population was concentrated, the percentage of people judging Prío's government as poor exceeded 40 per cent.

Ranking first among the reasons for such dissatisfaction by a long way was the general economic situation; the paucity of sufficient infrastructural works ranked second and corruption/bad administration third.<sup>95</sup> According to the survey, Eduardo Chibás ranked first in Cubans' voting intentions and Fulgencio Batista second. Again, the country's real economic context was not so disastrous, but the poll highlighted the general sense of insecurity generated by Cuba's economic volatility and the gap between the expectations generated by the Auténtico governments and their underperformance in terms of economic management.

The Truman administration's decision to reduce the Cuban sugar quota by approximately 240,000 tons, adopted in the summer of 1951 and enacted in September with an amendment of the 1948 Sugar Act, clearly did not improve Prío's position. The decision, which a former secretary of agriculture called 'a betrayal of Cuba' and which Washington took in order to increase other countries' contribution to US sugar needs, did not have immediate economic consequences for the Prío government.<sup>96</sup> Nonetheless, it certainly set a dangerous precedent for the positioning of Cuban sugar in the US market, offering further evidence of the climate which now underlay the bilateral relationships and weakening the already debilitated Prío government.

Cuban diplomats reacted vehemently against the quota reduction. Luis Machado, the ambassador in Washington, and Arturo Mañas, representing Cuban sugar interests, unsuccessfully tried to explain that they feared the impact this decision might have on the country's political stability. Machado, in particular, pointed out that the government was 'already under severe attack in the opposition press', and that his own position had become 'very difficult', concluding that the opposition would use the sugar bill as another weapon against Prío during the electoral campaign.<sup>97</sup>

<sup>95</sup> 'Survey nacional: el pueblo de Cuba opina sobre el gobierno actual y los posibles presidentes', *Bohemia: Suplemento*, 20 May 1951, p. 8.

<sup>96</sup> Former Secretary Anderson's words are quoted in Raul Cepero Bonilla, 'Motivos económicos: un hecho que no se puede ladear', *Prensa Libre*, 18 Aug. 1951, p. 7.

<sup>97</sup> 'Memorandum of Conversation by the Director of the Office of Middle American Affairs', 15 June 1951, in *Foreign Relations of the United States, 1951*, vol. 2 (Washington, DC: Government Printing Office, 1979), pp. 1345–7; 'Memorandum of Conversation by the Director of the Office of Middle American Affairs', 27 June 1951, in *Foreign Relations of the*

This time, however, State Department officials did not show any particular interest in the country's political stability. Instead, in their confidential conversations, they even tried to link the amendment of the Sugar Act with the problems of US private citizens' claims and the 'unfriendly' business environment in Cuba.<sup>98</sup> There was no ARA intervention on the Cuban side. Machado protested and requested a personal meeting with Truman. Still, when Charles F. Brannan, the new secretary of agriculture, presented the amendment containing a reduction in Cuba's sugar quota, the US president precluded any further discussion, arguing that 'the proper thing is to go ahead with the program'.<sup>99</sup>

As predicted by Machado, the opposition, and especially Chibás' PPC, which had repeatedly and vehemently denounced the Auténticos' corruption scandals, capitalised fully on the quota reduction, arguing that it represented another of Prío's many economic failures. During a mass meeting, held in July 1951 in Havana's Parque Central to protest against the reduction, an Ortodoxo labour leader, Raúl García Preda, declaimed in front of thousands of followers that the government bore full responsibility for the great economic 'damage' that the revision of the Sugar Act implied. For Chibás, incapacity and lack of planning and skills on the part of the government had caused a US\$ 34 million loss and again demonstrated the administration's ineffectiveness in managing the economy and defending national economic independence.<sup>100</sup>

Harsh criticism towards Prío was not a PCC monopoly. Guillermo Belt, who had been close to Autenticismo and had played a crucial role in the 1947 negotiations as ambassador in Washington, also publicly and severely criticised Prío's government. Belt, who had spoken at the Parque Central demonstration, accusing Prío of not having prepared adequately for the defence of Cuba's interests in Washington, argued in a series of articles in *Bohemia* that the president's amateurism had led the country towards a true disaster. For Belt, it was not just the immediate economic loss that determined what he called a 'sugar disaster', but the fact that the new Sugar Act set a dangerous precedent: in order to increase other countries' sugar quotas, Washington could now cut Cuba's. According to Belt, Prío bore most responsibility for this disaster, for not having been able to defend the 'advantaged position'

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*United States, 1951*, vol. 2 (Washington, DC: Government Printing Office, 1979), pp. 1349–51.

<sup>98</sup> Wellman (Office of Middle American Affairs), to Miller (ARA), 'Draft Note to Cuba on Sugar Legislation', 10 Sep. 1951, NARA RG59, 837.2351/53151.

<sup>99</sup> 'Memorandum for Charles Brannan from the President', 22 June 1951, Harry S. Truman Library, OF 241, Box 983, Sugar, 1947–53.

<sup>100</sup> 'En defensa de la economía nacional', *Bohemia*, 15 July 1951, p. 80.

gained through the 1948 Sugar Act, and assuming a passive, counterproductive attitude toward the negotiations.<sup>101</sup>

What Chibás and Belt could not see, or perhaps in Chibás' case did not wish to see at the time, was the role that the new US Cold War policies had played, in the background, in determining such reversals. What nobody in Washington seemed to understand or care about, however, was the precariousness of Prío's position at the end of 1951. Only the March 1952 coup and the lack of any reaction on behalf of the Cuban population against the end of Cuba's last democratic experiment eventually made it evident to everyone.

### *Conclusions*

The 1940s represent an era of Cuban history which has been insufficiently explored until now. The fact that the decade embodies an extraordinary intersection of crucial events, particularly meaningful for the historical evolution of the country, makes this paucity of studies even more worrisome.

The relevance of this decade for Cuba's history is testified to by the fact that it saw the growth and demise of the PRCA, the last political experiment committed to a democratic and progressive transformation of Cuba. The PRCA's failure fostered the protracted social and political crisis that led first to a military coup and then, in 1959, a radical revolution. Given that the political regime born from that revolution is still in power 55 years later, it can reasonably be argued that the consequences of the PRCA's failure still affect Cuba's present and the island's relationships with the outer world dramatically. Unfortunately, in spite of its relevance, we still do not know enough about the process leading to the failure of the short-lived Auténtico democratic experiment.

This work highlights a crucial turning point in the evolution of Cuban-US relations during the late 1940s and offers a new approach to the problem of the PRCA's demise, based on an analysis of the interaction between the Cuban domestic scenario and the powerful changes experienced by the international system after 1947 as a consequence of the beginning of the Cold War.

Corruption within the PRCA, as most scholars argue, played an important role in disenchanting many Cubans with what had initially represented their first chance at social and political change between 1944 and 1952. However, as this article shows, by the beginning of the 1950s the economic governability of

<sup>101</sup> *Ibid.*; Guillermo Belt, 'La agonía de nuestro azúcar: parte segunda', *Bohemia*, 9 Sep. 1951, pp. 20-1.

the country had become an even more important factor of concern for a majority of Cubans.

What was not evident at the time, and has not been seriously considered by scholars, is that the last PRCA government made serious attempts to modify the structural sources of economic distress, mainly related to Cuba's dependence on sugar production, launching an ambitious project of economic diversification and industrialisation. The failure of those attempts was, at least in part, provoked by the place Latin America and Cuba came to occupy within the new international system shaped by the Cold War. Cuba's new, reduced position within the US international agenda caused the island's loss of political leverage with Washington.

Since the mid-1930s Cuba's governments had used this leverage ably to obtain important economic concessions for limited plans of economic diversification and, especially, to support the country's main industry: sugar production. For Prío's government Cuba's loss of leverage meant not only the end of Washington's favourable treatment of the island's sugar sector, evident in the reduction of the Cuban quota in 1951, but also the frustration of the president's projects of economic diversification. The failure of the negotiations reduced Prío's capacity to fix the roots of Cuba's social and economic malaise, augmenting Cubans' frustration with his apparent inability to deal with the problems affecting the island. The reduction of the quota damaged the PRCA politically, accelerating its loss of public support.

The impact of Cuba's loss of leverage with the United States and its negative effect on Prío's policies and public image do not represent the only key to understanding the turmoil that the last PRCA government experienced at the beginning of the 1950s. However, it certainly offers a new and enriching perspective from which to look at the crisis of Autenticismo and the unfolding of the crucial decade of the 1950s.

Finally, this paper hopes to foster further debate over the nature of US–Cuban relations during the pre-Castro era. As affirmed by Rafael Rojas, the predominant historiographical narrative within and outside Cuba has generally tended to see Cuban–US bilateral relations during the twentieth century as marked by an enduring conflict between the island's legitimate aspirations for sovereignty and social inclusiveness and Washington's defence of its own economic interests in the country. Within this dynamic, Cuba's pre-revolutionary political elite is assumed to have played a passive, if not conniving, role. Many scholars have therefore seen the conflict between Castro's social revolution and Washington after 1959 as inevitable.<sup>102</sup>

<sup>102</sup> Rafael Rojas, *La máquina del olvido: mito, historia y poder en Cuba* (Mexico City: Taurus, 2011).



This article offers a more nuanced perspective, suggesting that discontinuities rather than conflictive continuities marked the relationship between Havana and Washington. The hegemonic, aggressive policies that characterised the US approach to Cuba during the years of the postcolonial republic were gradually replaced, after the 1933 revolution, by a much less intrusive attitude. During the 1940s Washington's foreign policy aimed to support Cuba's democratic stability, even when this implied a direct conflict with important economic interest groups in the United States. Furthermore, Cuba was not a passive spectator: during those years the PRCA governments actively and successfully tried to use all the leverage at their disposal for the island's general benefit. The end of the progressive entente, which lasted for almost 20 years, was not an inevitable ideological return to old practices by Washington after the end of the Second World War, but rather the result of a process fostered by the United States' new Cold War policies.

### *Spanish and Portuguese abstracts*

*Spanish abstract.* Este artículo estudia las negociaciones económicas bilaterales entre Washington y La Habana durante la época de los gobiernos cubanos del PRCA (Auténtico) encabezados por Ramón Grau San Martín y Carlos Prío Socarrás (1944–52). Este trabajo muestra que, inicialmente, los gobiernos del PRCA aprovecharon de la capacidad de negociaciones económicas que Cuba había desarrollado con Washington durante la época 'Good Neighbor' (política de buen vecino), pero que después de 1947 esta capacidad disminuyó cuando la agenda de relaciones exteriores de la administración de Truman durante la Guerra Fría designó a América Latina y a Cuba un papel solamente marginal. La incapacidad de Cuba para obtener más apoyo económico de los Estados Unidos tuvo un fuerte efecto destabilizador, complicando el gobierno económico y arriesgando la legitimidad política del PRCA. El estudio de este acontecimiento aumenta nuestra comprensión de una época pasada por alto en buena parte por la historiografía sobre Cuba y nuestro entendimiento de la desaparición del proyecto Auténtico, el último intento para transformar las estructuras sociales de Cuba de manera progresiva y democrática.

*Spanish keywords:* Cuba, Auténticos, Grau San Martín, Prío Socarrás, azúcar, Estados Unidos, Guerra Fría

*Portuguese abstract.* Este artigo analisa as negociações económicas bilaterais entre Washington e Havana durante a era dos governos cubanos do PRCA (Auténtico) chefiados pelo Ramón Grau San Martín e pelo Carlos Prío Socarrás (1944–52). Este estudo demonstra que, inicialmente, os governos do PRCA aproveitaram da capacidade para as negociações económicas que Cuba tinha desenvolvido com Washington durante a era do Good Neighbor (bom vizinho), mas depois de 1947 esta capacidade diminuiu quando a agenda de política externa da administração Truman durante a Guerra Fria deu à América Latina e a Cuba uma posição apenas marginal. A incapacidade de Havana para obter mais apoio económico dos Estados Unidos teve

um forte efeito desestabilizador, complicando o governo econômico cubano e pondo em risco a legitimidade política do PRCA. O estudo de este caso reforça a nossa compreensão de um período ignorado em grande parte pela historiografia sobre Cuba e o nosso entendimento do desaparecimento do projeto Auténtico, a tentativa final para transformar as estruturas sociais cubanas de uma forma progressiva e democrática.

*Portuguese keywords:* Cuba, Auténticos, Grau San Martín, Prío, açúcar, Estados Unidos, Guerra Fria